

NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0950 CEST (0750 UTC) 1 October 2025

HCOB France Manufacturing PMI[®]

French manufacturing sector weakens in September and confidence fades

Key findings:

- Fragile demand conditions weigh on output volumes
- Business expectations weaken as political uncertainty rises
- Factory gate charges discounted amid competitive pressures

Data were collected 11-23 September 2025.

The September HCOB France Manufacturing PMI[®] survey signalled growing challenges for factories in the eurozone's second-largest economy. After showing tentative signs of recovery in prior months, the end of the third quarter saw steeper contractions in output and new orders, while year-ahead expectations slipped to their lowest since January after political uncertainty was pushed higher by the fall of the Bayrou government.

Meanwhile, French goods producers opted to reduce their charges, in line with the year-to-date trend, despite a further (albeit slower) increase in costs.

The seasonally adjusted **HCOB France Manufacturing Purchasing Managers' Index™ (PMI[®])** moved below the 50.0 threshold that separates growth from decline in September. Down from 50.4 in August, the latest reading of 48.2 signalled a modest deterioration in factory operating conditions at the end of the third quarter.

Fragile demand conditions remained a key theme throughout the latest survey data, with panellists widely linking poor sales performances to declines elsewhere. This was especially the case with production volumes, which fell markedly and at the quickest pace since February.

New orders decreased at a broadly similar rate to output during September. Underlying data revealed that the investment goods sub-sector saw the weakest trends in both production and sales, out of the three main industrial categories. Some panel members cited political uncertainty as a reason for lower new business intakes. Exports were also a drag on overall orders during the latest survey period, with companies mentioning US tariffs and generally sluggish market conditions as reasons for lower overseas demand.

A lack of incoming new work prompted French goods producers to reduce their purchasing volumes in September. A solid decline that was slightly faster than that seen in the previous month was registered. There were also reports of some companies actively looking to reduce warehouses excesses. Subsequently, the latest survey data pointed to a shrinking of pre-production inventories. All three of the main industrial categories registered lower input stock levels. As for holdings of finished goods, French manufacturers also looked to make cuts at the end of the third quarter. In fact, the decrease was the most substantial in almost five years.

Although French goods producers lowered their demand for raw materials and other necessary intermediate products, supplier delivery times lengthened markedly in September. Additionally, the severity of delays was the second-most substantial in over two-and-a-half years.

As for factory employment in France, the latest survey data showed further growth in September, stretching the current sequence of rising manufacturing job numbers to five months. The rate of increase was considerably slower than August's recent high, however, and only marginal overall.

Softer job creation tallied with a lowering of company growth expectations for the coming 12 months. French goods producers were only slightly optimistic on balance, with the overall level of confidence slipping to an eight-month low.

Turning to prices, the latest survey data indicated a moderate rise in input costs. Prices charged were discounted, however, as survey respondents noted competitive pressures and efforts to stimulate sales.

Comment

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

"After tentative signs of recovery in August, September brought a sobering reality for France's manufacturing sector, as reflected in the HCOB PMI. The decline in the headline index was primarily driven by a sharp drop in output, which in turn stemmed from deteriorating demand conditions. New orders weakened, particularly in the investment goods sector. This sector likely serves as a bellwether for broader economic sentiment, suggesting that rising political uncertainty is increasingly weighing on both consumer and investment activity."

"Surprisingly, hiring activity among French manufacturers remains positive. Although the pace of recruitment has slowed, the employment index has stayed in expansion territory for five consecutive months. However, this should not obscure the fact that many of the new hires appear to be temporary, according to survey responses, indicating that companies remain cautious when it comes to long-term employment decisions. This caution is understandable given the ongoing uncertainty surrounding international trade, the strength of the euro, and political instability. Meanwhile, backlogs of work have declined for the fourth month in a row."

"Faced with weak order volumes and intense competitive pressure, companies are responding by offering price discounts. While this may help support demand in the short term, it is likely to squeeze profit margins, especially as input costs are edging up slightly. The combination of subdued demand, rising costs, and pricing pressure underscores the challenging environment manufacturers are currently navigating. In this context, it is hardly surprising that companies are growing less optimistic about the future, as indicated by a drop in the future output index."

-Ends-

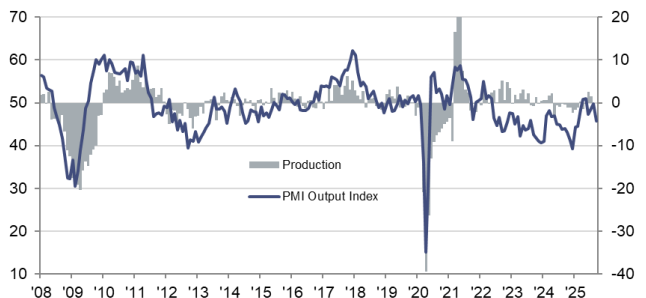
HCOB France Manufacturing PMI

sa, >50 = improvement since previous month



PMI Output Index

sa, >50 = improvement since previous month



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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 96% 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.

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. www.spglobal.com/marketintelligence/en/mi/products/pmi.html

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