

# News Release

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## S&P Global France Manufacturing PMI<sup>®</sup>

### Manufacturing output falls at fastest rate since October 2022 as demand conditions worsen

#### Key findings

New factory orders fall sharply, weighing on production

Input cost inflation at weakest since September 2020

Suppliers' Delivery Times Index at highest in over three years

After signalling the first improvement in sector performance for five months at the start of 2023, S&P Global Manufacturing PMI<sup>®</sup> data for France showed a deterioration in operating conditions midway through the first quarter as new orders and output fell at stronger rates. Export performance was particularly bleak, with new orders from overseas falling at the sharpest pace since May 2020.

Weak conditions across the sector helped restore some stability to supply chains, with delivery delays at their least severe since before the onset of the COVID-19 pandemic. In turn, this reduced pressure on prices, with overall input cost inflation at its slowest since September 2020.

After posting 50.5 in January, and thereby indicating the first improvement in manufacturing sector operating conditions for five months, the seasonally adjusted S&P Global France Manufacturing Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) fell to 47.4 in February, indicating a modest deterioration in the health of the sector.

The largest sub-component of the PMI, new orders, provided a sizeable drag midway through the first quarter. New factory orders continued to fall, although the rate of decline accelerated for the first time since last October. Generally subdued demand conditions were noted by survey respondents. New orders intakes from international clients were particularly weak and fell to the sharpest extent since May 2020.

Subsequently, the current downturn in French manufacturing output entered its ninth month in February. The rate of decline was strong and the quickest for four months as the steeper deterioration in demand led to further production cutbacks. According to market groups data, output at capital goods makers fell by the fastest margin, followed by intermediate goods. Consumer goods output fell moderately.

With manufacturing sector conditions worsening, surveyed companies cut their purchasing activity sharply and to a

France Manufacturing PMI  
sa, >50 = growth since previous month



Source: S&P Global.  
Data were collected 10-21 February 2023.

#### Comment

Joe Hayes, Senior Economist at S&P Global Market Intelligence, said:

"France's manufacturing sector appears to be losing momentum. Moderate declines in December and January provided some hope that the worst was behind us, but the latest results throw this into doubt as output and new orders fell at their sharpest rates since October and November 2022 respectively. Of note was the worsening in export demand, a sharper decrease in purchasing activity and firms' continued efforts to reduce inventories, which bode ill for production in the near-term.

"Nevertheless, the unwinding of inventories is to be expected given how strong these have been built up in recent years. The Suppliers' Delivery Times Index is also back to pre-COVID levels, suggesting that supply chains are now operating on a more stable footing. This reduces the need for companies to have excess stocks to hedge against shortages.

"This is also helping to reduce producer price pressures. The rate of input cost inflation slowed markedly in February to its weakest since September 2020. More stable supply and pricing conditions will be welcomed by manufacturers."

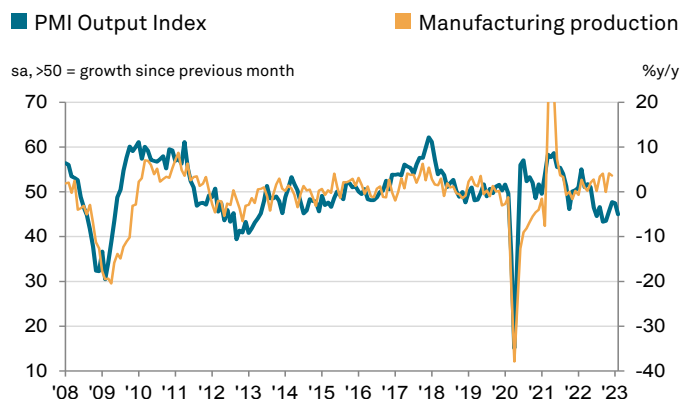
greater extent than in January. Efforts to reduce stocks reportedly led companies to trim input buying. Consequently, stocks of purchases fell, extending the current sequence of falling inventory levels to five months.

With client demand waning and manufacturers reducing both their purchases and stocks, pressure on suppliers faded once again in February. In fact, the latest survey data showed that delivery delays were at their least widespread since January 2020.

Improvements across parts of the supply chain filtered through to prices in February. Prices paid by manufacturers rose at the slowest pace since September 2020, with the rate of inflation easing considerably since January. Some companies commented on falling energy and steel prices. French manufacturers were less aggressive with their price setting during the latest survey period as output prices rose to the weakest extent in almost two years.

Meanwhile, with new orders falling at a faster pace than output, French manufacturers made progress on clearing their backlogs midway through the first quarter. Nevertheless, factory employment increased for a second month in succession.

Looking towards the coming 12 months, French manufacturers were slightly optimistic on average towards growth prospects. The level of positive sentiment rose to its highest in six months as some companies were hopeful of a recovery in demand. Nevertheless, confidence remained subdued by historical standards.



Sources: S&P Global, INSEE.

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### Survey methodology

The S&P Global France Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 1998.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Flash vs. final data

Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.1 (0.3 in absolute terms).

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### About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. [ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html).