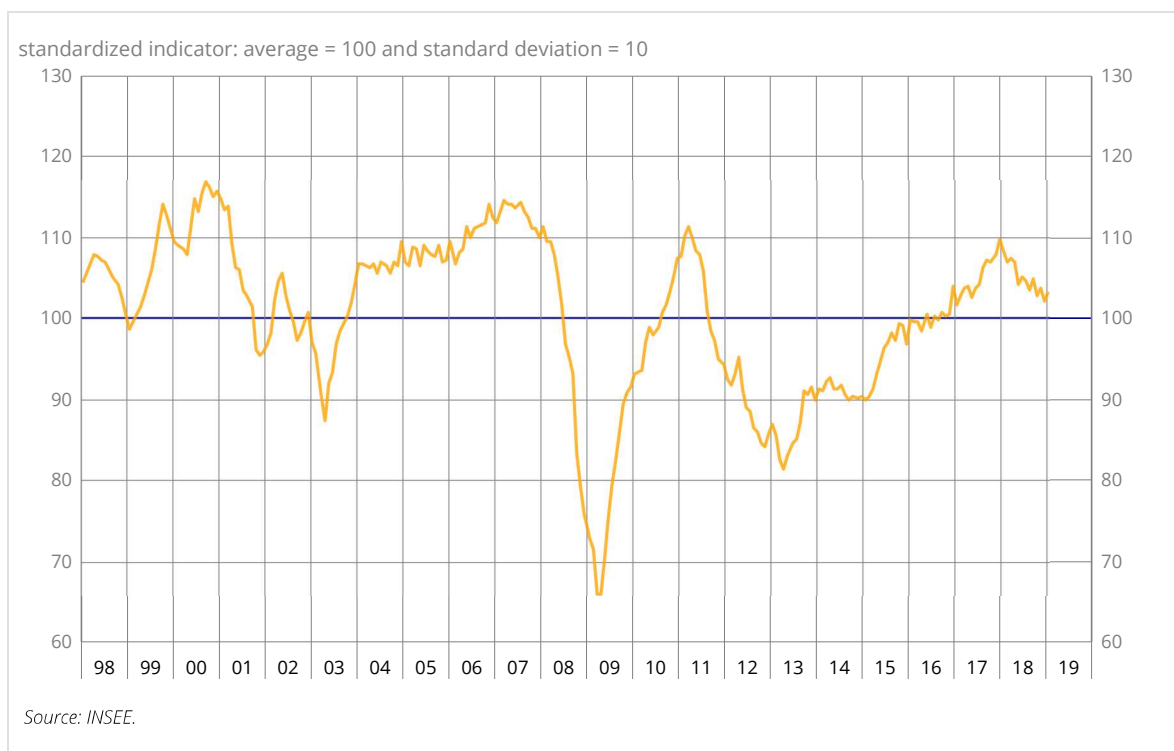Monthly survey of services - January 2019

In January 2019, the business climate in services improves slightly

According to business managers surveyed in January 2019, the business climate in services has slightly improved. The business climate composite indicator has recovered by one point, to 103, and thus remains above its long-term average (100).

Otherwise, the indicator of December 2018 has been revised downward by two points because of late businesses' answers that have been taken into account.

Business climate composite indicator

standardized indicator: average = 100 and standard deviation = 10

Source: INSEE.

The balance of opinion on demand has bounced back

The balance of opinion on expected demand has sharply increased and has moved above its long-term average. Conversely, the balance on past activity has slightly decreased and returned to its average. The balances on the general outlook and on expected activity are stable, above their average level.

After a sharp increase in December, the balances on employment have strengthened, in particular that on expected employment because of services except temporary work agencies. However, these balances remain below their average. Moreover, the difficulties in recruitment have eased a little: fewer business managers than in October 2018 have reported some, even if their share remains higher than the long-term average.
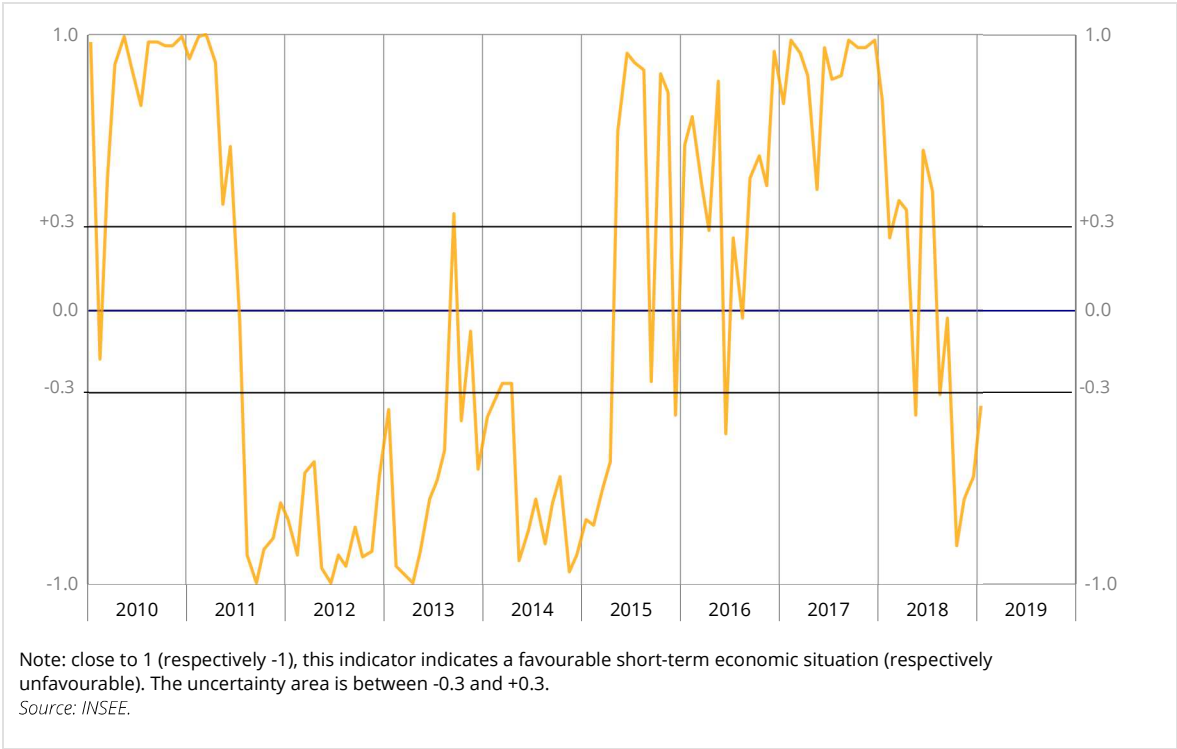
The balance of opinion on past selling prices has clearly fallen back and has gone below its average. That on expected prices has slightly dipped while remaining above its average.

The balances about the operating balance result have increased compared to October 2018. That on expected result stands above its average.

Since April 2017, more of business managers thanaverage have reported difficulties of supply only and in contrast, fewer business managers than average have pointed out difficulties of demand only.

In January 2019, the turning point indicator remains in the area indicating an unfavourable short-term economic situation.

Turning-point indicator

Note: close to 1 (respectively -1), this indicator indicates a favourable short-term economic situation (respectively unfavourable). The uncertainty area is between -0.3 and +0.3.
Source: INSEE.

Economic outlook in the services sector

Balances of opinion, in %, seasonally adjusted

	Average*	Oct. 18	Nov. 18	Dec. 18	Jan. 19
Composite indicator	**100**	**103**	**104**	**102**	**103**
General outlook	-7	0	0	-4	-4
Past activity	2	-1	3	3	2
Expected activity	2	4	3	7	7
Expected demand	0	2	5	0	4
Past selling prices	-4	-7	-8	-2	-7
Expected selling prices	-3	-3	-3	0	-1
Past employment	3	-2	-2	-7	-6
except temporary work agencies	*1*	*3*	*0*	*0*	*-1*
Expected employment	3	4	6	-2	2
except temporary work agencies	*0*	*5*	*2*	*1*	*4*
Investments					
Past investments	*2*	*6*	*7*	*8*	*4*
Expected investments	*2*	*2*	*1*	*2*	*3*
Operationg balance result					
Past result	-2	-5			-3
Expected result	-2	-1			2
Cash position	-11	-9			-8
Difficulties of supply and demand					
difficulties of supply and demand	*10*	*8*			*11*
difficulties of supply only	*23*	*30*			*30*
difficulties of demand only	*31*	*25*			*23*
Difficulties in recruitment	28	43			39

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

The business indicator is stable in accommodation and food service activities, in information-communication and in real estate activities. It has slightly risen in other sub-sectors. Only the climate in real estate activities remains below its long-term average.

In road freight transport, the business climate has improved a little

In road transport, the business climate has gained one point. At 108, it is well above its average level. The balances on expected activity and expected demand have significantly increased whereas that on past activity has sharply declined. However, all balances are above their average.

In accommodation and food services, the business climate is stable at its average

After a fall of thirteen points in December, certainly in connection with "the yellow vests" social movement, the climate in accommodation and food services has held steady at its average in January (100). The steep decline in the balances on activity is offset by the increase in that on the general outlook for the sector and in that on the individual prospects on employment and demand.

The climate is stable in information-communication

In information-communication, the business climate is stable (101), slightly above its average. The balance on expected demand has strongly increased and has moved above its average. In contrast, that on past employment has sharply declined.

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*	Oct. 18	Nov. 18	Dec. 18	Jan. 19
Road freight transport (8%)					
Composite indicator	**100**	**109**	**107**	**107**	**108**
Past activity	-6	8	5	5	-5
Expected activity	-7	4	4	1	8
Expected demand	-9	6	1	-1	4
Past employment	-5	4	2	3	2
Expected employment	-8	9	3	8	5
General outlook	-19	0	-3	-8	-9
Accommodation and food service activities (11%)					
Composite indicator	**100**	**109**	**113**	**100**	**100**
Past activity	-7	2	12	1	-8
Expected activity	-7	1	2	-5	-11
Expected demand	-9	-1	6	-9	-7
Past employment	-4	-1	-2	-10	-10
Expected employment	-5	-8	-8	-10	-2
General outlook	-13	-2	1	-16	-11
Information and communication (24%)					
Composite indicator	**100**	**100**	**100**	**101**	**101**
Past activity	8	-6	-5	6	8
Expected activity	9	10	4	17	16
Expected demand	10	-6	3	3	14
Past employment	6	8	8	12	6
Expected employment	11	17	13	6	5
General outlook	0	-2	2	0	2
Real estate activities (13%)					
Composite indicator	**100**	**89**	**89**	**95**	**95**
Past activity	7	-7	2	-2	-4
Expected activity	7	-1	-1	1	5
Expected demand	2	8	7	-1	-1
Past employment	3	-5	-7	6	4
Expected employment	3	5	-3	8	7
General outlook	-3	-12	-13	-10	-10
Professionnel, scientific and technical activities (24%)					
Composite indicator	**100**	**107**	**105**	**105**	**106**
Past activity	-1	2	5	6	2
Expected activity	-2	2	-2	1	5
Expected demand	-5	2	0	1	3
Past employment	1	7	5	5	3
Expected employment	1	8	7	4	8
General outlook	-8	2	-2	-3	-4
Administrative and support service activities (18%)					
Composite indicator	**100**	**105**	**108**	**102**	**103**
Past activity	6	3	5	5	2
Expected activity	5	12	18	11	10
Expected demand	3	11	13	4	10
Past employment	9	-11	-10	-21	-16
Expected employment	8	4	18	-8	-5
General outlook	-4	9	7	3	4

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

The business climate remains gloomy in real estate activities

In real estate activities, the climate is stable at 95; thus, it remains above its average level. The balances on employment and on past activity have fallen whereas that on expected activity has increased again. The different balances stand below their average, except that on employment.

In professional activities, the climate has strengthened a little

The business climate in professional, scientific and technical activities has gained one point (106) and stands above its long-term average. The business managers are more optimistic in their expectations: the balances on expected activity, on expected demand and on expected employment have significantly increased. All balances stand above their average.

The climate has improved a little in administrative and support service activities

In administrative and support service activities, the climate has improved (103) after a downturn of six points in the previous month. In particular, the balance of opinion on expected demand has sharply recovered. Only the balances on activity have shrank, that on past activity even going below its average. The balances on employment remain very deteriorated.

For further information

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