



FRANCE 2025-2026 SCENARIO

**FRENCH GROWTH AT A LOW EBB,
AMID EXCEPTIONAL GLOBAL
UNCERTAINTY**

April 2025

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**WORKING EVERY DAY
IN YOUR INTEREST**



GROUP ECONOMIC RESEARCH

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FRENCH GROWTH AT A LOW EBB, AMID EXCEPTIONAL GLOBAL UNCERTAINTY

Forecasts finalised on 30/03/2025

Publication drafted on 24/04/2025

Scenario highlights

- Household consumption is expected to accelerate in 2025 and 2026, thanks to faster wage growth than price growth, and a gradual decline in the savings rate.
- Investment is expected to rebound in 2026 under the delayed effect of the reduction in key rates, and supported by the twin transitions.
- Growth is expected to increase significantly in 2026, with in particular a +0.3pp effect linked to German public measures.

- Growth is expected to be sluggish in 2025, driven by uncertainty (political and fiscal at the national level, and on trade policies internationally).
- Risks are tilted to the downside on activity in the short term, with in particular a potential additional effect of the increase in customs duties announced by Donald Trump on 2 April.
- The public deficit is expected to remain very high by 2026, which would result in a significant increase in the public debt ratio.

	2023	2024	2025	2026
GDP volume, sa-wda (y/y, %)	1.1	1.1	0.8	1.4
Domestic demand excluding inventories (contribution to GDP, pp)	0.9	0.7	0.8	1.1
Changes in inventories (contribution to GDP, pp)	-0.3	-0.4	-0.1	0.0
Net exports (contribution to GDP, pp)	0.5	0.8	0.0	0.2
Household consumption (y/y, %)	0.9	0.9	1.0	1.1
Total investment (y/y, %)	0.8	-1.5	0.0	1.8
CPI inflation (y/y, %)	4.9	2.0	1.1	1.3
Unemployment rate, France excluding Mayotte (%)	7.3	7.4	7.7	7.8
Budget balance (% of GDP)	-5.5	-5.8	-5.6	-5.1

Last review: 2024

Sources: INSEE, Crédit Agricole S.A./ECO forecasts on a green background

Economic activity declined slightly in France in Q4 2024 (-0.1% q/q), after +0.4% in Q3. This slight decline can be explained by a negative backlash after the Paris Olympic and Paralympic Games (OPG), which supported activity by +0.2 percentage point (pp) in Q3. Annual growth therefore stood at 1.1% in 2024, stable compared to 2023.

In Q1 2025, growth is expected to be low but positive (+0.2% q/q), and activity would gradually accelerate over the year. Annual growth is thus expected at 0.8% in 2025. This significant decline compared to the previous year is explained by the weak growth carry-over for 2025 at the end of 2024 (+0.2%) and the effect of the uncertainty that would weigh on activity in the first half of the year. Growth is expected to be driven by domestic demand (excluding inventories) in 2025, with in particular a slight acceleration in household consumption. Inflation is projected to decline again, to 1.1% in the sense of the CPI, after averaging 2% in 2024. Growth is expected to increase sharply in 2026 to +1.4%, with in particular a +0.3pp effect of the recently voted German public measures that would boost exports and to a lesser extent private investment. Inflation is projected to rebound slightly but remain low at 1.3% in 2026.

Our scenario assumes a significant reduction in the government deficit in 2025 (to 5.6%) and 2026 (to 5.1%), but less than the government's target.

Risks to activity are mainly tilted to the downside in the short term, with in particular only a partial integration of the tariff increase announced by D. Trump on April 2 in our scenario.

INTRODUCTION

THE INTERNATIONAL CONTEXT

Global economic growth is projected to decline in 2025 and increase modestly in 2026, mainly due to the dynamics of advanced economies. In emerging countries, growth is expected to decrease from 4.3% in 2024 to 4% in 2025 and 2026. We expect the slowdown in China to continue, as exports are likely to be severely dampened by the increase in US tariffs, and as the recovery in domestic demand remains gradual. Chinese GDP growth is expected to decline to 4.6% in 2025 and 4.3% in 2026, from 5.0% in 2024.

Activity is expected to slow in the United States in 2025, to 1.7%, before rebounding to 2.2% in 2026. Inflation is expected to follow this slowdown in early 2025 before rebounding at the end of the year with an annual average of 2.7% in 2025 and 2026. The Fed, after a pause, is expected to eventually restart its process of cutting key interest rates with two more cuts of 25 basis points in June and September, before starting an extended pause with a ceiling set at 4.00%. Long-term rates could therefore fall slightly in the second quarter of 2025, in reaction to the negative impact of tariffs on growth and the resumption of rate cuts by the Fed in June. Ten-year Treasury yields are expected to be 4.45% at the end of 2025 and 4.75% at the end of 2026.

On the other side of the Atlantic, the European Central Bank's (ECB) easing is close to its end and we expect a final rate cut of 25 basis points (bps) in June 2025 (*NB: this cut eventually occurred in April, which changes little to our overall forecast*), after which the deposit rate would be maintained at 2.25% until the end of 2026. The ten-year German sovereign rate is expected to remain above 3% (3.1% at the end of 2026). The steepening of the German curve and the prospects of increased growth in the euro area suggest a further tightening of sovereign spreads, with the risk premium on the French OAT falling to 55 bps at the end of 2026, and that on the Italian BTP at 105 bps. The euro could reach 1.12 against the US dollar in the fourth quarter of 2025, a level that is not expected to be exceeded due to an expected new rebound in the US economy, Treasury yields, and therefore the US dollar in the second half of 2026.

The recent announcement by OPEC+ to increase production is expected to cause a moderate drop in prices to \$71 per barrel on average in 2025 and to \$70 in 2026 for Brent. The use of natural gas inventories during this colder winter than the previous ones is expected to strain the liquefied natural gas market in the coming months.

International background assumptions																
	2023	2024	2025	2026	2024				2025				2026			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP Euro area (YoY, QoQ, %)	0.9	0.9	1.0	1.5	0.3	0.2	0.4	0.2	0.2	0.1	0.3	0.6	0.3	0.3	0.3	0.3
GDP United States (YoY, QoQ, annualised, %)	2.9	2.8	1.7	2.2	1.6	3.0	3.1	2.4	0.8	1.5	1.2	1.8	2.5	2.5	2.4	2.4
GDP China (YoY, QoQ, %)	5.4	5.0	4.6	4.3	1.5	0.9	1.3	1.6	1.3	0.7	0.9	1.0	1.3	1.1	1.0	1.0
GDP World (YoY, QoQ, %)	3.3	3.1	2.8	3.0	-	-	-	-	-	-	-	-	-	-	-	-
ECB Deposit rate (period end, %)	4.00	3.00	2.25	2.50	4.00	3.75	3.50	3.00	2.50	2.25	2.25	2.25	2.25	2.25	2.25	2.50
Fed Funds rate (period end, %)	5.50	4.50	4.00	4.00	5.50	5.50	5.00	4.50	4.50	4.25	4.00	4.00	4.00	4.00	4.00	4.00
Exchange rate (average, EUR/USD)	1.08	1.08	1.10	1.11	1.09	1.08	1.10	1.07	1.11	1.08	1.10	1.12	1.12	1.11	1.10	1.10
Brent (average, USD/barrell)	82.2	79.9	71.3	69.3	81.9	85.0	78.9	74.0	75.1	73.0	70.0	67.0	65.0	70.0	70.0	72.0

Sources: BAE, ECB, Eurostat, IMF, Refinitiv, Federal Reserve, Crédit Agricole S.A./ECO forecasts on a green background

THE SCENARIO IN BRIEF

FRENCH GROWTH AT A LOW EBB, AMID EXCEPTIONAL GLOBAL UNCERTAINTY

A look back at the last few quarters observed: an acceleration and then a decline in activity at the end of 2024, linked to the Paris Olympic and Paralympic Games

Economic activity accelerated in France in the third quarter of 2024, with quarterly growth of 0.4% in volume, after +0.1% in the first quarter and +0.3% in the second quarter. This acceleration can be explained by the effect of the Paris Olympic and Paralympic Games (OPG), estimated at +0.2 percentage point (pp) of GDP in the third quarter. Revenues from ticketing and audiovisual broadcasting rights were in fact accounted for by INSEE as a production of services at the time of the events, in accordance with national accounting standards. In the fourth quarter, activity fell slightly (-0.1%), due to a backlash after the Olympic Games which had boosted activity in the third quarter. Thus, excluding the impact of the Olympic Games, growth would have been weak but would have remained positive at the end of 2024 (around +0.2% in the third quarter and +0.1% in the fourth quarter).

Developments in 2024: stable growth at 1.1%, supported by foreign trade and the public sector

For the whole of 2024, growth was 1.1%, as in 2023. It was mainly driven by foreign trade (through an increase in exports and a decrease in imports in volume), with a contribution to GDP growth of 0.8 pp, and consumption expenditures, up 1.0%. Household consumption expenditure continued to grow at the same pace as in 2023 (+0.9%), while government consumption expenditure accelerated significantly (+2.1%, after +0.8%). Investment (in the sense of gross fixed capital formation) and changes in inventories weighed on annual growth by 0.3 pp and 0.4 pp respectively. Private investment contracted, with a 1.6% drop in investment by non-financial companies (after +3.1% in 2023), and a 6% drop in

household investment (after -8.2%), still affected by the past tightening of financial conditions. As for government investment, it continued to grow, but at a slower pace than in 2023 (+3.2%, after +7.1%). The destocking process observed at the end of 2023 largely explains the negative contribution of changes in inventories to annual average growth in 2024.

Inflation fell to 2% on average in 2024 according to the Consumer Price Index (CPI), from 4.9% the previous year. Inflation in services remained relatively high (2.7%, after 3% in 2023), while food inflation (1.4%, after 11.8%) and energy inflation (2.3%, after 5.6%) fell significantly. Prices of manufactured products remained stable (after +3.5%), and tobacco prices accelerated (+10.3%, after +8%).

Given the slightly more marked slowdown in employment than in the working population, the unemployment rate as defined by the International Labour Organization (ILO) increased very slightly in 2024, standing at 7.4% on average for France excluding Mayotte, and 7.2% for Metropolitan France, after 7.3% and 7.1%, respectively, in 2023. The purchasing power of households' gross disposable income (GDI) accelerated significantly, to +2.5% in 2024, after 0.8% the previous year.

The general government deficit finally stood at 5.8% of GDP in 2024 (after 5.4% in 2023), lower than the latest government forecasts of 6%. This good news is only relative, since the government was counting on a public deficit of "only" 4.4% of GDP when the draft Budget Bill for the year 2024 was drawn up in the autumn of 2023, and another 5.1% of GDP in the spring of 2024, once the slippage of the year 2023 was integrated (stability programme). Public debt has thus increased to 113% of GDP in 2024, from 109.8%.

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THE SCENARIO IN BRIEF

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Outlook for the first quarter of 2025: weak but positive growth

We expect activity in France to grow slightly in the first quarter of 2025, by 0.2% (q/q). This quarterly forecast is slightly higher than the last INSEE forecast (+0.1% in the March economic outlook "[World in turmoil, growth losing steam](#)"). However, it corresponds to the latest quarterly forecast of the Consensus Forecasts in March, and although it was finalised before, it is also in line with the very latest quarterly forecast of the Banque de France ([Monthly Business Survey of early April](#)).

Full-year 2025 forecasts: decelerating activity, affected by uncertainty

In 2025, growth is expected to decline to 0.8% on an annual average basis. This significant decrease compared to the previous year is due to the weak growth carry-over at the end of the fourth quarter of 2024 for the year 2025 (+0.2%), and the effect of uncertainty that would weigh on activity in the first half of the year (political and fiscal uncertainty at the national level, and on trade policies at the international level). Growth is expected to be mainly driven by domestic demand (excluding inventories), in line with the slight acceleration in household consumption to +1%, supported in particular by wages more dynamic than prices. Government consumption expenditure is expected to slow down sharply (+0.8%), due to budgetary efforts. Total investment is expected to remain sluggish on average, weighed down by a negative growth carry-over at the end of 2024. Investment by non-financial companies (-0.1%) and household investment (-0.3%) are expected to decline very slightly, while that of general government is expected to slow down significantly (+0.4%). Foreign trade would have no contribution to growth in 2025, as exports and imports would grow at the same pace. Changes in inventories are expected to weigh on growth again, but only slightly (-0.1 pp), due to a carry-over effect from the quarters already observed.

Inflation is expected to fall again, to 1.1% for CPI, mainly driven by services.

We expect some job losses over the whole of 2025, which would result in an increase in the unemployment rate, given the slight increase in the working population. The unemployment rate is thus expected to increase to 7.7% on average for France excluding Mayotte, and to 7.5% for Metropolitan France.

The public deficit is expected to decrease slightly in 2025, to 5.6% of GDP. We have therefore revised downwards the expected deficit, since our forecast was 6% of GDP in our previous scenario. This revision is not linked to an anticipation of a larger fiscal effort, but to the fact that the starting point (the deficit for the year 2024) is ultimately lower than what we had prudently anticipated (5.8% of GDP, compared to 6.2% in our December-January scenario). The government target of a public deficit of 5.4% of GDP would therefore be missed, but to a lesser extent than we had previously estimated. This would result in a further increase in the public debt ratio, to 116.3% of GDP.

Our growth forecast for 2025 is slightly higher than that of the Banque de France in its [interim macroeconomic projections](#) in March (0.7%), than that of the April Consensus Forecasts (0.6%), and the government latest growth forecast (0.7% in the 2025 [Annual Progress Report](#) in April), which on the other hand maintained a high inflation forecast (1.4%). By mid-2025, our growth forecast is also slightly higher than that of INSEE in its [March economic outlook](#), which expects growth carry-over of 0.4% at mid-year (compared to 0.5% in our forecast). Our forecast is still achievable, but is in the upper range of forecasters, and should be considered reasonably optimistic given the risks surrounding it (see below).

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THE SCENARIO IN BRIEF

FRENCH GROWTH AT A LOW EBB, AMID EXCEPTIONAL GLOBAL UNCERTAINTY

Forecasts for 2026: strong growth increase, with a positive effect from German public measures

Growth is expected to increase significantly in 2026 to +1.4%. Compared to the forecast in our previous scenario, we have factored in an effect of +0.3 pp from the recently voted German public measures (see details [on page 10](#)), which would stimulate exports and, to a lesser extent, business investment in France. Total investment is expected to rebound to +1.8% in 2026. Private investment is expected to be driven by the delayed effect of the ECB's cut in key interest rates and the structural needs linked to the twin transitions (digital and ecological): investment by non-financial companies is expected to rebound to +2.3%, and that of households to +1.9%. Household consumption is expected to continue to accelerate, to 1.1%, driven by a slight fall in the savings rate. Changes in inventories would have no contribution to growth. Foreign trade is expected to contribute 0.2 pp, as exports are projected to accelerate more than imports. Government consumption expenditure is expected to slow down again (to +0.3%) due to an increased budgetary effort, and their investment is expected to remain sluggish (+0.4%).

Inflation is expected to rebound slightly in 2026, but would remain low at 1.3%, well below the ECB's target of 2%. It would still be mainly supported by services. Food inflation is expected to increase, remaining at a moderate level, comparable to that of 2018, which is therefore nothing like the very high levels observed in 2022-2023.

Employment is expected to rebound slightly in 2026, but the working population is projected to increase slightly more, and the unemployment rate would thus increase slightly, to 7.8% on average for France excluding Mayotte, and 7.6% for Metropolitan France. Despite their increase, these unemployment rates remain relatively low compared to the levels observed in the 2010s (9.6% on average for France excluding Mayotte, and 9.3% for Metropolitan France).

In terms of public finances, our scenario is based on a public deficit that would be reduced to 5.1% of GDP in 2026. The government intends to reduce it to 4.6% of GDP, but the 0.5 pp of GDP adjustment that we expect in 2026 (and our deficit starting point in 2025) seems more reasonable to us. The public debt would then reach 117.6% of GDP.

Our growth forecast for 2026 is slightly higher than the Banque de France's last forecast of March (1.2%), but the latter did not take into account the effect of the German measures, which were voted after its publication. Our forecast is also higher than the April Consensus Forecast (1%), but most of the forecasters in the panel had probably not yet priced in this effect either.

Risks on activity are mainly tilted to the downside in the short term, but are more balanced in the longer term

The risks seem to be mainly tilted to the downside on activity in the short term. In particular, our scenario was decided before April 2, and only takes into account part of the increase in customs duties against the European Union announced by Donald Trump on the occasion of "Liberation Day". Growth in France could thus be cut by another 0.1 pp in 2025 and 0.2 pp in 2026 in the case of 20% customs duties on all goods (supposedly "reciprocal" customs duties), see details [on page 9](#).

In the medium term, the risks are more balanced, with in particular a positive effect of a potential increase in defence spending in the European Union, given the recent statements by the European Commission. We have indeed incorporated part of this effect into our scenario, but have considered that the most indebted countries (including France, Italy and Spain) could not afford to increase this spending beyond what was already planned. For France, however, an increase in defence spending has already been integrated: the one provided for in the [military programming law](#).

OUR ASSUMPTIONS ON US TARIFFS

A PARTLY INTEGRATED INCREASE, DOWNSIDE RISKS TO ECONOMIC ACTIVITY

The scenario of US customs duties on imports from the EU was finalised before *Liberation Day*, and is broadly in line with our previous scenario (December 2024 for the World scenario and January 2025 for the specific publication on France):

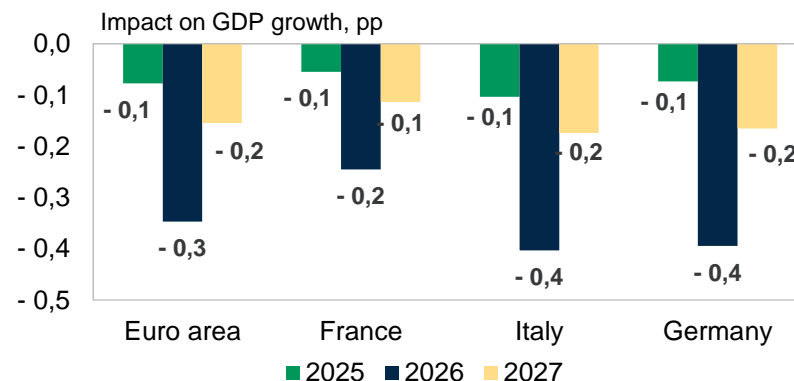
- 25% tariffs on steel and aluminum
 - (Truly) reciprocal tariffs on all (other) goods
- This brings the average rate to **5.5%**, a level close to the assumption of the December scenario (6%)
- Impact on GDP growth in the euro area: -0.2 pp, and an additional -0.1 pp due to uncertainty
- ➔ -0.3 pp already included in the December forecasts for the euro area, and **-0.2 pp of growth in France in 2025, which mainly reflected national political and fiscal uncertainty**, as France is less vulnerable than most other European countries to the increase in US customs duties

In addition, we added a 25% increase in autos, which further affects our euro zone export forecasts.

- ➔ Germany is the most affected, with GDP growth cut by 0.2 pp both in 2025 and 2026

This scenario of an increase in customs duties remains below the increase announced by Donald Trump on April 2 with his supposedly "reciprocal" tariffs, and even below the minimum increase of 10% (in effect at least during the 90-day break).

- Downside risks to activity in case of a higher increase than that integrated
- France remains less exposed than other European countries, in particular Germany and Italy, given the weight of exports in GDP, and the share of exports destined for the United States market
- According to our simulations, the additional impact of an increase in customs duties to 20% (excluding automotive, steel and aluminium already at 25% in our scenario) would be -0.1 pp on growth in France in 2025, -0.2 pp in 2026 and -0.1 pp in 2027 (no more impact afterwards), i.e. a cumulative impact of 0.4 pp on French GDP by this time.



Sources: Crédit Agricole S.A./ECO simulations via the Oxford Economics model

OUR ASSUMPTIONS ON GERMAN PUBLIC MEASURES

SIGNIFICANT *SPILLOVER* EFFECTS ON ACTIVITY IN FRANCE FROM 2026

The real change in our forecasts since the previous scenario comes from the integration of recently voted German public measures, with an upward impact on growth.

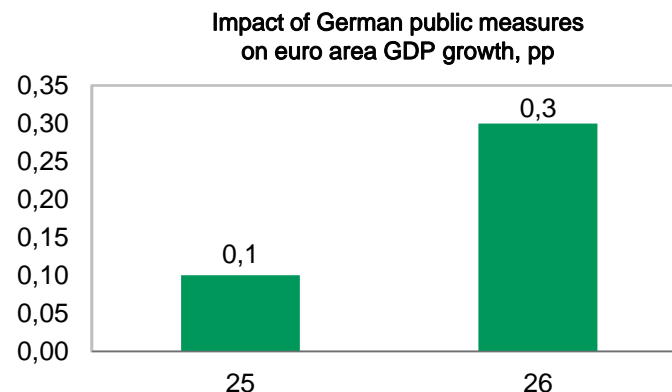
- Integrated measures for Germany:
 - i. Investment fund of €500 billion over 12 years (2025-2037): €400 billion for infrastructure and €100 billion for the climate
 - ii. Reform of the debt brake at local level: the *Länder* will now be able to maintain a structural deficit of 0.35% of GDP (compared to 0% previously)
 - iii. Reform of the debt brake at the national level: defence spending exceeding 1% of GDP will now be excluded from the deficit calculation
- We have chosen a gradual deployment from Q4 2025 (with some friction in the first years, and a maximum disbursement in 2028-2029)

The estimated effect on German growth is +0.4 pp in 2025 and +1.2 pp in 2026 (significant given Germany's sluggish growth environment).

- Estimated effect from a multiplier compatible with the conclusions of the economic literature:
 - Larger effect for public investment (multiplier of 0.8 on average between 2025 and 2037) than for public consumption (multiplier of 0.2 on average)
 - Effect that is larger when economic activity is depressed (negative output gap): dynamic multiplier

The effects on growth in other euro area countries (*spillovers*) are not negligible, **particularly for France, which benefits from an additional 0.3 pp of growth in 2026.**

- Effect *via* foreign trade (exports) and a slight boost in private investment
- Given its proximity to Germany (a privileged trading partner) and the composition of its productive fabric (with in particular a major defence industry, France being the second largest arms exporter in the world), France benefits from a larger effect than the average of other euro area countries (+0.2 pp in 2026 on average for countries excluding Germany).

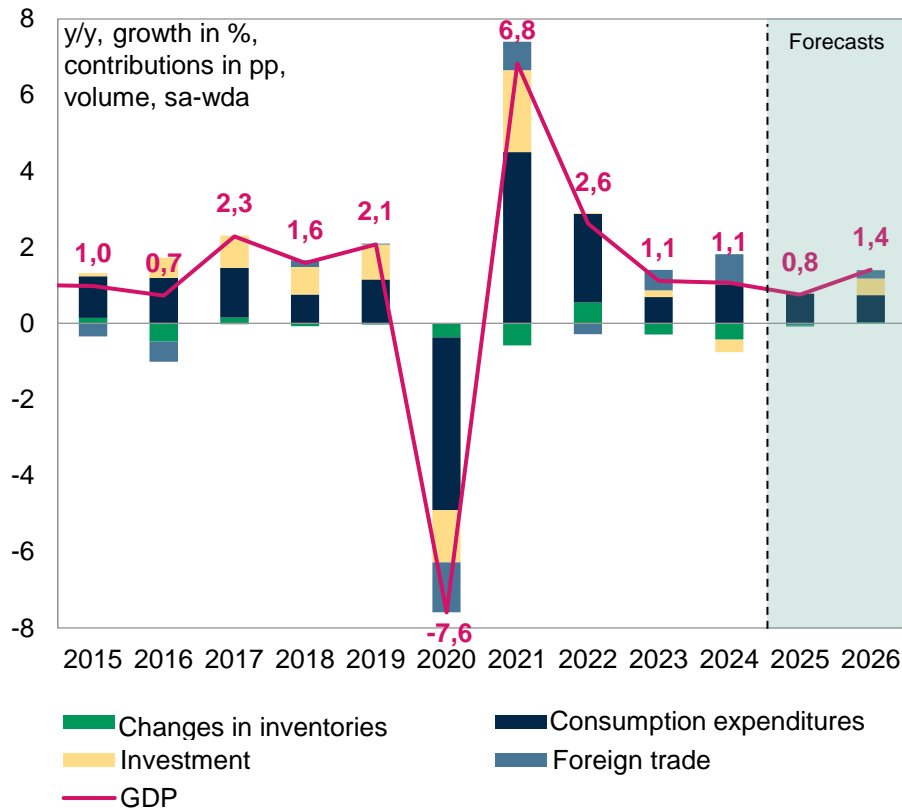


Sources: Crédit Agricole S.A./ECO

THE SCENARIO IN PICTURES

GROWTH AND INFLATION AT A LOW EBB IN 2025

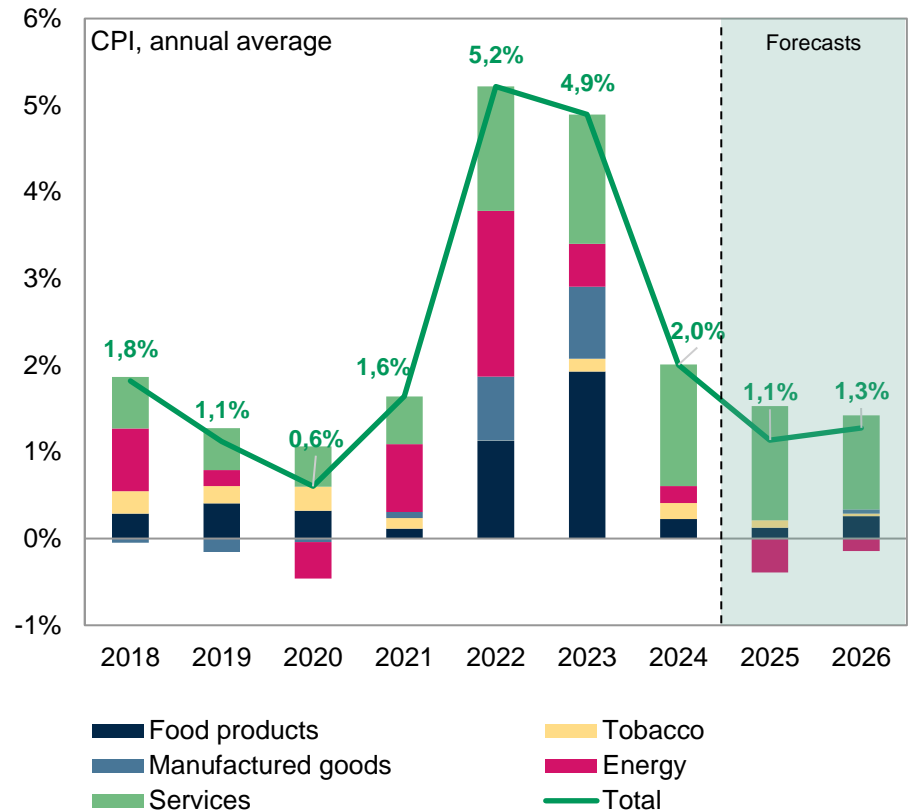
**Growth below its potential in 2025,
an acceleration of activity in 2026**



Last review: 2024

Sources: INSEE, calculations and forecasts Crédit Agricole S.A./ECO

**Inflation is expected to remain low,
mainly driven by services in the forecast**



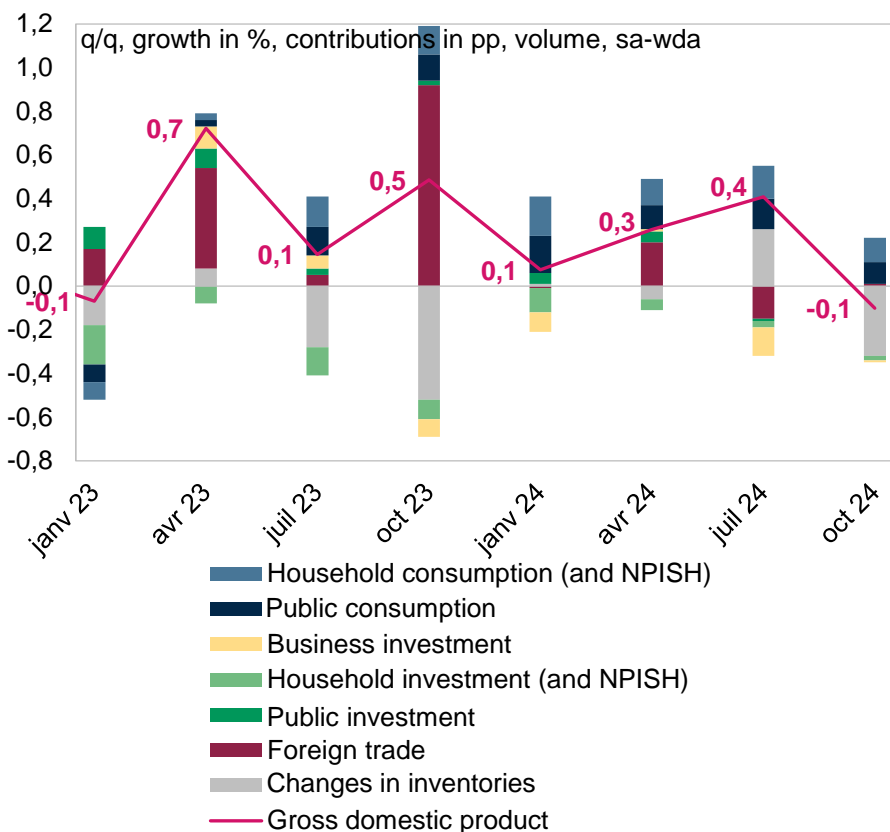
Last review: 2024

Sources: INSEE, calculations and forecasts Crédit Agricole S.A./ECO

THE SCENARIO IN PICTURES: LATEST ECONOMIC TRENDS (1/2)

WEAK GROWTH EXCLUDING THE IMPACT OF THE OLYMPIC GAMES, DISINFLATION HAS MADE ITS WAY

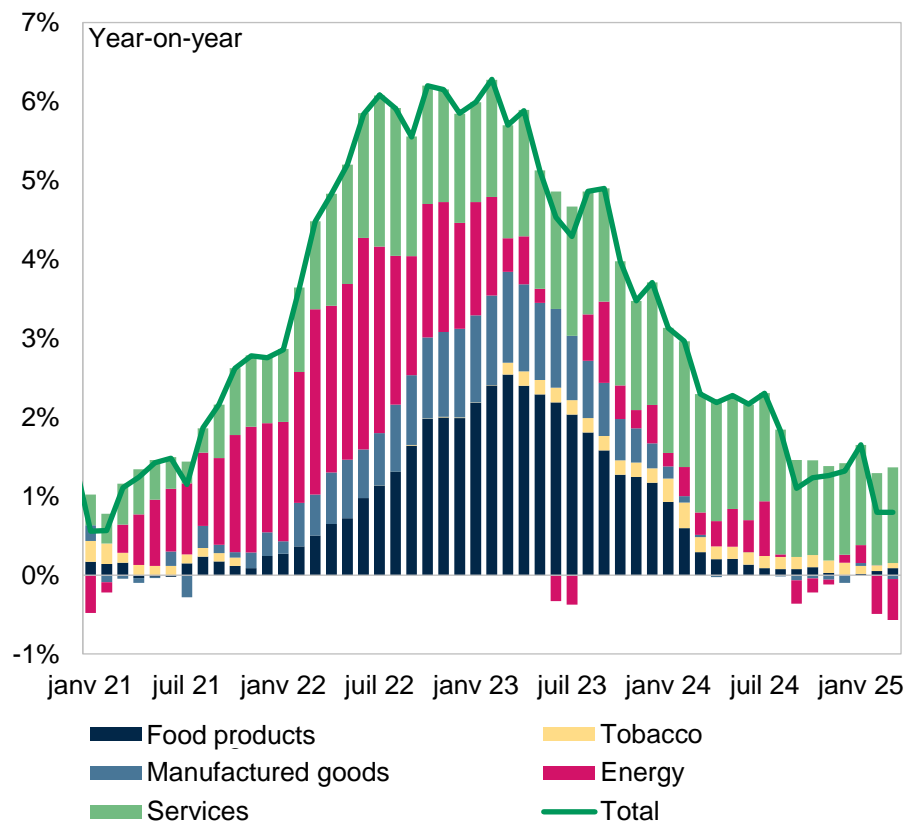
A slight drop in GDP at the end of 2024, due to the backlash of the Olympic Games



Last review: Q4 2024

Sources: INSEE, Crédit Agricole S.A./ECO calculations

Inflation has fallen sharply, and stood at 0.8% year-on-year in March 2025



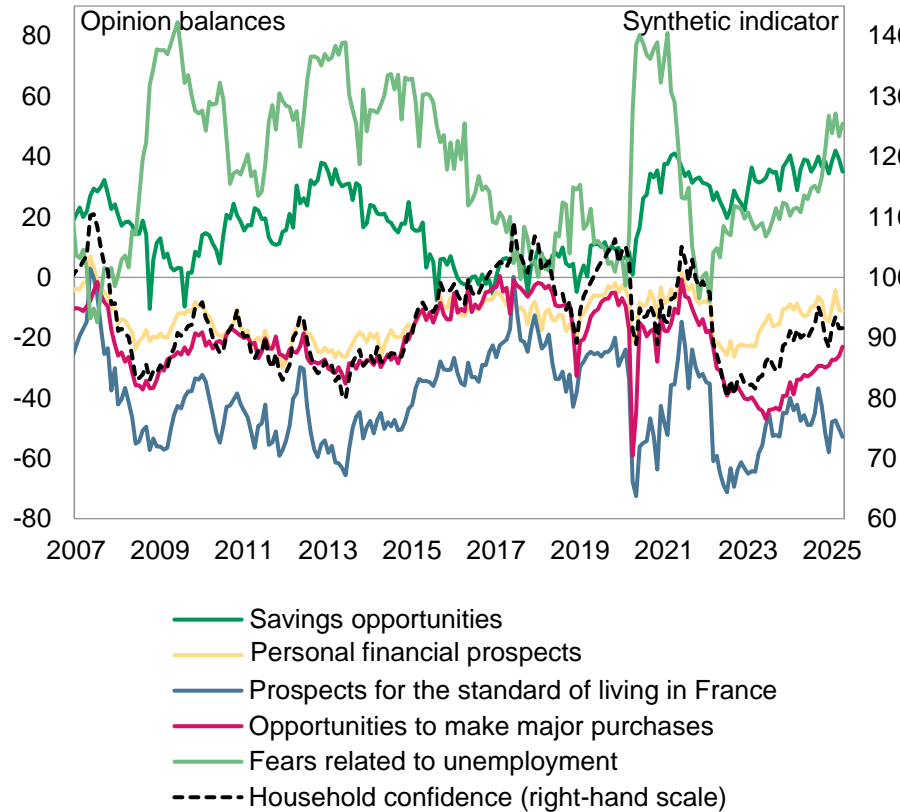
Last review: March 2025

Sources: INSEE, Crédit Agricole S.A./ECO calculations

THE SCENARIO IN PICTURES: LATEST ECONOMIC TRENDS (2/2)

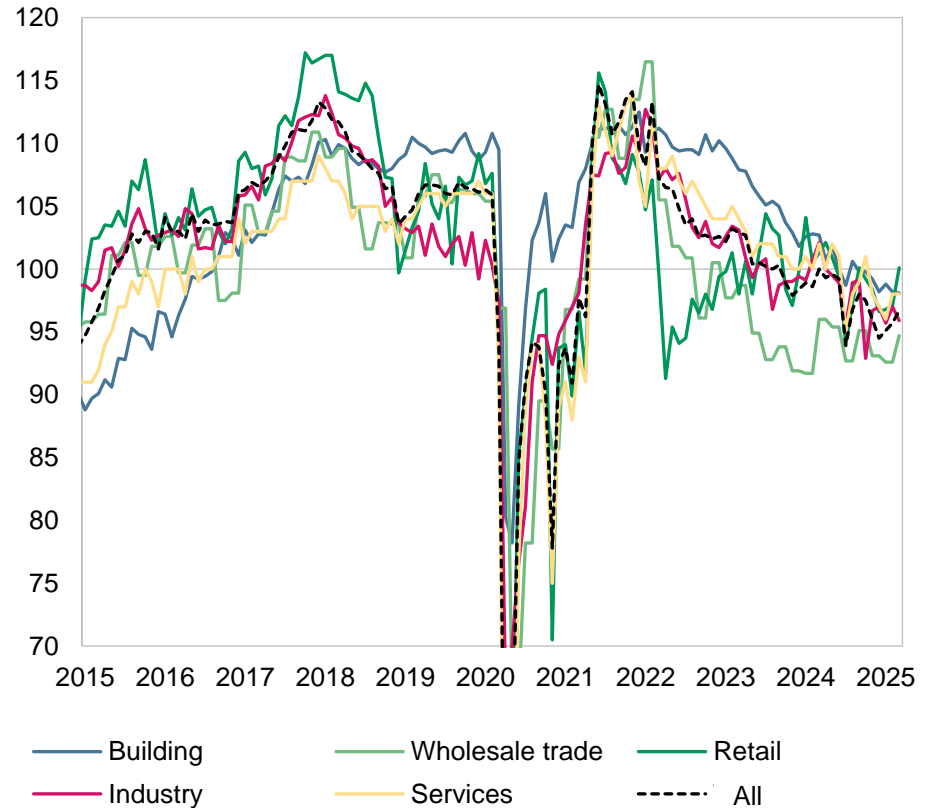
A LITTLE BRIGHTENING IN TROUBLED WATERS FOR BUSINESS SURVEYS

Households: slight increase in confidence at the beginning of 2025, at a level that remains low



Last review: April 2025
Sources: INSEE, Crédit agricole S.A./ECO

Companies: rebound in the business climate at the beginning of the year, at a relatively low level

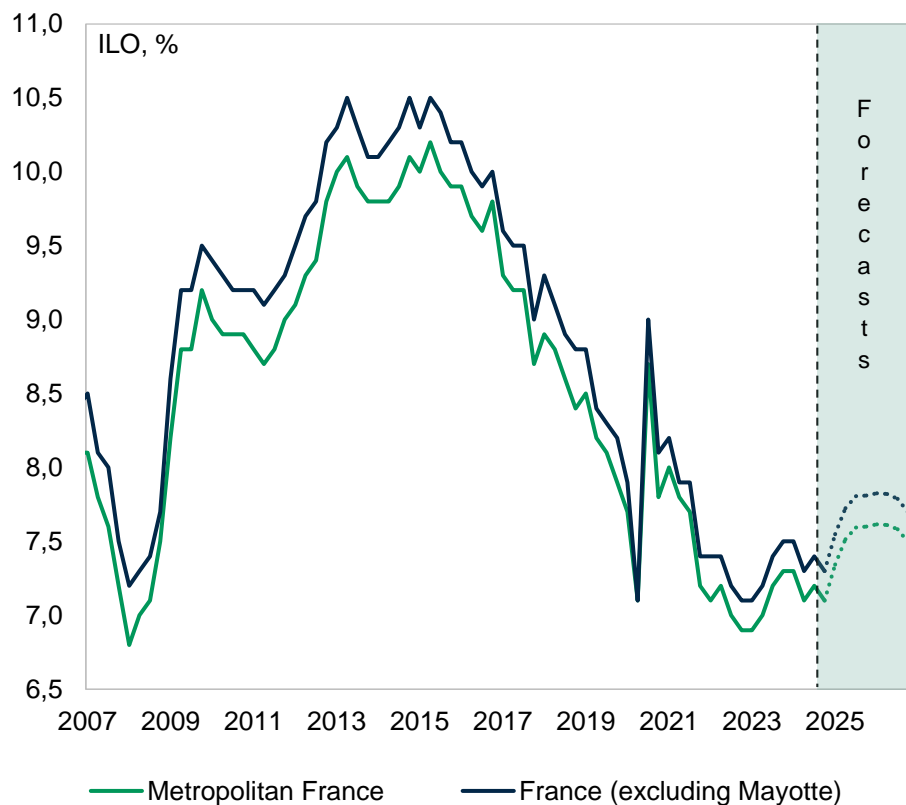


Last review: March 2025
Sources: INSEE, Crédit agricole S.A./ECO

THE SCENARIO IN PICTURES: LABOUR MARKET

EMPLOYMENT HOLDING UP WELL AND WAGES OUTPERFORMING PRICES

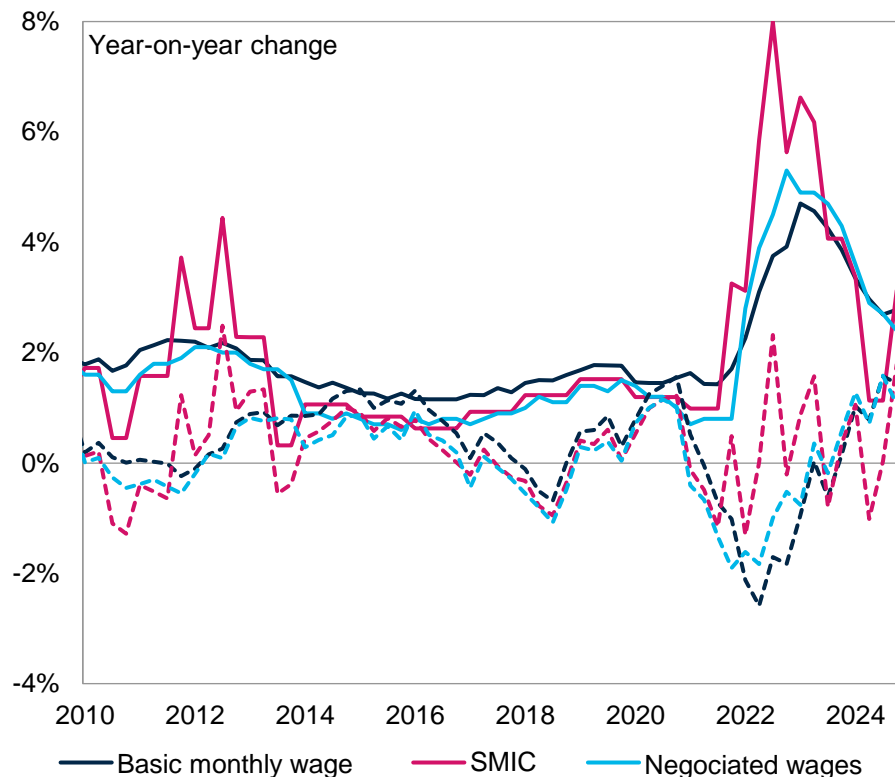
The unemployment rate is expected to rise slightly, below its pre-pandemic level



Last review: Q4 2024

Sources: INSEE, Crédit Agricole S.A./ECO forecasts

Average wages are slowing but finally rising in real terms



NB: Dotted lines show trends in real wages (wages deflated by total CPI).
End-of-quarter data. The SMIC is the minimum wage in France.

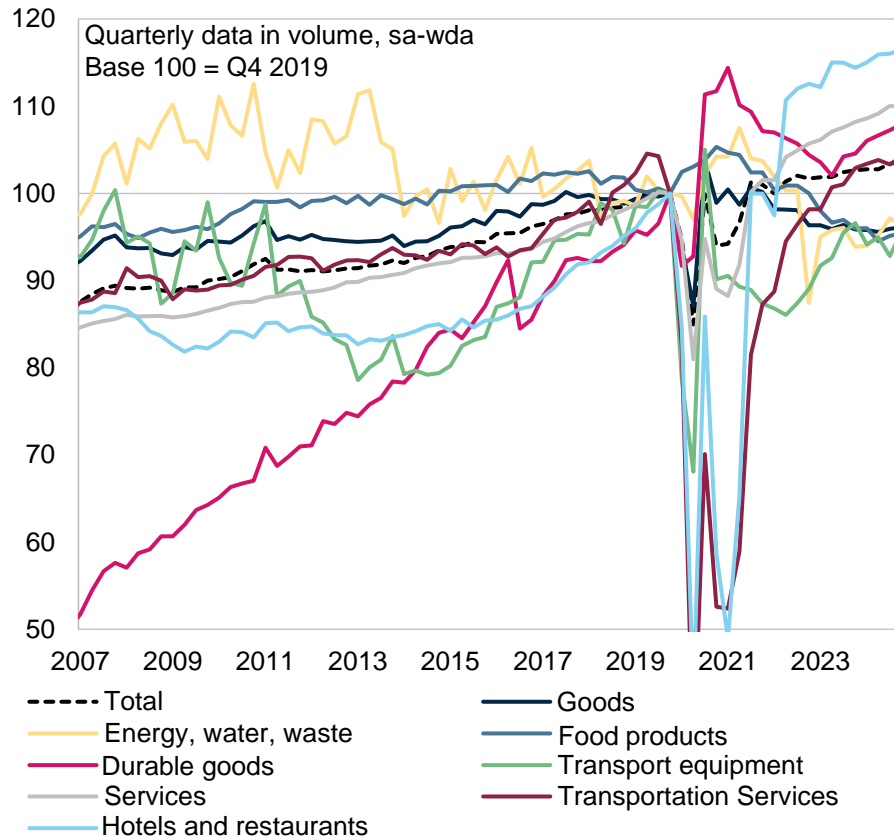
Last review: Q4 2024

Sources: Dares, INSEE, Banque de France, Crédit Agricole S.A./ECO calculations

THE SCENARIO IN PICTURES: HOUSEHOLDS (1/2)

CHANGES IN CONSUMPTION BEHAVIOUR (PAST INFLATION AND SOBRIETY)

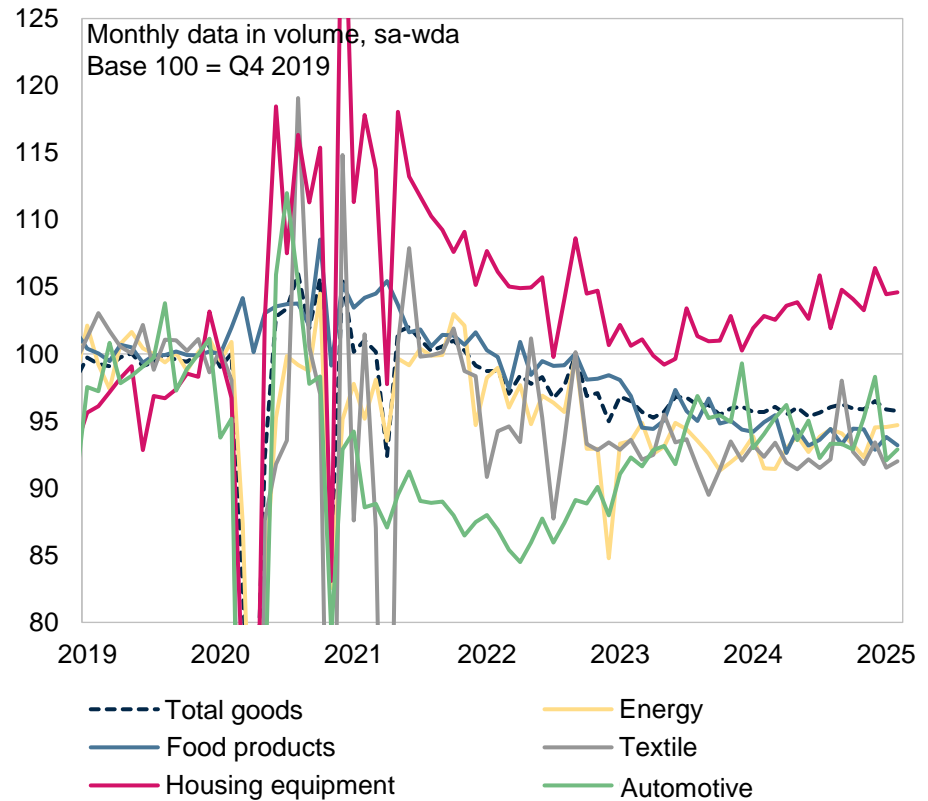
A certain dichotomy between the evolution of the consumption of goods and services



Last review: Q4 2024

Sources: INSEE, calculations and forecasts Crédit Agricole S.A./ECO

Energy, food, textiles and cars bear the brunt of sluggish consumption of goods



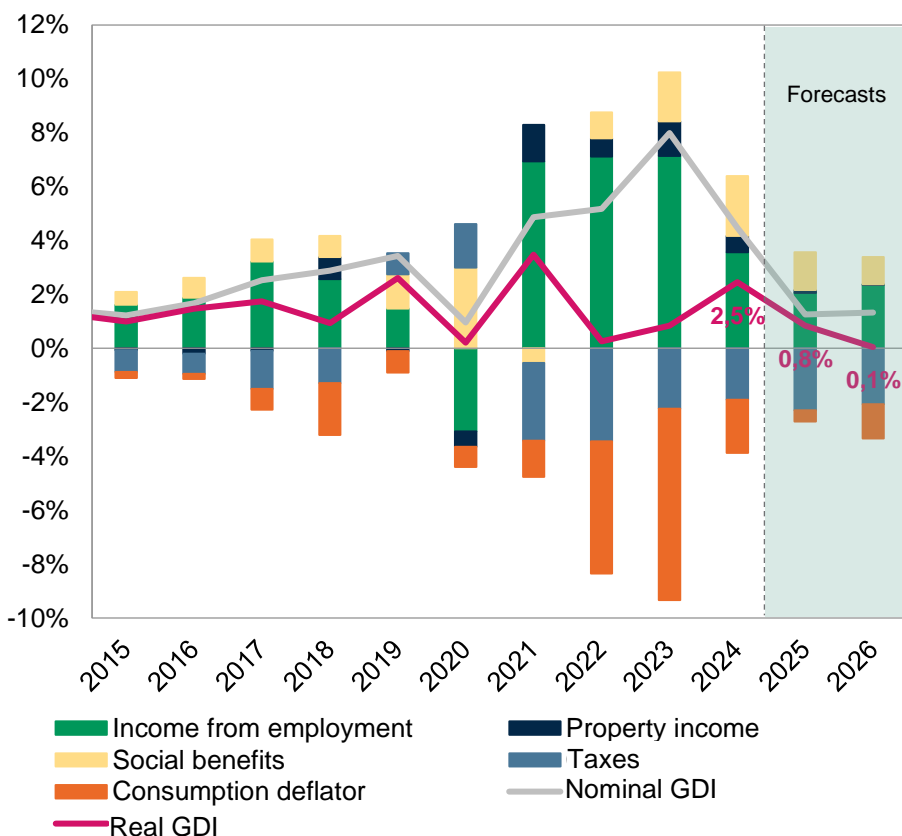
Last review: February 2025

Sources: INSEE, Crédit Agricole S.A./ECO calculations

THE SCENARIO IN PICTURES: HOUSEHOLDS (2/2)

INCREASING PURCHASING POWER, A SUSTAINABLY HIGH SAVINGS RATE

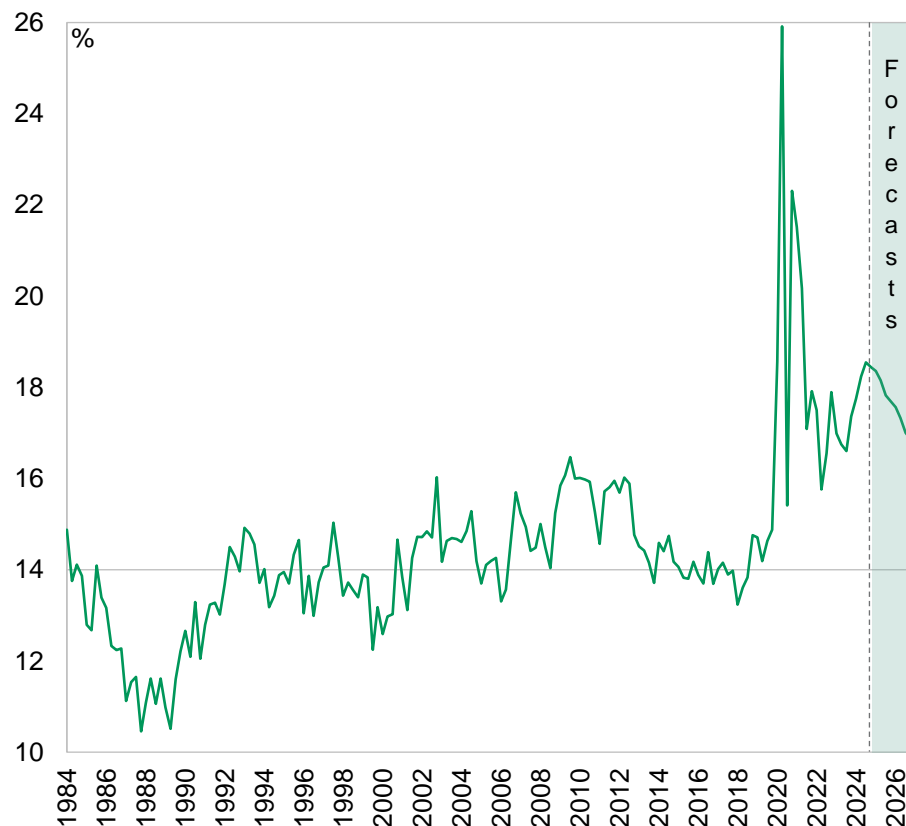
The purchasing power would continue to increase in 2025, driven by earned income



Last review: Q4 2024

Sources: INSEE, calculations and forecasts Crédit Agricole S.A./ECO

The household savings rate is expected to fall slightly, remaining high by historical standards



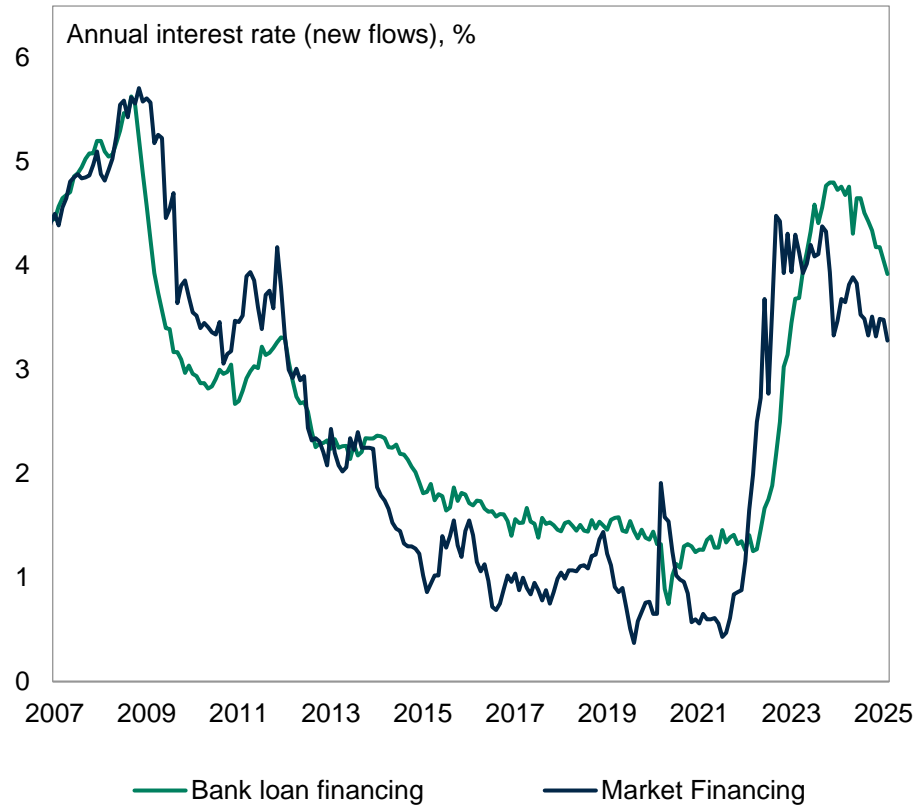
Last review: Q4 2024

Sources: INSEE, Crédit Agricole S.A./ECO calculations

THE SCENARIO IN PICTURES: COMPANIES (1/2)

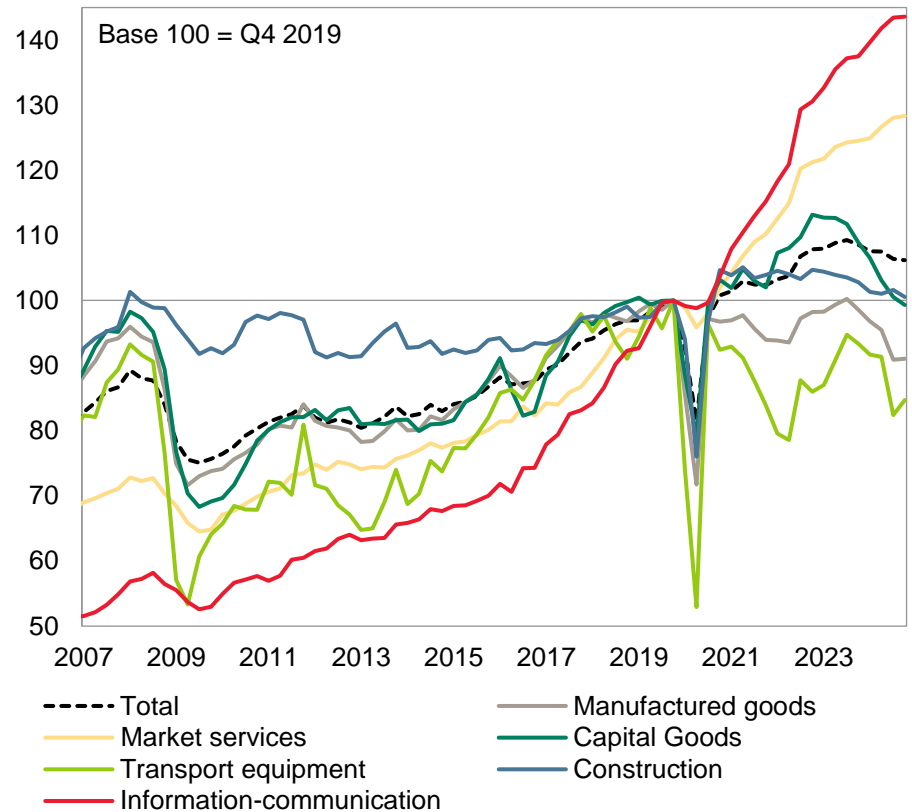
THE REBOUND IN INVESTMENT WOULD NOT HAPPEN UNTIL 2026

Non-financial corporations (NFC) financing cost remain high



Last review: February 2025
Sources: Banque de France, Crédit Agricole S.A./ECO

NFC investment down 2.1% year-on-year in Q4 2024

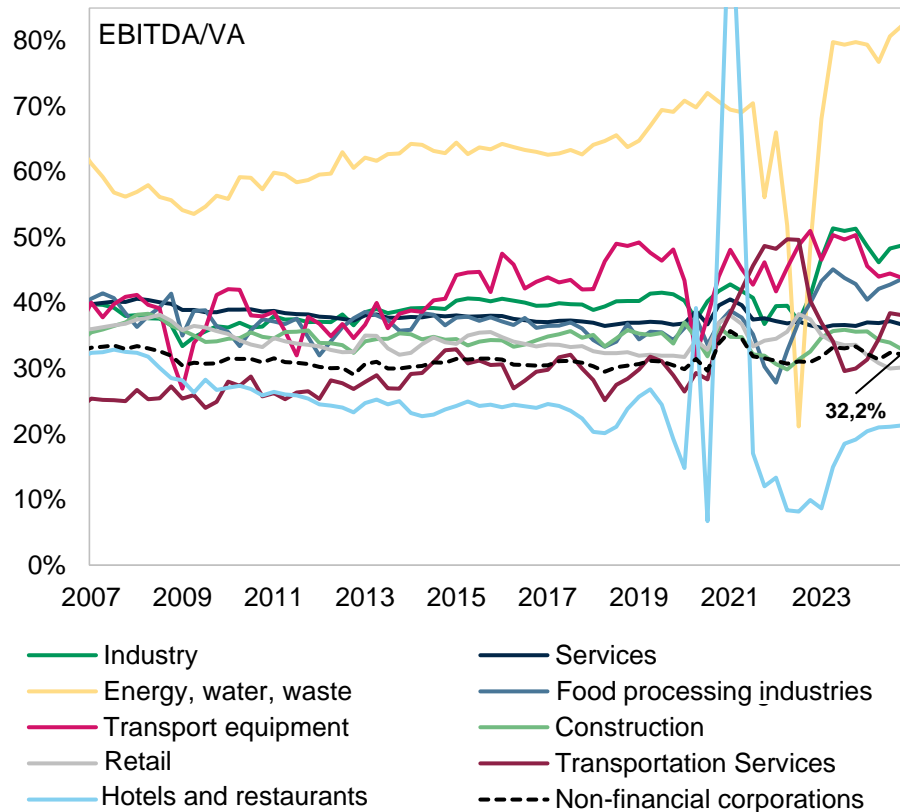


Last review: Q4 2024
Sources: INSEE, Crédit Agricole S.A./ECO calculations

THE SCENARIO IN PICTURES: COMPANIES (2/2)

COMFORTABLE AVERAGE PROFITABILITY DESPITE THE INCREASE IN INSOLVENCIES

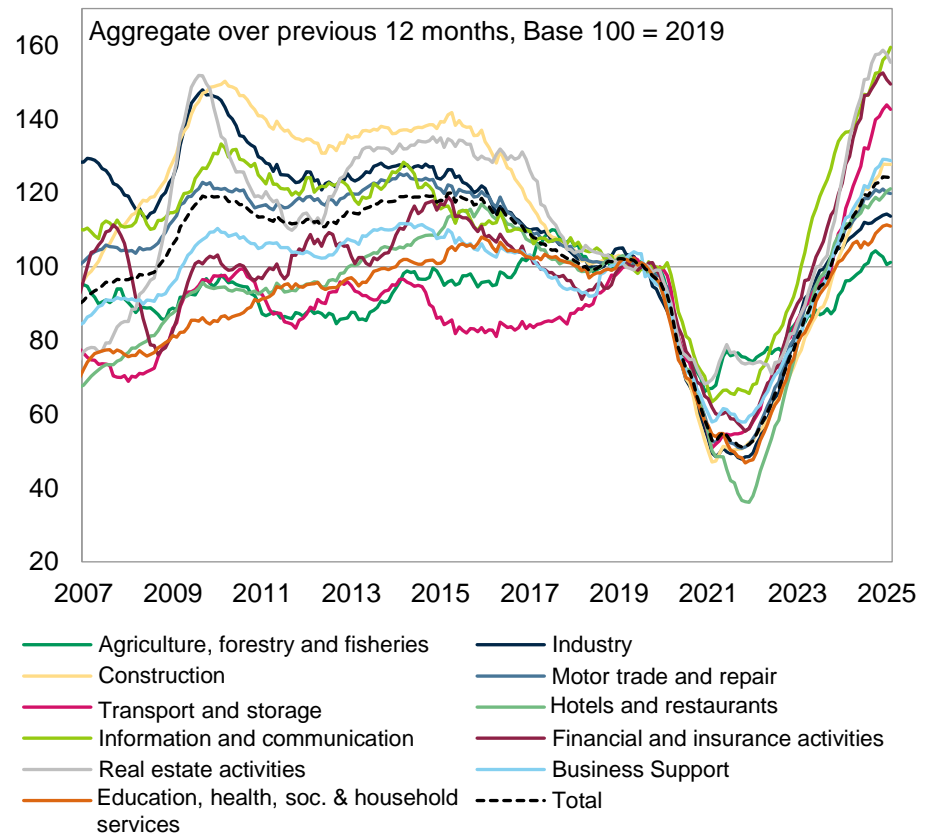
The NFC margin rate is currently at a comfortable level, on average



Last review: Q4 2024

Sources: INSEE, Crédit Agricole S.A./ECO calculations

A fairly widespread increase in insolvencies, but more marked in certain sectors



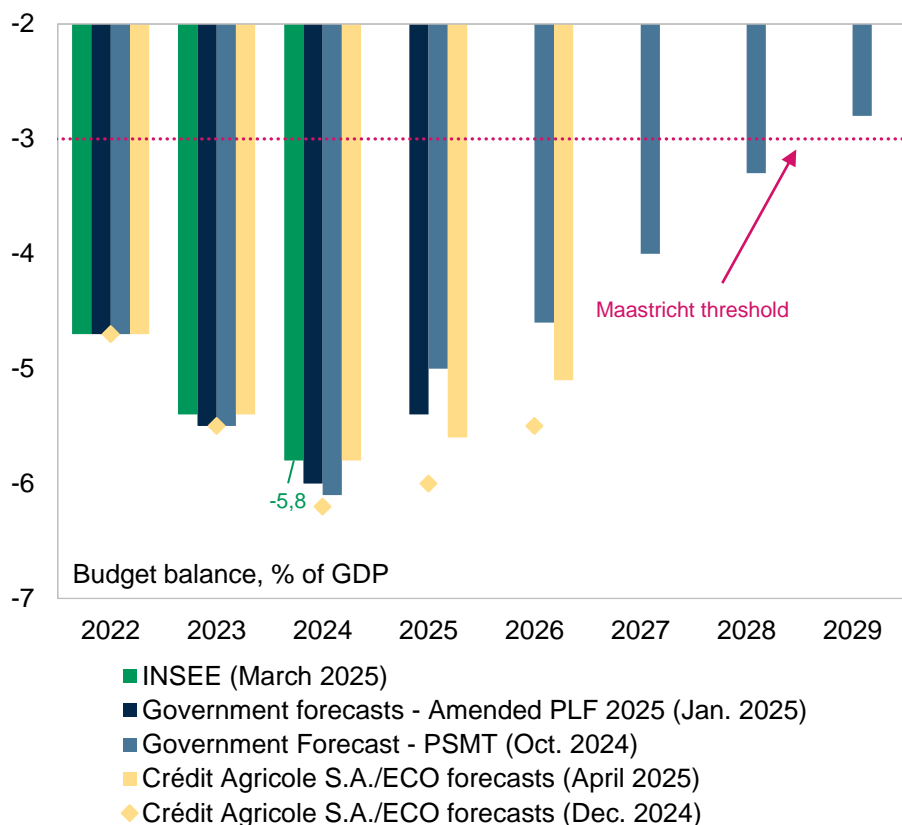
Last review: February 2025

Sources: Banque de France, Crédit Agricole S.A./ECO calculations

THE SCENARIO IN PICTURES: PUBLIC FINANCES

A DEFICIT FINALLY A BIT LOWER THAN EXPECTED IN 2024, BUT STILL TOO HIGH

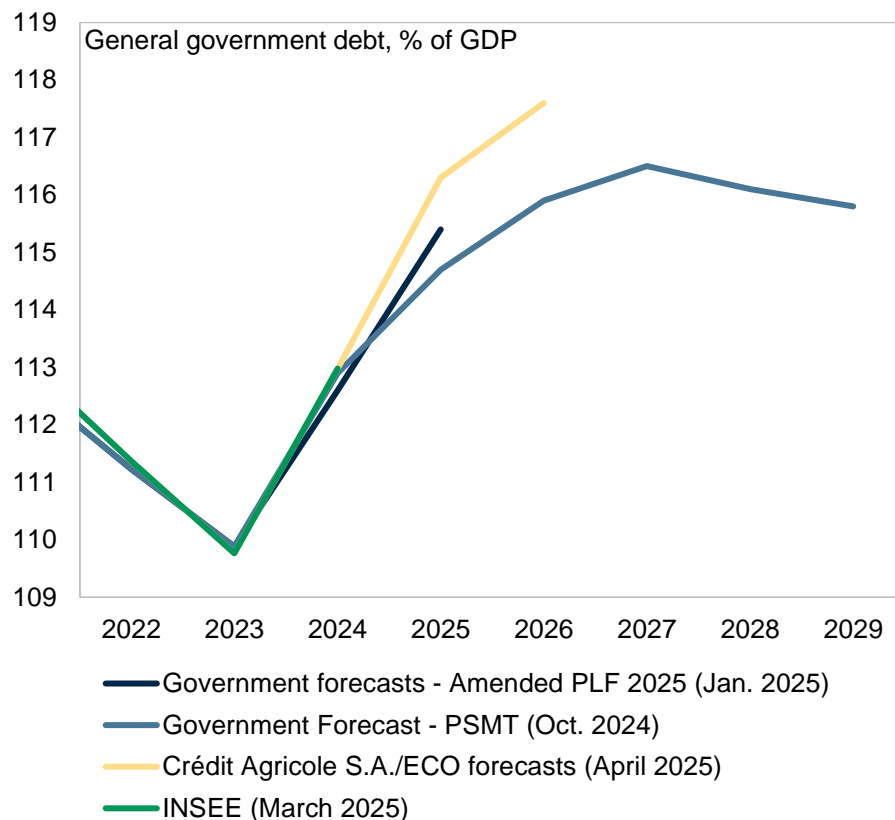
A public deficit of 5.8% of GDP in 2024, the government trajectory remains very ambitious



Last review: 2024 (first estimates)

Sources: INSEE, Government, Crédit agricole S.A./ECO

The public debt ratio will not be stabilized before 2028, in any case

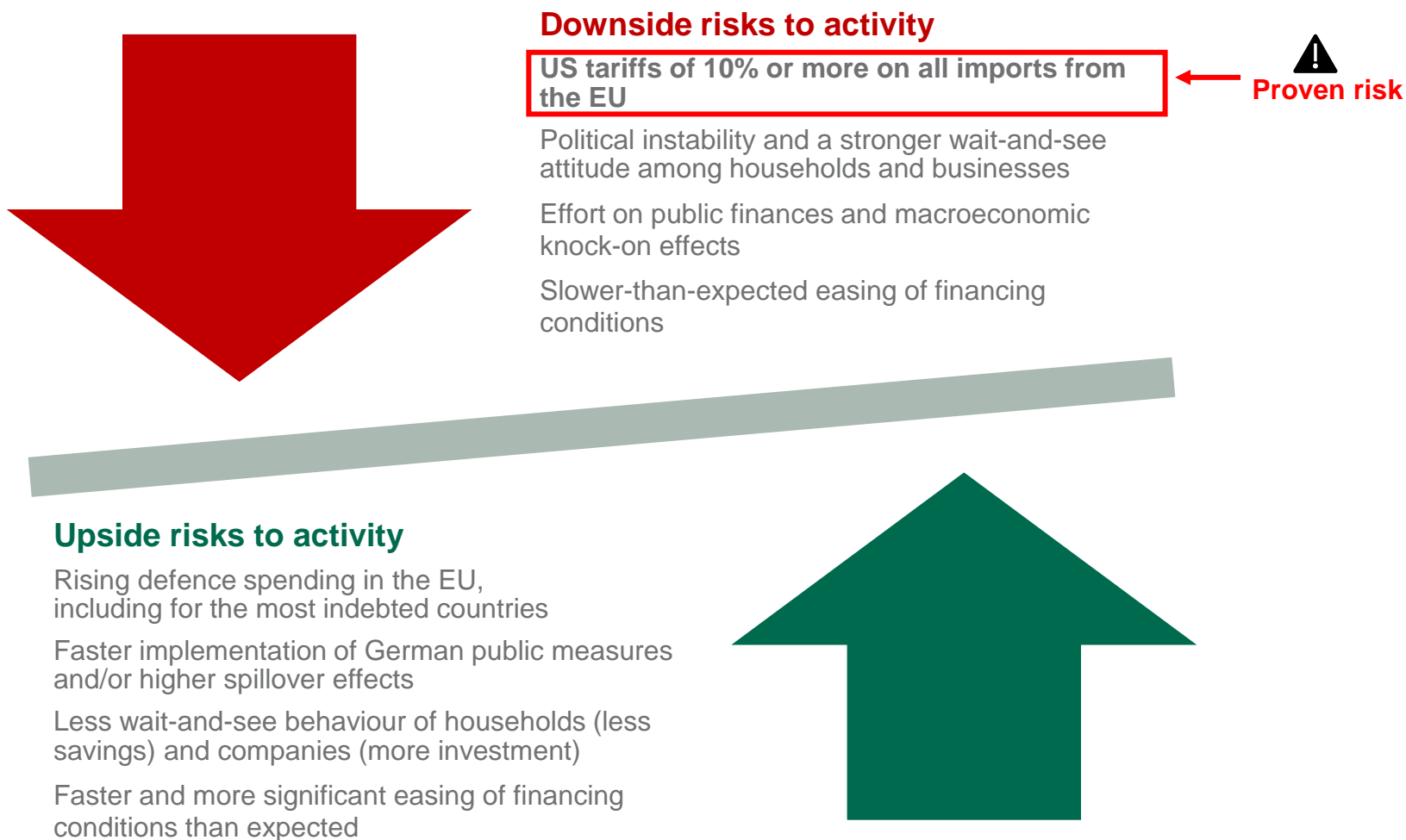


Last review: 2024 (first estimates)

Sources: INSEE, Government, Crédit Agricole S.A./ECO

RISKS

DOWNSIDE RISKS TO ACTIVITY IN THE SHORT TERM, MORE BALANCED IN THE MEDIUM TERM



THE SCENARIO IN FIGURES

THE FORECAST IN DETAIL

Scenario France — April 2025 French growth at a low ebb, amid exceptional global uncertainty

	2023	2024	2025	2026	2023				2024				2025				2026			
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
PIB volume, sa-wda (y/y, q/q, %)	1.1	1.1	0.8	1.4	-0.1	0.7	0.1	0.5	0.1	0.3	0.4	-0.1	0.2	0.2	0.3	0.4	0.4	0.4	0.4	0.4
Domestic demand excluding inventories (contribution to GDP, pp)	0.9	0.7	0.8	1.1	-0.1	0.2	0.4	0.1	0.1	0.1	0.3	0.2	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Household consumption (y/y, q/q, %)	0.9	0.9	1.0	1.1	0.2	0.0	0.5	0.2	0.1	0.0	0.6	0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Public consumption (y/y, q/q, %)	0.8	2.1	0.8	0.3	-0.3	0.1	0.5	0.5	0.7	0.4	0.6	0.4	0.0	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Total investment (y/y, q/q, %)	0.8	-1.5	0.0	1.8	-0.3	0.5	-0.1	-0.7	-0.7	0.1	-0.7	-0.1	0.1	0.2	0.3	0.5	0.5	0.5	0.6	0.6
Changes in inventories (contribution to GDP, pp)	-0.3	-0.4	-0.1	0.0	-0.2	0.1	-0.3	-0.5	0.0	-0.1	0.3	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net exports (contribution to GDP, pp)	0.5	0.8	0.0	0.2	0.2	0.5	0.1	0.9	0.0	0.2	-0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1
Exports (y/y, q/q, %)	2.5	1.1	0.9	2.8	-1.6	3.2	-0.7	0.6	-0.1	0.8	-0.8	0.4	0.2	0.2	0.4	1.0	0.7	0.7	0.7	0.7
Imports (y/y, q/q, %)	0.7	-1.4	0.9	2.2	-2.0	1.8	-0.8	-1.8	-0.2	0.2	-0.3	0.4	0.2	0.3	0.4	0.6	0.6	0.6	0.5	0.5
CPI inflation (y/y, %)	4.9	2.0	1.1	1.3	6.0	5.2	4.7	3.7	2.8	2.2	1.7	1.3	1.1	0.9	1.2	1.3	1.2	1.3	1.3	1.4
Harmonised inflation, HICP (y/y, %)	5.7	2.3	1.1	1.4	7.0	6.1	5.5	4.2	3.0	2.5	2.1	1.7	1.2	0.9	1.1	1.1	1.2	1.4	1.4	1.6
Harmonised core inflation, HICP excluding food, energy and tobacco (y/y, %)	4.0	2.3	1.8	1.7	4.4	4.5	4.0	3.1	2.5	2.4	2.3	2.1	1.9	1.6	1.8	1.8	1.8	1.7	1.6	1.7
Unemployment rate, France excluding Mayotte (%)	7.3	7.4	7.7	7.8	7.1	7.2	7.4	7.5	7.5	7.3	7.4	7.3	7.5	7.7	7.8	7.8	7.8	7.8	7.8	7.7
Unemployment rate, Metropolitan France (%)	7.1	7.2	7.5	7.6	6.9	7.0	7.2	7.3	7.3	7.1	7.2	7.1	7.3	7.5	7.6	7.6	7.6	7.6	7.6	7.5
Budget balance (% of GDP)	-5.5	-5.8	-5.6	-5.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public debt (% of GDP)	109.8	113.0	116.3	117.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Last review: Q4 2024 except inflation (Q1 2025)

Sources: INSEE, calculations and forecasts Crédit Agricole S.A./ECO (forecasts on a green background)

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