NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB France Services PMI®

French service sector stays in contraction during February

Key findings:

HCOB Business Activity Index below crucial 50.0 level once again

Demand for French services weakens, with exports down sharply

Firms optimistic of growth in the next 12 months

Data were collected 10-24 February

France's service sector continued to falter in 2026, registering a second successive month of falling business activity. Intakes of new work likewise declined, particularly from international clients, pushing firms to complete backlogs as a means to support output. That said, employment ticked up again and year-ahead expectations remained robust.

The seasonally adjusted **HCOB France Services PMI® Business Activity Index** — which measures changes in the volume of business activity compared with one month previously — recorded below the crucial 50.0 level separating growth from contraction again in February, indicating back-to-back months of falling output. According to panellists, a mix of harsh weather conditions, project delays and uncertainty hampered performance.

However, by rising from 48.4 in January to 49.6, the headline index signalled a decrease in services activity that was only marginal overall and weaker than that seen at the start of the year.

Demand for French services weakened midway through the first quarter. February's decline was the third in as many months and moderate. Albeit not as strong as that seen in January, the latest reduction in total sales volumes was the second-fastest since last July. There was a particularly sharp drop in new orders from international customers in February. The rate of decline slowed however, to its softest in three months.

To compensate for weakening sales performances, French services companies continued to make inroads into their backlogged orders during the latest survey period. Outstanding business volumes decreased for a sixth month in succession, and to an extent that was among the steepest seen over the past 12 months.

Nonetheless, French service providers added to their payroll numbers during February. This marked a second straight month of employment growth across the sector, with the rate of job creation ticking up slightly to a four-month high. According to anecdotal evidence, firms recruited staff on both permanent and temporary contracts.

Sustained expansions to headcounts came in tandem with firms' strong expectations for activity over the coming 12 months. February survey data brought with it another month of optimistic business sentiment amongst French services companies, reflecting plans to launch new offerings and onboard new clients. The overall level of business confidence was only a fraction below January's 16-month high.

Meanwhile, French service providers reported another monthly increase in their operating expenses, which they attributed to wage pressures, as well as greater costs for hardware and fuel. The rate of input price inflation eased to a four-month low, however, and was weaker than that seen on average since the survey began in 1998.

As for prices charged, the latest survey data signalled uplifts by French services companies. This reflected efforts to pass on higher costs to clients, anecdotal evidence revealed. That said, the extent to which output charges rose was only marginal and slowed from that seen at the beginning of the year.

Comment

Commenting on the PMI data, Jonas Feldhusen, Junior Economist at Hamburg at Hamburg Commercial Bank, said:

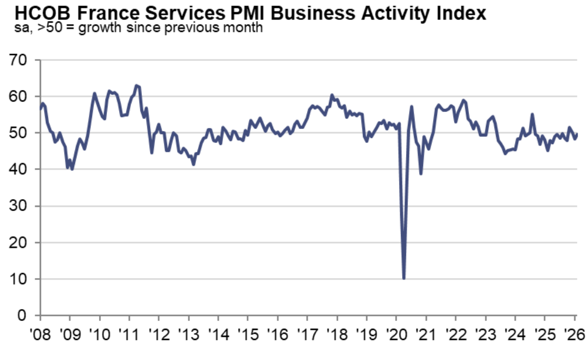
"France's private sector is lacking momentum. Although the composite index has edged up slightly, the overall level remains far from encouraging. A comparison with Germany further illustrates this weakness, with the early stages of an economic turnaround there evident in the earlier-released flash PMI. No such shift is currently observable in France. Nonetheless, we still see potential for growth, with tailwinds in defence-related manufacturing like the aerospace sector, and France might be especially attractive for AI capex, given the comparative advantage in energy prices.

"Business activity in the service sector broadly stagnated in February. Many firms report persistent uncertainty, which delays investment decisions and weighs on new business. Demand remains subdued, reflecting customers' cautious spending behaviour. This effect is exacerbated by declining foreign demand, with the corresponding sub-index below the 50.0 mark for seven consecutive months.

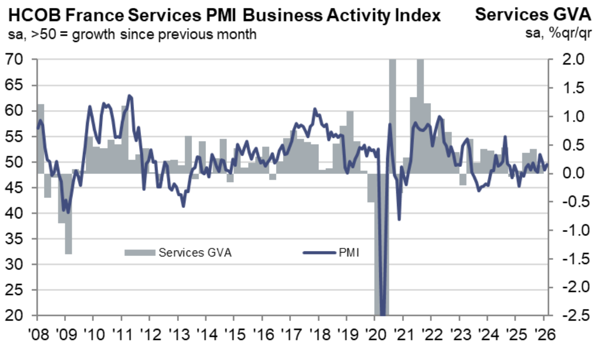
"On a more positive note, confidence regarding the service sector outlook for the next twelve months remains elevated. After surging in January, sentiment has stabilised at this higher level. This aligns with recent labour market developments, as service providers have added staff over the past two months. The fact that companies are hiring rather than cutting jobs highlights their cautious yet constructive approach to a potentially improving economic environment.

"Meanwhile, price dynamics in the French services sector appear benign. Input price inflation is below the long-term average, but interestingly, some firms reported higher hardware costs, which corresponds with recent indications of renewed semiconductor supply constraints. Output prices rose only marginally, reflecting attempts to pass higher costs on to customers."

-Ends-



Sources: HCOB, S&P Global



Sources: HCOB, S&P Global, INSEE via S&P Global Market Intelligence.

HCOB France Composite PMI®

Private sector output stalls in February

The HCOB France Composite PMI® Output Index* posted 49.9 in February, only a fraction below the 50.0 no-change threshold to signal virtually stagnant private sector business activity levels. That said, having risen from January's 49.1, the latest figure compared favourably.

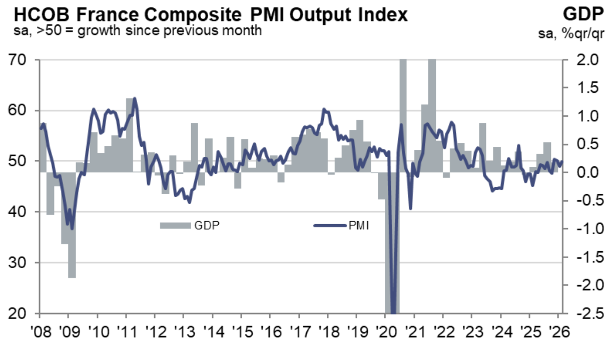
New business intakes decreased in February, extending the current period of weakening demand to three months. Declining sales volumes was a shared theme at the sector level, although services firms registered the steepest drop.

Nonetheless, private sector employment rose at a marginal pace once again, following on from increases of a similar strength in the two prior months. Service providers drove the hiring upturn in its entirety as factory workforce numbers fell. Meanwhile, backlogged orders at the composite level were reduced for a sixth month in a row.

Turning to prices, both input costs and output charges increased across France's private sector, with inflation in the latter at its highest since October 2024. On the other hand, input price pressures cooled.

Finally, year-ahead output expectations remained strong, holding close to January's 16-month high.

**Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.*



Sources: HCOB, S&P Global, INSEE via S&P Global Market Intelligence.

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Note to Editors

The HCOB France Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 1998.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

Flash services data were calculated from 81% of final responses. Flash composite data were calculated from 87% of final responses. Since January 2006 the average difference between final and flash Services Business Activity Index values is -0.1 (0.6 in absolute terms). Since January 2006 the average difference between final and flash Composite Output Index values is 0.0 (0.4 in absolute terms).

For further information on the PMI survey methodology, please contact economics@spglobal.com.

Hamburg Commercial Bank AG

Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg, Germany. The bank offers its clients a high level of structuring expertise in the financing of commercial real estate projects with a focus on Germany as well as neighboring European countries. It also has a strong market position in international shipping. The bank is one of the pioneers in European-wide project financing for renewable energies and is also involved in the expansion of digital and other areas of important infrastructure. HCOB offers individual financing solutions for international corporate clients as well as a focused corporate client business in Germany. The bank's portfolio is completed by digital products and services facilitating reliable, timely domestic and international payment transactions as well as for trade finance.

Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future.

The bank's specialists are as experienced as they are pragmatic. They act in a reliable manner and at eye level with their customers. They provide in-depth advice in order to jointly find efficient solutions that are a perfect fit – for complex projects in particular. Tailor-made financing, a high level of structuring and syndication expertise and many years of experience are just as much a hallmark of the bank as are our profound market and sector expertise.

S&P Global (NYSE: SPGI)
S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

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About PMI
Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi.html.

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