

NEWS RELEASE

MARKET SENSITIVE INFORMATION

Embargoed until 0915 CEST (0715 UTC) 21 August 2025

HCOB Flash France PMI[®]

French economy close to stabilisation in August

Key findings:

HCOB Flash France Composite PMI Output Index⁽¹⁾ at 49.8 (Jul: 48.6). 12-month high.

HCOB Flash France Services PMI Business Activity Index⁽²⁾ at 49.7 (Jul: 48.5). 12-month high.

HCOB Flash France Manufacturing PMI Output Index⁽⁴⁾ at 49.8 (Jul: 48.6). 3-month high.

HCOB Flash France Manufacturing PMI⁽³⁾ at 49.9 (Jul: 48.2). 31-month high.

Data were collected 12-19 August

After a sustained period of contraction in the eurozone's second-largest economy, August HCOB 'flash' PMI[®] data showed signs of stabilising business conditions as French private sector output was broadly unchanged on the month – a trend also observed at the sub-sector level. Meanwhile, for the first time since last November, employment levels increased, with the rate of job creation at a 16-month high. The pick-up in hiring came despite a pessimistic 12-month outlook and, despite easing compared to earlier in the year, ongoing demand weakness.

The headline **HCOB Flash France Composite PMI Output Index** posted close to the 50.0 no-change mark in August, rising from July's 48.6 to 49.8. The 'flash' print of the index was its highest in exactly a year – i.e. since the current period of contraction in French business activity began – and pointed to only a fractional reduction in private sector output. There was also little change in output at the sub-sector level during August, with both manufacturers and service providers posting small drops on the month.

While business activity was more-or-less stable in August, there remained evidence of demand weakness as total new order volumes decreased for a fifteenth successive month. That said, the rate of decline was the softest in a year amid slower declines in sales at factories and services firms. While there were some mentions of reduced market activity abroad, particularly in the US, some companies did note a general pick-up in client interest. Indeed, August's softer deterioration in overall demand was partly due to a reduced drag from international sources as new export business fell at a slower pace than in July.

For the first time since last November, private sector employment across France increased midway through the third quarter. Furthermore, the rate of job creation was the quickest since April 2024 and slightly stronger than the survey average. Stronger hiring trends were seen across both monitored sectors, with respondents citing a mix of both permanent and temporary staff recruitment. Nevertheless, despite bolstering workforce capacities, French companies accumulated unfinished work in August. Albeit marginal, this marked the first month of rising backlogs in over two years.

As for pricing trends, August 'flash' PMI data indicated stronger inflationary pressures across France. Input costs rose at an accelerated pace – the first such occurrence since May – with the overall rate of increase its fastest in six months. Cost inflation picked up across both sectors, with panel members commenting on wage pressures and higher raw material prices. For a third month in a row, French private sector businesses raised their own charges. The extent to which selling prices rose also quickened, although the overall rate of output charge inflation was only marginal overall. Competition for new work reportedly restricted company pricing power, according to anecdotal evidence.

Looking ahead to the next 12 months, French private sector firms were pessimistic on balance, marking the first time since November last year that this has been the case. Expectations of lower output were confined to the manufacturing industry, although services companies registered a subdued level of confidence. Demand-side concerns were a reason for companies'

downbeat expectations, with some panellists anticipating further economic headwinds in the year ahead.

Comment

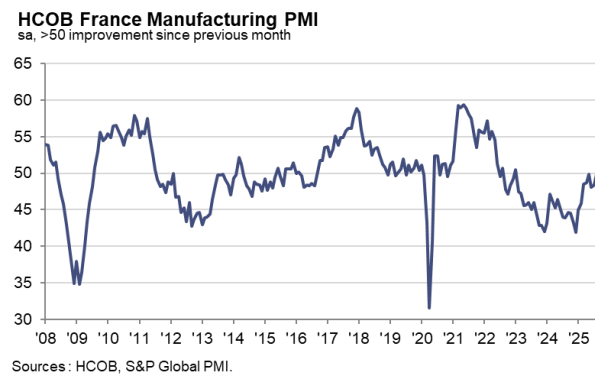
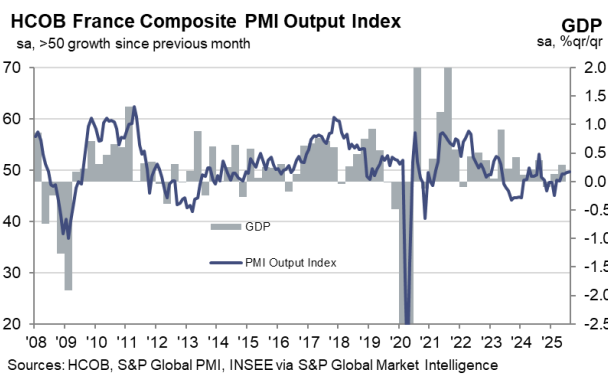
Commenting on the flash PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

“France’s Composite PMI remained below the growth threshold in August, reinforcing the persistent trend of economic weakness that has defined the year so far. Although there was a slight improvement in the index compared to the previous month, a clear turning point is still not visible. On a more positive note, both the manufacturing and services sectors saw less pronounced contractions, which could be interpreted with cautious optimism as an early sign of stabilization.”

“The services sector reflects the broader economic picture. Business activity continues to lack growth momentum. The current order situation, especially the sharp deterioration in foreign demand during August, offers little hope for a near-term recovery. Service providers remain cautious in their expectations. Price dynamics have remained relatively stable, but input costs are rising faster than output prices, which suggests that margins may come under pressure.”

“France’s manufacturing sector continues to feel the strain. Long-standing challenges like weakening international competitiveness and the rise of protectionist policies are shaping a difficult environment. Global supply chains are probably still recalibrating to new tariff regimes, and that’s possibly a reason for noticeably longer delivery times. While the sharp and rapid drop in order volumes seen last month wasn’t repeated in August, the mood among producers has hardly improved. If anything, concerns deepened, with the Future Output Index falling sharply once again.”

-Ends-



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Note to Editors

Final August data are published on 1 September for manufacturing and 3 September for services and composite indicators.

The HCOB France PMI (Purchasing Managers' Index) is produced by S&P Global and is based on original survey data collected from a representative panel of around 750 companies based in the French manufacturing and service sectors. The flash estimate is based on around 85% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

The average differences between the flash and final PMI index values (final minus flash) since comparisons were first available in January 2006 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
Composite Output Index ¹	0.0	0.4
Manufacturing PMI ³	0.1	0.3
Services Business Activity Index ²	-0.1	0.5

The Purchasing Managers' Index™ (PMI®) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI® surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global. Please contact economics@spglobal.com.

Notes

1. The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing PMI is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

Hamburg Commercial Bank AG

Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg, Germany. The bank offers its clients a high level of structuring expertise in the financing of commercial real estate projects with a focus on Germany as well as neighboring European countries. It also has a strong market position in international shipping. The bank is one of the pioneers in European-wide project financing for renewable energies and is also involved in the expansion of digital and other areas of important infrastructure. HCOB offers individual financing solutions for international corporate clients as well as a focused corporate client business in Germany. The bank's portfolio is completed by digital products and services facilitating reliable, timely domestic and international payment transactions as well as for trade finance.

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S&P Global (NYSE: SPGI)

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. <https://www.spglobal.com/marketintelligence/en/mi/products/pmi.html>

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