■ **Monthly business survey in services – December 2016**

In December 2016, the business climate improves markedly in services

According to business managers surveyed in December 2016, the business climate in services has improved markedly. The business climate composite indicator has increased by four points (106) and stands well above its long-term average (100). It has reached its highest level since mid-2011.
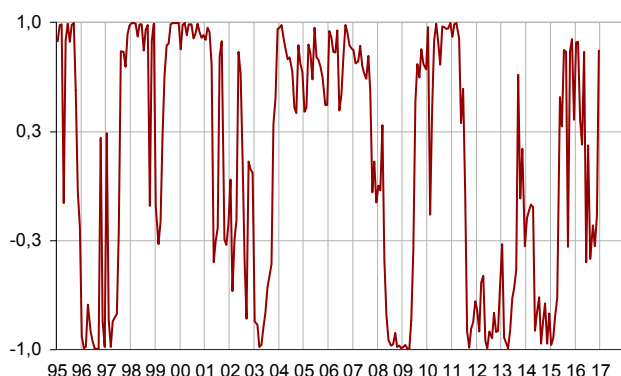
Business climate composite indicator

Standardized indicator : average = 100 and standard deviation = 10
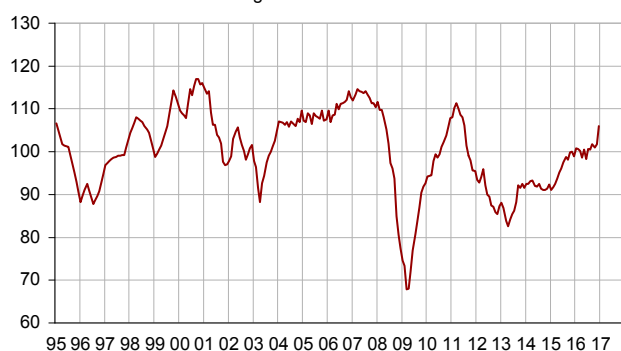
The turning point indicator has returned into the area indicating a favourable short-term outlook.

Turning point indicator

Note: close to 1 (respectively −1), this indicator indicates a favourable short-term economic situation (respectively unfavourable). Between +0.3 and −0.3: uncertainty area.

Business prospects have improved significantly

The balance on general outlook, which relates the assessment of business leaders over their whole sector, has improved markedly and stands well above its long-term average. The balances of opinion on past and expected activity and on expected demand have increased sharply and exceed their long-term average.

The balance on past employment has increased anew after a decline in November, whereas that on expected employment is virtually stable. Both balances stand above their long-term average.

The balance on past investments has increased slightly, whereas that on expected investments is unchanged. Both balances stand above their long-term average.

Economic outlook in the services sector

Balances of opinion, in %, seasonally adjusted

	Average*	Sept. 16	Oct. 16	Nov. 16	Dec. 16
Composite indicator	**100**	**102**	**101**	**102**	**106**
General outlook	−8	−7	−5	−6	−2
Past activity	2	−3	−2	0	4
Expected activity	2	2	−1	1	6
Expected demand	−1	2	2	2	7
Past selling prices	−4	−4	−6	−3	−4
Expected selling prices	−3	−4	−7	−8	−5
Past employment	3	8	10	5	9
except temporary work agencies	*1*	*3*	*2*	*2*	*5*
Expected employment	2	11	8	11	10
except temporary work agencies	*−1*	*6*	*4*	*5*	*4*
Investments					
Past investments	*1*	*5*	*7*	*5*	*7*
Expected investments	*1*	*4*	*3*	*5*	*5*

* Average since 1989 for the composite indicator and since 1988 for the balances of opinion
Source: INSEE, monthly business survey in services.

In most subsectors, the business climate has risen significantly, from three to six points. However, it is steady in information and communication and has increased moderately in real estate.

Clear improvement of the climate in road transport

In road transport, the business climate has increased markedly (+4 points). At 108, it stands clearly above its long-term average. The balances on expected activity and demand as well as those on past and expected employment have gone up markedly.

In accommodation and food services, the business climate has risen again

In accommodation and food services, the business climate has increased by three points (105). The balances on past employment and general outlook have picked up sharply and have returned above their long-term average.

The business climate is stable in information and communication

In information and communication, the business climate has remained slightly above its long-term average since September (102). The increase in the balances on past and expected activity is offset by the decline in the balance on expected employment.

The business climate in real estate activities has improved slightly

In real estate activities, the business climate has gone up by one point (103). The balances on past activity and expected demand have increased again, whereas the balance on expected employment has fallen back to its long-term average. The general outlook balance stands clearly above its long-term average.

In professional, scientific and technical activities, the business climate has improved markedly

The business climate in professional, scientific and technical activities has gone up by five points, whereas it had been almost stable at its long-term average since September. At 106, it has reached its highest level since the summer 2011. This increase is due to the balances on expected activity and demand, on past employment and on general outlook.

The business climate has jumped in administrative and support service activities

In administrative and support service activities, the business climate has increased by six points (at 106). All balances have gone up: almost all of them stand clearly above their long-term average. Only the balance on past activity stands slightly below its long-term average.

Business climate composite indicator and balances of opinion by sub-sector in services

Balances of opinion, in %, seasonally adjusted

Aggregated classification (NA 2008) at level A21	Mean*	Sept. 16	Oct. 16	Nov. 16	Dec. 16
Road transport (8%)					
Composite indicator	**100**	**103**	**104**	**104**	**108**
Past activity	–8	–4	–1	–11	–8
Expected activity	–9	–8	–7	–8	2
Expected demand	–12	–6	–6	–3	4
Past employment	–7	0	1	1	6
Expected employment	–10	–4	–1	1	10
General outlook	–23	–13	–6	–8	–10
Accommodation and food service activities (11%)					
Composite indicator	**100**	**98**	**98**	**102**	**105**
Past activity	–7	–13	–15	–11	–6
Expected activity	–8	–5	–6	–8	–5
Expected demand	–10	–12	–8	–2	–3
Past employment	–4	–6	–5	–7	–1
Expected employment	–5	–1	3	8	1
General outlook	–14	–23	–23	–15	–8
Information and communication (24%)					
Composite indicator	**100**	**102**	**102**	**102**	**102**
Past activity	8	–4	–4	7	13
Expected activity	9	5	–1	4	10
Expected demand	10	18	18	13	16
Past employment	6	3	12	17	16
Expected employment	10	18	17	13	8
General outlook	0	–3	–1	–1	–1
Real estate activities (13%)					
Composite indicator	**100**	**102**	**101**	**102**	**103**
Past activity	7	4	5	8	13
Expected activity	8	16	11	8	10
Expected demand	1	–1	0	3	6
Past employment	3	5	5	8	5
Expected employment	2	7	3	6	2
General outlook	–2	–2	3	1	5
Professional, scientific and technical activities (24%)					
Composite indicator	**100**	**100**	**100**	**101**	**106**
Past activity	–1	–3	–3	–1	–3
Expected activity	–2	–4	–5	–3	3
Expected demand	–6	–4	–7	–4	0
Past employment	1	–3	–1	3	7
Expected employment	0	8	6	5	5
General outlook	–9	–7	–4	–6	–2
Administrative and support service activities (18%)					
Composite indicator	**100**	**101**	**101**	**100**	**106**
Past activity	6	0	–2	–3	5
Expected activity	5	6	4	7	11
Expected demand	3	1	3	1	11
Past employment	9	23	23	9	15
Expected employment	7	22	15	19	21
General outlook	–5	–3	–3	–3	3

The figures in parentheses indicate the weights used to aggregate the sub-sector balances of opinion.
*Composite indicators: average since 1989 (2006 for road transport); balances of opinion : average since 1988 (2006 for road transport)
Source : INSEE, monthly business survey in services.