

MONTHLY BUSINESS SURVEY

According to the business leaders participating in our survey (approximately 8,500 companies and establishments questioned between 28 April and 6 May), activity increased more moderately in April in industry and construction, and remained stable in market services.

In industry, production still rose at a marked pace, exceeding its long-term average growth as well as last month's forecasts by business leaders. Growth remained robust in electrical equipment and aeronautics, fuelled by the defence sector, while computer, electronics and optical products also maintained momentum.

In May, business leaders expect activity to remain broadly stable, with slight falls in industry and construction and a more marked decline in services – the first since March 2025. Following the initial shock of the outbreak of war in the Middle East, the uncertainty indicator based on a textual analysis of comments by surveyed firms – eased slightly in April but remains elevated in all three sectors. Business leaders continue to voice concerns about raw material prices and logistical disruptions.

Cash positions were considered close to normal in industry, but were reported to have deteriorated in services.

Several sectors (aeronautics, electrical equipment, chemicals, and computer, electronic and optical products) indicated that supply difficulties had intensified. Recruitment difficulties remain broadly stable.

Growth in raw material prices accelerated, although it remains slower than in 2022. In a highly competitive environment, industrial and construction firms are only partially passing these increases through to selling prices. Nevertheless, the latter are expected to continue rising in May. In services, price revisions are mainly concentrated in transportation and storage activities, which are directly exposed to higher diesel prices.

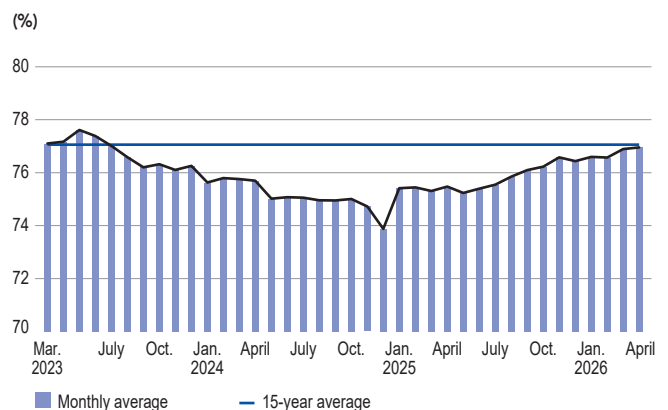
Overall, while the French economy remains resilient, it is starting to show signs of a slowdown, reflecting the first effects of higher hydrocarbon prices. However, due to the limited information available at the start of the quarter and the uncertainty surrounding the duration and scale of the Middle East conflict, it is still too early to provide an estimate for second quarter GDP growth.

1. Activity grew at a more moderate pace in industry and construction and remained stable in services.

In April, growth in **industrial production** remained robust, exceeding its long-term average for the eleventh consecutive month and outperforming business leaders' expectations from the March survey.

Activity remained buoyant in sectors linked to defence, such as electrical equipment and aeronautics, while also holding up well in computer, electronic and optical products. It continued to rise in wearing apparel, textiles and footwear, driven in particular by leather goods and footwear. Activity

CAPACITY UTILISATION RATE

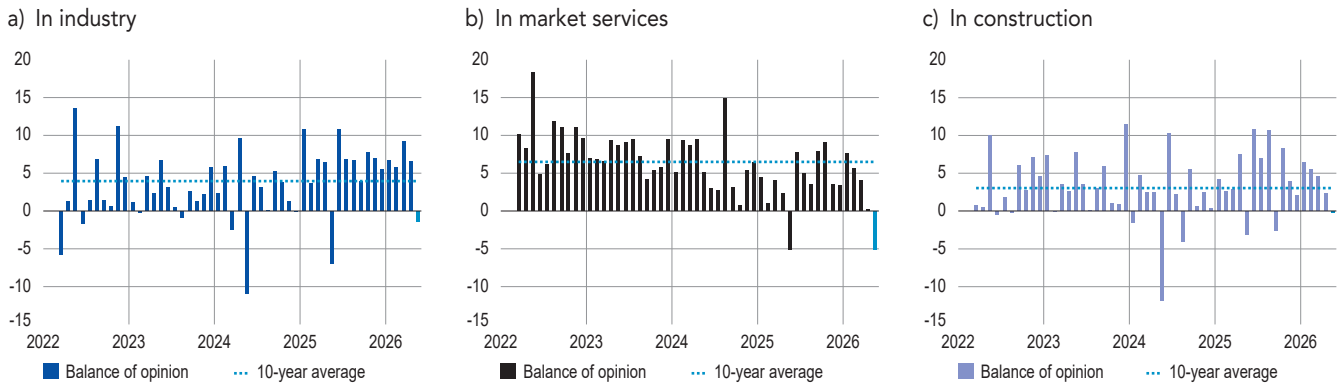


For further information, see the [methodology](#), the [calendar of statistical publications](#), the [contacts](#) and all the series published by the Banque de France are available at [WEBSTAT Banque de France](#)

[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 May)



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 6 percentage points for April in industry. For May (light blue bar), business leaders in industry expect activity to decline by 1 percentage point.

rebounded in non-metallic mineral products (rubber, plastics and glass), while also strengthening in the chemicals sector. Both segments are benefiting from advanced orders amid concerns about future material shortages and price increases. By contrast, activity declined in pharmaceuticals and remained little changed in the automotive and agri-food sectors following a strong March.

The capacity utilisation rate moved closer to its long-term average, rising to 77% from 76.9% in March. The increase was particularly marked in the automotive sector (+2 percentage points) and in non-metallic mineral products (+1 percentage point).

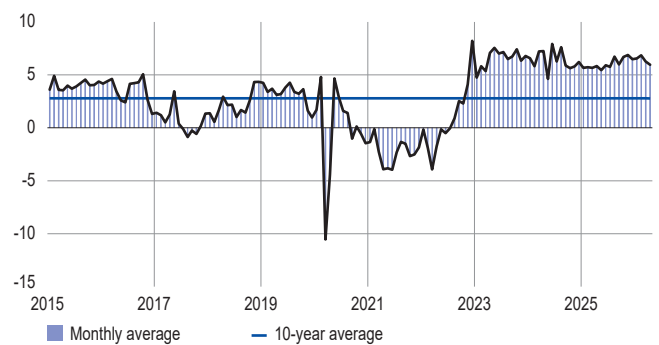
At the end of April, **inventories** of finished goods were still considered elevated. They declined in chemicals and in computer, electronic and optical products, but rose in pharmaceuticals and other industrial goods, and to a lesser extent in agri-food.

In **market services**, activity was stable in April, in line with business leaders' expectations, although performances varied across sectors. Favourable weather conditions fuelled a pick-up in leisure and personal services, while activity in accommodation held steady. Activity also remained buoyant in publishing and information services, and strengthened in transportation and storage, as well as in cleaning services. By contrast, food and beverage services reported a decline in activity, as did vehicle rental services, where higher fuel costs led customers to reduce travel. Advertising and temporary work also recorded declines, reflecting a wait-and-see approach among client sectors.

In **construction**, activity in structural works fell only slightly – and less than expected in March – as favourable weather allowed firms to reduce backlogs from previous months. In finishing works, activity continued to increase,

INVENTORIES OF FINISHED GOODS IN INDUSTRY

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



but slowed following a strong March, in line with business leaders' expectations.

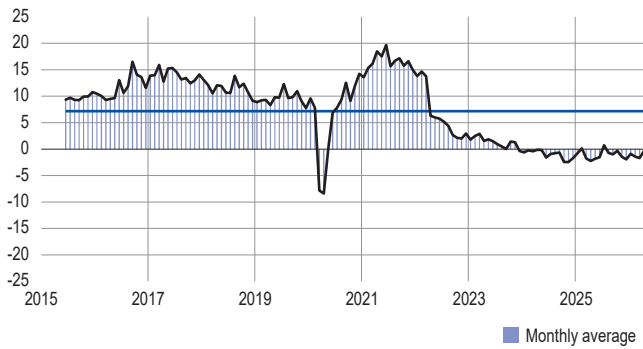
In April, in **industry**, the balance of opinion indicated cash positions returned towards normal levels, although there were some disparities across sub-sectors. Cash positions improved in aeronautics, wearing apparel, textiles and footwear, chemicals and non-metallic mineral products, but deteriorated in other industrial goods, electrical equipment and agri-food. In the latter sector, cash positions are being affected by rising transport and plastic packaging costs, which manufacturers have been unable to pass on due to the end of price negotiations with large retailers.

In **market services**, cash positions were considered to have deteriorated slightly overall. The decline was driven by business services such as consultancy and engineering (reflecting longer customer payment times and the self-financing of investments), while cash positions improved in information and publishing services and in vehicle rentals. In food and beverage services, as well as transportation and storage, cash positions were considered to remain weak.

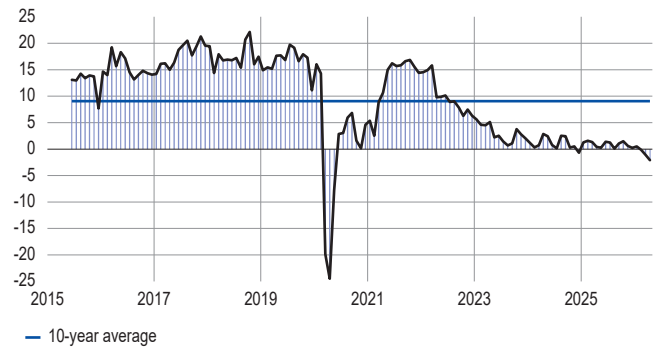
CASH POSITION

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

a) In industry



b) In market services



2. In May, activity is expected to decline in services and remain little changed in industry and construction

In May, business leaders in industry expect activity to edge down slightly, mainly because the public holidays all fall on working days this year. Some companies have also scheduled additional closures over the month. Activity is expected to decline markedly in the automotive sector, and to a lesser extent in electrical equipment and in wearing apparel, textiles and footwear. By contrast, it should improve in other industrial goods and pharmaceuticals, while remaining buoyant in aeronautics and computer, electronic and optical products.

In **market services**, activity is expected to fall markedly for the first time since March 2025, driven by declines across several sub-sectors. Rental services, temporary work, and programming and consultancy services are expected to continue contracting, while leisure and personal services, automotive repair, and food and beverage services should also see weaker activity. By contrast, publishing and several business service activities (legal and accounting,

engineering, cleaning and information services) are expected to continue expanding.

In **construction**, activity is expected to remain broadly stable, as improved momentum in finishing works offsets falls in structural works.

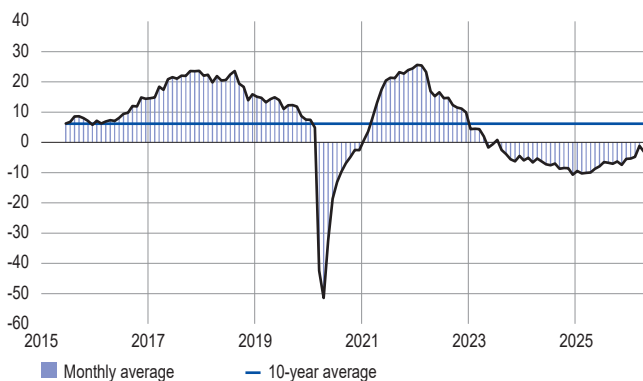
In industry, order books deteriorated again slightly in April in most sub-sectors and are considered to be well below their long-term average overall, except in aeronautics and electrical equipment. In construction, order books are also weakening, particularly in structural works. The recovery in single-family housing remains very weak, as does the pick-up in public orders, which were temporarily halted due to municipal elections. In finishing works, the subdued property market is expected to weigh on demand.

Following the shock of the outbreak of war in the Middle East, the uncertainty indicator – constructed based on a textual analysis of business leaders’ comments – eased slightly in April but remains elevated in all three sectors. Business leaders continue to report concerns about raw material prices and logistical disruptions.

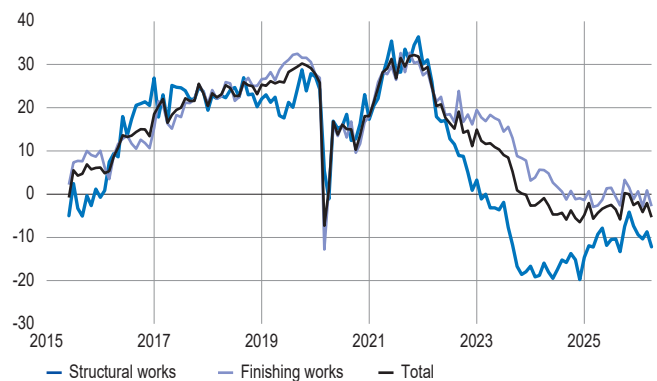
LEVEL OF ORDER BOOKS

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

a) In industry

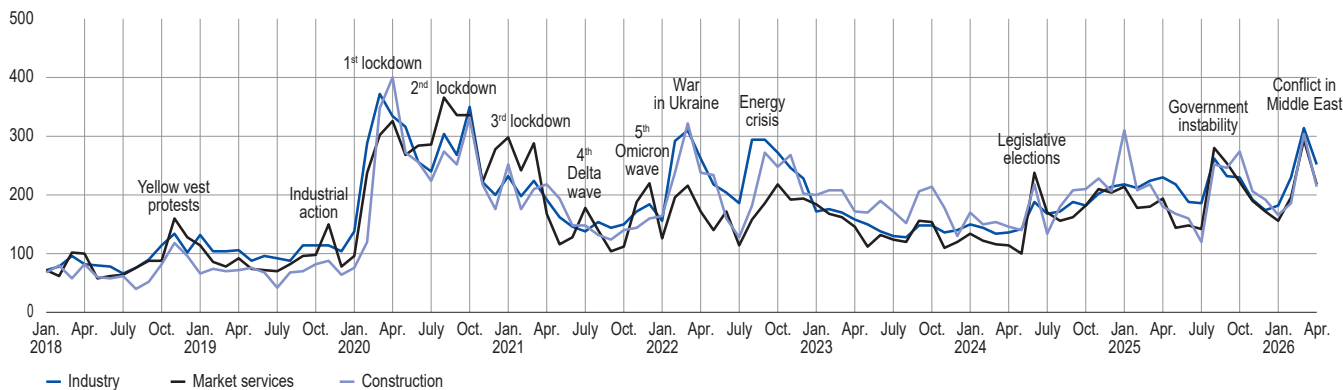


b) In construction



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. Rise in selling prices

In April, 13% of industrial firms reported supply difficulties (compared with 10% in March). Several sectors pointed to increased pressure on certain petroleum-based inputs, as well as longer delivery times linked to the Middle East conflict and the blockade of the Strait of Hormuz. These difficulties were particularly noted in aeronautics (33%), electrical equipment (30%), chemicals (20%), and computer-electronic-optical products (17%). In construction, by contrast, only 5% of firms said they were experiencing supply difficulties (compared with 4% in March).

In **industry**, all business leaders reported a sharp rise in raw material prices – the largest since 2022, although prices remain below 2022 levels. Chemicals, non-metallic mineral products, electrical equipment, wood, paper and printing, and metal and metal products were particularly affected by rising costs of energy, plastics and other petroleum-based inputs.

The balance of opinion on selling prices rose to the peak seen in June 2022, after the outbreak of war in Ukraine.

CHANGE IN SELLING PRICES BY MAJOR SECTOR

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



Selling prices increased markedly in chemicals, non-metallic mineral products and wood, paper and printing. In electrical equipment and in metals and metal products, price growth accelerated compared with March. In general, given the highly competitive environment, firms reported being unable to pass through higher input costs and are therefore absorbing part of the increase through lower margins.

In total, 20% of industrial firms reported raising selling prices in April – above the long-term average but below the 48% observed in April 2022. Barely 2% reported lowering prices. Some 21% of firms said they were planning to raise selling prices further to pass on higher input costs, albeit only moderately.

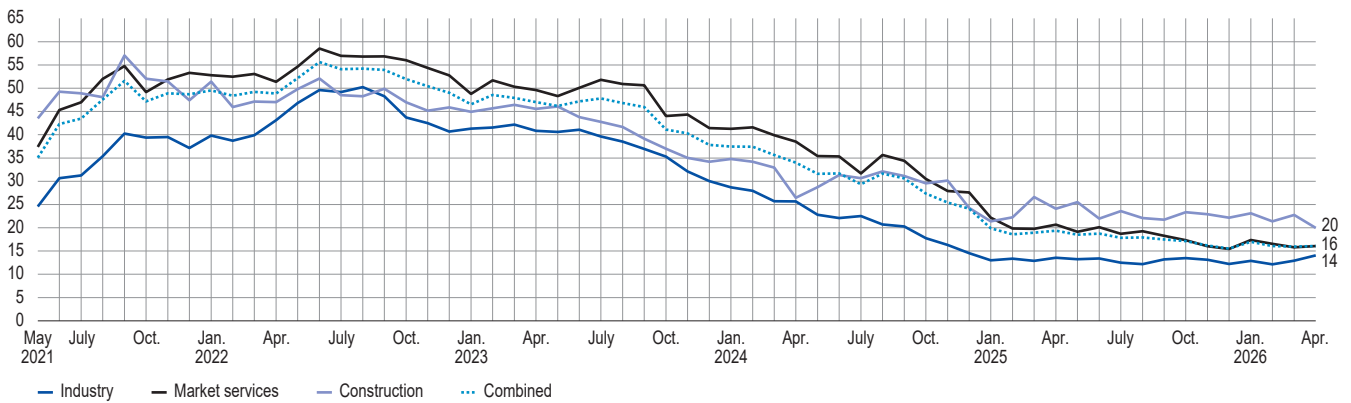
In **construction**, after several months of stability or decline, quote prices accelerated in April and should continue rising in May. As in industry, firms are compressing their margins and only partially passing through higher input costs.

In **market services**, the balance of opinion on selling prices rose considerably in April, although less sharply than in industry and construction. The rise was driven notably by the transportation and storage sector, which is more exposed to higher fuel prices. Selling prices also increased in computer services, but remained broadly stable in most other services, and even declined in vehicle rental services and temporary work for the second consecutive month. Around 16% of business leaders in market services reported raising prices in April, and 7% intend to do so in May. While above long-term averages for April and May, these shares remain below those observed in April and May 2022.

Lastly, **recruitment difficulties** remained broadly stable in April, affecting 16% of firms across all sectors. They rose very slightly for technical and skilled roles in industry, but declined in construction.

SHARE OF BUSINESSES REPORTING RECRUITMENT DIFFICULTIES

(%, unadjusted data)



4. While remaining resilient, activity is expected to slow in the second quarter amid rising hydrocarbon prices

According to the first estimate of the quarterly national accounts, published by INSEE at the end of April, GDP was stable in the first quarter of 2026, whereas we had forecast a rise of 0.3% in our last Monthly Business Survey at the start of April. Value added increased in manufacturing, but slowed in market services, weighed down by transportation and by wholesale and retail trade. Activity also declined sharply in construction, reflecting weakness in public works and in building maintenance and improvement. The energy sector also contracted.

Based on the results of our Monthly Business Survey and other available data (INSEE industry production indices and surveys, high-frequency data), the French economy is expected to remain resilient, although it should slow as the initial effects of higher hydrocarbon prices begin to materialise. Activity should continue to be buoyed by manufacturing. In market services, transportation is likely to continue weighing on value added, while business services and information and communication should remain resilient. However, given the limited information available at the start of the quarter and the uncertainty surrounding the duration and scale of the Middle East conflict, we cannot yet provide an estimate for second-quarter GDP growth.