BANQUE DE FRANCE
EUROSYSTÈME

# MONTHLY BUSINESS SURVEY

According to the business leaders surveyed (approximately 8,500 companies and establishments questioned between 28 October and 4 November), activity improved in October in industry and market services while remaining largely unchanged in construction. In industry, growth overall was close to expectations and higher than its long-term trend, although situations were again mixed. Sectors bolstered by defence and data-centre construction ramped up, while the automotive and other manufacturing industry sectors contracted. Order books in industry improved, although trends varied as they were particularly well-stocked in the aeronautics sector and in computer, electronic and optical products, but thinning in several other sectors.

In services, activity continued to grow in the accommodation and temporary work sectors, but slowed in most business services, declining in the food services sector. In construction, activity was largely unchanged, with an increase in finishing works offsetting a decline in structural works, while order books remained weak.

Cash positions were still deemed poor, both in industry and services.

For November, business leaders expect industrial production to pick up, with the pace varying across sectors. They expect activity to continue to grow in market services, albeit at a slower pace, and to remain largely unchanged in construction.

Uncertainty continued to rise in October in the services sector and increased significantly in construction. Concerns tend to focus primarily on the general economic climate, social unrest and fuel prices. Supply difficulties intensified in the transport equipment sector.

Despite certain raw material costs continuing to rise, selling price increases slowed in industry and construction due to greater competition, which put pressure on margins. The slowdown could also be seen in services. Lastly, recruitment difficulties eased slightly and were reported by 15% of firms.

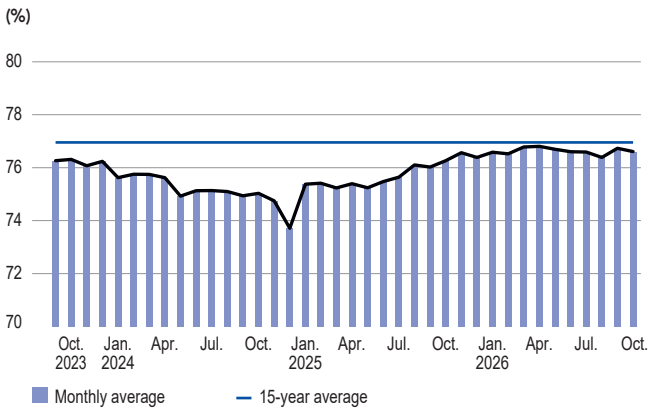
Based on the survey results as well as other indicators, we estimate a moderate rise in GDP for the fourth quarter. Nevertheless, our estimate remains subject to considerable uncertainty.

## 1. In October, activity improved in industry and services but remained largely unchanged in construction

In October, **industrial production** rose at a pace slightly higher than its long-term trend and close to the expectations expressed in the previous month by business leaders.

Activity was buoyed by the aeronautics sector, which is increasingly dynamic despite persistent supply chain disruptions. It was also bolstered by computer, electronic and optical products, as well as electrical equipment, which picked up pace after supply difficulties disrupted activity in September. These sectors continue to benefit from significant

**THE CAPACITY UTILISATION RATE**

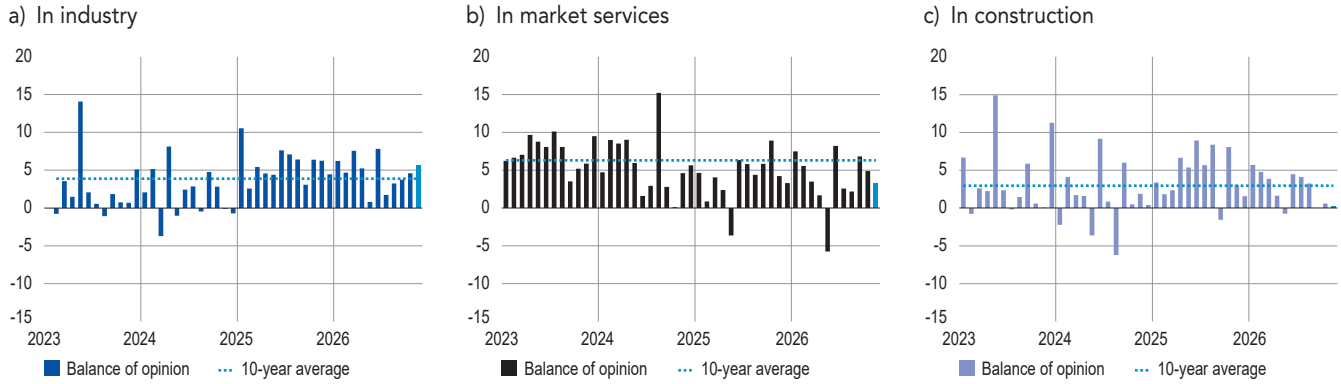



*For further information, see the methodology, the calendar of statistical publications, the contacts and all the series published by the Banque de France are available at WEBSTAT Banque de France*

*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 November)**




Note: The balance of opinion on the change in activity (which measures the difference between the proportion of companies reporting an increase in activity and the proportion reporting a fall over the past month) stood at 5 percentage points in October in industry. For November (light blue bar), business leaders in industry expect activity to increase by 6 percentage points.

demand from the defence and data-centre construction sectors. Activity picked up slightly in the wood, paper and printing, and machinery and equipment sectors but slowed in agri-food and declined in other manufacturing industries. Production difficulties persist in the automotive sector, while subcontractors are penalised by increased competition in parts manufacture.

**Inventories of finished goods** remained stable and at a high level, as they fell in the machinery and equipment, and other manufacturing industry sectors, but rose in the wood, paper and printing and automotive sectors.

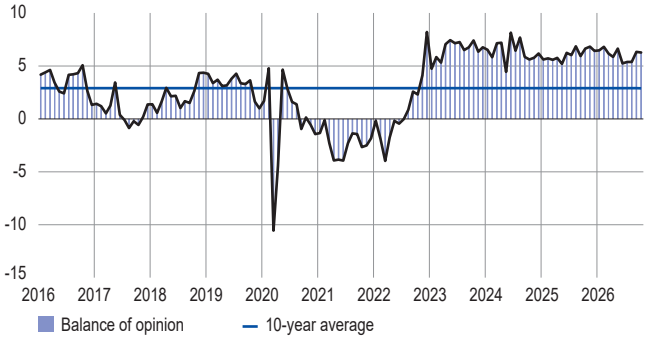
The capacity utilisation rate (CUR) remained virtually constant at 76.6% in October, following 76.7% in September. CUR declined in the pharmaceutical sector and in the textiles, wearing apparel, leather and footwear sector, but increased in wood, paper and printing.

In **market services**, activity remained buoyant, with growth exceeding expectations, but still slightly short of its long-term trend. The accommodation sector continued to enjoy strong tourist numbers and corporate demand, and rental and repair of motor vehicles bounced back. The temporary work sector remained dynamic, sustained by demand from firms reluctant to employee permanent staff given the uncertain environment. Electronic invoicing continues to maintain several business services, such as programming or management consultancy. Software publishing slowed, however, after previously benefiting from this spillover effect. Activity was also down in transport and warehousing, and in the food services sector, where social unrest exacerbated the repercussions from an already sluggish demand.

In **construction**, activity remained stable overall, with business leaders reporting that demand is still slack. Structural work declined more sharply than expected, with one-off impacts from the social unrest on house building starts combined with the end of the catch-up following the summer heatwaves. Growth in finishing work, on the other hand, exceeded expectations, buoyed by the catch-up observed

**INVENTORIES OF FINISHED GOODS IN INDUSTRY**

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




in the structural work sector in September, as well as by air-conditioning installations.

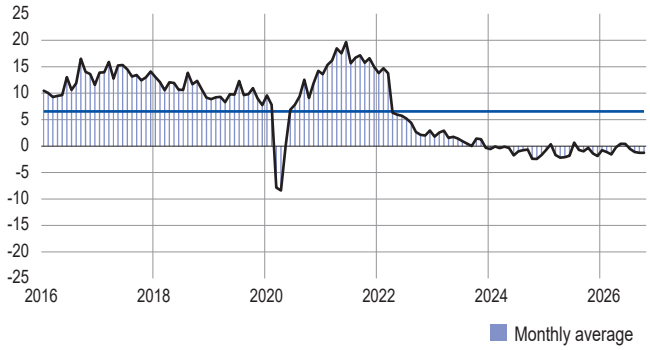
In **industry**, cash positions were still deemed slightly negative, with contrasting cases between sub-sectors: it weakened and further deteriorated in the automotive and chemicals industries; but improved in computer, electronic and optical products and in the aeronautics sector. Generally speaking, business leaders reported longer customer payment times and difficulties in passing increases in their input costs on to their selling prices.

In **market services**, cash positions were also still deemed negative, though a little less deteriorated than in September. Pressure remains considerable in food services, repair of motor vehicles and several business services (such as management consultancy or cleaning), even if cash positions improved in the temporary work and engineering sectors.

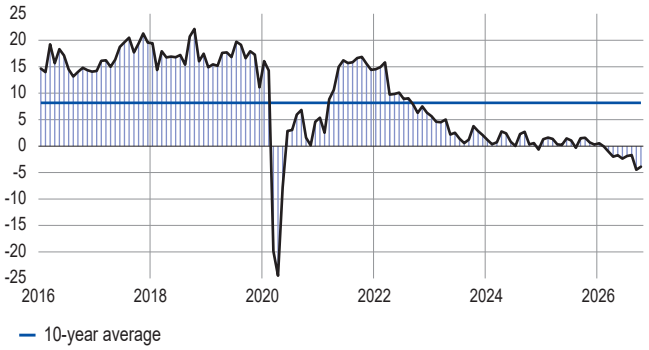
**CASH POSITION**

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

a) In industry




b) In market services




## 2. In November, activity is expected to improve in industry and more moderately in services, but remain stable in construction

Business leaders expect **industrial production** to pick up in November. Activity is expected to bounce back in pharmaceuticals (as September's production backlogs are cleared) and the automotive and other manufacturing industry sectors. Activity should strengthen in machinery and equipment, and metal and metal products, remain buoyant in the computer, electronic and optical products sector and rise in electrical equipment and aeronautics. However, production is expected to fall back in the wood, paper and printing sectors.

**Order books** improved, but remained mixed. They were particularly well-stocked in the aeronautics sector and in computer, electronic and optical products, and were performing well in the electrical equipment sector, buoyed by demand linked to aeronautics, defence, electrification and digital infrastructure. By contrast, they deteriorated in the automotive and machinery and equipment sectors, and are again deemed very thin in the non-metallic mineral products, wood, paper and printing, and chemicals sectors, which are all affected by ongoing weak demand.

In **market services**, business leaders expect a more moderate increase in activity in November. Activity is expected to continue to grow in the temporary work sector, and in motor vehicle rental, and to regain momentum in software publishing, transport and warehousing, and several business services such as information technology, legal and accounting services, and engineering. Conversely, activity is expected to decline in motor vehicle repair and the accommodation sector (due to cancelled room bookings in urban centres as a result of the social unrest).

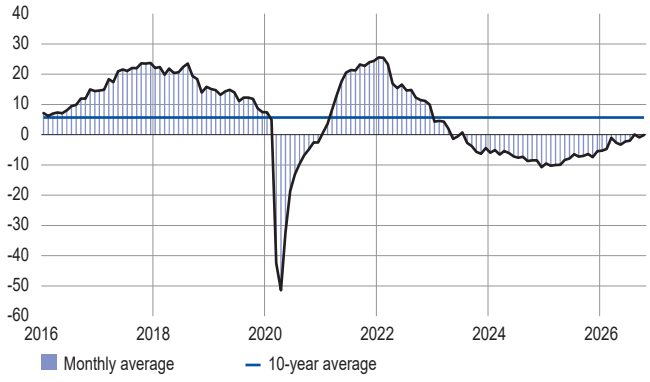
In **construction**, activity is expected to remain stable overall, but the gaps between structural work and finishing work should persist. Structural work is expected to continue to suffer from sluggish demand and declining order books, particularly in the single-family and public procurement segments. By contrast, finishing work is expected to grow slightly, as order books, which are nevertheless still considered to be below normal levels, have gradually improved.

The **uncertainty indicator**, based on a textual analysis of additional comments from business leaders, eased slightly in October in industry, but continued to rise in market services (excluding retail) and increased sharply in construction.

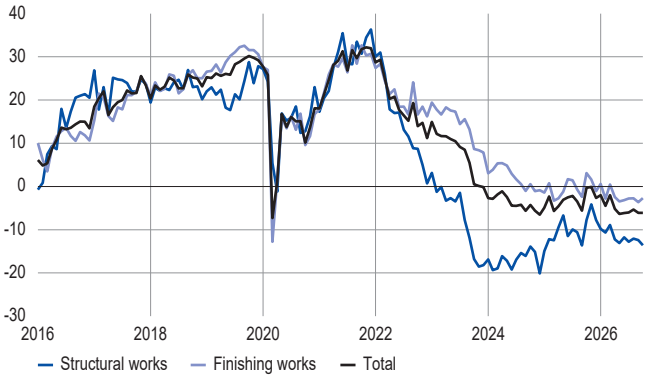
**LEVEL OF ORDER BOOKS**

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

a) In industry

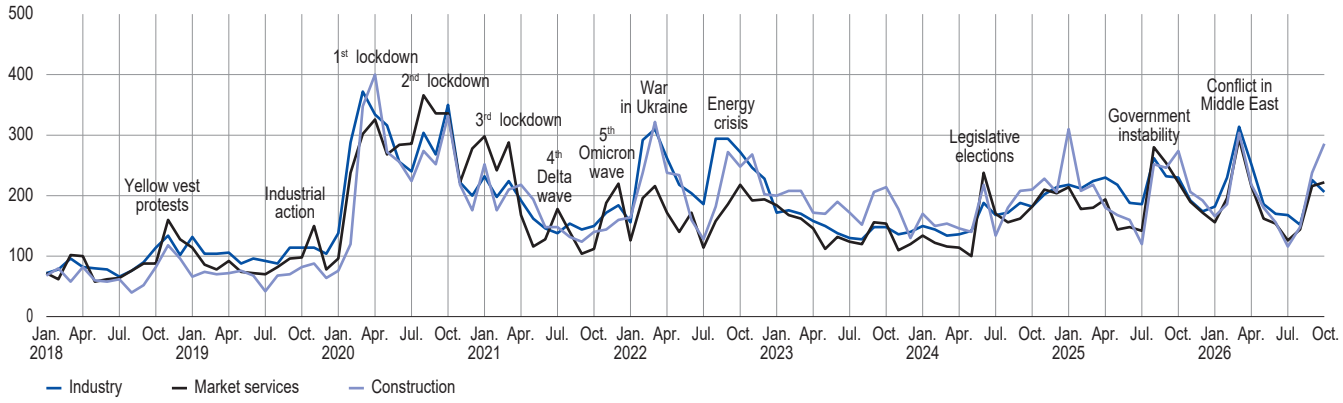



b) In construction



**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.

Concerns tend to focus primarily on political, fiscal and social uncertainties, as well as rising fuel costs. The comments highlight a growing wait-and-see attitude on the part of households, businesses and public procurement customers, leading to projects being pushed back, decisions taking longer and visibility with regard to activity in the coming months therefore diminishing.

## 3. Supply pressures and a slowdown in selling prices

**Supply difficulties** remained stable overall, affecting 12% of industrial firms and 6% of construction firms, compared with 11% and 5%, respectively, in September. However, they intensified considerably in the transport equipment and computer, electronic and optical products sectors, where they affected a quarter of firms. In these sectors, supply chains continue to be disrupted by delays in delivery, particularly of engines, batteries, printed circuit boards and copper.

**Industrial raw material prices** rose again in October, with pressure on inputs affecting most sectors. Prices went up sharply in the aeronautics, computer, electronic and optical products, and wood, paper and printing sectors. Pressures also remained high in the electrical equipment sector. Business leaders report higher costs for energy, several metals (copper, aluminium, steel), printed circuit boards and packaging.

In **Industry**, the increase in **selling prices** slowed in most sectors, particularly in computer, electronic and optical products and electrical equipment, which had reported sharp rises in previous months. They also eased in pharmaceuticals and agri-food, but increased in the other manufacturing industry and aeronautics sectors. Selling prices – under persistent competitive pressure or due to contractual clauses – rise less frequently than raw material prices, which weighs on margins. In total, 12% of industrial firms reported raising their prices in October, compared with a seasonal average of 8%. For November, 10% of industrial firms expect to raise their selling prices, which is slightly above the historical average.

**CHANGE IN SELLING PRICES BY MAJOR SECTOR**

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



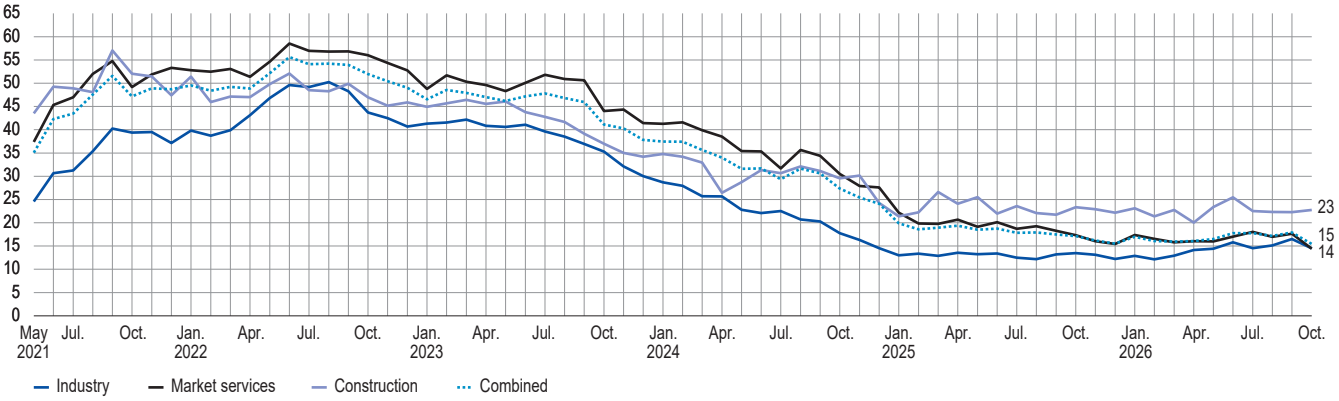

In **market services**, the increase in selling prices slowed and even fell in certain segments, such as temporary work and business services (information technology and engineering). Selling prices remained on an upward trend in accommodation, and transport and warehousing, where increases in fuel prices are passed on immediately. In October, 9% of firms raised their prices, compared with a seasonal average of 6%. In November, the proportion is expected to be around 7%, which is normal for the month.

In **construction**, prices rose at a slower pace in both structural work and finishing work. In October, 9% of firms raised their quote prices and 10% plan to do so in November (figures broadly consistent with historical averages).

Lastly, recruitment difficulties declined month-on-month in October and affected 15% of firms. The improvement applies to both services and industry, with 14% of firms reporting such recruitment difficulties.

**SHARE OF BUSINESSES REPORTING RECRUITMENT DIFFICULTIES**

(%, unadjusted data)




## 4. Our estimates suggest a moderate rise in GDP in the fourth quarter

According to quarterly account first estimates published by INSEE at the end of October, GDP fell in the third quarter of 2026 (down 0.1%, following a period of stability in the previous quarter), whereas in our previous monthly business survey at the start of October, we had forecast a rise of 0.1%. Value added fell in agriculture, the manufacturing industry, energy and construction. By contrast, it rose slightly in market services – driven by the information and communication sector and accommodation and food services – and in non-market services.

Based on the results of our monthly business survey, rounded out by other available data (INSEE industry production indices and surveys and high-frequency data), we estimate that GDP will grow moderately in the fourth quarter. However, this estimation remains particularly uncertain, particularly in view of the variables that may affect activity at the end of the year.