

NEWS RELEASE  
MARKET SENSITIVE INFORMATION  
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# HCOB Flash France PMI®

## French private sector output declines again as business confidence sinks to its lowest level since April 2020

### Key findings:

HCOB Flash France Composite PMI Output Index<sup>(1)</sup> at 47.0 (Feb: 45.1). 2-month high.

HCOB Flash France Services PMI Business Activity Index<sup>(2)</sup> at 46.6 (Feb: 45.3). 2-month high.

HCOB Flash France Manufacturing PMI Output Index<sup>(4)</sup> at 48.8 (Feb: 44.5). 34-month high.

HCOB Flash France Manufacturing PMI<sup>(3)</sup> at 48.9 (Feb: 45.8). 26-month high.

Data were collected 12-20 March

France's economic downturn continued at the end of the first quarter, latest HCOB 'flash' PMI® survey data revealed, extending the current period of falling private sector output to seven months. Demand for French goods and services weakened again and there were further job losses recorded. Firms' expectations for the year ahead were pessimistic, with confidence at its lowest level in almost five years.

While survey results at the composite level indicated a fragile state for the French economy overall, underlying sector data showed tentative signs of recovery in the manufacturing industry as production fell only modestly and at the softest pace over the current contraction period which began in June 2022. Subsequently, services was the primary drag on overall economic activity in March.

The headline **HCOB Flash France Composite PMI Output Index** posted 47.0 in March, signalling a moderate contraction in private sector business activity across the eurozone's second-largest economy. This was up from 45.1 in February, however, and therefore pointed to a softer pace of decline compared to February's 13-month record.

Both the manufacturing and service sectors saw shallower contractions in output at the end of the first quarter, although the rate of decrease in goods production eased considerably since February. While subdued conditions in the automotive sector and issues with transport reportedly dented factory output, some companies commented on a relative improvement in sales and new product launches. Service providers also registered a slightly softer fall in activity, although the reduction was the second sharpest since January 2024. Economic uncertainty, geopolitical tensions and lower enquiries weighed on services output, according to respondents.

As has been the case on a monthly basis since May 2024, total new orders received by surveyed private sector companies shrank in March. The decline was less severe than in the previous month, reflecting slower falls in new business receipts at both manufacturers and service providers. As for overseas demand for French goods and services, the latest survey results signalled a further, but likewise less pronounced, reduction in March.

Backlogs of work were down further at the end of the first quarter, extending the current period of depletion to 20 months. According to panel members in both monitored sectors, projects pending completion were cleared due to a lack of incoming new work. The extent to which outstanding orders fell was solid overall.

The HCOB PMI survey results for March signalled a decline of French private sector payroll numbers for a fourth consecutive month, the longest sequence of job shedding since late 2020. Notably, workforce reductions were exclusive to the service sector as factory staffing levels rose for the first time since May 2023.

Lower employment occurred simultaneously with a deterioration in French business confidence during March. In fact, French companies foresee lower activity levels over the next 12 months, with sentiment at its weakest in almost five years. Uncertainty, both domestically and internationally, competitive pressures and subdued conditions in major industries such as automotives, construction and agriculture were cited by firms as reasons to be downbeat.

Finally, turning to prices, March survey data indicated a cooling of cost pressures, with input prices rising at the softest pace in three months. Prices charged for French goods and services rose, albeit only marginally and at a rate that was unchanged from February. Services companies were the sole driver of output charge inflation as manufacturers discounted their goods.

## Comment

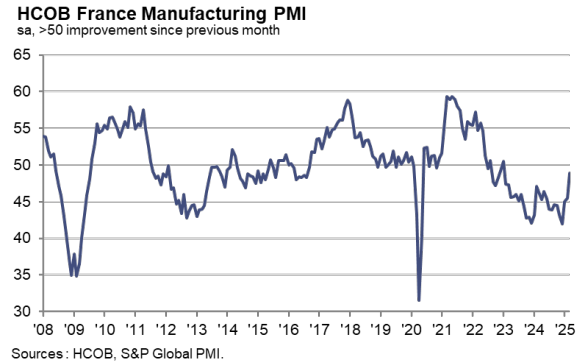
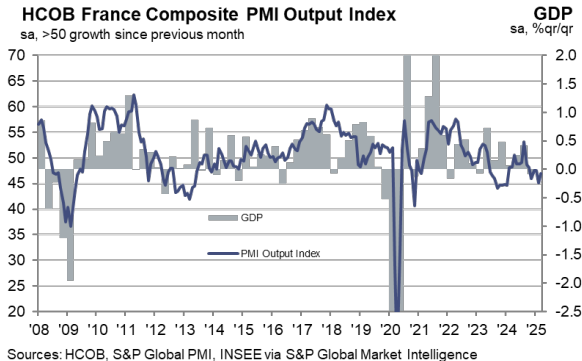
Commenting on the flash PMI data, Dr Tariq Kamal Chaudhry, Economist at Hamburg Commercial Bank, said:

*“France’s economy is struggling to gain momentum. Although the HCOB French Flash PMI improved in March compared to the previous month, it remains in contraction territory. The French political landscape, which has significantly negatively impacted market sentiment in recent months, is now somewhat less unstable. France passed a delayed budget law for 2025 in February which helped it avoid a downgrading of its credit rating, but there is still a high degree of uncertainty regarding future economic policy.”*

*“While the French industry is struggling, there are signs of improvement. The Flash Manufacturing PMI made a significant leap compared to the previous month, though it still signalled a deterioration in operating conditions. Uncertainty both domestically and internationally, competitive pressures, and subdued demand in key sectors such as automotive, construction, and agriculture were cited as reasons for the muted outlook, although hopes for improved activity did rise to their strongest level in nine months.”*

*“Meanwhile, the HCOB flash PMI data for services offers no relief for this sector in March. Although there was a softer decrease in business activity compared to the previous month, the rate of decline remained solid. Economic uncertainty, geopolitical tensions, and reduced demand are weighing on service sector output. The only reassuring news is that input cost pressures have somewhat eased, and service providers’ pricing power has slightly increased.”*

-Ends-



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## Note to Editors

Final March data are published on 1 April for manufacturing and 3 April 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>	-0.1	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

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.

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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.

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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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