

France

PMIs signal brisk economic growth in France during Q2

- Upturn strengthened in second quarter according to latest survey data.
- PMI figures consistent with q/q rise in GDP of around 0.6% – 0.7%.

The latest Markit Flash France PMI data signalled that growth of French private sector output was maintained at one of the strongest rates in the past ten years in June. The Flash Composite Output Index – which covers output in the manufacturing and service sectors – remained unchanged at May’s six-month high of 60.1.

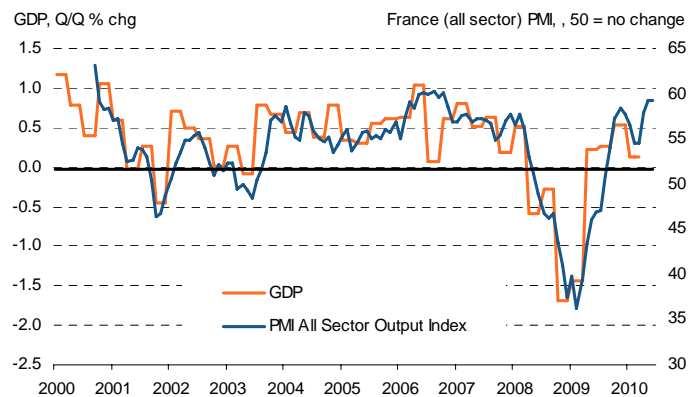
The unchanged reading of the French index contrasts with a slight fall in the equivalent index for the Eurozone, signalling a widening gap between the especially strong PMI readings for France and the more modest (though still historically high) readings seen for the region as a whole.

For Q2 overall, the average level of the PMI for France is historically consistent with a quarterly rise in GDP in the region of 0.6% to 0.7%. That signals a clear acceleration from Q1, when GDP rose by just 0.1% according to the latest official estimate (and PMI data also suggest that the early GDP estimate for Q1 may be revised higher at some point in the future).

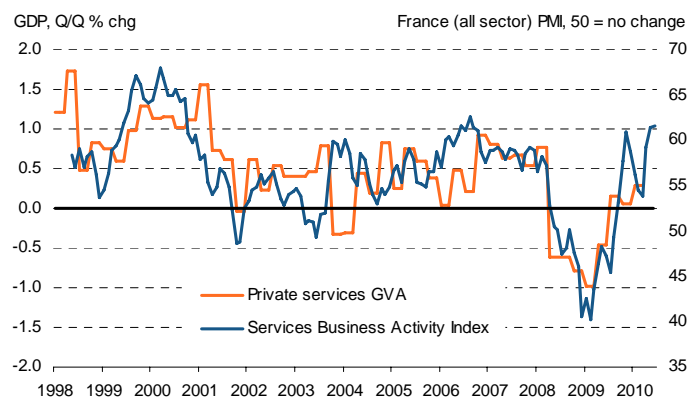
The French PMI data for the service sector indicate a strong Q2 performance following weather-related weakness in Q1. Official data for private sector services – matching the coverage of the PMI – signalled a 0.3% q/q rise in activity during the first quarter, but the contribution to growth from this area of the economy appears to have been greater in Q2 according to PMI data, with growth approaching 1.0%.

In the manufacturing sector, there has been a divergence of late between PMI and official data, with the former signalling a strong performance during Q1 but the latter showing growth of just 0.1% q/q in manufacturing output (as measured by gross value added, GVA). Nevertheless, the two series have generally exhibited a close relationship since PMI data were first available in 1998 (a correlation of 0.71) and,

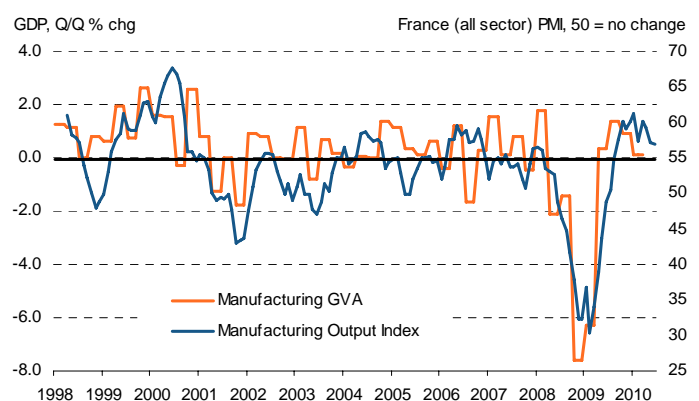
France whole economy output (q/q)



Services PMI v private services GVA



Manufacturing PMI v manufacturing GVA



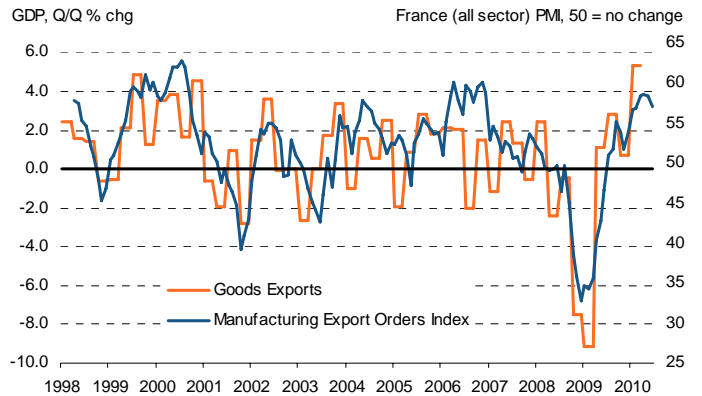
Sources: Markit, Reuters EcoWin

despite an easing in the manufacturing PMI data during Q2, it remains consistent with a solid rise in manufacturing GVA during Q2.

PMI data suggest that exports of goods have provided an important stimulus to the economy and continued to support growth in Q2 following a marked 5.3% q/q increase during Q1. The manufacturing PMI New Export Orders Index rose slightly on average in the second quarter to its highest level since Q4 2006.

The next release of PMI data for France will be the final figures for June, released 1 July for manufacturing and 5 July for services and composite indicators. To find out how to receive data for the France PMI, please contact economic@markit.com.

Manufacturing PMI exports v exports of goods



Sources: Markit, Reuters EcoWin

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