

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB France Manufacturing PMI®

French manufacturing output rises for first time in almost three years

Key findings:

- Factory production increases as downturn in sales cools
- Business confidence strengthens to 11-month high
- Prices charged discounted in response to competitive pressures

Data were collected 9-23 April 2025.

France's manufacturing sector displayed tentative signs of a recovery at the start of the second quarter. According to the latest HCOB PMI® survey, production levels rose for the first time in nearly three years, but growth was only marginal overall as new order inflows continued to shrink. Positively, the downturn in sales cooled further and for a fifth month in a row and business confidence rose to an 11-month high.

While the survey data hinted at some underlying improvement in business conditions, companies still maintained a preference for cost-cutting as employment, purchasing and stocks all fell. Prices charged were also discounted in April, with firms linking reductions to fiercely competitive market conditions.

The seasonally adjusted **HCOB France Manufacturing Purchasing Managers' Index™ (PMI®)** posted below the 50.0 no-change mark in April, as it has done in each month since February 2023, but it rose to 48.7, from 48.5 in March, its highest reading over this period. Overall, the headline figure pointed to a deterioration that was the slowest in over two years and only marginal.

April marked the first monthly expansion in factory output across France in almost three years. In some cases, panellists reported a pick-up in sales, while some mentioned that they were replenishing stocks. Consumer and investment goods were the two main industrial categories that underpinned the latest upturn, market group data revealed.

The latest survey data tentatively pointed to signs of a pick-up in underlying demand. While new orders remained in contraction, the rate of decline cooled for a fifth successive month and was the weakest seen over the current 35-month sequence of shrinking sales. In fact, consumer goods makers recorded a modest improvement in new business during April.

Export markets exerted a smaller drag on overall demand for French goods at the beginning of the second quarter. Once again, growth in the consumer goods sub-sector dampened declines elsewhere, helping to drive the softest rate of contraction in new orders from abroad since the current downturn began in early 2022.

Shallower reductions in new business came amid another month of discounting by French goods producers. Where selling charges were cut, panellists cited competitive pressures. Input costs continued to rise, but the rate of inflation eased to a three-month low.

Efforts to lower operating expenses remained widespread across the industry during the latest survey period, although retrenchment activity was less pronounced in some cases. For instance, there was a further fall in employment, albeit one that was only marginal and the softest in almost two years. At the same time, purchasing activity was cut to the slowest extent since June 2022, while stocks of finished goods also decreased at a weaker rate.

Nevertheless, despite a sustained period of absent pressures on suppliers, delivery times continued to lengthen. Firms noted that strike action at ports had resulted in delays. Stocks of purchases declined at the quickest pace in four months during April, although panellists attributed inventory reductions to non-supply related factors like cost-cutting and cashflow preservation efforts.

Looking ahead, French manufacturers were their most optimistic in almost a year, with stronger growth expectations reflecting firms' hopes of a sustained pick-up in demand.

Comment

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

"Since the beginning of 2025, the French manufacturing PMI has shown tentative signs of recovery, with the headline index nearing the growth level and output increasing for the first time in almost three years in April. This upswing comes as a bit of a surprise, given the turbulence over the past few weeks and the darkened outlook for global trade.

"Orders from both domestic and foreign clients remain in contraction, albeit at a significantly reduced rate. This suggests potential improvements in underlying business conditions within the manufacturing sector. While US tariffs are expected to negatively impact French manufacturing and heighten uncertainty, lower interest rates from the ECB and credible EU efforts to reduce bureaucratic hurdles and massively increase defence spending could stimulate manufacturing activity. On that note, future business expectations have risen to their highest level in nearly a year. Despite this, French manufacturers continue to reduce staffing levels, although the reduction was relatively moderate. Anecdotal evidence indicates that workforce capacity was streamlined by not replacing departing employees and opting against renewing fixed-term contracts.

"Price dynamics are not a major concern. Input prices have only seen a slight increase, likely benefiting from the decline in energy prices, particularly oil and gas, driven by recession fears. Factory gate charges have decreased for the second consecutive month due to competitive pressures.

"A sub-sectoral analysis revealed no significant changes from the previous month across the consumer, intermediate, and investment goods segments. Consumer goods producers experienced a slight improvement in conditions once again, while the intermediate and investment goods sectors remained marginally below the growth threshold."

-Ends-

HCOB France Manufacturing PMI

sa, >50 = improvement since previous month



Sources: HCOB, S&P Global PMI.

PMI Output Index

sa, >50 = improvement since previous month

Manufacturing production



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

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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 94% 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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