

NEWS RELEASE

MARKET SENSITIVE INFORMATION

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HCOB Flash France PMI[®]

French private sector economy virtually stagnant in February

Key findings:

HCOB Flash France Composite PMI Output Index⁽¹⁾ at 49.9 (Jan: 49.1). 2-month high.

HCOB Flash France Services PMI Business Activity Index⁽²⁾ at 49.6 (Jan: 48.4). 2-month high.

HCOB Flash France Manufacturing PMI Output Index⁽⁴⁾ at 51.6 (Jan: 52.1). 2-month low.

HCOB Flash France Manufacturing PMI⁽³⁾ at 49.9 (Jan: 51.2). 3-month low.

Data were collected 10-18 February

France's private sector economy continued to lack any impetus for growth, February's HCOB 'flash' PMI[®] survey data showed, with business activity levels virtually unchanged from the beginning of the year. Stagnation was also seen in employment after back-to-back months of expansion either side of the new year. Weighing on economic performance was a further reduction in new business inflows which shrank for a third successive month and at a pace that was the quickest since last July. Underlying data also revealed a heavy drag emanating from exports.

Meanwhile, firms' expectations for the year ahead weakened slightly, but the level of optimism remained well above the average for 2025. As for prices, charges for French goods and services were discounted marginally, while the rate of input cost inflation eased to a four-month low.

The headline **HCOB Flash France Composite PMI Output Index** rose to 49.9 in February, from 49.1 in January. By posting close to the neutral level of 50.0, the activity measure pointed to stagnation of France's private sector economy midway through the first quarter of 2026. Only once in the past 18 months has the figure posted above the 50.0 no-change threshold.

The subdued trend in output was reflective of service sector weakness, underlying data revealed, as activity in this part of the economy fell once again in February, albeit marginally. In contrast, manufacturing production expanded again, although the pace of increase slowed slightly from January's near four-year high. Greater factory output saw companies in the sector add to their stocks of finished goods for the first time since last July. As for service providers, anecdotal evidence from panellists saw them linking lower activity with customer caution, poor weather conditions and weakness in the construction sector.

February 'flash' PMI data signalled a further deterioration in demand for French goods and services. The decline was the third in as many months and the sharpest since July last year. Lower new business inflows was a shared theme at the sector level, although the rate of contraction was more pronounced at services firms. Export sales were a considerable drag on overall order books in February, with the aggregate decrease the steepest since December 2024. Competitive pressures reportedly limited intakes of new work from abroad.

French businesses continued to complete orders at a faster pace than they were received, as indicated by a further reduction in backlogs of work. Employment meanwhile stagnated in February, after back-to-back months of growth. A slight uptick in job numbers at services companies cancelled out a fresh bout of staff cuts in the manufacturing sector.

There was also a divergence in pricing decisions at the sector level, February 'flash' PMI data showed. While services companies discounted to the greatest extent in nine months, prices charged for French goods rose at the quickest rate in a year-and-a-half. Goods price inflation was more than offset by the reduction in services charges, with overall selling prices down for the first time in three months. As for companies' operating expenses, the rate of input cost inflation eased to a four-month low midway through the first quarter.

Looking ahead, French private sector companies were optimistic that activity levels would be higher in 12 months' time. Although the level of positive sentiment dropped from January, it remained well above 2025's average. Expectations of a pick-up in demand, both domestically and internationally, reportedly underpinned confidence.

Comment

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

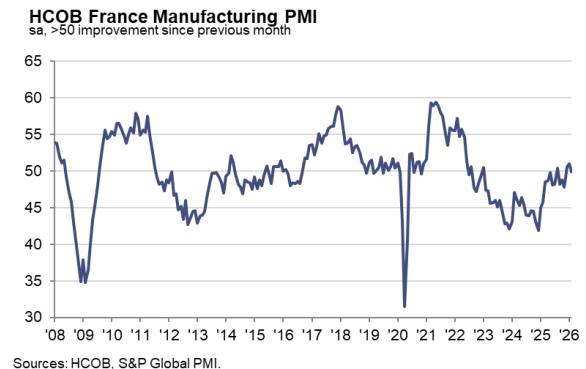
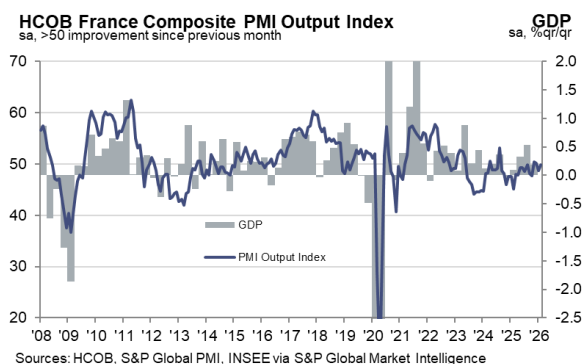
“The French private sector is still struggling to gain real momentum. Since last November, the HCOB Composite PMI has been hovering around the 50.0-point growth threshold, implying that any real progress remains absent. A prime example is hiring activity, which stagnated in February. The main drag continues to come from the demand side as new orders declined yet again, with the situation looking even worse for export orders.

“At the sector level, developments diverged at the start of the year as manufacturing gained some ground while services contracted. February was no different, as factory production growth contrasted with falling services output.

“Business expectations for the year ahead weakened somewhat, yet we remain cautiously optimistic given that the index measuring corporate confidence is still higher than the 2025 average. Politically, agreement on the 2026 budget has brought some calm, but Macron's succession is already casting its shadow. Despite the presidential election not being due until 2027, reports suggest Christine Lagarde's possible early departure as head of the ECB is partly motivated by a desire to allow Macron to choose her successor.

“Price dynamics continue to move in different directions across sectors. Service providers granted price reductions to their customers, whereas prices for manufactured goods picked up again after having fallen in the previous month. Corporate cost pressures increased only moderately, and inflation remains clearly below the survey's long-term average.”

-Ends-



Contact

Hamburg Commercial Bank AG

Jonas Feldhusen
Junior Economist
T: +49-151-2294-2945
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

Final February data are published on 2 March for manufacturing and 4 March 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	0.6

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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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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