

NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0915 CEST (0715 UTC) 23 June 2025

HCOB Flash France PMI[®]

French output falls further in June as manufacturers join service providers in contraction territory

Key findings:

HCOB Flash France Composite PMI Output Index⁽¹⁾ at 48.5 (May: 49.3). 2-month low.

HCOB Flash France Services PMI Business Activity Index⁽²⁾ at 48.7 (May: 48.9). 2-month low.

HCOB Flash France Manufacturing PMI Output Index⁽⁴⁾ at 47.2 (May: 51.0). 4-month low.

HCOB Flash France Manufacturing PMI⁽³⁾ at 47.8 (May: 49.8). 4-month low.

Data were collected 12-19 June

French private sector activity decreased further midway through 2025, thereby stretching the current downturn that began in September 2024. The contraction was broad-based by sector and led by manufacturing, which experienced its first decline in production for three months. June data showed another deterioration in demand for goods and services. Job cuts were also recorded, as outstanding business volumes fell. The aggregate rate of input cost inflation was broadly similar to May, while selling prices rose only marginally due to a lack of sales. One positive development in the latest data was a rebound in business confidence from May's recent low to an eight-month high.

Down from a final reading of 49.3 in May to 48.5 in June, the headline **HCOB Flash France Composite PMI Output Index** indicated a stronger decline in private sector activity. The fall was moderate overall, but nevertheless took the current sequence of reduction to ten months. While the service economy was the main source of private sector weakness in the previous two months, June saw the manufacturing industry slip back into contraction by recording its fastest drop since February. According to survey participants output was negatively impacted by adverse demand trends, excess stocks among clients, challenging market conditions and order postponements.

Overall sales decreased for the thirteenth successive month in June, and at a solid rate that was slightly faster than in May. The accelerated downturn stemmed from the quickest decline in factory orders since February as goods producers reportedly grappled with intense international competition, slow decision making among clients and automotive sector weakness. Although French service providers continued to signal lower intakes of new business, the rate of reduction was the joint-weakest since the start of 2025 (equal to March).

New export orders placed with private sector firms in France continued to decrease at the end of the second quarter. The drop was led by manufacturers who noted a solid and quicker rate of contraction. Services companies also signalled another fall in international orders, but the pace of reduction was slight and the slowest since January.

PMI price gauges highlighted subdued inflationary pressures across the French private sector economy. Input costs rose further in June, but the rate of increase was among the softest over the past four years. There was a slower increase in the service sector and an acceleration in the manufacturing industry, but the former nevertheless recorded the sharper rate of inflation. Survey participants reported greater outlays on energy, metals, salaries and transportation.

Trends for selling prices were mixed in June, as discounting among goods producers contrasted with a renewed increase in prices charged for the provision of French services. At the composite level, output charges rose at a fractional pace that was below the long-run series average. Companies that hiked their fees remarked on the pass-through of rising cost burdens to clients, while those that offered discounts cited strong competitive pressures, lower interest rates and attempts to boost sales.

Elsewhere, amid a lack of new orders, French companies diverted resources towards the completion of pending workloads. Outstanding business volumes decreased for the twenty-third month in a row, albeit at a moderate rate that was the slowest in close to a year. Rates of backlog depletion were broadly similar at goods producers and service providers.

The combination of falling new orders and reduced backlogs urged French companies to trim headcounts in June. The overall rate of job shedding was slight, though quickened from May. Panel member comments pointed to the non-renewal of temporary contracts, with retirees and voluntary leavers also not being replaced. Services firms recorded a faster decline in employment than their manufacturing counterparts.

June data revealed a rise in business sentiment across France, with firms at their most optimistic since last October. Expectations that output would expand over the course of the coming 12 months were pinned on hopes of an improvement in demand conditions. Panellists also indicated that the planned launch of new products should support business activity. The degree of optimism remained below the historical trend, however, amid uncertainty surrounding the French government budget, global economic conditions and US tariff policy.

Comment

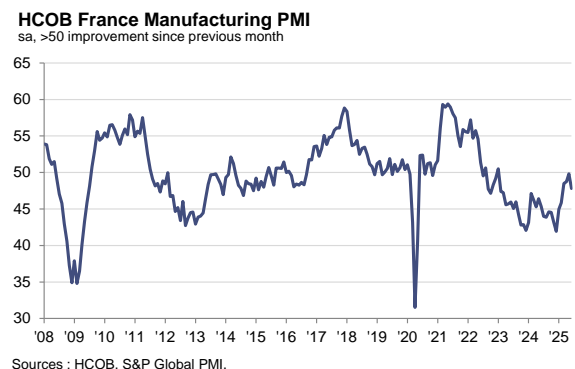
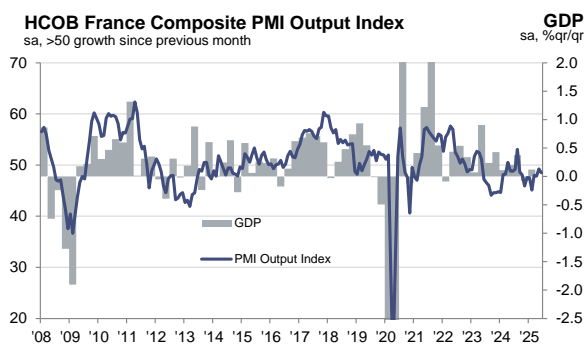
Commenting on the flash PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

“This is a little setback. Since the middle of the first quarter, the headline French HCOB PMI has risen significantly, which had sparked hopes for a recovery in the French private sector. This upward movement was particularly supported by the positive trend in the manufacturing sector. That momentum has now come to a halt, as manufacturing suffered a setback in June, which is weighing on the overall development and dragging down the Composite PMI. The performance of the services sector is underwhelming, though it was broadly similar to the previous month, unlike the manufacturing sector.

“Overall, the question arises whether the decline in manufacturing output this month represents a mere temporary dip or already marks the end of the upward trend. The outlook is certainly clouded, as domestic demand for goods has weakened, as indicated by the decline in new orders. While the ECB’s interest rate cuts, deregulation efforts at the EU level, and planned defence investments are likely to continue providing support to the manufacturing sector, uncertainties surrounding global trade and geopolitics – now further exacerbated by escalations in the Middle East – as well as global competition, are dampening the outlook.

“Since the beginning of the year, price developments have contributed little momentum. That remains unchanged this month. After declining in May, output prices rose marginally in June, but remained at a low level. However, input prices continue to hover at a relatively elevated level, both in services and manufacturing, which is likely to put pressure on corporate margins. A potentially structurally higher oil price as an economic consequence of the Middle East conflict could further exacerbate this issue.”

-Ends-



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Note to Editors

Final June data are published on 1 July for manufacturing and 3 July 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	0.5

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.

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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