

MONTHLY BUSINESS SURVEY

According to the business leaders surveyed (approximately 8,500 companies and establishments surveyed between 27 May and 3 June 2026), activity slowed sharply in the manufacturing sector in May, while it contracted in market services and declined slightly in construction. As many business leaders pointed out, part of this slowdown could be due to the timing of bank holidays, which has been particularly conducive to taking long weekends this year.

In industry, the slowdown mainly concerned sectors facing sluggish demand, whilst activity in the defence and aeronautics sectors remained strong. In market services, activity declined almost across the board, despite the resilience of accommodation and food services, publishing and certain business services. In construction, activity remained affected by the persistent weakness in new-builds.

Business leaders nevertheless expect activity in June to improve in manufacturing and market services and stabilise in the construction sector.

Order books were still perceived as weak in the manufacturing sector. The uncertainty felt by businesses continued to ease following the rise observed at the outbreak of the conflict in the Middle East.

Cash positions were still considered broadly close to normal, albeit with marked sectoral disparities. Supply constraints remained limited, whilst raw material and energy prices continued to weigh on production costs. Against this backdrop, selling prices continued to rise, albeit at a slower pace than in April.

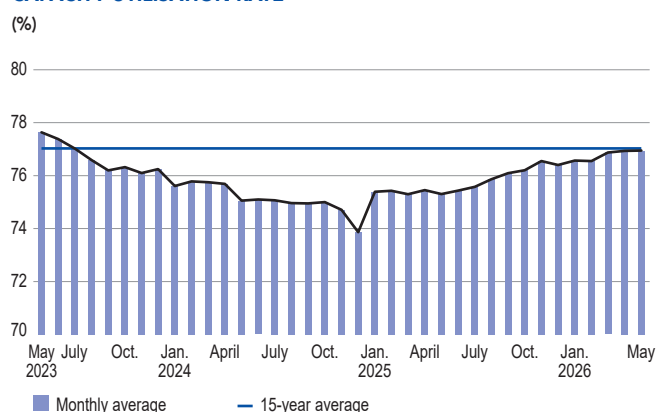
Based on the survey results, supplemented by other indicators, we estimate that GDP will remain stable in the second quarter.

1. In May, activity slowed significantly in industry and contracted in services and construction

In May, **industrial production** continued to grow, albeit at a very slow pace, well below its long-term average. This development nevertheless came as a positive surprise compared with the slight decline expected in the previous survey. The slowdown mainly affects sectors already facing difficulties, against a backdrop of sluggish domestic demand, fierce competition and high energy costs.

Automobile production fell sharply, due to longer than usual production stoppages at this time of year. Manufacturers reported weak order books, persistent supply difficulties and insufficient demand. The agri-food industry also saw a decline in activity. Demand, particularly domestic demand,

CAPACITY UTILISATION RATE

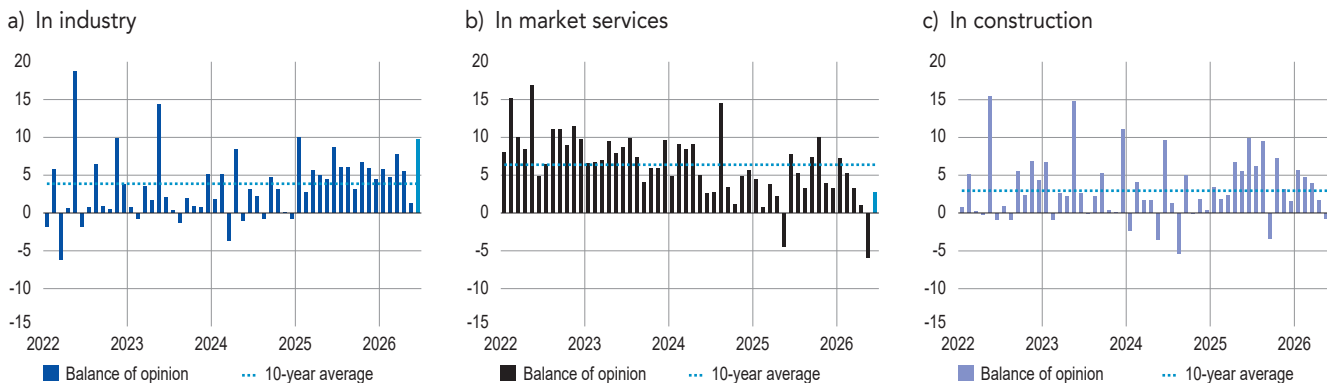


For further information, see the [methodology](#), the [calendar of statistical publications](#), the [contacts](#) and all the series published by the Banque de France are available at [WEBSTAT Banque de France](#)

[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 June)



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 1 percentage point for May in industry. For June (light blue bar), business leaders in industry expect activity to pick up by 10 percentage points.

remained hampered by price rises reflecting persistently high input costs. Production fell in the apparel, textiles and footwear sector, the chemicals sector and the non-metallic mineral products sector. These sectors are highly exposed to fluctuations in the prices of petroleum-based products, and were therefore adversely affected by the slowdown in demand from their main industrial customers as well as from the construction sector.

Conversely, several sectors continued to perform well. Sectors that benefit from defence spending, in particular computer, electronic and optical products as well as electrical equipment, remained buoyant. The aeronautics sector continued to perform well, underpinned by strong international demand.

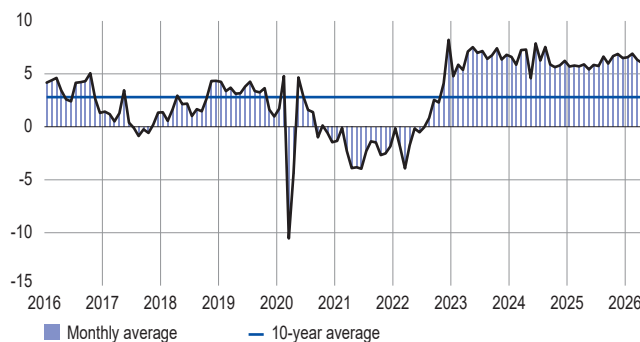
The production capacity utilisation rate remained stable at 77% in May, which suggests that the slowdown in activity is due more to a reduced number of working days than to a lower intensity of production. Seasonal adjustments could only partially take account of the concentration of long weekends in May.

According to business leaders, inventories in industry were still high at the end of May, having risen slightly compared with the previous month in most sectors. This level of inventories reflects both the precautions taken in the face of supply uncertainties and insufficient demand to enable inventories to be drawn down rapidly.

In **market services**, activity contracted significantly in May, and more than forecast in the previous survey. The contraction primarily concerned sectors directly impacted by rising oil prices, in particular transport and storage, as well as motor vehicle repair and rental. It also affected personal services and certain business services, particularly programming-consultancy and management consultancy. Temporary work continued to decline. However, thanks to the long weekends in May, activity remained buoyant in the accommodation and food services sector and continued to grow in publishing and cleaning services.

INVENTORIES OF FINISHED GOODS IN INDUSTRY

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



In **construction**, activity hardly changed. It recorded a slight decline in both structural and finishing works, against a backdrop of the persistent weakness of new-builds.

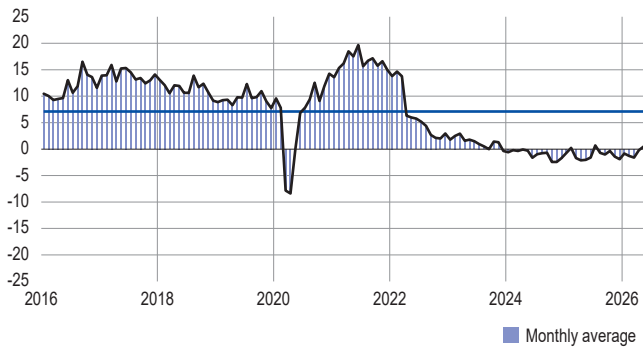
In **industry**, the balance of opinion on cash positions in May remained close to a level deemed normal. However, this stability masks significant sectoral disparities. Cash positions deteriorated most in the automotive, chemicals, agri-food and non-metallic mineral products sectors, against a backdrop of sluggish demand and high input costs. Conversely, aeronautics and those sectors linked to the defence sector continued to report strong cash positions.

In **market services**, cash positions were deemed to have deteriorated in May. Liquidity stress remained significant in several business services activities, in particular management consultancy and advertising. In transport and storage, cash flow was adversely affected by rising fuel prices. Despite sustained activity in the accommodation and food services sector, business leaders continued to perceive cash positions as having deteriorated. Conversely, in publishing and information services – buoyed by the digital transformation of businesses – they continued to consider their cash positions comfortable.

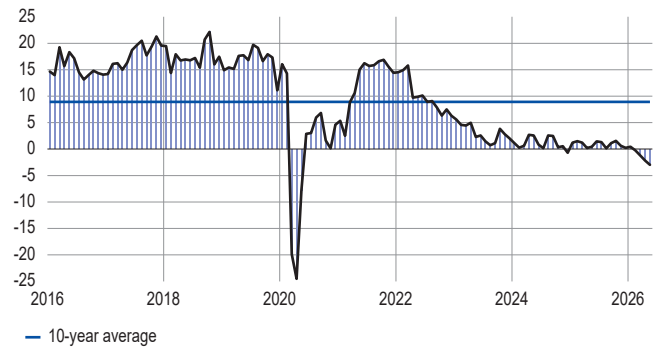
CASH POSITION

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

a) In industry



b) In market services



2. Business leaders expect activity to improve in June

In **industry**, business leaders expect activity to pick up in June, with growth exceeding its long-term average. The sectors that saw the sharpest declines in May – primarily the automotive, agri-food, chemicals and non-metallic mineral products sectors – expect their production to recover. Conversely, in the sectors that performed most strongly in May – notably computer, electronics and optical products – production should rise more moderately, whilst remaining on a positive trend. The aeronautics sector should remain buoyant thanks to its robust order books.

In **market services**, business leaders also expect activity to improve across most sectors in June. The outlook is particularly favourable in publishing, transportation and storage, and motor vehicle repairs. It remains more moderate, albeit positive, in several business services. Programming-consultancy, motor vehicle rental and food services are the only sectors in which the outlook for business activity remains tilted to the downside. Business leaders also point out that the high number of bank holidays and long weekends in May may have temporarily weighed on activity in certain sectors, thereby automatically contributing to the expected rebound in June.

In **construction**, business leaders expect activity to stabilise in June. The expected recovery in finishing works should only partially offset the persistent difficulties in structural works, where activity is set to remain subdued. Contractors in the sector continue to report weak order books.

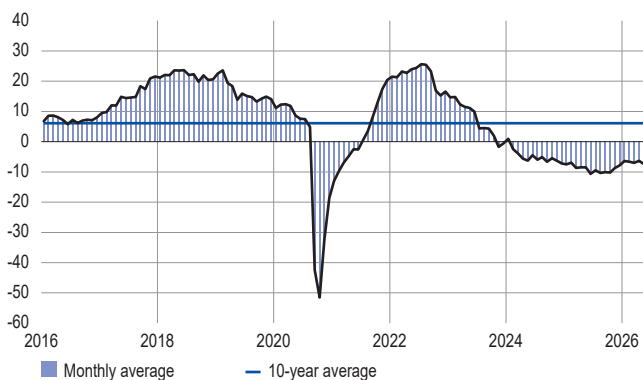
In **manufacturing**, order books were still perceived as weak in May. This view was widely shared across sectors and was particularly pronounced in the agri-food, non-metallic mineral products, chemicals and wood, paper and printing sectors. The machinery and equipment sector, which is closely linked to investment prospects, also experienced a significant decline in new orders. Conversely, the aeronautics and defence-related sectors continued to benefit from exceptionally strong order books.

The uncertainty indicator, based on a textual analysis of business leaders' comments, continued to fall following the sharp rise recorded at the outbreak of the conflict in the Middle East. While business leaders continued to highlight the risks linked to raw material prices and supply chains, the latter appear to be factors requiring vigilance rather than new sources of uncertainty.

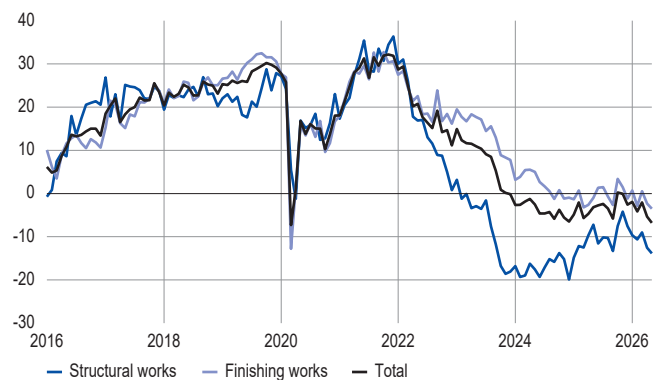
LEVEL OF ORDER BOOKS

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

a) In industry

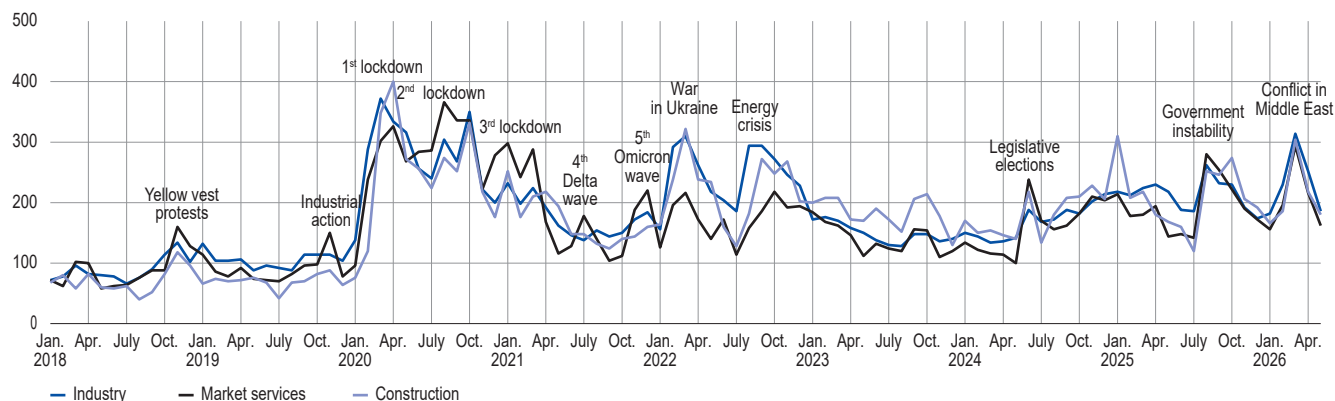


b) In construction



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. Selling prices continued to rise, albeit at a slower pace than in April

In May, 13% of manufacturing firms reported supply difficulties, unchanged from April. In most sectors, businesses continue to adapt by reorganising their supply chains, diversifying their suppliers, bringing forward certain purchases and increasing their precautionary inventories. However, the agri-food sector, machinery and equipment manufacturing, and other industries reported increased pressure during the month. In the construction sector, supply difficulties affected 7% of firms, up from 5% in April. Whilst not causing widespread shortages, geopolitical tensions continued to drive up costs for certain materials, notably PVC and electrical cables, and lead to longer delivery times, as perceived by some firms.

In **industry**, business leaders continued to report a sharp rise in raw material prices, albeit at a slightly slower pace than that observed in April. Pressures remain particularly acute in the chemicals, electrical equipment, non-metallic mineral products and machinery and equipment sectors, in particular as a result of rising prices for energy, steel and aluminium.

Selling price increases remained relatively frequent in May, although their rate stabilised. Pressure was particularly acute in the chemicals, non-metallic mineral products and metal and metal products sectors, which are heavily exposed to fluctuations in the prices of energy and petroleum-based products. These pressures spread to other sectors, particularly wood, paper and printing, and the agri-food sector, whilst the pharmaceutical sector was largely unaffected. In total, 19% of industrial firms reported having raised their selling prices in May, a proportion nearly double the historical average. Conversely, only 1% of firms reported having lowered their prices. Furthermore, 20% of firms planned to raise their prices over the following month, a sign that cost increases are continuing to be passed on to selling prices, despite a competitive environment that is limiting the extent of these increases.

In **construction**, business leaders reported that price increases were less frequent than in April. 17% quote prices rose for 17% of firms in May and are expected to continue rising in June. However, business leaders indicated that they were passing on only part of the rise in input costs to their selling prices.

In **market services**, price rises also slowed. In May, 9% of businesses reported having raised their prices, a proportion close to its historical average. However, several sectors stood out. Half of businesses in the accommodation sector reported price increases, against a backdrop of sustained demand and rising operating costs. Around a quarter of firms in the transportation, storage and motor vehicle repair sectors also reported price increases, mainly linked to rising fuel costs. Finally, the publishing and information services sectors reported price adjustments as a result of sustained demand for digital services.

Overall, the share of price increases across the various sectors stood at 14% in May, slightly lower than in April (18%) but still twice its normal level. Around 29% of businesses raised their selling prices at least once since the outbreak of the war in the Middle East (from March to May), which is also twice its normal level.

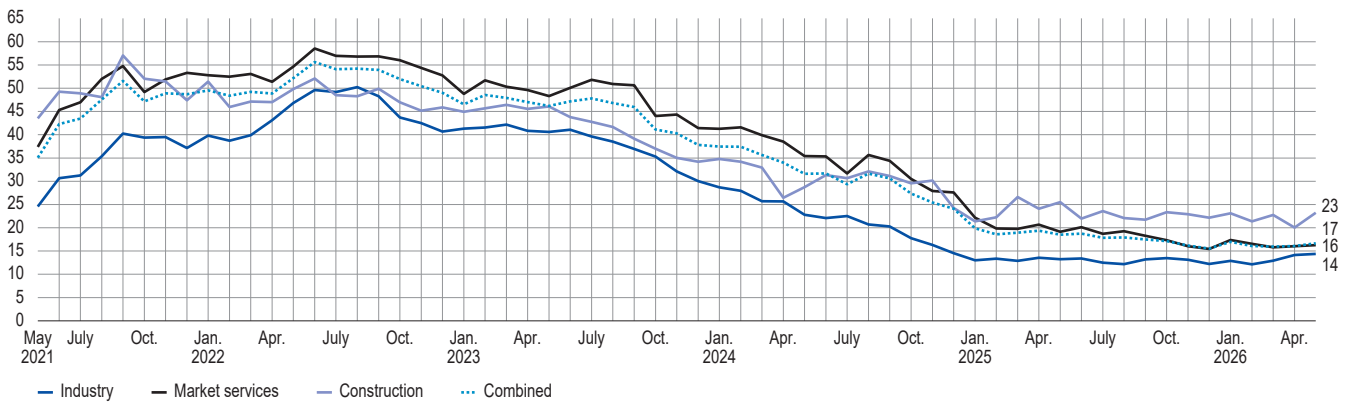
CHANGE IN SELLING PRICES BY MAJOR SECTOR

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



SHARE OF BUSINESSES REPORTING RECRUITMENT DIFFICULTIES

(%, unadjusted data)



Recruitment difficulties remained broadly stable in May, affecting 17% of firms across all sectors. However, they continued to rise in construction (23%) and industry (14%), whilst stabilising in the services sector (16%).

4. Our estimates suggest that GDP will remain stable in the second quarter

According to the detailed estimates of the quarterly accounts, published by INSEE at the end of May, GDP growth was revised down to -0.1% in the first quarter of 2026. Economic activity fell significantly in construction, the energy sector and agriculture. It remained stable in market services and increased in non-market services and in industry.

Based on the results of our monthly business survey and other available data (INSEE industry production indices and surveys, high-frequency data), we estimate that GDP is expected to remain stable in the second quarter. Economic activity should be driven once again by the manufacturing industry, as suggested by the monthly business survey and the industrial production index. Value added in market services is expected to be sluggish, weighed down by transportation services and household services, whilst information and communication, and accommodation and food services, are expected to be buoyant. Value added is expected to rebound slightly in the energy sector. Activity in the construction sector is expected to decline again this quarter.

QUARTERLY CHANGES IN GDP AND VALUE ADDED IN FRANCE

(%)

Activity sector	VA share	Q1 2026 (QoQ)	Q2 2026 (QoQ)
Agriculture	2	-1.3	-1.8
Manufacturing industry	10	0.5	0.6
Energy, water, waste	2	-1.0	0.2
Construction	5	-1.5	-0.7
Market services	59	0.0	0.0
Non-market services	22	0.3	0.1
Total VA	100	0.0	0.0
GDP		-0.1	0.0

Note: QoQ = quarterly change.

Sources: INSEE data for the first quarter of 2026, Banque de France forecast for the second quarter of 2026.