

# France

## French industrial production continued to grow in July

- **Manufacturing output rose 0.6% month-on-month.**
- **Recovery in industrial sector points to expansion of GDP in Q3.**

French industrial production rose for the third successive month in July, according to official data. National statistics agency INSEE reported that output at factories and utilities increased 0.1% month-on-month, following a downwardly-revised 0.2% expansion in June.

In the manufacturing sector, production was up 0.6% on the month, following a 0.2% gain in June. The official data mirrored the recent improved trend in the Markit/CDAF PMI manufacturing survey (see chart 1). The more timely PMI data signalled that production rose at the sharpest rate for 18 months in August, suggesting that growth is gaining traction during Q3 as new orders recover and inventory depletion fades (the ratio of the new orders to stocks indices currently stands at a three-year high).

August's PMI surveys also suggested that activity in the services, construction and retail sectors moved closer to stabilisation (see chart 2), highlighting a broad-based improvement in economic conditions across the French economy. The signs therefore appear positive for GDP in the second half of the year, with growth set to be maintained following the end of the recession in Q2 (when GDP rose 0.3% q/q).

However, there remain uncertainties to the outlook over the medium- to longer-term as fiscal stimulus is withdrawn and the labour market remains fragile.

**The next insight into economic conditions will be provided by the Flash France PMI, published on 23<sup>rd</sup> September**, covering manufacturing and services. To find out how to receive data for the Flash France PMI, or to obtain a copy of the Markit/CDAF France Manufacturing PMI report, please contact [economics@markit.com](mailto:economics@markit.com).

Chart 1: France manufacturing output

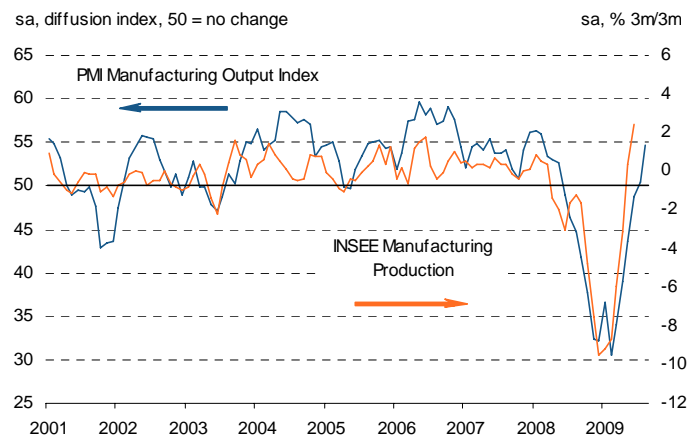


Chart 2: PMI output by sector

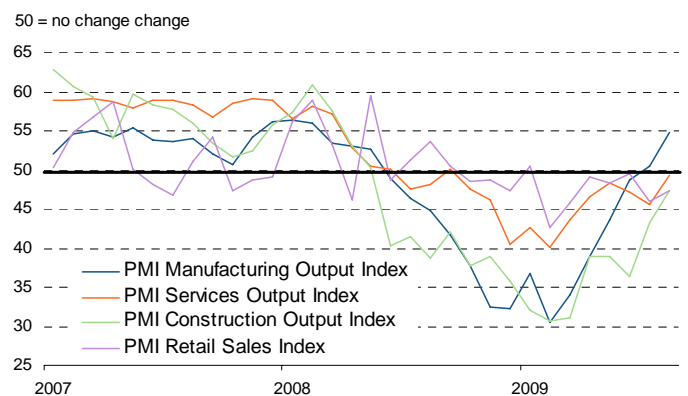
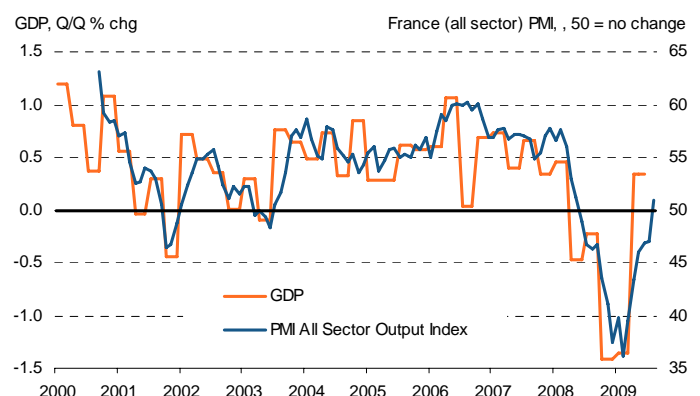


Chart 3: France GDP



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