

France

Service sector helps France eke out marginal growth, but exports slump lower

- **France flash PMI rises from 50.0 in March to 50.5 in April**
- **Service sector upturn contrasts with export-led decline in manufacturing**
- **Economy remains near-stagnant**

The latest euro area flash PMI surveys show France continuing to act as a major drag on the region, with goods exports slumping to the greatest extent for over three years.

The Markit 'flash' France Composite Output Index, based on around 85% of normal monthly survey replies, recorded 50.5, up from 50.0 in March.

While the latest reading is an improvement on the stagnation seen in March, the survey data illustrate how the French economy continued to struggle in April, with the PMI signalling only a marginal upturn in business activity. The fact that the reading was the best since last November merely serves to highlight how disappointingly lacklustre private sector growth has been in France in recent months.

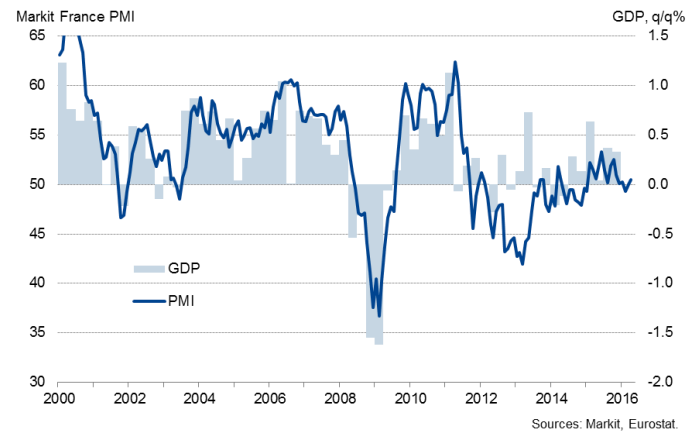
Services activity rose for the first time in three months in April, but manufacturing reported the largest drop in production since last August, caused primarily by export orders slumping at the fastest rate since March 2013.

A small rise in employment was driven by service sector hiring, as French factories reported net job losses for a second successive month.

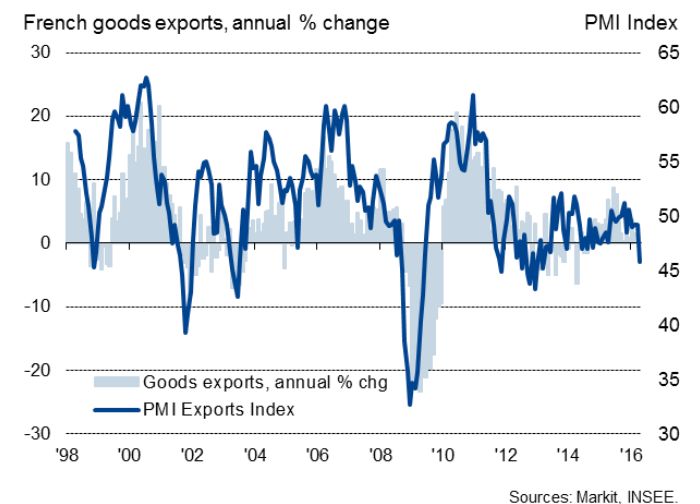
The overall subdued employment growth, with the PMI consistent with a mere 0.2% quarterly rate of jobs growth, suggests unemployment will remain high and consumer spending lacklustre in coming months.

Overall, the PMI points to stagnant business sector growth in the first quarter and into April, though rising government spend may help to generate modest (0.1-0.2%) GDP growth.

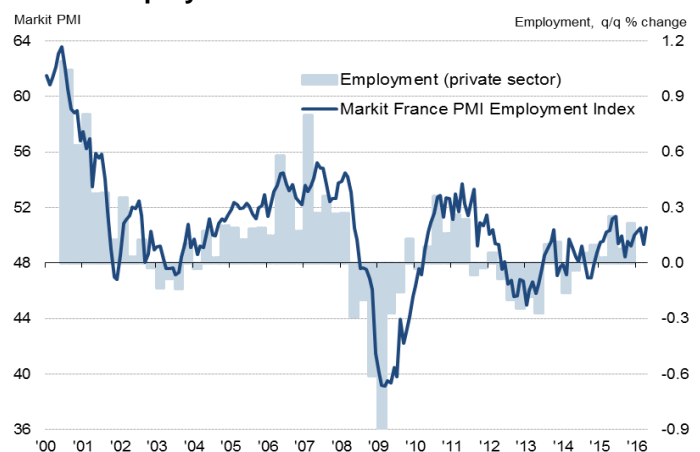
France PMI v GDP



French exports



France employment v PMI



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