

## ■ Quarterly business survey in industry – July 2016

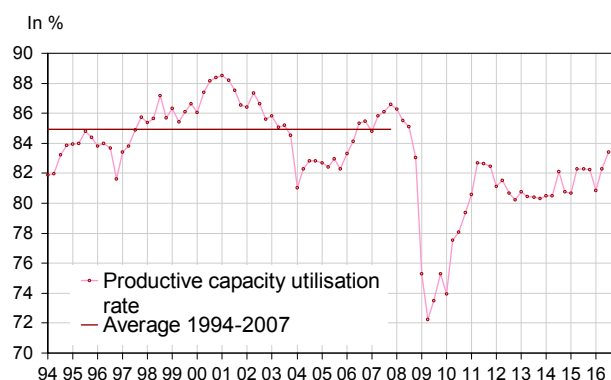
### **In the second quarter 2016, production capacity are more used in the manufacturing industry**

#### **Increased use of the production capacity**

In July 2016, the industrialists have reported that they used more their machinery and equipment. The production capacity utilisation rate has increased compared to the previous quarter (+1.1 points) and has reached its highest point since October 2008. Production capacity remains less used in the manufacturing industry than it was on average between 1994 and 2007.

Almost as many industrialists as in the previous quarter consider that they could produce more if they received more orders: the balance on production bottlenecks is virtually stable, slightly above normal. The proportion of industrialists indicating difficulties of demand is almost unchanged. However, an increasing number of industrialists has reported difficulties of supply only, the corresponding proportion getting closer to its long-term mean.

#### **Productive capacity utilisation rate**



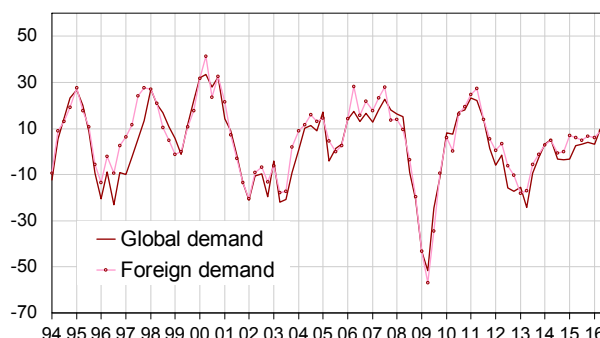
#### **A new improvement in demand during the past months**

Compared to the previous quarter, more industrialists judge that demand has increased as a whole in the past months; nevertheless, less of them judge that foreign demand has increased. The corresponding

balances are above their mean level. Over the next three months, industrialists are slightly more optimistic on future demand, but they are somewhat more pessimistic on that from abroad; however, the corresponding balances of opinion are still above average.

#### **Balance of opinion of past change in demand**

Balance of opinion, in %



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

Balance of opinion, in %

| Manufacturing industry                          | Mean | Oct. 15 | Jan. 16 | April 16 | July 16 |
|-------------------------------------------------|------|---------|---------|----------|---------|
| <b>Global demand</b>                            |      |         |         |          |         |
| Past change                                     | 0    | 4       | 3       | 10       | 12      |
| Future change                                   | 1    | 7       | 6       | 5        | 6       |
| <b>Foreign demand</b>                           |      |         |         |          |         |
| Past change                                     | 2    | 7       | 6       | 9        | 7       |
| Future change                                   | 4    | 13      | 12      | 8        | 5       |
| <b>Production factors</b>                       |      |         |         |          |         |
| Production bottlenecks (in %)                   | 22   | 29      | 24      | 25       | 26      |
| Assessment of productive capacity               | 14   | 16      | 11      | 8        | 13      |
| Production capacity utilisation rate (in %)     | 84,5 | 82,2    | 80,9    | 82,3     | 83,4    |
| <b>Difficulties of supply and demand (in %)</b> |      |         |         |          |         |
| Difficulties of supply and demand               | 8    | 10      | 10      | 9        | 7       |
| Difficulties of supply                          | 20   | 15      | 14      | 14       | 18      |
| Difficulties of demand                          | 44   | 43      | 42      | 39       | 40      |

\* : Long-term average since 1976.

The results of the last survey are preliminary.

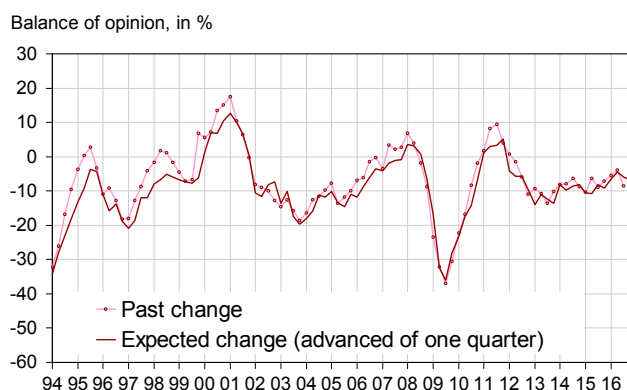
Source: INSEE - Quarterly business survey

### More industrialists report recent staff cuts

In July 2016, more industrialists than in April have reported that they reduced workforce in the past three months. Over the next few months, almost as many industrialists as in the previous quarter forecast job losses. Both balances have been above their long-term average since October 2013.

Three out of ten industrialists have experienced hiring difficulties; this part has been virtually stable since April 2013 and close to its long-term average.

### Workforce size in the manufacturing industry



### Slight increase in wages

According to the business managers in the manufacturing industry, wages increased again in the past three months (+0.4% after +0.2%).

In July 2016, the balance of opinion on past change in working time has diminished. Over the next months, their opinion is almost unchanged. Both balances are slightly above normal.

### Smaller decline in selling prices

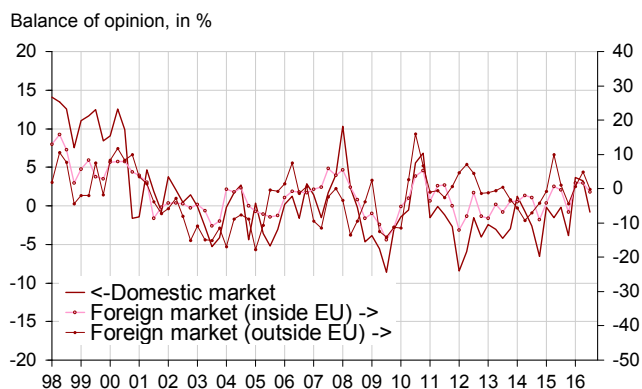
According to industrialists, selling prices in the manufacturing industry dropped again in Q2, however at a lower pace than in the previous quarter (-0.2% after -0.6%). Business managers forecast virtual stability for the next quarter.

Almost as many industrialists as in the previous quarter have experienced cash-flow problems (11%). This proportion stands below its mean level (15%).

### Deterioration in the opinion on competitive position

In July 2016, more industrialists than in April judge that their competitive position have deteriorated, whether on domestic market, either on European Union or outside European Union. These three balances are above their long-term average. However, industrialists are more optimistic than in April on general exportation prospects: the corresponding balance, already above normal in April, has increased by 6 points.

### Competitive position



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

|                                  |      | Balance of opinion, in % |         |          |         |
|----------------------------------|------|--------------------------|---------|----------|---------|
| Manufacturing industry           | Mean | Oct. 15                  | Jan. 16 | April 16 | July 16 |
| <b>Workforce size</b>            |      |                          |         |          |         |
| Past change                      | -11  | -7                       | -6      | -4       | -9      |
| Expected change                  | -13  | -6                       | -5      | -6       | -7      |
| Difficulties hiring (in %)       | 28   | 29                       | 30      | 30       | 31      |
| <b>Working time</b>              |      |                          |         |          |         |
| Past change                      | -3   | 2                        | 2       | 2        | -1      |
| Expected change                  | -5   | 2                        | -1      | -1       | -2      |
| <b>Cash-flow and wages</b>       |      |                          |         |          |         |
| Cash-flow problems (in %)        | 15   | 13                       | 11      | 12       | 11      |
| Past wages                       | 0,5  | 0,3                      | 0,3     | 0,2      | 0,4     |
| <b>Selling prices</b>            |      |                          |         |          |         |
| Past change                      | 0,1  | -1,4                     | -0,6    | -0,6     | -0,2    |
| Expected change                  | 0,2  | -1,4                     | -0,5    | -0,1     | -0,1    |
| <b>Competitive position</b>      |      |                          |         |          |         |
| On domestic market               | 1    | -4                       | 4       | 3        | -1      |
| On foreign markets inside EU     | -2   | -7                       | 2       | 2        | -1      |
| On foreign markets outside EU    | -2   | -4                       | 1       | 5        | 0       |
| General exportation expectations | -10  | 4                        | 2       | -7       | -1      |

\* : 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: INSEE - Quarterly business survey

### For more information:

The quarterly survey completes the monthly survey published in the version dated July 21 2016, 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>
- Press contact: [bureau-de-presse@insee.fr](mailto:bureau-de-presse@insee.fr)
- Follow us on Twitter @InseeFr\_News: [https://twitter.com/InseeFr\\_News](https://twitter.com/InseeFr_News)
- Historical data are available on the BDM: [G1267](https://www.insee.fr/fr/bdm)