NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB France Manufacturing PMI®

French manufacturing sector stays in contraction

Key findings:

Factory output falls markedly as new orders decrease again

Manufacturers anticipate lower production levels over the next 12 months

Competitive pressures drive further discounting of prices charged

Data were collected 9-24 October 2025.

France's manufacturing sector remained in a state of weakness during the opening month of the fourth quarter, HCOB PMI® survey data showed, as output and new orders saw further marked decreases. Purchasing activity and stocks were reduced, both in response to lower new orders but also in anticipation of sustained sluggishness. Output expectations for the year ahead turned pessimistic for the first time since January during October. Meanwhile, as part of efforts to stimulate sales and remain competitive, prices charged were discounted.

The seasonally adjusted **HCOB France Manufacturing Purchasing Managers' Index™ (PMI®)** registered below the crucial 50.0 level which separates growth from contraction again in October. At 48.8 (September: 48.2), the headline measure pointed to a modest deterioration in the health of France's goods-producing economy.

The latest survey data indicated a further marked drop in new orders received by French manufacturers, extending the current period of decline to just shy of three-and-a-half years. According to panel members, domestic political uncertainty and a subsequent rise in clients' hesitancy to spend weighed on sales volumes. Notably, the reduction in total new orders outpaced that seen for exports, indicating a more pronounced drag from local markets. The reduction in overseas customer demand was the softest in six months.

A drop of a similar magnitude to new orders was recorded for production at the start of the fourth quarter. According to data broken down by the three main industrial categories, intermediate goods led a broad-based contraction in output.

Weaker demand conditions led French manufacturers to make additional operational adjustments. For example, purchasing volumes were cut, extending an already protracted period of decline in buying activity that has been ongoing since mid-2022.

Stocks — of both pre- and post-production items — shrank again during the latest survey period. While the fall in finished goods holdings remained relatively sharp (albeit slowing), warehoused inputs decreased at the softest pace in two-and-a-half years.

Employment remained an area of expansion for French manufacturers, however, rising for a sixth month in a row. In many cases, workforce numbers were boosted by the recruitment of fixed-term staff. The rate of job creation was marginal overall and slightly weaker than that seen in September.

October survey data signalled sustained supply-related constraints as delivery times lengthened for a sixteenth successive month. Delays from vendors coincided with a fresh rise in backlogged orders at French factories. The rate of accumulation was the quickest since May 2022.

Meanwhile, cost pressures cooled at the beginning of the fourth quarter, with input prices rising at the softest pace in a year. Selling charges were reduced for a second month in succession as strong competition for work prompted survey respondents to offer discounts.

Looking ahead, French manufacturers turned pessimistic with their expectations for output over the coming 12 months. This marked the first time since January that activity was predicted to fall. Concerns were linked to the unstable domestic political

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situation and a subdued demand outlook.

Comment

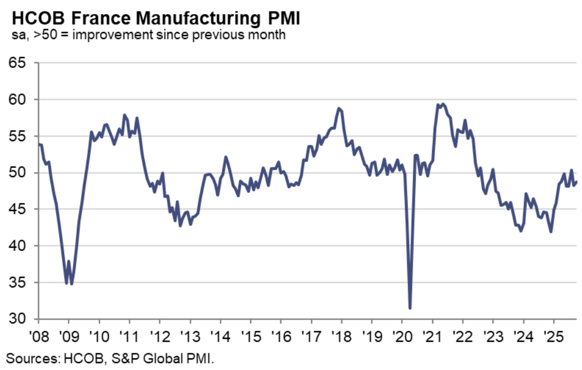
Commenting on the PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

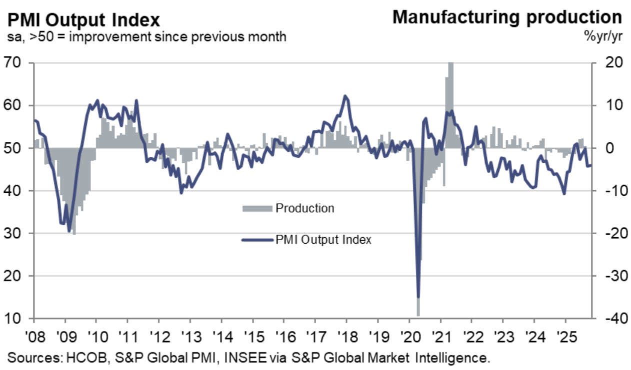
"The ongoing political crisis continues to act as a drag on the French economy, fuelling uncertainty across the country's business landscape. The HCOB Manufacturing PMI remains below the growth threshold, indicating that France's manufacturing sector remains stuck in contraction. This ongoing trend is underscored by the fact that output declined in all main manufacturing sub-sectors.

"French manufacturers are facing the future with a sense of pessimism. Of the 30% of panellists that expect output to decline over the next year, political instability and persistently weak demand were cited as key concerns. This gloomy outlook is mirrored in October's weak order situation, with firms pointing to domestic political turbulence, hesitant clients and a challenging market environment as major obstacles. On the international front, geopolitical tensions have dampened foreign demand, with some respondents reporting fewer orders from Asia and the Middle East. Nevertheless, the pace of decline in export orders was the slowest since April.

"Manufacturers are facing mounting competitive pressures, prompting them to cut prices for the second month in a row. This move aligns with a further easing of cost inflation, with input prices edging up marginally. Inventories were once again scaled back, driven by the lower production volumes and a bleak outlook for future demand. In line with this trend, stocks of purchases were also reduced further."

-Ends-





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Contact

Hamburg Commercial Bank AG
Jonas Feldhusen
Junior Economist
T: +49-151-2294-9096
jonas.feldhusen@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

S&P Global Market Intelligence
Joe Hayes
Principal Economist
T: +44-1344-328-099
joe.hayes@spglobal.com

Hannah Brook
EMEA Communications Manager
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

Note to Editors

The HCOB France Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 1998.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI®). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

Flash data were calculated from 96% of final responses. Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.1 (0.3 in absolute terms).

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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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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. www.spglobal.com/marketintelligence/en/mi/products/pmi.html

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