START OF JULY 2026

BANQUE DE FRANCE
EUROSYSTÈME

MONTHLY BUSINESS SURVEY

According to the business leaders surveyed (around 8,500 companies and establishments surveyed between 26 June and 3 July 2026), activity strengthened significantly in June in the manufacturing sector and rebounded in market services and construction, following a month of May marked by closures and holidays due to the timing of bank holidays. Businesses affected by the heatwave in the second half of June adjusted their working hours and, on the whole, managed to maintain their level of activity.

In industry, activity grew across most sectors, driven in particular by the technology and defence sectors, as well as by a catch-up effect, particularly in the automotive sector.

Cash positions were still above the level considered normal in industry, but deteriorated very slightly in the services sector.

Business leaders expect activity to further increase in July, albeit at a more moderate pace in industry and services, and at a fairly weak pace in construction.

Order books were considered to be almost normal in industry but were still weak in construction. The uncertainty indicator, based on a textual analysis of business leaders' comments, continued to fall, returning to pre-Middle East conflict levels. Business leaders' concerns continued to be mainly focused on the international tensions, which are weighing on the overall economic climate, and on input prices.

Supply difficulties eased overall, although they remained acute in certain industrial sectors (computer, electronic and optical products and aeronautics). The rise in raw material and energy prices abated. Selling prices continued to increase, albeit at a more moderate pace than in May.

Based on the survey results, supplemented by other indicators, we estimate that GDP should grow by 0.2% in the second quarter.

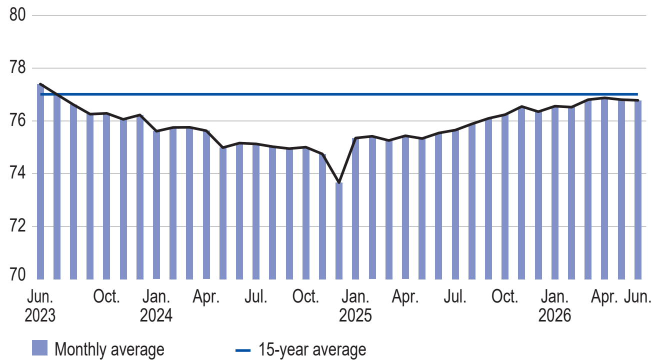
1. In June, activity picked up in industry and rebounded in services and construction

In June, **industrial production** picked up in most sectors, following sluggish growth in May. It grew at a faster rate than its long-term average, but slightly below the expectations expressed by business leaders last month.

The apparel, textiles and footwear sector and the automotive sector rebounded sharply following longer-than-usual production stoppages in May. The agri-food and chemicals sectors also recovered: the agri-food sector was buoyed by sales of fresh produce, ice cream and drinks, while the chemicals sector continued to enjoy sustained orders, notably in anticipation of future price rises. Thanks to domestic and

CAPACITY UTILISATION RATE

(%)

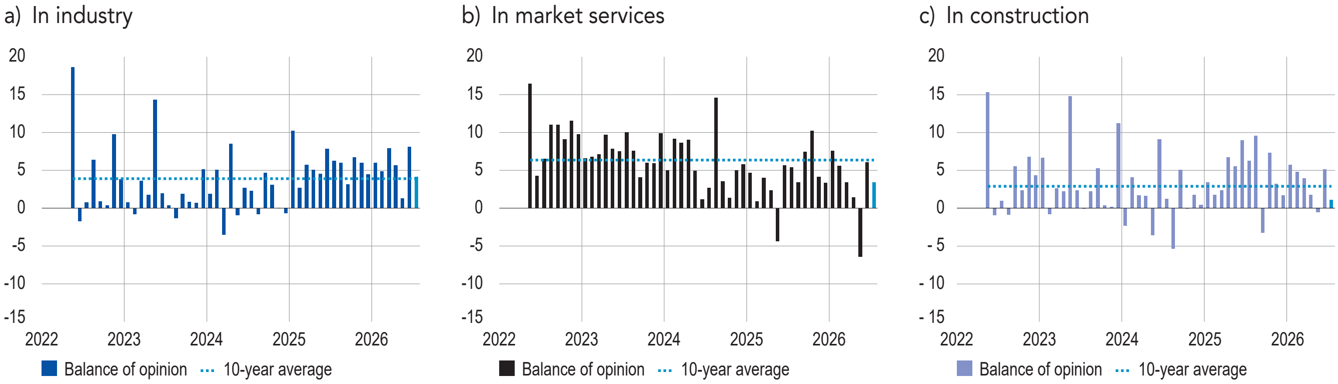


For further information, see the methodology, the calendar of statistical publications, the contacts and all the series published by the Banque de France are available at WEBSTAT Banque de France

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 July)



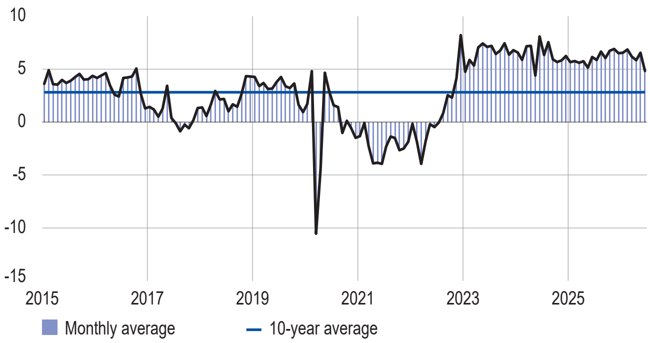
Key: The balance of opinion on the change in activity (which measures the difference between the proportion of businesses reporting an increase in activity and the proportion reporting a fall over the past month) stood at 8 percentage point for June in industry. For July (light blue bar), business leaders in industry expect activity to pick up by 4 percentage points.

international orders from the defence, aerospace and data centre sectors, activity strengthened in computer, electronic and optical products, electrical equipment and aeronautics. By contrast, the pharmaceuticals and non-metallic mineral products sectors (rubber, plastics and glass) remained largely unchanged. Several industrial sectors affected by the heatwave in the second half of June adjusted their working hours.

The production capacity utilisation rate remained stable at 76.8% in June. It rose in the electrical equipment sector (+3 percentage points) and the aeronautics sector (+2 percentage points), but fell in other industrial products and non-metallic mineral products (–1 percentage point in each case).

INVENTORIES OF FINISHED GOODS IN INDUSTRY

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



At the end of June, inventories were considered to have dropped compared with the previous month in all sectors, with the exception of wood, paper and printing, and machinery and equipment. They were deemed to be low in the chemicals sector, other industrial products, and computer, electronic and optical products.

In **market services**, activity picked up, by slightly more than business leaders had forecast in the previous survey, albeit with varying trends across sub-sectors. In particular, activity strengthened significantly in publishing and several business services (notably legal and accountancy services, engineering and cleaning). The heatwave in the second half of June affected the accommodation and food services sectors: customer numbers increased in the accommodation sector (customers seeking air-conditioned rooms), whilst the food services sector saw a decline in customer numbers (particularly in fast-food and mid-range restaurants). Transportation and storage recovered once again as a result of a catch-up effect from May and significant demand for "summer" and festive food products. Advertising and temporary work also recovered, while motor vehicle rental continued to decline for the fourth consecutive month.

In **construction**, growth in activity was well ahead of expectations in both structural works and finishing works. Structural works recorded a catch-up in production compared with May, a month featuring more holidays than usual and the first heatwave of the season. During the second half of June, many companies adjusted their working hours. In the finishing works sector, while the heatwave slowed down progress on building sites, it sped up the installation of air-conditioning systems (in offices and public buildings, such as nurseries and childcare centres).

In **industry**, the balance of opinion on cash positions in June remained very slightly above the level deemed normal. It remained satisfactory in the computer, electronics and optics sector, and very satisfactory in the aeronautics sector. It returned to positive territory in the electrical equipment sector. Conversely, it was deemed to have deteriorated in the agri-food, non-metallic mineral products, metal and metal products and the wood, paper and printing sectors.

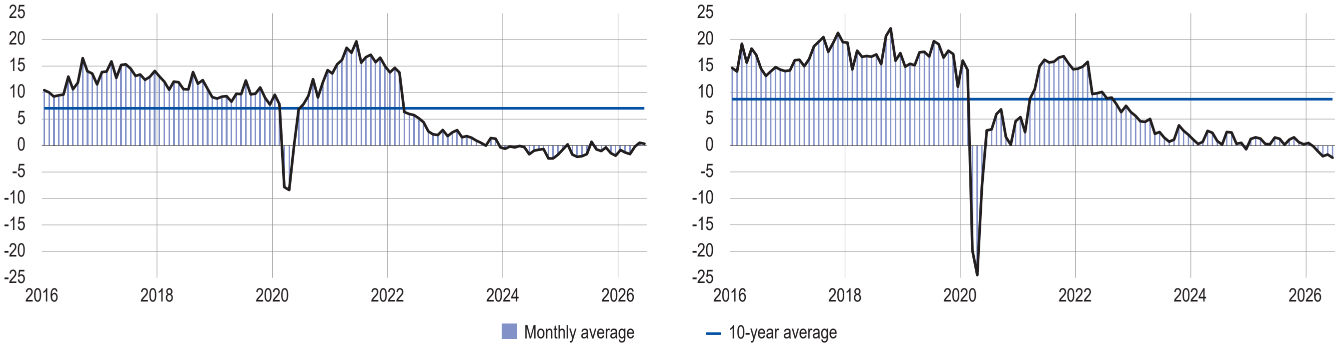
In **market services**, cash positions were again deemed to be negative in June. They continued to deteriorate in the vehicle repair and food services sectors, in line with the decline in activity, and they remained weak in the advertising sector (longer payment deadlines and tough price negotiations by customers). They were deemed less unfavourable in management consultancy and remained satisfactory – despite a slight decline – in publishing and information services.

CASH POSITION

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

a) In industry

b) In market services



2. In July, activity is expected to rise in industry and services, and to grow very modestly in construction

In **industry**, business leaders expect activity to rise in July, albeit at a more moderate pace following the strong performance in June. Activity is thus expected to remain buoyant in aeronautics, electrical equipment and computer, electronics and optical products; it is expected to strengthen in the pharmaceutical sector. By contrast, activity should decline in the automotive and apparel, textiles and footwear sectors, following a strong performance the previous month.

In **market services**, business leaders also expect activity to increase across almost all segments. Activity is expected to continue to grow at a similar pace to that seen in June in publishing, and to remain buoyant in transportation and storage, as well as in most business services (legal and accountancy services, management consultancy, engineering and cleaning). It is expected to pick up in food services. Only motor vehicle rental and advertising are expected to register little change.

In **construction**, business leaders expect activity to increase slightly in July, albeit with contrasting trends between structural works – which should start to decline – and finishing works, which are expected to continue growing. Structural work firms expressed concern both over weak public-sector demand following the local elections, and the slump in the construction of new housing and single-family homes.

In **manufacturing**, order books recovered very slightly, moving closer to the level deemed normal overall, driven by the aeronautics, electrical equipment and computer, electronics and optical products sectors. However, they were still considered to be weak in most other sectors, and particularly low in the agri-food sector (due to competition from Brazil and falling Chinese demand), the wood, paper and printing sector, and the non-metallic mineral products sector.

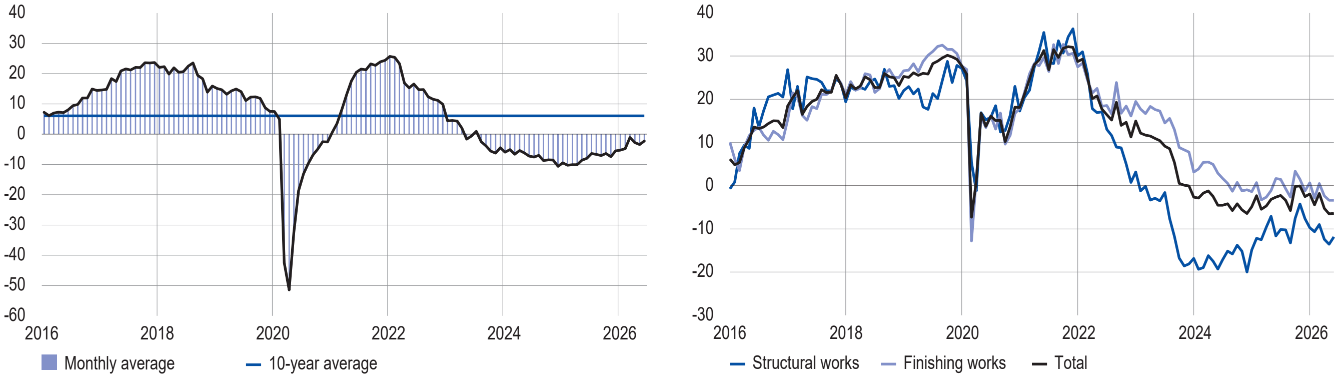
The uncertainty indicator, based on a textual analysis of business leaders' comments, eased very slightly once again, returning to pre-Middle East conflict levels. At the end of June, although they did not view them as new sources of uncertainty, business leaders remained concerned about international tensions, which could, in the event of the conflict escalating, again worsen the global economic climate and affect input prices.

LEVEL OF ORDER BOOKS

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

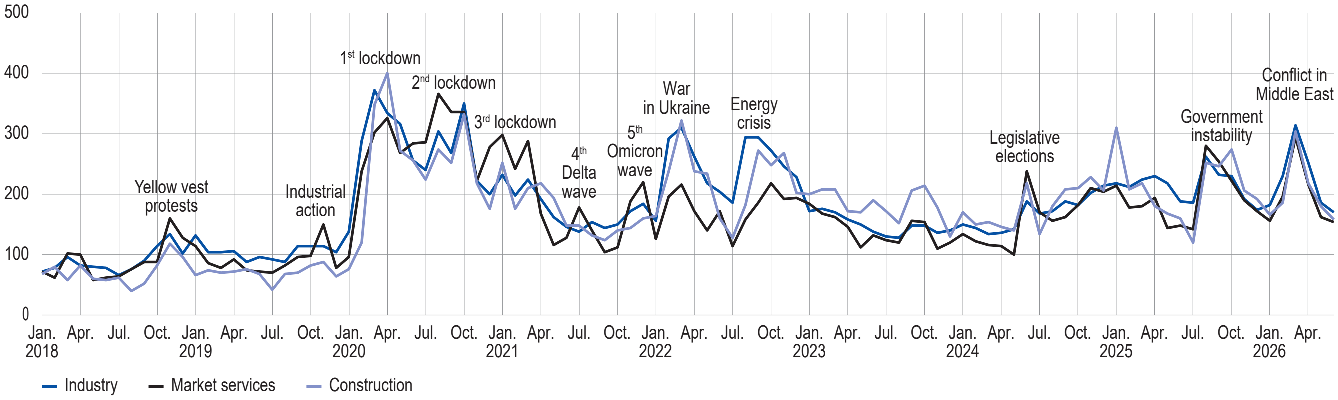
a) In industry

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

In June, the proportion of manufacturing firms reporting supply difficulties fell from 13% to 11%. However, renewed pressures were reported in the aeronautics sector and in the computer, electronics and optical products sector, where supply difficulties (notably with electronic components) affected 36% and 18% of firms respectively. In the construction sector, supply difficulties concerned 7% of firms, up from 6% in May.

In **industry**, whilst raw material prices were still deemed to be rising, the trend eased significantly in June. The rise remained pronounced in electrical equipment, computer, electronic and optical products, and transport equipment.

Selling prices in **industry** remained broadly on an upward trend in June, though to a lesser extent than in May and with mixed developments across sectors. Thus, selling prices continued to rise at a sustained pace in non-metallic mineral products, as well as in the wood, paper and printing sectors, which are heavily exposed to energy costs and petroleum-based products. The rate of increase accelerated in the computer, electronics and optical products sector and in the aeronautics sector, two sectors which are in a position to pass on rises in raw material prices to their customers. In contrast, selling prices remained stable in the agri-food, pharmaceutical and automotive sectors. They levelled off in the chemicals sector, following three months of significant increases. In total, 15% of industrial firms reported having raised their selling prices in June, a proportion higher than the historical average (9%). At the same time, 3% of firms reported having lowered their prices. Furthermore, 11% of industrial firms were planning to raise their prices in July.

CHANGE IN SELLING PRICES BY MAJOR SECTOR

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

In **construction**, the rate of increase in selling prices remained the same as in May and was still higher than before the outbreak of the war in Iran. 12% of business leaders reported having raised their quote prices. 8% planned to raise them in July. The rise in material costs cannot be entirely passed on to prices due to competition and weak demand.

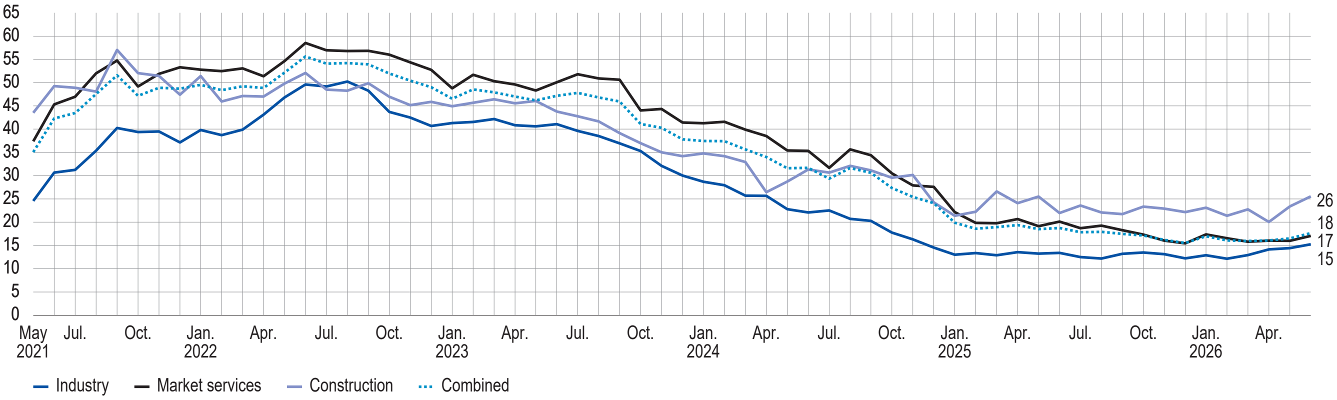
In **market services**, price rises also continued to slow. Price increases were concentrated in personal services (due to the rise in the minimum wage) and accommodation (strong demand, high operating costs), as well as in publishing and certain business services (information services, management consultancy), but eased in transportation and storage, in line with the fall in diesel prices.

Across all three sectors, 34% of businesses raised their selling prices at least once since the outbreak of the war in the Middle East (from March to June), compared with 19% typically observed over the same four-month period from March to June.

Recruitment difficulties affected 18% of businesses in June, up 1 percentage point on May. This increase concerned all sectors, but was most pronounced in the construction sector, where such difficulties stood at 26%. Business leaders cited a shortage of skilled workers.

SHARE OF BUSINESSES REPORTING RECRUITMENT DIFFICULTIES

(%, unadjusted data)



4. Our estimates suggest that GDP is set to grow by 0.2% in the second quarter

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 set to grow by around 0.2% in the second quarter.

Economic activity is expected to 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 pick up, leading to an upward revision of our forecast for this sector. Compared with our previous publication, the turnover indices for the services sector, published by INSEE at the end of June, point to a marked increase in activity in household services, information and communication, accommodation and food services, and transportation. Value added is expected to rebound in the energy sector following the sharp decline in the previous quarter. However, construction is forecast to decline once 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	0.7
Energy, water, waste	2	-1.0	0.7
Construction	5	-1.5	-0.3
Market services	59	0.0	0.3
Non-market services	22	0.3	0.1
Total VA	**100**	**0.0**	**0.2**
GDP		**-0.1**	**0.2**

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