

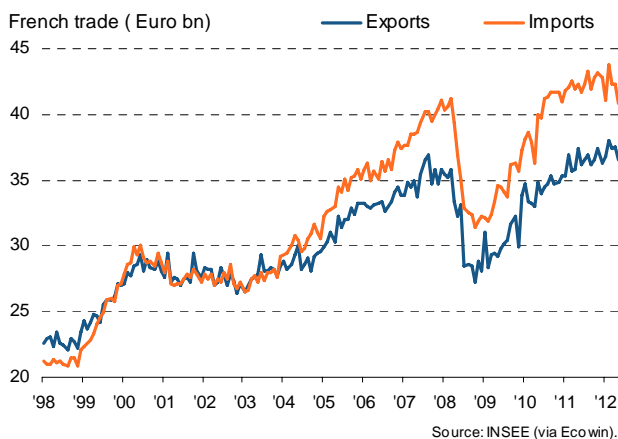
France

Slumping exports add to fourth quarter downturn worries

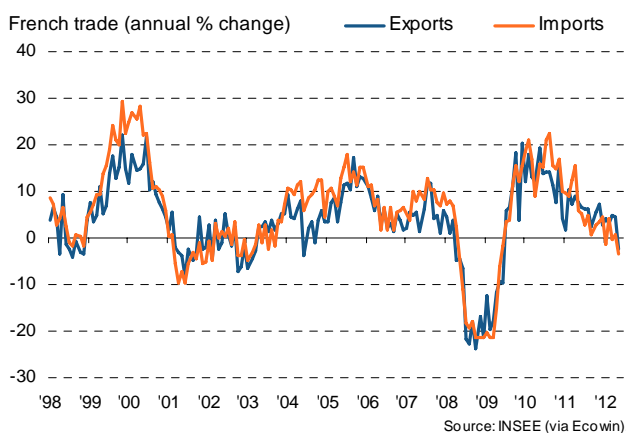
- Imports and exports slump lower in November
- Annual falls largest since late-2009
- Further drop in exports signalled for December

French exports fell sharply in November, according to official data, matched by a similar steep fall in imports. Survey data suggest that a further decline in exports is on the cards for December, raising the prospect of a renewed economic downturn in the final quarter of 2012.

Imports and exports: levels



Imports and exports: annual growth rates



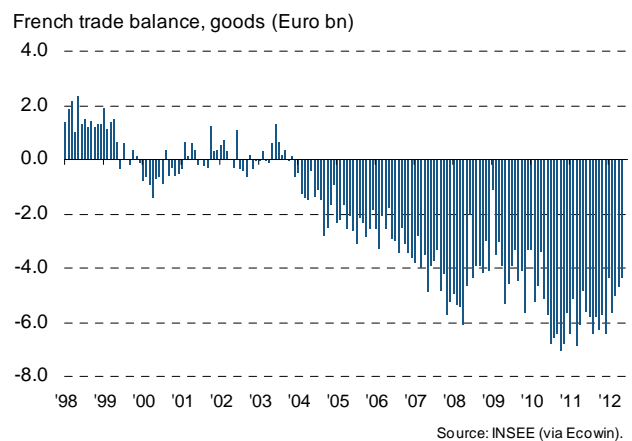
Data from INSEE showed exports down 2.8% in November while imports fell 3.4%, the largest falls for five and four months respectively. In year-on-year terms, however, a 2.5% fall in exports and 3.4% fall in

imports were the largest since December and November 2009 respectively, highlighting the extent to which trade volumes deteriorated over the course of 2012.

Trade deficit smallest for two years

With imports falling faster than exports, the trade deficit narrowed from €4.71bn in October to €4.33bn, its smallest since October 2010.

Trade balance



Further export fall signalled for December

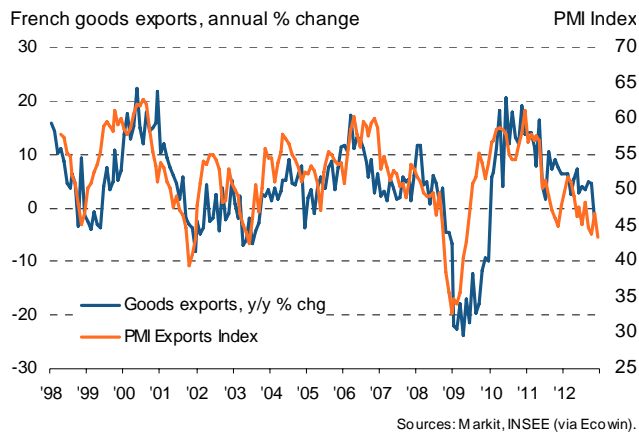
The latest falls in trade volumes are by no means one-offs. Exports have now deteriorated in two of the past three months, leaving exports just 0.2% higher in the latest three months period compared to the prior three months. Imports, however, have fallen in each of the past three months, down 1.7% on the prior three months.

The weakening export trend has been highlighted in advance by the PMI survey, which also indicated a further steep decline in December. The Manufacturing PMI New Export Orders index fell from 46.6 in November to 43.3 in December, its lowest since May 2009.

The worsening export performance has contributed to a steep economic downturn. With the composite PMI climbing to just 44.6 in December, up from 44.3 in November, the PMIs also suggest that overall private sector economic activity continued to contract at sharp

pace, broadly consistent with GDP falling by 0.5% in the fourth quarter after a surprisingly buoyant 0.2% expansion in the third quarter.

PMI and export data compared



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