

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB France Manufacturing PMI[®]

Production volumes close to stabilising as demand downturn eases

Key findings:

HCOB Output Index posts just below the 50.0 no-change threshold
Contractions in total and new export orders ease sharply since July
Slight pick-up in confidence, but expectations remain subdued

Data were collected 12-21 August 2025.

French manufacturing production edged closer to stabilisation midway through the third quarter, with the latest HCOB PMI[®] survey signalling growth in certain sub-sectors such as consumer and intermediate goods. There was a marked easing in the demand downturn, in part due to a shallower fall in new export orders, while firms were less aggressive with purchasing cutbacks.

On a positive note, the rate of job creation accelerated to a 39-month high and there was a slight pick-up in business confidence. That said, expectations were subdued by historical standards.

The seasonally adjusted **HCOB France Manufacturing Purchasing Managers' Index™ (PMI[®])** registered 50.4 in August, up from 48.2 in July. Posting above the 50.0 no-change mark, the headline figure indicated an improvement in operating conditions for the first time since January 2023. That said, the expansion was only marginal overall as the PMI's two main components — new orders and output — remained in contraction territory.

Demand-side weakness remained a prevalent theme of the latest survey results, although there was evidence of the downturn easing. Total new order intakes fell at the softest pace in three months, with the rate of decline cooling sharply on the month. Notably, data split by the three main industrial categories revealed growth in sales at both consumer and intermediate goods makers. These upturns were offset by a sharp drop in demand for French capital goods, however.

The sectoral trends described above were also seen in production data. In fact, output levels almost stabilised across France in August, although the drop in investment goods production was sufficient to fractionally offset expansions elsewhere.

August survey data also signalled a reduced drag from overseas markets as new export orders fell by a smaller margin than in July. Still, panellists remarked on a lack of new work originating from US customers.

Meanwhile, French manufacturers were less aggressive when it came to cutting purchasing volumes. The rate at which input buying fell was the least marked since June 2022. Some firms reported a rise in procurement activity in anticipation of new business receipts. That said, stock depletion efforts were commonly cited by companies in August.

In turn, the latest survey data indicated reductions in stocks of both pre- and post-production goods across France. Inputs held in warehouses fell at the quickest pace in the year-to-date, while holdings of finished products declined after rising modestly in July.

The accelerated depletion to stocks of inputs came amid delivery delays from suppliers. In fact, vendor performance saw its most substantial deterioration since January 2023.

Employment was a bright spot for the French manufacturing sector in August, with workforce numbers rising for a fourth straight month and at the sharpest pace in over three years. The improved hiring trend came in tandem with a slight pick-up in confidence, although growth expectations remained subdued by historical standards.

Turning to prices, the latest survey data indicated stronger cost pressures. The rate of inflation was the fastest in five months,

albeit weaker than the survey average. There was evidence of limited company pricing power as output charges rose only marginally and to a slower extent than in July. Panellists reported greater competition for new work.

Comment

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

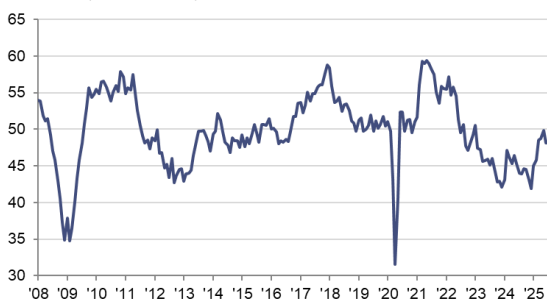
“The contraction phase in French manufacturing now appears to be over. In August, the sector recorded an improvement in conditions for the first time in over two years. France thus seems to be assuming an increasingly stabilizing role for the Eurozone’s manufacturing sector – according to the latest PMI data. Nonetheless, the situation remains fragile in light of numerous challenges such as tariffs and intense international competition. Still, the conclusion of the US-EU tariff agreement has established a clearer trade framework, and the resulting reduction in uncertainty is likely to have restored a minimum level of planning security for businesses.

“Employment saw a surprising uptick in August, lending support to the overall headline Manufacturing PMI. It is also encouraging to note that the declines in demand and production have noticeably eased. These impulses are promising, though they should be interpreted with caution. The rise in employment was primarily driven by an increase in temporary contracts and temporary work, anecdotal evidence revealed.

“In purchasing and inventory management, no sustainable recovery is yet visible. Companies have been reducing purchasing volumes for over three years. At the same time, delivery times worsened, possibly due to tariff-related factors, which, combined with reduced purchasing activity, is leading to a drawdown in inventories. The sharp increase in input costs this month has likely prompted firms to tighten their inventory strategies. Anecdotal evidence suggests that the cost increases are mainly attributable to higher wages and raw material prices. However, intense competition is making it difficult for producers to pass these costs on to end customers.”

-Ends-

HCOB France Manufacturing PMI
sa, >50 = improvement since previous month



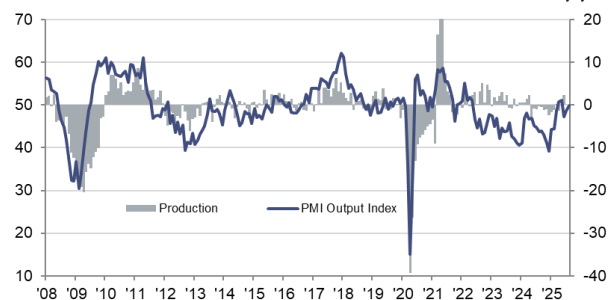
Sources: HCOB, S&P Global PMI

PMI Output Index

sa, >50 = improvement since previous month

Manufacturing production

%yriyr



Sources: HCOB, S&P Global PMI, INSEE via S&P Global Market Intelligence.

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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 90% 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

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

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