

# News Release

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## S&P Global France Business Outlook

### French business growth expectations remain muted

#### Key findings

France ranks at the bottom of the global business confidence rankings

Employment set to decrease over the next 12 months

Output price inflation expectations ease

French businesses were the least optimistic globally in February, according to the latest S&P Global Business Outlook survey, with growth expectations showing almost no change from the restrained trend seen throughout 2024.

The net balance of companies predicting higher business activity over the next 12 months was little-changed since last October's survey, registering +13% (+14% previously). This was below the long-run average of the series (+24%) and thereby indicated a subdued outlook for the year ahead by French private sector businesses.

Most notably, when compared against the other countries monitored by the Business Outlook survey, France sat at the foot of the rankings. France also underperformed peers in Europe, with confidence coming in well below the region's aggregated figure (+22%).

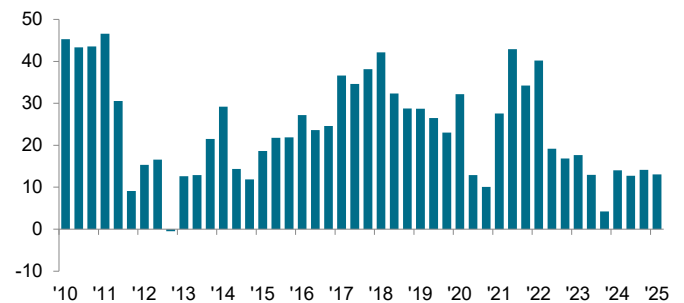
Political uncertainty, both domestically and further afield, was highlighted by survey respondents as a challenge. Panellists also cited tariffs as a risk to growth, which firms indicated could hinder export sales. The general demand environment was likewise identified as a challenge for businesses, as was the construction industry, with firms noting increased competition to secure new orders.

#### Firms planning to lower employment and investment in 2025

Although eurozone interest rates have been consistently lowered since the middle of 2024, the latest Business Outlook survey showed a reduced

France Business Activity expectations

% net balance



Source: S&P Global PMI.

Data were collected 10-25 February 2025.

#### Comment

Commenting on the France Business Outlook survey data, Joe Hayes, Principal Economist at S&P Global Market Intelligence, said:

*"Business Outlook survey data continue to portray a low business mood in France. Compared to the other countries we monitor, France exhibited the lowest level of confidence in February and lagged behind the European average by a fair mark. France has dealt with a period of political turbulence, and hanging uncertainty over government affairs continues to weigh on firms' expectations for growth, according to their reports. Recessionary conditions in France's construction sector have likewise been a persistent challenge, with survey respondents continuing to predict difficulties in this industry in 2025. Further afield, firms raised their concern towards geopolitical issues, with headwinds expected from the implementation of tariffs and potential barriers to trade. All in all, French businesses have weak expectations for the forthcoming year, much like we saw in 2024, suggesting that 2025 could bring further disappointment for the eurozone's second-biggest economy."*

appetite for investment activity across France. As for spending on capital, respondents were slightly pessimistic overall, with the net balance (-1%) marginally in favour of companies predicting a decrease. This was unchanged from the previous survey in October 2024 and fractionally below the European average (0%). Planned capex reductions were exclusive to manufacturers as services firms were broadly neutral.

Research and development was another area where French businesses foresee cutbacks over the next 12 months. Respondents anticipating lower R&D spending narrowly outweighed those predicting an uplift, with the resulting net balance of -3% the lowest since October 2023.

The outlook for private sector employment worsened in February. For the first time since October 2020, French businesses anticipate a decline in workforce numbers over the next 12 months. The net balance dropped to -2%, with both manufacturers and service providers expecting reduced staff capacity.

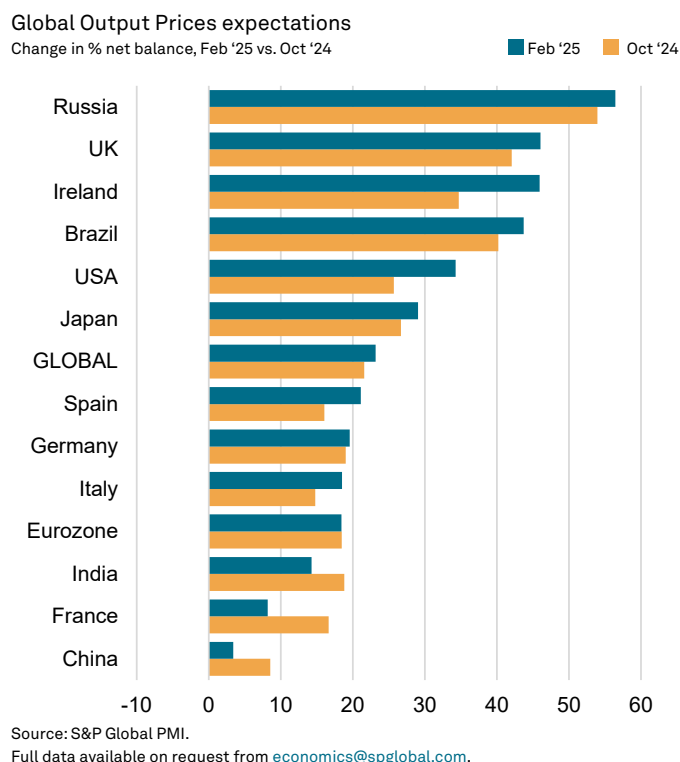
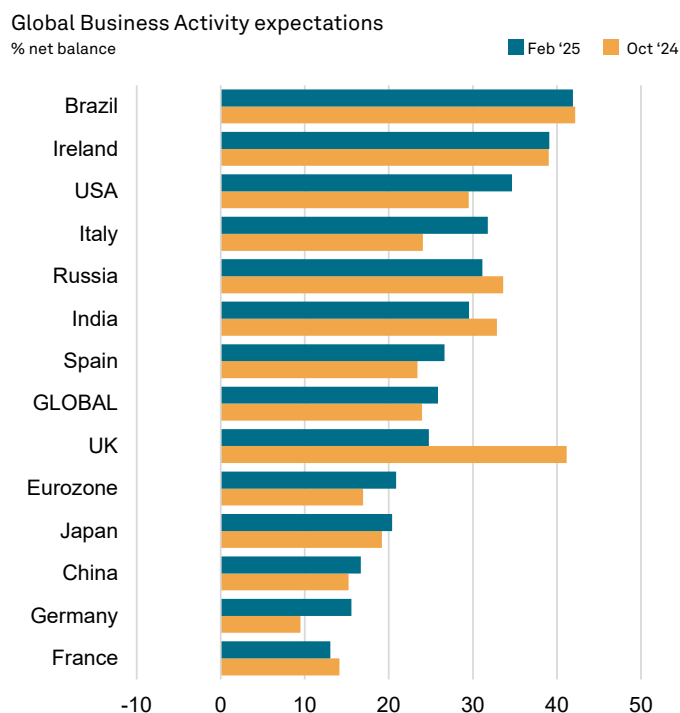
### Corporate earnings outlook diminishes

Another downbeat assessment towards corporate earnings was registered at surveyed French private sector companies in February. Expectations for profits remained bleak, with the net balance registering in negative territory, as has been the case since February 2022. Furthermore, at -8%, the net balance was slightly lower than in the previous survey period. Both goods producers and service providers turned more pessimistic with their corporate earnings forecasts.

### Inflation expectations ease in February

Operating costs were anticipated to be higher over the next 12 months by private sector French companies in February. That said, inflation expectations cooled across the board, with the net balance of companies predicting higher staff and non-staff costs falling to +26% and +25%, respectively. Regarding employment expenses, the anticipated increase was the softest since February 2021, while expected increases in non-payroll costs such as utilities, raw materials and fuel were among the least pronounced in four years.

This filtered through to surveyed companies' expectations for their own prices charged. The latest Business Outlook data showed that French firms were planning to be less aggressive with price setting over the next 12 months, with the net balance of companies anticipating an increase falling to +8%, the lowest since February 2021. Sectoral data showed differences in planned pricing strategies, however, as goods producers foresee no change. This compared with intentions (albeit less marked) to hike by service providers.



## Survey methodology

The Global Business Outlook Survey for worldwide manufacturing and services is produced by S&P Global and is based on a survey of around 12,000 manufacturers and service providers that are asked to give their thoughts on future business conditions. The reports are produced on a tri-annual basis, with data collected in February, June and October.

Interest in the use of economic surveys for predicting turning points in economic cycles is ever increasing and the Business Outlook survey uses an identical methodology across all nations covered. It gives a unique perspective on future business conditions from Global manufacturers and service providers.

The methodology of the Business Outlook survey is identical in all countries that S&P Global operates. This methodology seeks to ensure harmonization of data and is designed to allow direct comparisons of business expectations across different countries. This provides a significant advantage for economic surveillance around the globe and for monitoring the evolution of the manufacturing and services economies by governments and the wider business community.

Data collection is undertaken via the completion of questionnaires three times a year at four-month intervals. A combination of phone, website and email are used, with respondents allowed to select which mechanism they prefer to use.

The Business Outlook survey uses net balances to indicate the degree of future optimism or pessimism for each of the survey variables. These net balances vary between -100 and 100, with a value of 0 signalling a neutral outlook for the coming 12 months. Values above 0 indicate optimism amongst companies regarding the outlook for the coming 12 months while values below 0 indicate pessimism. The net balance figure is calculated by deducting the percentage number of survey respondents expecting a deterioration/decrease in a variable over the next twelve months from the percentage number of survey respondents expecting an improvement/increase.

Questionnaires are sent to a representative panel of around 12,000 manufacturing and services companies spread across the global economy\*. Companies are carefully selected to ensure that the survey panel accurately reflects the true structure of each economy in terms of sectoral contribution to GDP, regional distribution and company size. This panel forms the basis for the survey. The current report is based on responses from around 8,000 firms.

*\*The countries with manufacturing and service sector surveys are Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, the Republic of Ireland, the UK and the USA. Manufacturing data are collected for the Netherlands, Austria, Greece, Poland and the Czech Republic.*

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