

NEWS RELEASE

MARKET SENSITIVE INFORMATION

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# HCOB Flash France PMI<sup>®</sup>

## French private sector business activity levels broadly steady in December

### Key findings:

HCOB Flash France Composite PMI Output Index<sup>(1)</sup> at 50.1 (Nov: 50.4). 2-month low.

HCOB Flash France Services PMI Business Activity Index<sup>(2)</sup> at 50.2 (Nov: 51.4). 2-month low.

HCOB Flash France Manufacturing PMI Output Index<sup>(4)</sup> at 49.7 (Nov: 45.0). 4-month high.

HCOB Flash France Manufacturing PMI<sup>(3)</sup> at 50.6 (Nov: 47.8). 40-month high.

Data were collected 4-12 December

France's private sector economy broadly stagnated during the closing month of 2025. This followed on from November's marginal expansion – the first since August 2024 – and marked a sustained period of relief after a 14-month spell of uninterrupted contraction. Manufacturing production came close to stabilising after November's sharp and accelerated decline, while service sector business activity rose fractionally.

As for employment, the latest HCOB 'flash' survey data signalled a renewed pick up in private payroll numbers, reversing November's reduction. There was, however, a slight deterioration in business confidence. Meanwhile, prices charged were virtually unchanged once again and cost pressures eased.

The headline **HCOB Flash France Composite PMI Output Index** posted 50.1 in December, close to the no-change threshold of 50.0 and therefore indicated a broadly stagnant level of private sector business activity when compared to the month prior. Although the latest reading was down slightly from 50.4 in November, it remained well above October's recent low.

At the sector level, December saw a further, albeit only fractional, increase in services output. Work undertaken on new and existing business reportedly drove growth, anecdotal evidence showed, with backlogged orders decreasing at the quickest pace since July as service providers completed projects. Manufacturing production almost stabilised, marking a relative improvement when compared with November's sharp and accelerated decline.

Overall private sector new business volumes fell during the final month of 2025. Panel members linked softer demand to uncertainty surrounding the government budget, with non-essential client spending reportedly being consequently postponed. Lower customer numbers and sluggish market conditions were also cited. That said, December's drop in new business volumes was much softer than seen on average over the past 12 months.

French businesses expanded employment at the end of the fourth quarter. The rise in private sector payroll numbers was the fourth seen over the past five months and reflected a broad-based uplift at the sector level. Manufacturing saw the more pronounced rise, as services employment ticked up only fractionally.

December's renewed increase in hiring came in tandem with a softening of firms' growth expectations. The 'flash' reading of the HCOB Future Output Index fell on the month, taking it further beneath its historical average and signalling a relatively weak level of optimism towards the year-ahead outlook for activity. Political uncertainty was commonly noted as a factor that weighed on business sentiment. Companies also shared downbeat demand projections for 2026.

Turning to prices, the latest survey data signalled an easing of cost pressures across France's private sector economy. The rate of input price inflation eased on the month and was well below its long-term trend. On the other hand, prices charged were virtually unchanged once again as strong competition for work reportedly restricted company pricing power. This was despite a

renewed increase in factory gate charges, which rose at the quickest pace in 16 months.

### Comment

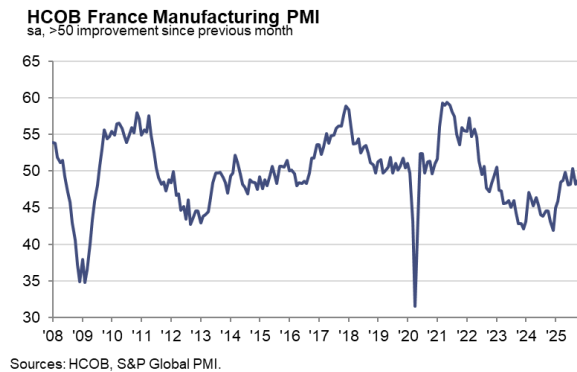
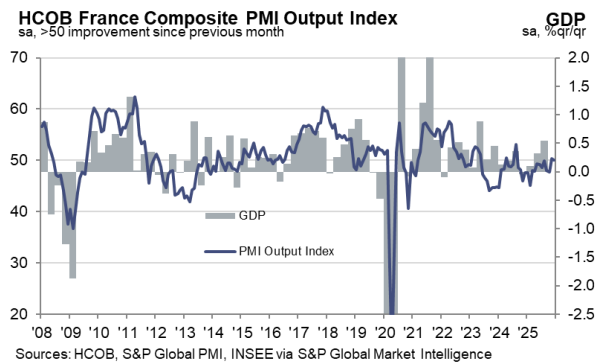
Commenting on the flash PMI data, Jonas Feldhusen, Junior Economist at Hamburg Commercial Bank, said:

*“French private sector business conditions appear largely static in December. The HCOB flash PMI remains marginally in growth territory, yet it signals a softer expansion compared to the prior month, reflecting an economy still weighed down by uncertainty among households and firms. Beneath the surface, however, sectoral adjustments have occurred: manufacturing stabilised, whereas services lost momentum, leaving the aggregate picture flat and the overall French economy sluggish.”*

*“The flash Manufacturing PMI managed a modest climb past the 50.0-point mark as the year drew to a close. December brought encouraging signs in indices for both output and order books, with foreign demand providing a notable lift. Another optimistic reading of the Future Output Index and a renewed willingness among firms to expand their workforces provides a positive signal for the outlook.”*

*“However, so long as no budget is passed by the government, political uncertainty will remain a noticeable headwind for France’s economy. The passage of the social security budget is at least a small victory for Prime Minister Lecornu. However, subdued consumer sentiment and intense international competitive pressures from the likes of the US and China diminish growth prospects. The recently robust aviation industry could offer a glimmer of hope for the future by providing additional impetus to the manufacturing sector more broadly.”*

-Ends-



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**Note to Editors**

Final December data are published on 2 January for manufacturing and 6 January 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?"

### 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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