START OF AUGUST 2026

MONTHLY BUSINESS SURVEY

According to the business leaders surveyed (around 8,500 companies and establishments surveyed between 22 July and 5 August), activity grew at a moderate pace in manufacturing and market services, and held up in construction in July. In manufacturing, growth was weaker than forecast the previous month, while the slowdown in services was largely expected.

Following the technical catch-up in June, industrial production rose moderately while remaining robust in sectors linked to investment in technology, energy and defence. In market services, activity remained slightly positive, boosted by vehicle repairs, accommodation and publishing, particularly software publishing. In construction, the overall resilience masked a slowdown in structural works, while finishing works picked up.

Cash positions remained close to normal levels in industry, with significant sectoral disparities, and remained generally unfavourable in market services despite a slight improvement.

Business leaders expect activity across the three main sectors to pick up in August. Industrial production is expected to rise across all sectors, while the construction sector is set to benefit from a rebound in structural works. In market services, growth is expected to be more moderate.

Increases in raw material prices and selling prices slowed in July. This easing of the rises observed and forecast for August could indicate that a significant share of the pass-through to selling prices of the rise in input costs that occurred in the spring has already taken place. Finally, the resumption of hostilities in the Middle East in early July has not, at this stage, led to a further widespread increase in input costs. Uncertainty continues to ease across the three major sectors.

Based on the survey results, supplemented by other indicators, we estimate that GDP should grow by 0.2% in the third quarter. However, this forecast remains subject to considerable uncertainty, given the limited information available at the start of the quarter and the still-uncertain outlook regarding weather conditions and the situation in the Middle East.

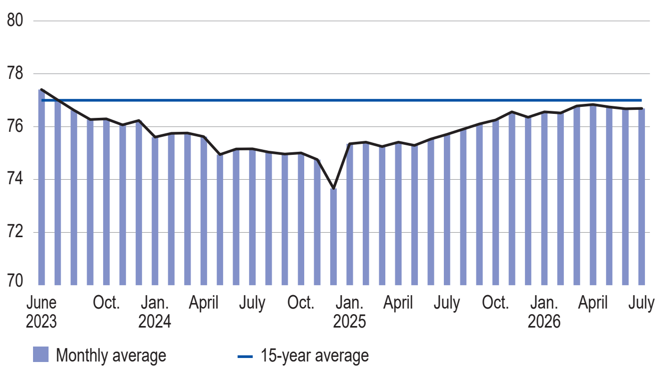
1. In July, activity grew at a slower pace in industry and services, and held up in construction

Following the technical catch-up in June, **industrial production** rose only slightly in July, less than business leaders had forecast the previous month and below its long-term trend. The slowdown was widespread, with marked declines in the automotive, clothing, textiles and footwear sectors, and in non-metallic mineral products (rubber, plastics and glass).

In the automotive sector, this decline reflects, in particular, an adjustment in production rates following the rebound in June, due to the still-fragile European market and the first summer shutdowns. In the clothing, textiles and footwear sector, weak

CAPACITY UTILISATION RATE

(%)

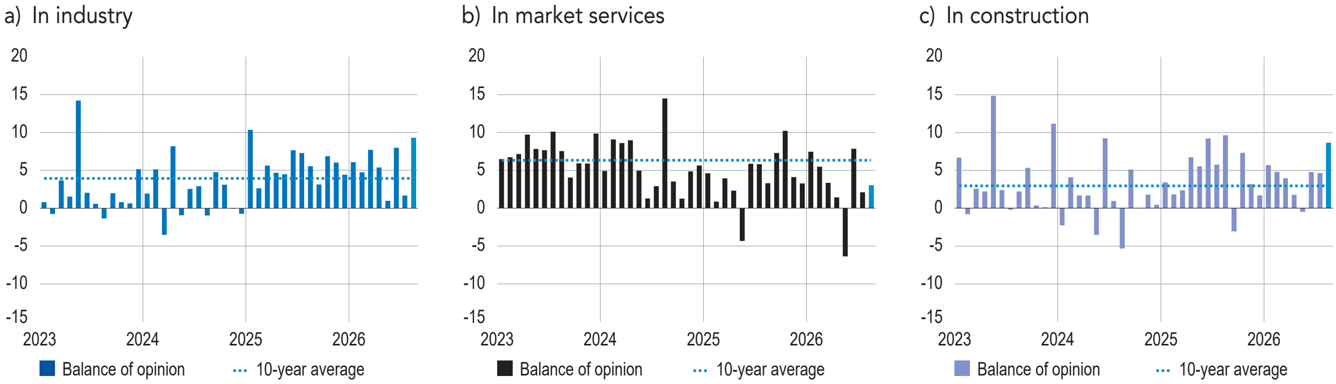


For further information, see the methodology, the calendar of statistical publications, the contacts and all the series published by the Banque de France are available at WEBSTAT Banque de France

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 August)



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 2 percentage point for July in industry. For August (light blue bar), business leaders in industry expect activity to pick up by 9 percentage points.

sales during the summer sales may have led retailers to limit their orders, while inventories remained above normal levels. Non-metallic mineral products suffered from weak demand in their main markets, notably the automotive and construction sectors. Following strong growth in June, the aeronautics sector recorded a temporary decline in production, against a backdrop of persistent supply constraints.

However, industrial production remained buoyant in sectors linked to investment in technology, energy and defence. Computer, electronic and optical products were the main driver of industrial activity in July, while electrical equipment continued to benefit from the development of data centers and the electrification of infrastructure. Production of machinery and equipment also remained strong, particularly in material handling, automation and machine tools.

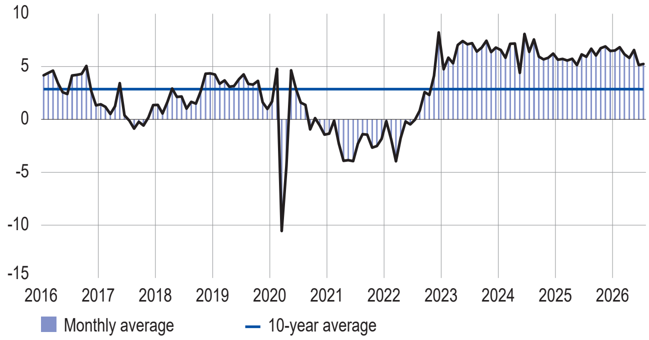
Overall, the capacity utilisation rate remained stable at 76.7%. Inventories were considered to be slightly above normal, with a very slight increase in most sectors. This trend masks a marked inventory drawdown of electrical equipment, linked to significant orders from abroad. According to business leaders, the slight rise in inventories does not appear to reflect a weakening of demand, but rather temporary mismatches between production and delivery.

In **market services**, activity slowed, as widely expected by business leaders, but remained slightly positive. Vehicle repairs and accommodation benefited from the start of the tourist season, while food services and leisure activities were hit by the heatwave and changes in consumer spending patterns. In the digital sector, growth was concentrated in the publishing sector – which includes software publishing – while the programming and consultancy sector remained held back by clients' wait-and-see attitude. Transport stabilised following the rebound in June, and vehicle rental was still very weak, weighed down by demand weakened by rising fuel costs. Finally, most business services slowed after recording strong growth in June.

In **construction**, activity continued to growth at a pace similar to that of June. Activity in structural works remained positive despite the high temperatures. Activity in finishing works was more buoyant, boosted by demand for air conditioning and thermal protection, particularly in public buildings. This demand caused occasional supply difficulties.

INVENTORIES OF FINISHED GOODS IN INDUSTRY

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



According to business leaders' comments in July, businesses continued to adapt to heatwaves in order to maintain their operations, but at the cost of more visible economic consequences in terms of productivity, profit margins and, in some cases, cash flow. More persistent effects also became apparent in certain areas of agricultural and food production.

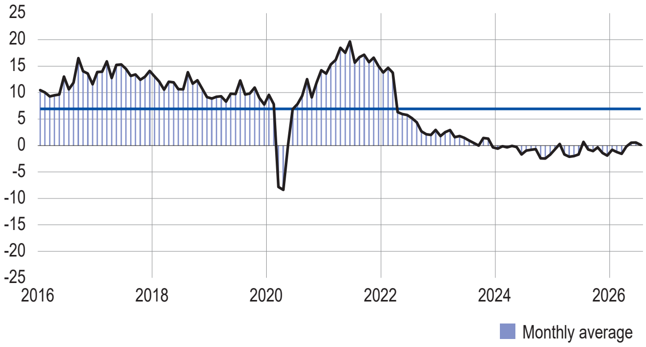
In **industry**, cash positions remained broadly close to normal in July, with significant sectoral disparities. They improved in the automotive sector, possibly due to the delayed effect of the June rebound, and in the computer, electronic and optical products sector, where activity remained buoyant. They declined slightly in the aeronautics sector, while remaining very favourable.

In **market services**, cash positions improved slightly but remained unfavourable overall. The improvement was particularly noticeable in management consultancy and vehicle repair. Conversely, cash positions deteriorated in architecture and engineering, and especially in motor vehicle rental, in line with the slowdown in their business. Pressures remained particularly acute in advertising, food services and cleaning. In the latter two sectors, business leaders specifically cited rising labour costs.

CASH POSITION

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

a) In industry



b) In market services

2. In August, activity is expected to rise in industry and construction, and to grow more modestly in the services sector

For August, business leaders expect **industrial production** to post significant and widespread growth, driven mainly by electrical equipment and computer, electronic and optical products. A rebound is also expected in several sectors that contracted in July, notably clothing, textiles and footwear, aeronautics, the automotive sector, and non-metallic mineral products.

This outlook is confirmed by higher-than-normal order books in the aeronautics, electrical equipment, computer, electronic and optical products sectors and, more recently, in machinery and equipment. According to business leaders, order books remain too low in the other sectors: the expected rebound is thought to stem more from a catch-up effect or calendar effects than from a sustained increase in demand. The extent of the rebound in production in August remains uncertain, however, as forecasts overestimated production in July and activity is particularly volatile during the summer.

In **market services**, business leaders expect activity to pick up in August, with very mixed trends across sectors. Activity is expected to remain particularly buoyant in publishing – notably software publishing – and to recover in food services, cleaning, car rental and leisure activities. It is also expected to increase in architecture and engineering, and management consultancy. Conversely, a sharp decline is expected in vehicle repairs, following the high level of activity in July, which was partly due to the weather and, in some areas, to hailstorms. Activity is also expected to decrease in advertising, programming and consultancy, and, to a lesser extent, in temporary work.

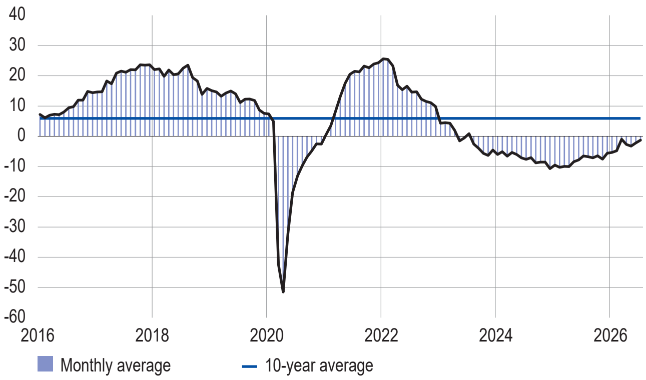
In **construction**, business leaders expect activity to pick up in August. This acceleration is expected to be underpinned mainly by structural works, which should rebound after being adversely affected by a lack of new projects and the heatwave in July. Activity is expected to remain brisk in the finishing works sector, where order books are continuing to grow.

In July, the **uncertainty** indicator – based on a textual analysis of business leaders' comments – continued to fall in market services and the construction sector, and to a lesser extent in industry. This less marked decline in industry could, in particular, reflect the resumption of hostilities between Iran and the United States since 8 July, which is fuelling concerns regarding energy costs, maritime transport and the supply of certain inputs. Furthermore, there is reduced visibility regarding demand in certain sectors.

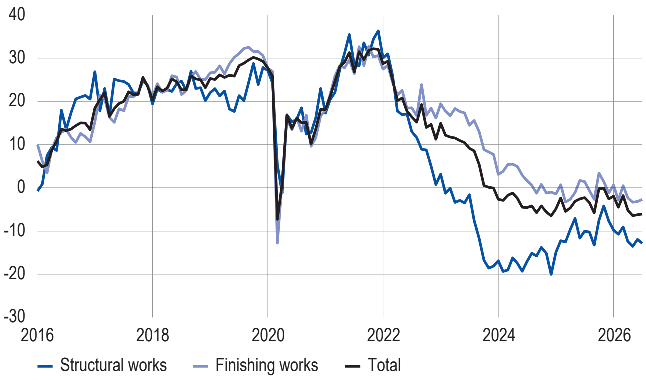
LEVEL OF ORDER BOOKS

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

a) In industry

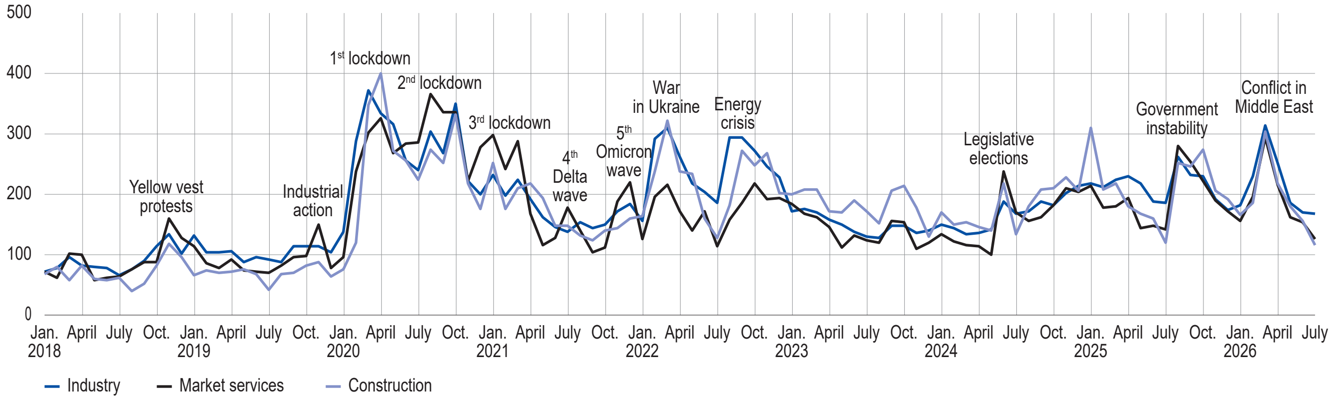


b) In construction



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. Supply difficulties remained limited and price rises eased in July

In July, the share of **manufacturing** firms reporting supply difficulties remained stable at 11%. These difficulties were still particularly acute in the aeronautics sector, where more than a third of the firms surveyed reported constraints on certain critical components and materials, as well as on capacity within the supply chain.

In the **construction** sector, supply difficulties also remained limited, at 9%. Nevertheless, there were still pressures on costs and, in some cases, on delivery times. These mainly concerned energy-intensive materials or those derived from the petrochemical industry, which were affected by rising energy and transport costs. In the finishing works sector, strong demand for air-conditioning and ventilation equipment due to the heatwaves may also have led to longer supply and installation times in some cases.

In industry, the balance of opinion on raw material prices remained positive, but fell again in July, with price rises being reported less frequently than in the spring. These rises were still being felt particularly strongly in the electrical equipment, computer, electronic and optical products, metal and metal products, and machinery and equipment sectors, notably on account of the cost of metals and certain components.

The balance of opinion on industrial selling prices also remained positive, but edged down slightly. Price rises intensified in the chemicals sector, probably as a result of a delayed pass-through of the rise in input costs seen in the spring, and in the electrical equipment sector, where strong demand facilitated the pass-through of the costs of metal inputs and components. Rises in selling prices remained strong in computer, electronic and optical products, but slowed markedly in non-metallic mineral products, as well as in the aeronautics sector. In several sectors, notably the automotive, agri-food, pharmaceutical, metal and metal products and machinery and equipment sectors, selling prices rose less frequently than raw material prices, due to persistent competitive pressure or contractual constraints.

CHANGE IN SELLING PRICES BY MAJOR SECTOR

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

Overall, 13% of manufacturing firms reported having raised their selling prices in July, compared with a long-term average of 10%. Conversely, 2% of firms reported having lowered them, compared with the usual 4% in July. Furthermore, 6% of manufacturing firms planned to raise their prices in August, which is below the historical average for the month (10%). They therefore do not, at this stage, expect a new widespread wave of price increases resulting from the rise in input costs caused by the conflict in the Middle East.

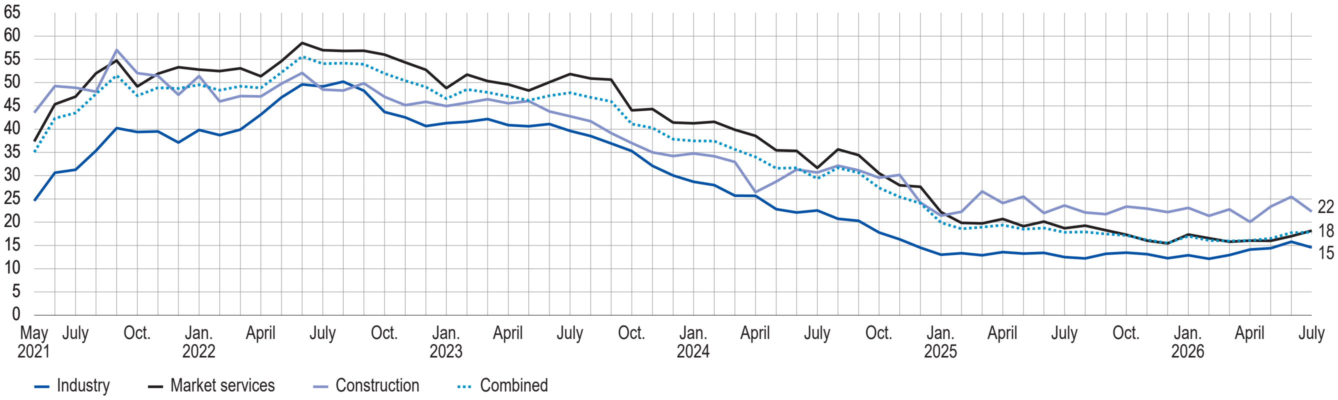
In **construction**, the share of firms having raised their quote prices dropped to 11%, while 10% of firms expected prices to rise in August. Against a backdrop of persistently weak demand and fierce competition, firms appeared to be passing on only part of the increase in material costs.

In the **market services** sector, price rises remained contained. Price falls were reported more frequently than price rises in the accommodation and food services sector and in several business services. Price rises were mainly concentrated in publishing, information services and transport.

Across the three main sectors of the economy, 36% of firms raised their selling prices at least once between March and July, compared with the usual 20% over the same period. The easing of price rises observed in July and forecast for August could indicate that a significant share of the pass-through to

SHARE OF BUSINESSES REPORTING RECRUITMENT DIFFICULTIES

(%, unadjusted data)



selling prices of the rise in input costs that occurred in the spring has already taken place.

Finally, recruitment difficulties affected 18% of businesses in July, a slight increase compared with June. They eased in the construction sector, although they were still more pronounced (22%), and in industry (15%). They increased slightly in market services (18%).

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

The preliminary results of the quarterly accounts, published by INSEE at the end of July, show that GDP grew by 0.2% in the second quarter of 2026, following a decline of 0.1% in the previous quarter, in line with the forecast from our last monthly business survey (early July). Value added rose further in the manufacturing sector and recovered in market services, buoyed by transport services and services to businesses and households. Activity declined once again in construction, hampered by public works, as well as in the energy sector.

Based on information from 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 third quarter.

Economic activity is expected to continue to be buoyed by market services, particularly in the information and communication sector and transport services. Value added should rise again in the manufacturing industry: following a trough in July, the monthly business survey points to a catch-up effect in August. Value added is expected to rebound in the energy sector after two quarters of decline, driven by a rise in electricity consumption during the heatwaves. By contrast, activity in construction is expected to continue to decline, mainly due to the contraction in public works.

However, this forecast remains subject to considerable uncertainty, given the limited information available at the start of the quarter and due to the still-uncertain geopolitical situation in the Middle East and weather conditions between now and the end of the summer, when further spells of extreme heat could still occur.

QUARTERLY CHANGES IN GDP AND VALUE ADDED IN FRANCE

(%)

Activity sector	VA share	Q2 2026 (QoQ)	Q3 2026 (QoQ)
Agriculture	2	-1.5	-0.9
Manufacturing industry	10	0.3	0.2
Energy, water, waste	2	-0.2	0.5
Construction	5	-0.7	-1.0
Market services	59	0.3	0.3
Non-market services	22	0.3	0.1
Total VA	**100**	**0.2**	**0.2**
GDP		**0.2**	**0.2**

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