

## ■ Quarterly business survey in industry – October 2015

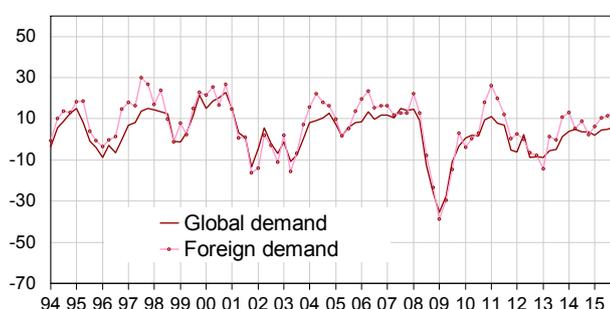
### In the third quarter 2015, demand prospects in the manufacturing industry have continued to improve

#### Brighter demand prospects

In October 2015, more industrialists than in July judge that global demand has climbed in the past months, the corresponding balance being above its mean level. However, the balance of opinion on foreign demand has dropped to its long period average. Over the next three months, more industrialists anticipate a further improvement of global demand and especially of foreign demand; the corresponding balances of opinion are above average. Otherwise, less industrialists have indicated difficulties of supply only (15% against 21% in July), that proportion has become inferior to its long-term average.

#### Balance of opinion of expected change in demand

Balance of opinion, in %

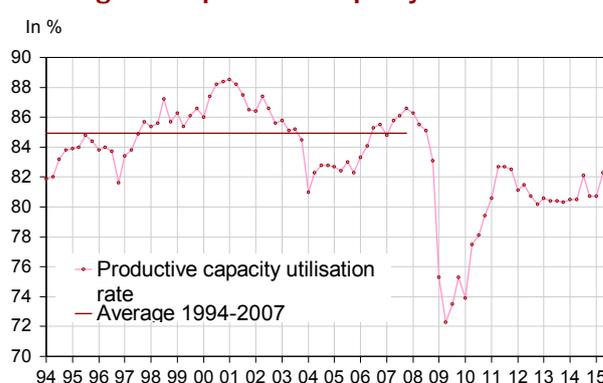


#### Pressure on production capacity virtually stable

Since April 2015, the industrialists have considered that the pressure on production capacity is almost unchanged. The production capacity utilisation rate is virtually stable compared to the previous quarter (82.5%). Since the third quarter of 2008, production capacity has been less used in the manufacturing industry than it was on average between 1994 and 2007.

However, an increasing number of industrialists consider that they could not produce more if they received more orders: the balance on production bottlenecks, already above the normal, has continued to increase.

#### Change in the productive capacity utilisation rate



#### Industrialists' opinion: demand and production factors

Manufacturing industry	Mean*	Balance of opinion, in %			
		Jan. 15	April 15	July 15	Oct. 15
<b>Global demand</b>					
Past change	0	-3	3	3	5
Future change	1	2	5	5	6
<b>Foreign demand</b>					
Past change	3	8	7	9	3
Future change	5	6	10	11	15
<b>Production factors</b>					
Production bottlenecks (in %)	22	24	23	25	29
Assessment of productive capacity	14	14	14	20	15
Productive capacity utilisation rate (in %)	84,5	80,7	82,3	82,3	82,5
<b>Difficulties of supply and demand</b>					
Difficulties of supply and demand	8	9	12	11	10
Difficulties of supply	20	13	14	21	15
Difficulties of demand	44	44	39	37	39

\* : Long-term average since 1976.

The results of the last survey are preliminary.

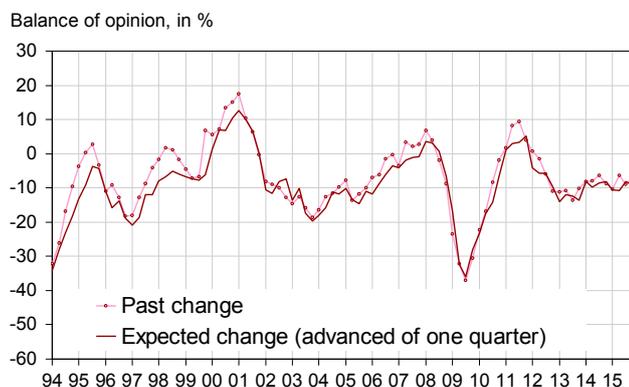
Source: Quarterly business survey - INSEE

### Slowdown in job losses

In October 2015, less industrialists than in July reported a decrease of the workforce during the past three months. Over the next few months, industrialists are also less to forecast job losses.

Less than a third of the industrialists have experienced hiring difficulties; this part is virtually stable since April 2013 at its long-term average.

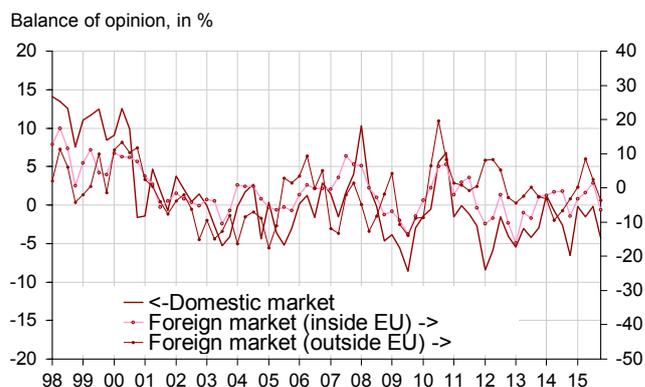
### Workforce size in the manufacturing industry



### Deterioration of the opinion on competitive position

In October 2015, business managers judge that their competitive position has deteriorated in all the markets. The corresponding balances have fallen and have become inferior to their long-term average. However, general exportation prospects are promising: the corresponding balance is virtually stable, significantly above its long period average.

### Competitive position



### Slight increase in wages

According to the business managers in the manufacturing industry, wages have increased by 0.3% in the third quarter of 2015.

The balance of opinion on weekly working time is virtually stable. Slightly more industrialists than in July anticipate an increase in this working time over the next few months.

### A drop of selling prices

According to industrialists, selling prices in the manufacturing industry dropped in the third quarter of 2015 (-1.5% after +0.1%); they forecast a further decline for the next quarter (-1.4%).

Almost as many industrialists, as in the previous quarter, have experienced cash-flow problems (13%). This proportion stands below its mean level.

### Industrialists' opinion: employment, competitive position, cash-flow, wages and selling prices

Manufacturing industry	Mean	Balance of opinion, in %			
		Jan. 15	April 15	July 15	Oct. 15
<b>Workforce size</b>					
Past change	-11	-10	-6	-9	-7
Expected change	-13	-11	-8	-9	-6
Difficulties hiring	28	27	27	29	28
<b>Working time</b>					
Past change	-3	0	2	1	2
Expected change	-5	-1	0	-1	1
<b>Cash-flow and wages</b>					
Cash-flow problems	15	12	12	13	13
Past wages	0,5	0,3	0,2	0,3	0,3
<b>Selling prices</b>					
Past change	0,1	-1,2	1,0	0,1	-1,5
Expected change	0,2	-1,1	-0,2	-0,2	-1,4
<b>Competitive position</b>					
On domestic market	1	0	-2	0	-4
On foreign markets inside EU	-1	-3	-1	2	-6
On foreign markets outside EU	-1	0	9	2	-4
General exportation expectations	-10	-2	7	5	4

\* : Long-term average since 1976.

The results of the last survey are preliminary.

A quantitative question is asked about selling prices and past wage.

Source: Quarterly business survey - INSEE

### For more information:

The quarterly survey completes the monthly survey published in the version dated October 22 2015, notably on demand and production factors.

- Complementary data (long series) and metadata (methodology . linked internet pages, etc.) are available on the web page of this index: <http://www.insee.fr/fr/themes/indicateur.asp?id=12>
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