

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Flash France PMI<sup>®</sup>

## French economic activity weakens at sharpest pace since April

### Key findings:

HCOB Flash France Composite PMI Output Index<sup>(1)</sup> at 48.4 (Aug: 49.8). 5-month low.

HCOB Flash France Services PMI Business Activity Index<sup>(2)</sup> at 48.9 (Aug: 49.8). 2-month low.

HCOB Flash France Manufacturing PMI Output Index<sup>(4)</sup> at 45.9 (Aug: 49.8). 7-month low.

HCOB Flash France Manufacturing PMI<sup>(3)</sup> at 48.1 (Aug: 50.4). 3-month low.

Data were collected 11-19 September

After moving close to stabilisation during August, there were fresh signs of weakness across the eurozone's second-largest economy in September as French private sector business activity fell at the quickest rate in five months. Output in both the manufacturing and service economies dropped compared to the prior month, and to sharper degrees. Subdued customer demand was noted as a drag on activity levels in both sectors, with survey data signalling a sixteenth successive reduction in total new orders. Growth expectations slipped slightly but remained above July's most recent low, while net employment increased marginally.

As for prices, French companies lowered their charges for the first time since May in a bid to boost competitiveness. This came despite a further (but softer) rise in operating costs.

The headline **HCOB Flash France Composite PMI Output Index** registered below the neutral 50.0 mark for a thirteenth straight month in September, indicating a reduction in business activity. Falling to 48.4 in September, from 49.8 in August, the latest print signalled the fastest month-on-month contraction since April.

Sector data showed renewed weakness in both manufacturing and services. After output in both categories broadly stabilised midway through the third quarter, sharper falls were witnessed in September. Of the two, it was the goods-producing sector that saw the most marked decline, with factory output decreasing at the steepest rate since February.

Lower intakes of new work were commonly cited as a reason for reduced business activity in September. In line with the trend since June 2024, the latest survey data indicated a decline in new orders across the French private sector. The deterioration was marginally quicker than that seen previously due to a sharper fall in factory sales. In some cases, panel members attributed lower client interest to domestic political uncertainty. Export conditions remained unsupportive, although the rate of contraction in new export business slowed fractionally since August to its weakest for three months.

Despite a subdued demand environment, September marked a second successive rise in private sector employment across France – the first time in over a year that back-to-back gains have been registered. Jobs growth was a shared theme across the two monitored sub-sectors, although slowdowns were registered in both instances. Subsequently, the overall rate of increase in staffing capacity was marginal and slower than in September.

Constrained hiring activity tallied with data regarding companies' year-ahead growth projections, which remained subdued overall. While higher than July's most recent low, the overall level of business confidence weakened slightly since August and was well below its historical average. Political turbulence in France led some panellists to lower their expectations for business activity, while others foresee challenging demand conditions and competitive pressures as risks to the outlook.

Turning to prices, September's 'flash' survey signalled a cooling of cost pressures for French private sector firms as the overall

rate of input price inflation eased to a five-month low. Both manufacturers and service providers recorded weaker rises in operating expenses. As for prices charged, both sub-sectors were aligned with discounting in September amid reports of strong competition. At the composite level, this marked the first month of lower selling prices since May.

### Comment

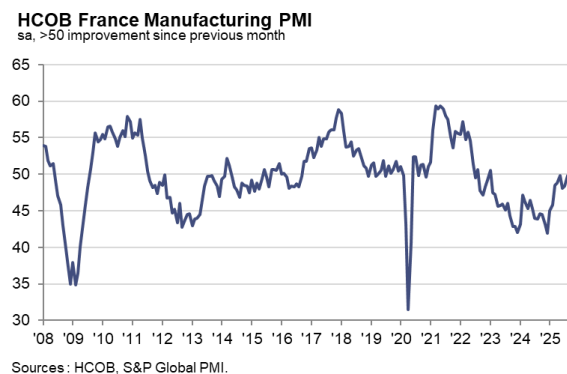
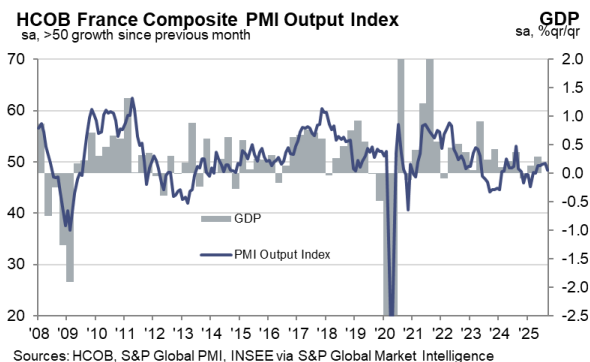
Commenting on the flash PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

*“After signs of stabilization in the French private sector over the summer months, the September data has brought a sobering reality check. Economic activity in France has weakened more sharply than at any point since April. Output has declined in both manufacturing and services, with the respective index for manufacturing falling to its lowest level in seven months. Overall, the composite index has been below the growth threshold for over a year, underscoring the country’s subdued economic prospects. We expect GDP growth rates to be between 0.5 and 1 percent in both 2025 and 2026, with the increasingly tense domestic political situation likely to have a negative impact on household consumption and investment decisions.*

*“The positive momentum in manufacturing that we observed in August has dissipated in September. The Manufacturing PMI has slipped back below the growth threshold and it is particularly notable that demand-side sub-indices have deteriorated. Production volumes have declined significantly and new orders have also taken a hit. Whether this means the medium-term trend toward stabilization has ended remains to be seen. Forward-looking indicators, such as quantity of purchases, new orders and future business expectations do not suggest any major improvements in the coming months.*

*“The service sector has also suffered a setback. Although cost pressures in the service sector have eased, providers have also lowered their final prices, likely due to persistently weak demand. This is reflected in reduced workloads and a drop in hiring. So far, real wage gains – which should in theory lead to increased household consumption – have not yet translated into a revival of demand. This situation is likely to persist as long as the political deadlock continues.”*

-Ends-



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**Note to Editors**

Final September data are published on 1 October for manufacturing and 3 October 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 <sup>1</sup>	0.0	0.4
Manufacturing PMI <sup>3</sup>	0.1	0.3
Services Business Activity Index <sup>2</sup>	-0.1	0.5

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](mailto: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

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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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