News Release
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S&P Global France Services PMI®

Services activity slips deeper into contraction

March 2026

Activity and new business fall at sharper rates

Growth expectations weaken

Input cost inflation jumps to 20-month high

France's service sector economy fell into a deeper state of contraction at the end of the first quarter, latest S&P Global PMI® survey data showed. Pulling activity levels lower was a sharper decline in new business, reflecting a reduction in client spending ahead of the local elections. The war in the Middle East also reportedly hit order books, although the most prominent impact of the conflict was on prices as input cost inflation rose to a 20-month high.

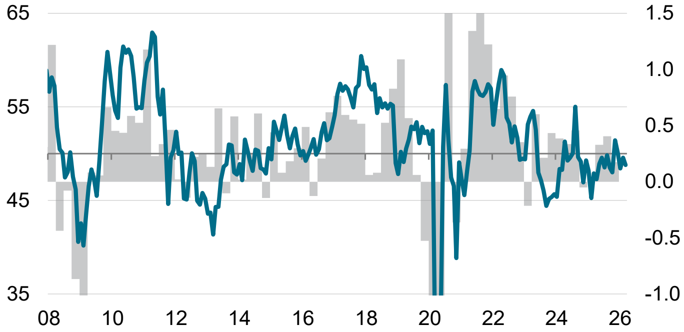
The headline S&P Global France Services PMI® Business Activity Index fell from 49.6 in February to 48.8 in March – a move which took the output gauge further below the 50.0 no-change threshold and deeper into contraction territory. That said, the rate of decline signalled was only moderate overall.

Lower activity levels were a consequence of demand-side weakness, with total new business volumes falling for a fourth month running and to the greatest extent since July last year. March's local elections and the outbreak of war in the Middle East were cited as contributing factors, primarily in the form of clients postponing orders or delaying spending decisions. Some panellists remarked on low market activity in the construction sector. New business from abroad was a drag on total sales during the latest survey period, extending the current sequence of contracting exports to eight months.

The outlook for business activity in the next 12 months was nevertheless positive, although expectations were less bullish than prior to the outbreak of war in the Middle East. While hopes of stronger demand conditions buoyed confidence at some firms, others were concerned that the conflict and the ensuing rise in uncertainty surrounding it would weigh on client investment and expenditure decisions. The overall level of positive sentiment fell to a three-month low in March.

The drop in confidence coincided with a fresh decrease in service sector employment across France. For the first time since the end of 2025, the latest survey data pointed to a reduction in workforce numbers. The non-replacement of leavers was commonly mentioned by panel members. That said, the rate of job shedding was only marginal.

Meanwhile, volumes of backlogged work were virtually unchanged from those seen in the previous month. This followed on from moderate depletions in outstanding



Data were collected 12-26 March 2026.
Sources: S&P Global PMI, INSEE via S&P Global Market Intelligence. © 2026 S&P Global

Comment

Joe Hayes, Principal Economist at S&P Global Market Intelligence:

"The resolution of the budget deadlock earlier this year has failed to provide France's economy with a springboard into higher growth during the first quarter, according to the latest PMI numbers. That said, the local elections in March provided yet another political event for businesses to contend with, so we may need to wait until April data to make concrete conclusions. The outbreak of war in the Middle East is also being felt in Europe, with survey respondents reporting a hit to demand due to the conflict.

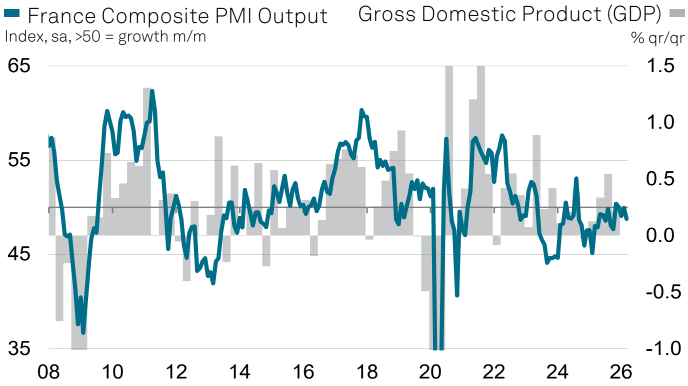
"However, prices were where the Middle East war showed up most starkly in the March PMI figures. Input price inflation accelerated sharply, hitting its highest level since July 2024 as the oil price shock drove fuel costs up across France.

"Much uncertainty lies ahead, a condition which French businesses have become rather accustomed to in recent years given the domestic political environment. Uncertainty is bad for growth, and the inflation impulse stemming from the war raises the risk of stagflation in France."

business levels throughout the six months prior.

A notable development when compared with February was on pricing, particularly input prices, which saw the sharpest rise since July 2024. According to anecdotal evidence, this was principally due to increased fuel prices, although there were also reports of suppliers lifting their charges and pay pressures.

That said, there was no pass-through to prices charged, as services companies made fractional discounts in March. Where fees were reduced, survey respondents often mentioned fierce price competition.



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S&P Global France Composite PMI®

Input price inflation accelerates to 28-month high

Composite PMI data for France signalled the sharpest rise in input costs across the private sector since November 2023, driven by a considerable increase in inflationary pressures across the manufacturing sector.

The S&P Global France Composite PMI Output Index* recorded 48.8 in March, down from 49.9 in February and indicating the quickest drop in private sector business activity since last October.

Elsewhere, total new orders shrank at a faster pace, even though prices charged continued to rise at a historically weak and slower rate.

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Methodology

The S&P Global 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.

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

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