NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0950 CEST (0750 UTC) 3 July 2025

HCOB France Services PMI®

Slowest fall in business activity for nine months in June

Key findings:

Output nears stabilisation and business confidence jumps higher

Softer reduction in new business

Selling prices increase slightly

Data were collected 12-25 June

Although the French service sector remained in contraction territory at the end of the second quarter of the year, there were some tentative signs of improvement. Activity and new orders decreased at weaker rates and business confidence jumped to an eight-month high. That said, companies continued to lower their staffing levels.

Meanwhile, the pace of inflation in input costs remained relatively muted and eased slightly from May. Companies raised their own charges following a fall in the previous month, but at a pace that was only marginal.

The seasonally adjusted **HCOB France Services PMI® Business Activity Index** — which measures changes in the volume of business activity compared with one month previously — moved closer to the 50.0 no-change mark in June. At 49.6, the index was up from 48.9 in May and pointed to only a marginal reduction in services business activity. In fact, the fall was the joint-slowest in the current ten-month sequence of contraction, equal with that seen in September 2024.

Economic uncertainty was a key factor holding back business activity, according to respondents. There were some tentative signs of customer demand and new orders improving, however.

These tentative signs of recovery in demand meant that the pace of decline in new orders eased for the second month running in June and was the least pronounced since January. That said, new business still decreased for the tenth successive month amid reports of economic uncertainty and lower footfall.

In contrast to the picture for total new business, new export orders returned to growth in June. The rise in new business from abroad was only fractional, but ended a 15-month sequence of contraction.

Employment decreased again in June, with a number of respondents indicating that they had reduced numbers of permanent staff. The latest fall was the seventh in as many months as companies responded to reductions in activity and new business. The rate of job cuts was modest and little-changed from that seen in May.

Lower new orders meant that service providers were again able to reduce their backlogs of work, the fourteenth successive month in which this has been the case. The pace of depletion continued to ease, however, and was the least marked since January.

The rate of input cost inflation remained relatively muted and eased slightly in June. Where input prices increased, this was largely attributed to higher salary payments. Elsewhere, panellists also reported rising electricity and transportation costs.

The pass through of higher input costs to clients led to a renewed rise in output prices during June, following a reduction in the previous survey period. Charges have now increased in four of the past five months, although competitive pressures and lower interest rates meant that the pace of inflation was marginal.

June saw a marked improvement in business confidence, with service providers at their most optimistic in eight months. Confidence reflected hopes for improved demand and higher customer numbers. Close to one-third of respondents predicted a rise in output over the coming year, against 19% that forecast a fall.

Comment

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

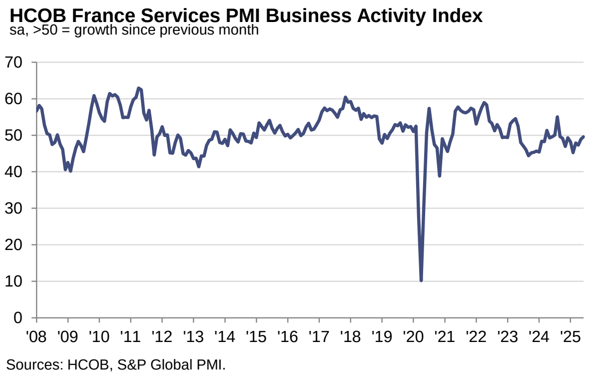
“Overall activity in the French private sector economy remained broadly stable in June compared to the previous month. However, a divergence between sectors is becoming more apparent: while the manufacturing sector failed to continue its upward trend, the services sector showed a modest improvement, albeit remaining in contractionary territory for nearly a year. Despite the absence of a clear upward trend, service sector activity has shown some little gains in recent months, contributing to the Composite Output Index hovering just below the expansion threshold.

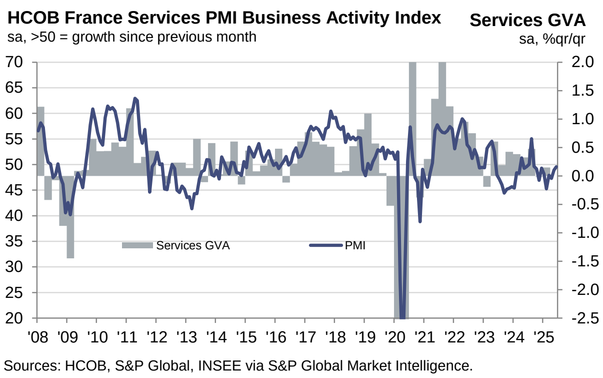
“Signs of stabilisation in the service sector are emerging, underpinned by tentative improvements in underlying demand conditions. However, it seems too early to call this a real upturn. Notably, the decline in new business eased for the second consecutive month, marking the slowest rate of contraction since the beginning of the year. Furthermore, new export orders returned to growth following a prolonged period of decline.

“After a brief episode of output price deflation in May, June saw a renewed increase in prices, with survey respondents indicating a partial pass-through of higher input costs to customers. Operating expenses continued to rise at a solid pace, driven by a combination of wage pressures, elevated electricity prices, and increased transportation costs. The latter potentially reflected temporary disruptions linked to the recent escalation of conflict in the Middle East. Nonetheless, overall price increases remained moderate and below their long-term average.

“Business sentiment among French service providers improved markedly in June. Easing inflationary pressures and a less restrictive monetary policy stance are expected to support household consumption and business investment over the coming year. However, uncertainty surrounding potential tariff measures -pending a decision on July 8 - could weigh on sentiment in the near term. In light of still-muted demand conditions, service sector firms are actively exploring opportunities to adjust staffing levels downward.”

-Ends-





HCOB France Composite PMI®

Output continues to fall but business confidence jumps

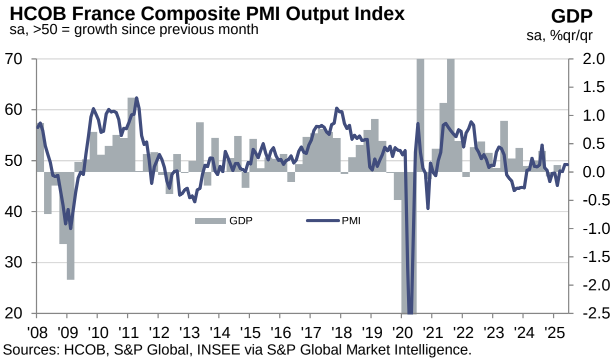
The HCOB France Composite PMI® Output Index posted 49.2 in June, broadly unchanged from the reading of 49.3 in May and signalling a further slight reduction in private sector business activity. Output has now decreased in each of the past ten months. A renewed fall in manufacturing production coincided with a softer decline in services activity.

New orders also decreased, albeit at the slowest pace in five months. New business from abroad was down, despite a marginal expansion in the service sector.

Although output and new orders continued to fall in June, confidence in the year-ahead outlook surged higher. Sentiment improved in both monitored sectors, and overall was the strongest since September 2024.

Despite a rise in manufacturing employment, overall staffing levels continued to fall slightly amid a reduction in the service sector.

On the price front, the rate of input cost inflation eased and was relatively modest. Meanwhile, output prices increased marginally following a fall in May.



Sources: HCOB, S&P Global, INSEE via S&P Global Market Intelligence.

Contact

Hamburg Commercial Bank AG
Jonas Feldhusen
Junior Economist
T: +49-151-2294-9096
jonas.feldhusen@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

S&P Global Market Intelligence
Andrew Harker
Economics Director
T: +44-1491-461-016
andrew.harker@spglobal.com

Hannah Brook
EMEA Communications Manager
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

Note to Editors

The HCOB France Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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 services data were calculated from 80% of final responses. Flash composite data were calculated from 87% of final responses. Since January 2006 the average difference between final and flash Services Business Activity Index values is -0.1 (0.6 in absolute terms). Since January 2006 the average difference between final and flash Composite Output Index values is 0.0 (0.4 in absolute terms).

For further information on the PMI survey methodology, please contact economics@spglobal.com.

Hamburg Commercial Bank AG

Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg, Germany. The bank offers its clients a high level of structuring expertise in the financing of commercial real estate projects with a focus on Germany as well as neighboring European countries. It also has a strong market position in international shipping. The bank is one of the pioneers in European-wide project financing for renewable energies and is also involved in the expansion of digital and other areas of important infrastructure. HCOB offers individual financing solutions for international corporate clients as well as a focused corporate client business in Germany. The bank's portfolio is completed by digital products and services facilitating reliable, timely domestic and international payment transactions as well as for trade finance.

Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future.

The bank's specialists are as experienced as they are pragmatic. They act in a reliable manner and at eye level with their customers. They provide in-depth advice in order to jointly find efficient solutions that are a perfect fit – for complex projects in particular. Tailor-made financing, a high level of structuring and syndication expertise and many years of experience are just as much a hallmark of the bank as are our profound market and sector expertise.

S&P Global (NYSE: SPGI)
S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About CNA
CNA (Conseil national des achats – National Purchasing Council), is a non-profit making, non union trade association, gathering individuals, and people actually involved in the purchasing activity of companies or public services. Its aim is to increase the efficiency of the purchasing function in the economy by training and informing those concerned, defining and applying a professional ethic, providing studies, research, surveys, and all actions of general interest in any field directly or non directly related to purchasing and subsidiary functions.

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.

Disclaimer