

# France

## Flash PMI signals strongest upturn for three-and-a-half years

- Survey data point to accelerating economic growth in first quarter
- Employment stabilises
- Growth fuelled by service sector amid lower prices

At last, the French economy appears to be reviving, enjoying its best growth spell for three-and-a-half years, buoyed by lower prices and increased spending on services.

Markit's 'flash' PMI survey data showed business activity growing in February at the fastest rate since August 2011. The upturn looks set to continue into March, as the survey's measures of new orders and backlogs of work likewise hit the highest seen over this period. Furthermore, service sector business confidence was the highest in nearly three years.

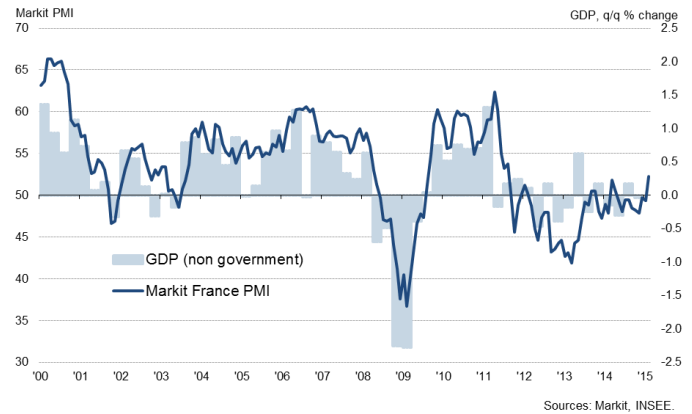
The survey results suggest that, having eked out a mere 0.1% expansion in the final quarter of last year (and in fact stagnated if government spend is excluded), the French economy is seeing more meaningful growth so far in 2015. We are pencilling in a 0.3% expansion of GDP for the first quarter.

The good news doesn't stop there, as the survey also indicates that the upturn is feeding through to better hiring intentions, or at least fewer redundancies. The Employment Index edged above the 50.0 no-change line for the first time since October 2013.

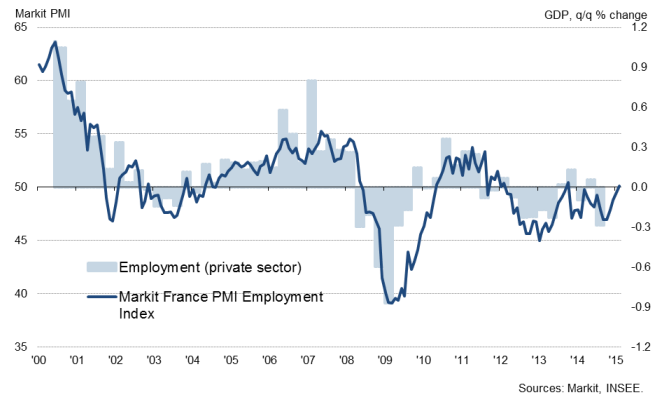
An improving labour market of course bodes well for consumer spending, although it already appears that consumers have awakened in France, most likely as a result of lower prices, and in particular lower fuel bills. The survey showed the largest monthly fall in prices since October 2009 and that growth in February reflected an upsurge in service sector activity.

The manufacturing sector meanwhile slipped deeper into contraction. Factories reported the biggest fall in orders for six months, with exports dropping at the fastest rate since June 2013. While consumer-facing service providers are enjoying strong sales, industry is clearly still struggling.

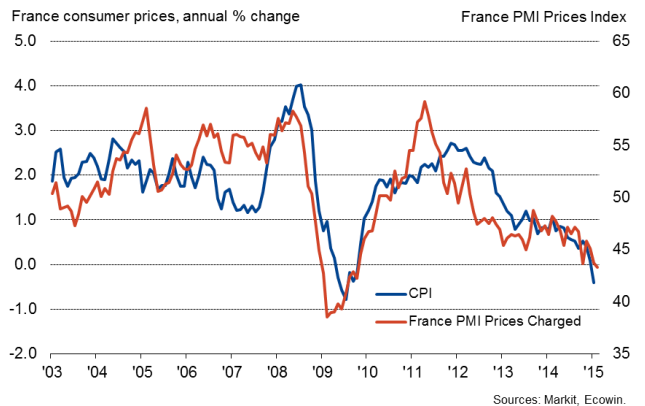
**French PMI and non-government GDP**



**French PMI and employment**



**Falling prices**



---

**Chris Williamson**

**Chief Economist Markit**

Tel: +44 207 260 2329

Email: [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

[Click here](#) for more PMI and economic commentary.

For further information, please visit [www.markit.com](http://www.markit.com)