

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Flash France PMI®

## Private sector activity declines across France but business confidence jumps to 16-month high

### Key findings:

HCOB Flash France Composite PMI Output Index<sup>(1)</sup> at 48.6 (Dec: 50.0). 3-month low.

HCOB Flash France Services PMI Business Activity Index<sup>(2)</sup> at 47.9 (Dec: 50.1). 9-month low.

HCOB Flash France Manufacturing PMI Output Index<sup>(4)</sup> at 51.9 (Dec: 49.7). 47-month high.

HCOB Flash France Manufacturing PMI<sup>(3)</sup> at 51.0 (Dec: 50.7). 43-month high.

Data were collected 12-21 January

The French economy began 2026 with its first monthly contraction in private sector business activity since October last year, according to the HCOB 'flash' PMI® survey, in part due to clients showing hesitancy to place orders amid the ongoing political deadlock regarding the nation's fiscal plans. Demand for France's goods and services weakened at the fastest pace in six months in January and companies continued to show restraint with pricing decisions as charges were unchanged since December. Positively, however, firms' expectations for growth over the coming year were their most optimistic since September 2024, with some panel members attributing the rise in confidence to expectations of the budget impasse ending in the coming months.

The headline **HCOB Flash France Composite PMI Output Index** fell from 50.0 in December to 48.6 in January, taking it below the no-change threshold for the first time since October last year and therefore indicating a renewed contraction in France's private sector economy. According to panellists, the decrease in business activity reflected subdued economic conditions and customers holding back on placing orders.

Of note was the stark divergence of output trends at the sector level, with the sharpest fall in services activity for nine months contrasting with the fastest a rise in manufacturing production in close to four years. Given the size of France's services 1economy, the sector's decline more-than-offset the rebound in the goods-producing industry.

The volume of new business received by surveyed French companies decreased in January. After holding broadly steady in the final two months of 2025 (on average), the opening month of 2026 saw total sales contract at the quickest pace since last July. New order intakes were down across both monitored sectors, although services companies recorded a much steeper deterioration in sales than their goods-producing counterparts.

With the prevailing demand environment showing weakness, the latest survey data suggested that market conditions were more favourable to buyers. Amid reports of clients successfully negotiating on price, particularly for manufactured products, January saw no change overall in average prices charged for French goods and services. This came despite an uptick in the rate of input price inflation, although by historical standards, the latest rise in firms' operating costs was well below average.

Regarding business capacity, French companies made further expansions to staffing levels in January, as was also the case in December. The rate of job creation edged up to a three-month high but remained marginal. Moreover, sector data showed that net employment growth was exclusive to the service sector as factory headcounts were unchanged. Backlog reductions were attained across France's private sector in January, despite manufacturers recording the strongest rise in outstanding orders since May 2022.

Lastly, the ‘flash’ survey results signalled a marked improvement in business confidence across France. Expectations for activity over the next 12 months were their most optimistic in almost a year-and-a-half and broadly aligned with their historical average. In some cases, firms were hopeful that the budget impasse will come to an end, removing a major source of uncertainty that has reportedly held clients back from making spending decisions. Entry into new markets, expectations of a recovery in market conditions and new product launches also underpinned positive sentiment.

## Comment

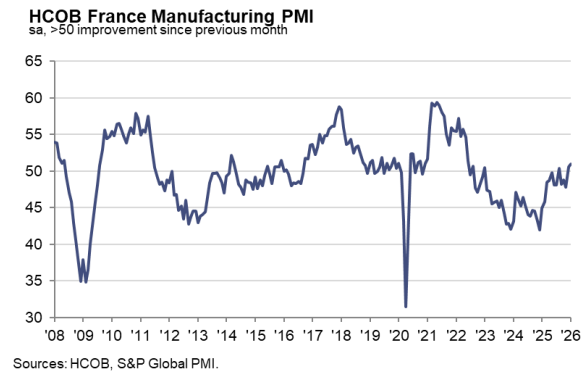
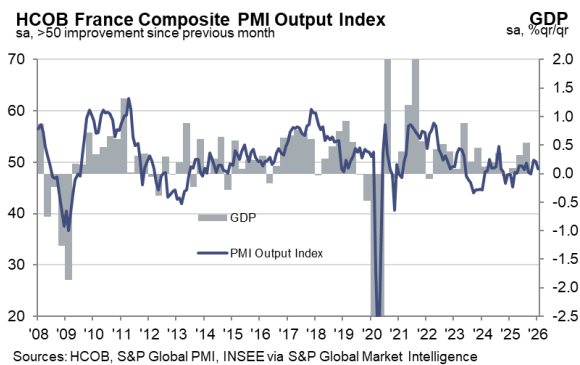
Commenting on the flash PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

*“The French private sector entered the new year on a muted note. The HCOB Flash PMIs point to a broad-based softening in export conditions, reflecting continued uncertainty on the trade policy front despite prior trade agreements. Renewed tariff threats from the US, which included the prospect of a 200% duty on French champagne, underscore how fragile the external environment remains. Although such threats may merely be being used as a tool to gain political leverage, they still add to the uncertainty faced by export-orientated firms. A relatively firm euro and intensifying competition from China further weigh on the outlook for exporters.”*

*“Nonetheless, the HCOB flash PMIs showed a modest improvement in manufacturing, whereas activity in the services sector weakened notably at the start of the year. The prospect of a resolution over the 2026 national budget offers some relief, as it reduces the risk of a renewed political crisis in the near term. This has contributed to a marked rise in the future activity index. However, the new budget is unlikely to deliver sufficient progress on fiscal consolidation.”*

*“Whether the manufacturing industry embarks on a recovery in 2026 remains uncertain. The headline PMI for the sector signalled a mild uptick in growth, but a more durable improvement would require a clear rebound in new orders, which remained in contraction in January. The continued decline in output prices and export orders also suggests that a sustained upswing in growth is not yet in sight.”*

-Ends-



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**Note to Editors**

Final January data are published on 2 February for manufacturing and 4 February 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?"

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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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