

MONTHLY BUSINESS SURVEY

According to the business leaders surveyed (approximately 8,500 companies and establishments questioned between 27 March 2026 and 3 April 2026), activity in March continued to grow at a similar pace to previous months in industry, market services, and construction, despite a context dominated by the war in the Middle East.

In industry, production strengthened significantly and exceeded business leaders' previous months' production forecasts. This growth was apparent in most sectors, driven in particular by the technology and defence sectors, as well as by a catch-up effect in the automotive sector. Cash positions changed little, and order books improved, mainly thanks to domestic demand, which was partly stimulated by precautionary behaviour linked to the geopolitical context.

Momentum in services and construction remained broadly favourable in March, although trends varied by sector.

Cash flow deteriorated in services, particularly in sectors most exposed to transportation costs or weaker demand.

Recruitment difficulties remain broadly stable and are concentrated in certain skilled trades and in construction.

Business leaders reported heightened uncertainty, which is weighing on their short-term outlook. For April, they expect activity to slow down in industry and to lose momentum in services and construction.

Rising costs, particularly those related to energy and petroleum products, remained concentrated in certain more exposed sectors and pass-through to selling prices remained limited in March. In April, significantly more companies are considering price increases, although the majority describe these as modest.

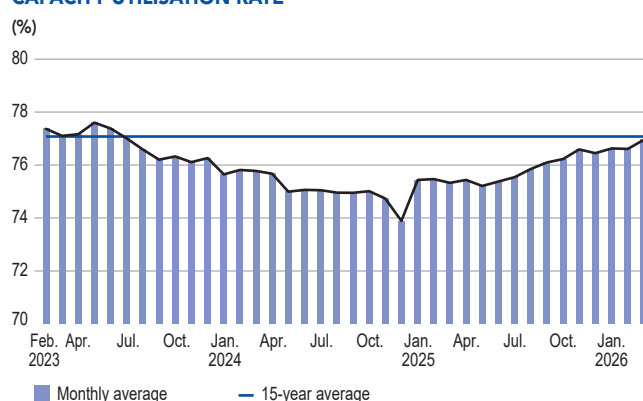
Based on the survey results as well as other indicators, we confirm our forecast of GDP growth of up to 0.3% in the first quarter of 2026.

1. Activity picked up in March across all sectors

In March, the conflict in the Middle East created a significant uncertainty shock for business leaders. Despite this backdrop, **industrial production** strengthened and exceeded the previous month's expectations.

This positive trend in production applied to most industrial sectors, with the exception of non-metallic mineral products (rubber, plastic, and glass), however, the picture was mixed across the different sectors. Automotive production was robust due to a catch-up effect following a weak start to the year, amidst a slight uptick in demand. The aeronautics, defence, and nuclear sectors remained very strong, underpinning

CAPACITY UTILISATION RATE

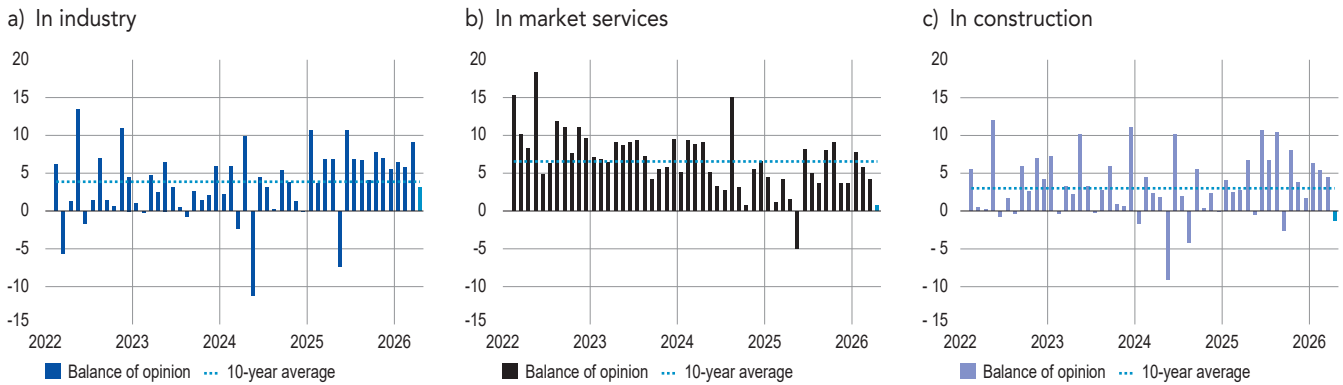


For further information, see the [methodology](#), the [calendar of statistical publications](#), the [contacts](#) and all the series published by the Banque de France are available at [WEBSTAT Banque de France](#)

[Monthly business survey Banque de France: industry, services and construction – video](#)

BALANCE OF OPINION ON THE OUTLOOK FOR ACTIVITY

(balance of opinion, adjusted for seasonal and working-day variations; forecast for April)



Key: The balance of opinion on the change in activity (which measures the difference between the proportion of businesses reporting an increase in activity and the proportion reporting a fall over the past month) stood at 9 percentage point for March in industry. For April (light blue bar), business leaders in industry expect activity to increase by 3 percentage points.

activity in computer, electronic, and optical products, electrical equipment, and machinery and equipment. In several other sectors, notably textiles, wearing apparel, and footwear, as well as chemicals and pharmaceuticals, higher production also reflected precautionary behaviour linked to the geopolitical context, i.e. customers bringing forward orders and inventory building, or adjusting production strategies in response to expected increases in input costs.

Consequently, the capacity utilisation rate stood at 77%, a significant increase on February and closer to its long-term average. The increase was more pronounced in sectors where production was rising, particularly in the automotive, pharmaceutical and textile, wearing apparel, and footwear sectors (up by 2 percentage points).

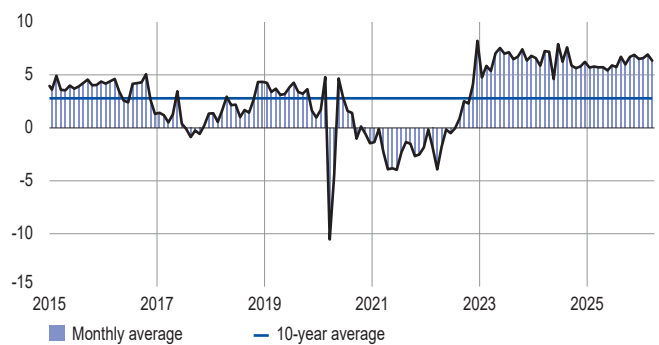
According to business leaders, **inventories** of finished products were still high at the end of the month, although they decreased slightly on a month-on-month basis.

In **market services**, activity continued to grow, albeit at a slightly slower pace than in February, as forecast last month. However, some sectors are slowing down in an unexpected manner, particularly transportation and storage as well as rental services, reflecting rising fuel prices. The accommodation and food services sectors are growing, but by less than forecast and mainly in high-end segments. The temporary employment sector remains strong, driven by demand for skilled labour in industry.

In **construction**, activity is growing at a rate slightly above its long-term average and that forecast in March, driven mainly by finishing work, while structural work is growing more moderately.

INVENTORIES OF FINISHED GOODS IN INDUSTRY

(balance of opinion, adjusted for seasonal and working-day variations)



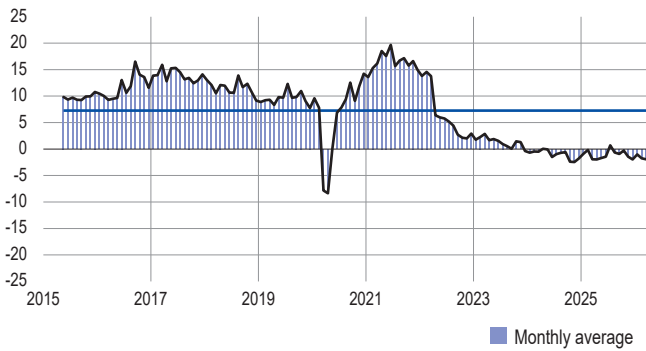
In March, the average balance of opinion on cash positions changed little across the manufacturing sector and remained in negative territory. At the end of the month, liquidity stress was most pronounced in the automotive, non-metallic mineral products, and agri-food sectors. In the latter sector, business leaders explained that cash flow is being squeezed by rising transportation and plastic packaging costs, even though negotiations with large general retailers have now concluded.

In **market services**, cash positions deteriorated. This trend was especially pronounced in sectors exposed to rising fuel prices, such as transportation and warehousing and vehicle repairs, as well as in sectors where activity remained sluggish, notably programming and consulting. Cash positions were especially tight in the advertising sector in March, due to late payments and sluggish activity: the geopolitical situation prompted clients to postpone decisions, delaying certain contracts. Lastly, cash positions in food services deteriorated despite an increase in activity.

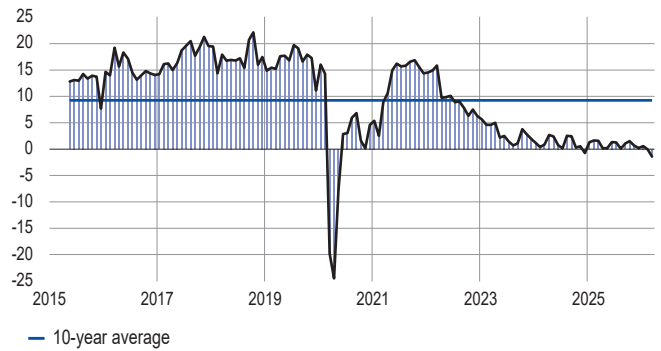
CASH POSITION

(balance of opinion, adjusted for seasonal and working-day variations)

a) In industry



b) In market services



2. Activity is expected to slow in April amid heightened uncertainty

In April, business leaders expect industrial production to continue to grow, albeit at a much slower pace.

Order books recovered in March, thanks to domestic demand that outweighed foreign demand. This improvement is mainly concentrated in technology sectors, particularly aeronautics, computer, electronic, and optical products, as well as electrical equipment, which indicates that production trends in these sectors remain favourable. Business leaders note, however, that this recovery is partly due to precautionary behaviour by customers, bringing forward certain orders to protect against future price increases.

In **market services**, activity is expected to grow only slightly and some sectors even anticipate a contraction in activity, particularly in food services and advertising, probably due to an expected decline in consumption amid a prolonged crisis. Conversely, business services (legal and accounting services, technical consultancies, temporary employment, etc.) are expected to perform more robustly, driven by demand from the industrial sector.

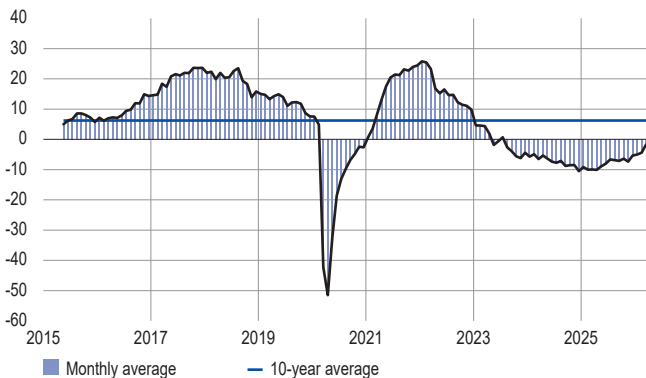
In the **construction** sector, contractors forecast a slight contraction in activity, mainly due to a decline in structural work, amid geopolitical uncertainty and the reassessment of projects by newly-elected municipal councils. The finishing works sector is expected to fare better, thanks mainly to ongoing renovation work, but subject to likely increases in quotation prices linked to rising raw material costs.

Due to the war in the Middle East, the uncertainty indicator, based on a textual analysis of additional company comments, rose sharply in March, reaching levels comparable to those witnessed during the early months of the war in Ukraine. Business leaders across all sectors expressed serious concerns regarding future price movements, rising freight costs, and the risks of supply difficulties and disruption to supply chains. They generally report increased difficulties in making short-term projections and their forecasts tend to be particularly cautious amidst heightened uncertainty.

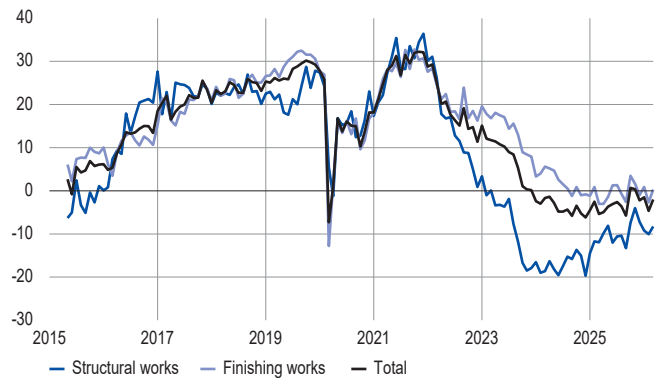
LEVEL OF ORDER BOOKS

(balance of opinion, adjusted for seasonal and working-day variations)

a) In industry

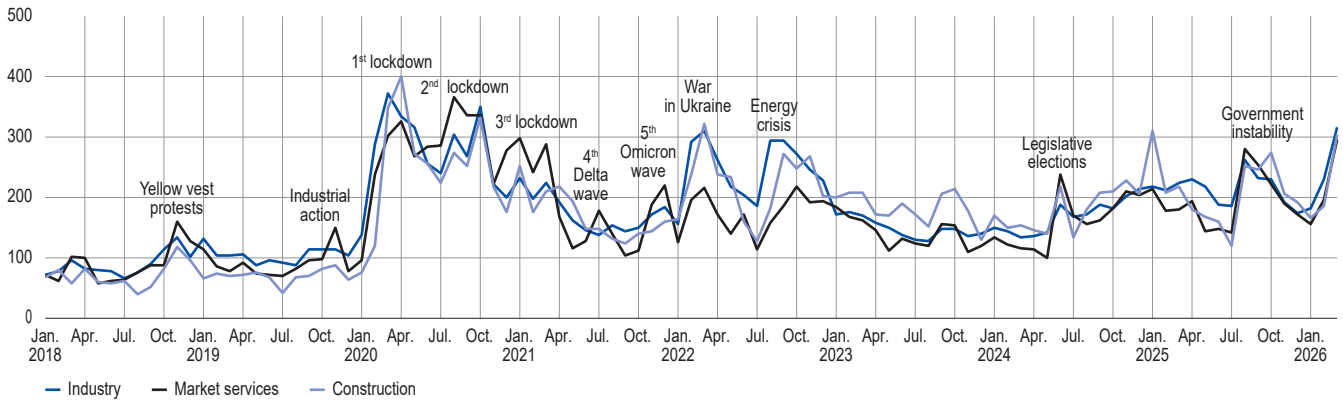


b) In construction



INDICATOR OF UNCERTAINTY IN THE COMMENTS SECTION OF THE MONTHLY BUSINESS SURVEY

(unadjusted data)



Note: The reference value is set at 100 and corresponds to the value around which the indicator fluctuates in normal periods.

3. Price increases remained relatively contained in March

In March, the proportion of manufacturers reporting **supply difficulties** rose slightly to 10% with significant differences between sectors. Several sectors reported renewed difficulties, notably electrical equipment (20%), chemicals (12%), machinery and equipment (11%) and manufacturing of non-metallic mineral products (8%), where supplies of petroleum-based inputs – plastics, resins, synthetic rubber, certain solvents – are becoming more complicated due to the slowdown in maritime traffic through the Strait of Hormuz. Conversely, supply difficulties eased in the aeronautics sector, albeit at a high level (24%).

In **industry**, business leaders highlighted the sharp rise in the prices of energy, plastics and other petroleum-based products, which primarily affects sectors exposed to such inputs (chemicals, electrical equipment, computer, electronic, and optical products, and non-metallic mineral products). In other sectors, cost increases remain moderate.

CHANGE IN SELLING PRICES BY MAJOR SECTOR

(balance of opinion, adjusted for seasonal and working-day variations)



Selling prices rose in the most exposed sectors, albeit at contained levels. This was the case in the chemicals, computer, electronic, and optical products, and electrical equipment sectors.

In total, 11% of industrial firms report having raised their selling prices in March, which is in line with the historical average. However, price decreases are less frequent than usual: only 2% of industrial firms reported having lowered their selling prices, a lower proportion than the 5% generally observed in a typical month of March. In April, a greater number of manufacturing firms are planning to raise their selling prices (23%), in response to rising input costs, however, the vast majority describe the anticipated increases as moderate, suggesting limited pass-through.

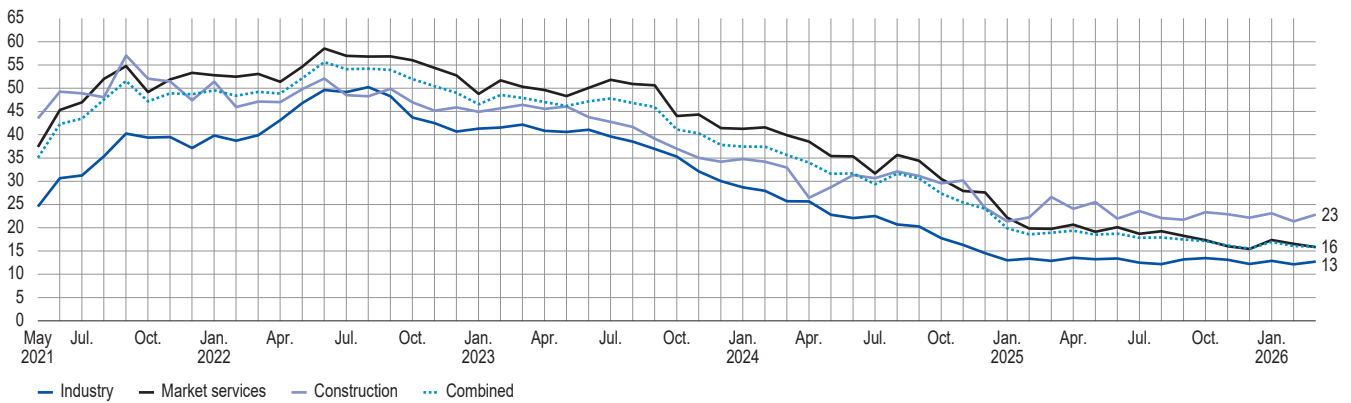
Similarly, in the **construction** sector, quotation prices rose moderately in March but increases are expected to accelerate in April.

In **market services**, selling prices were deemed to have risen very slightly in March, mainly due to price increases in sectors exposed to rising fuel costs (transport and warehousing). In most other services, prices changed little and even declined in the rental, accommodation and technical consultancy sectors. Around 10% of business leaders in market services plan to raise their prices in April, a proportion close to the historical average.

Lastly, **recruitment difficulties** remained broadly stable in March, affecting 16% of businesses across all sectors, however, they intensified slightly in technical and skilled manufacturing trades and in construction.

SHARE OF BUSINESSES REPORTING RECRUITMENT DIFFICULTIES

(%, unadjusted data)



4. Our estimates suggest that GDP will grow by up to 0.3% in the first quarter

Based on the results of our monthly business survey for January, February and March, rounded out by other available data (INSEE industry production indices and surveys and high-frequency data), GDP should grow by up to 0.3% in the first quarter. Activity should continue to be sustained by market services, particularly information and communication, business services and accommodation and food services. As suggested

by the monthly business survey, value added should recover in manufacturing. However, activity is expected to decrease sharply in the energy sector due to above-normal seasonal temperatures, and to contract slightly in construction, which is being penalised by a decline in the public works sector related to the electoral cycle.

Based on the data collected for the Banque de France monthly business survey, the conflict in the Middle East has had a limited impact on the activity of the firms surveyed this quarter.

QUARTERLY CHANGES IN GDP AND VALUE ADDED IN FRANCE

(%)

| Activity sector | VA share | Q4 2025 (QoQ) | Q1 2026 (QoQ) |
|------------------------|------------|---------------|---------------|
| Agriculture | 2 | 1.7 | 0.1 |
| Manufacturing industry | 10 | -0.2 | 0.3 |
| Energy, water, waste | 2 | 0.9 | -2.0 |
| Construction | 5 | 0.2 | -0.2 |
| Market services | 59 | 0.2 | 0.4 |
| Non-market services | 22 | 0.1 | 0.1 |
| Total VA | 100 | 0.2 | 0.3 |
| GDP | | 0.2 | 0.3 |

Sources: INSEE data for the fourth quarter of 2025, Banque de France forecast for the first quarter of 2026.
Note: QoQ = quarterly change.