

France

Flash PMI shows post-election bounce to six-year high

- Flash PMI hits highest level since May 2011
- Jobs growth close to six-year high
- Prices show sustained rise for first time in five years
- Business confidence at new high

France's economic recovery is showing signs of having moved up a gear in the second quarter. Business activity grew at its fastest rate in six years in May, according to IHS Markit's flash PMI. The survey's headline index moved up from 56.6 in April to 57.6 in May, its highest since May 2011.

Job creation accelerated in response to higher workloads. The survey's employment index rose to its highest level in nearly six years.

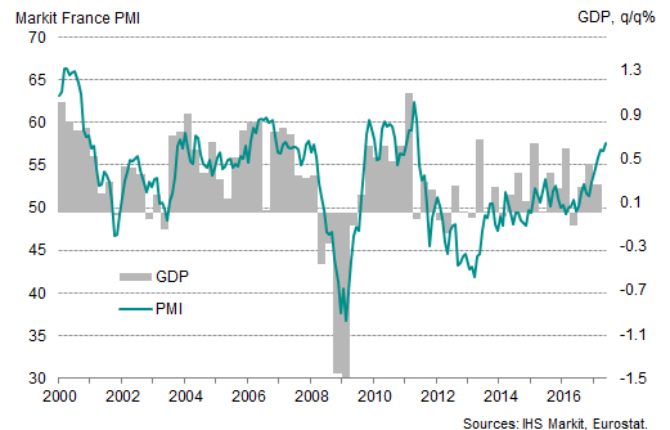
Firms across both manufacturing and services have been reporting a resurgence of demand in recent months. Although inflows of total new business moderated slightly in May, new work continued to increase at one of the fastest rates since 2011. Backlogs of work – a key indicator of future employment growth – consequently also showed the largest rise for six years.

Alongside stronger demand has come improved pricing power. Average prices charged by firms for their goods and services rose for the second month running in May, contrasting with a trend of falling prices seen over the past five years.

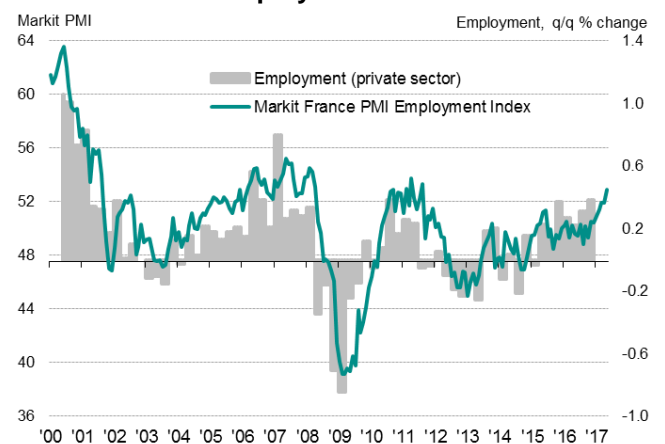
The PMI data therefore paint an encouraging picture of a French economy that is enjoying its best growth spell for six years. Second quarter economic growth should build on a strong performance in the first quarter, a period on which a [variety of business surveys indicated faster growth than the modest 0.3% expansion signalled by official GDP data](#).

Whereas GDP data have been volatile in recent years, making it difficult to ascertain the underlying growth rate in the economy, PMI data depict a more positive trend. Businesses are feeling positive due to the formation of the new government, as well as a gathering recovery in the home market and the wider euro area. Business confidence across manufacturing and service sectors rose in May to the highest since comparable data were first available five years ago.

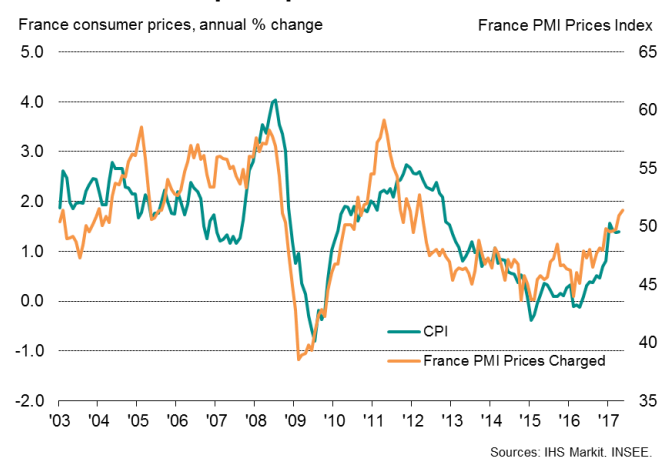
France PMI v GDP



France PMI and employment



France PMI and price pressures



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