

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB France Manufacturing PMI®

French manufacturing sector moves closer to stabilising in March

Key findings:

HCOB Manufacturing PMI rises to 26-month high, just below 50.0 level

Rising output and new orders reported by consumer goods producers

Business confidence reaches nine-month high but remains subdued

Data were collected 12-24 March 2025.

There were tentative signs of recovery in France's manufacturing sector at the end of the first quarter as the headline HCOB Manufacturing PMI rose to its highest level in over two years and posted just below the 50.0 mark that separates expansion from deterioration. Underlying market groups data showed growth in consumer goods output helping to dampen further (albeit considerably slower) declines in production elsewhere.

Other indicators from the HCOB survey also pointed to a cooling of the industrial sector downturn, with purchasing volumes, new orders and employment falling at slower rates than in February. Business confidence also rose to a nine-month high.

The seasonally adjusted **HCOB France Manufacturing Purchasing Managers' Index™ (PMI®)**, posted below the 50.0 no-change mark in March, signalling a decline in the health of the French industrial economy. However, at 48.5, the headline measure was up from 45.8 in February and signalled a deterioration that was only modest overall and the softest seen over the current 26-month downturn.

Markedly softer reductions in both new orders and output were registered at the end of the first quarter, with rates of decline the slowest seen in almost three years in each case. The consumer goods segment was a bright spot for French manufacturing in March, registering production and new business growth, thereby dampening the drags presented by the other two main industrial categories.

The level of new work received from abroad likewise posted a much slower rate of decrease during the latest survey period. March's contraction was the weakest in just over two-and-a-half years. There were some mentions of stronger demand from parts of Africa and Asia.

Regarding purchasing and stocks, the latest survey data showed sustained retrenchment efforts by French manufacturers. That said, firms were their least aggressive with buying cutbacks in just over a year. Pre- and post-production inventories fell at faster rates than in February, however, with anecdotal evidence suggesting that stock depletion was motivated by company efforts to bolster cashflow.

Factory employment levels were reduced again in March, as has been the case in each month since June 2023, but the rate of job shedding was the softest seen over this sequence and only marginal overall. Consumer goods makers once again bucked the broader trend and increased staffing capacity.

As for pricing trends, March survey data signalled a further intensification of cost pressures at the end of the first quarter. Inflation stemmed from the euro exchange rate against the US dollar and price rises from suppliers, anecdotal evidence revealed. The extent to which operating expenses rose was the fastest in seven months.

Nevertheless, prices charged were reduced by French goods producers in March. Competitive pressures reportedly drove firms to lower their charges. This marked the fifth time in the past six months that French factory gate prices have been reduced.

Lastly, there was another pick-up in business confidence at the end of the first quarter. Growth expectations were their

strongest since June last year, albeit still relatively weak overall. Geopolitical uncertainty and concerns surrounding client spending appetite dampened sentiment.

Comment

Commenting on the PMI data, Dr Tariq Kamal Chaudhry, Economist at Hamburg Commercial Bank, said:

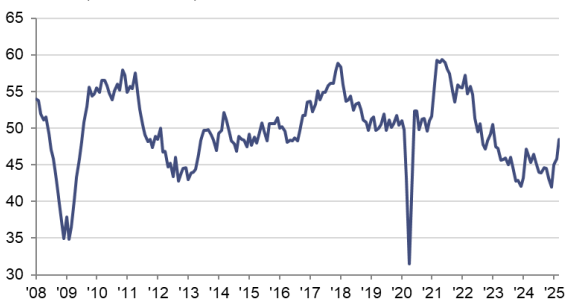
"France's industry is failing to break out of recession. Despite a significant improvement in the HCOB PMI for manufacturing in March and an even more pronounced increase in the output index, the situation remains sobering. While weak order intakes were generally cited as the reason for the production decline, there were occasional reports of improved sales conditions. French politics remain a major impediment, as uncertainty from Paris hampers investment. Prime Minister Bayrou's government remains unstable, heavily reliant on the support of more radical forces in parliament and paralyzed on its own."

"French industrial companies continue to report rising prices. Input prices increased in March compared to the previous month, but inflation remains below the historical average. The higher dollar exchange rate seen in recent months and increased supplier prices have drove up operating costs. Capital goods manufacturers recorded the highest inflation rate for input costs. Due to weak demand, companies are unable to pass on the high prices, resulting in shrinking output prices. Competitive pressure and subdued demand prompted factories to lower their prices."

"The outlook for French industry is not rosy. Order intakes, both domestic and international, remain in decline despite a slower contraction in March. For international orders, companies cited Africa and Asia as growth markets, but these failed to offset weakness elsewhere. Regarding year-ahead output expectations, there was some improvement. The overall level of positive sentiment was the highest in nine months, as companies anticipate a rise in production following the introduction of new products and hope for a recovery in sales."

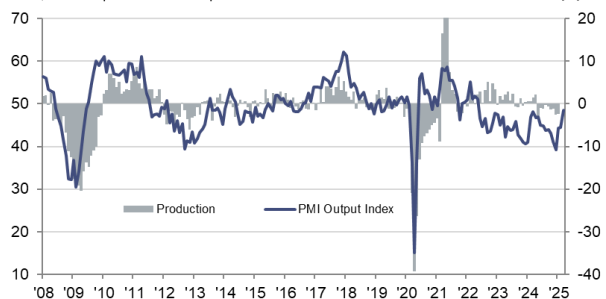
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HCOB France Manufacturing PMI
sa, >50 = improvement since previous month



Sources: HCOB, S&P Global PMI.

PMI Output Index and **Manufacturing production**
sa, >50 = improvement since previous month, %yr/yr



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 93% 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.

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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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