

French developments



Review of the previous forecast

In Q4 2014, activity slowed (+0.1% after +0.3%) as forecast in December's Conjoncture in France. Consumption and investment were both sluggish, making a total contribution of +0.1 points to growth (as anticipated). As predicted, foreign trade made a positive contribution to growth (+0.2 points) and that of inventory change fell in reaction to its rise of Q3, accounting for -0.2 points. For H1 2015, the growth forecast is revised upwards for Q1 (+0.4% against +0.3% in the previous year) with higher consumption levels in particular, but remains unchanged for Q2 (+0.3%).

Market-sector employment turned out to be slightly better (-1,000 jobs) than forecast in December (-15,000), but without affecting the rise in the unemployment rate in Q4. The forecast for employment and unemployment is almost unchanged overall. In December, headline inflation reached +0.1%, as predicted. In June it is expected to stand at -0.1%, whereas stability was forecast in the previous Conjoncture in France, with this small revision mainly ascribable to that of oil prices.

Activity slowed as expected in Q4 2014

In Q4 2014, activity slowed as predicted in the previous Conjoncture in France (+0.1%, after +0.3% in Q3). Total production was less buoyant than expected (+0.1% against a forecast of +0.2%). Manufacturing output declined slightly (-0.1%) whereas a slight rise was forecast (+0.2%). Similarly, energy production fell more sharply (-2.5%) than anticipated (-1.0%). Production in

construction fell back less sharply than expected (-0.8% against -1.0%). While the production of market services slowed, growth was nonetheless more vigorous than anticipated (+0.4% against +0.3%). Similarly, production in trade grew (+0.5%) slightly more than forecast (+0.4%).

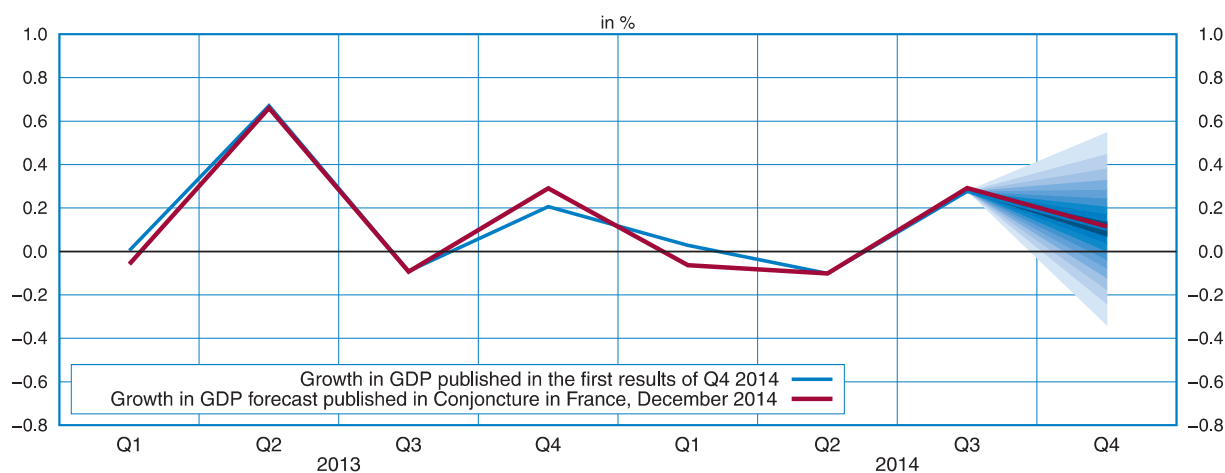
As expected, final domestic demand contributed little to growth

Domestic demand was relatively sluggish (contribution to GDP growth of +0.1 points after +0.2 points). As predicted, consumption slowed in Q4 (+0.2%), although not as much as anticipated (+0.1%). While energy consumption slumped (-3.7%) more sharply than expected (-2.9%), manufacturing consumption turned out to be more dynamic (+0.6%) than forecast (+0.2%).

Investment slipped back (-0.5%) slightly more than anticipated (-0.4%) because of weak investment by non-financial enterprises (-0.2% against 0.0%) and households (-1.5% against -1.3%). However, general government investment declined (-0.1%) less sharply than expected (-0.6%).

The trade balance contributed positively to growth, as predicted (+0.2 points). Imports were more vigorous than expected (+1.7% against +0.5%), with all goods items contributing to this difference. The same was true of exports (+2.5% against +1.4%), in particular exports of manufactured goods (+3.0% against +1.7% forecast), thanks to a greater-than-expected rebound in aeronautical exports. expected, destocking made a negative contribution to growth (-0.2 points), in reaction to the opposite effect in Q3 (+0.4 points).

1- Fan chart for Conjoncture in France for December 2014 and growth achieved



Source: INSEE

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In H1 2015, activity likely to grow slightly more than forecast

The GDP growth forecast for Q1 has been revised slightly upwards (+0.4% against +0.3% in December's *Conjoncture in France*), while that for Q2 remains unchanged (+0.3%).

In Q1 2015, the business tendency surveys and the available data on activity lead us to maintain our forecast of a moderate acceleration in manufacturing output (+0.4%, as in December's *Conjoncture in France*). However, energy production should pick up more sharply than in the previous forecast (+2.9% against +1.7%). On the demand side, household consumption expenditure is likely to grow more significantly (+0.6%) than expected in the previous *Conjoncture in France* (+0.4%), mainly due to a bigger rebound in energy consumption (+7.5% against +4.0% forecast); purchases of manufactured goods should also remain buoyant (+0.5% against +0.2% in December's *Conjoncture in France*), thanks to the extra purchasing power provided by the greater-than-expected drop in oil prices.

Corporate investment is expected to be as sluggish as initially forecast (0.0% then +0.1%). Corporate investment in construction should continue to fall back (-0.4%), although a little less than previously predicted (-0.8%). Similarly, general government investment should decline slightly less sharply than anticipated in December (-0.5% against -0.8%). However, the decline in household investment is likely to be greater (-1.0%) than estimated previously (-0.7%).

In Q1, the contribution of foreign trade should be nil, compared to +0.1 points previously. Indeed, exports are set to be slightly less vigorous than previously thought (+0.8% against +1.1% in December's *Conjoncture in France*) after the sharp acceleration in Q4, while growth in imports is virtually the same this year (+0.8%).

For Q2, the GDP growth forecast is unchanged (+0.3%) with domestic demand down slightly and, most notably, a more significant decline in household investment expenditure (-1.0% against -0.1%), although exports are set to rise somewhat under the effect of the new depreciation in the Euro at the start of the year.

Market-sector employment declined slightly less than expected

In Q4 2014, employment in the non-agricultural market sector declined (-1,000 jobs) less than forecast in December's *Conjoncture in France* (-15,000). In greater detail, current estimates are in line with our forecast in industry (-10,000 against -9,000 forecast) and construction (-18,000 against -12,000 forecast). The key divergence comes from the service sector, where 27,000 jobs were created (most notably in temporary work, with +24,000) compared with a forecast of 7,000. And yet the unemployment rate grew as predicted (10.4% after 10.3%). The upturn in activity is unlikely to be sufficient to allow a recovery in market-sector employment, which is expected to shed 13,000 jobs in H1, i.e. a drop similar to that anticipated in the previous forecasting period (-11,000). The unemployment rate should rise slightly, by 0.1 points per quarter, as forecast in December's *Conjoncture in France*.

Inflation likely to be even lower than forecast, under the effect of the recent drop in Brent prices

In December 2014, headline inflation reached +0.1% for the year, as predicted. In June consumer prices are expected to fall by 0.1% over one year, whereas stability had been anticipated in the previous *Conjoncture in France*; this revision essentially reflects that of the price of Brent. The forecast for core inflation remains unchanged (+0.1% in June).■

Output

In Q4 2014, production of goods and services virtually stagnated (+0.1%) after a rebound in Q3 (+0.5%). GDP also slowed: +0.1% in Q4 after +0.3% in Q3. Activity slowed in almost all branches.

In March 2015, the business climate in France is improving after three months of stability. It remains at a lower level than its long-term average.

The production of goods and services is likely to accelerate in H1 2015 (+0.4% then +0.3%), mainly thanks to a return to normal of energy production (+2.9% after -2.5%) and a slight upturn in momentum in manufacturing (+0.4% and +0.3% in Q1 and Q2). The drop in activity in the construction sector is likely to slow (-0.7% then -0.6%), which should also contribute to brighter prospects.

Production of goods and services should see a moderate acceleration in H1 2015

In Q4 2014, the production of goods and services was at a standstill (+0.1%), bringing an end to a bleak year: +0.5% in Q3, after virtual stability in H1. GDP also slowed: +0.1% in Q4 after +0.3% in Q3. Activity slowed in almost all sectors: manufacturing industry (-0.1% after +0.6%), energy-water-waste (-2.5% after +1.7%), and to a lesser extent market services (+0.4% after +0.5%). In construction, it continued to fall (-0.8% after -1.0%).

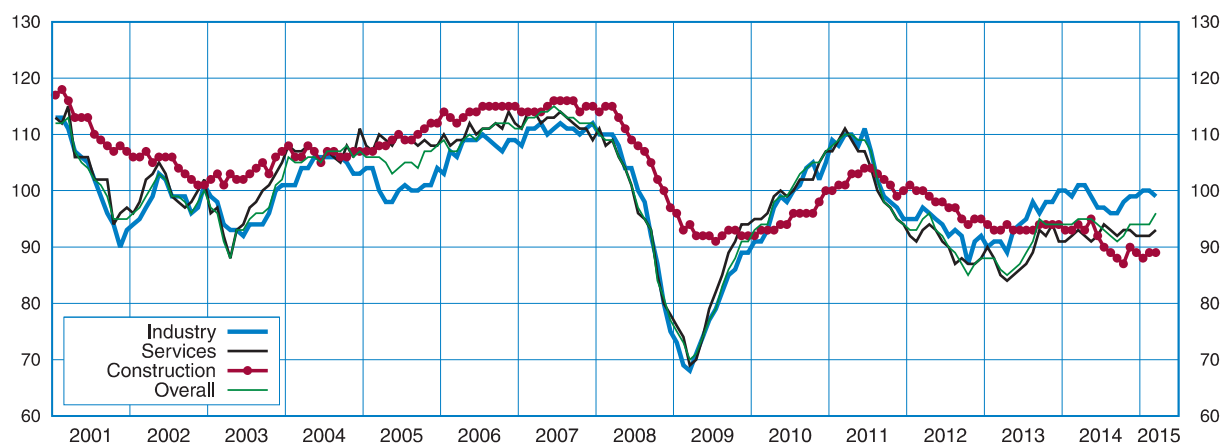
After a spell in the "doldrums" in the summer, the business climate in France, measured by business leaders' responses to the business tendency surveys, picked up slightly in November 2014 then in March 2015. Nevertheless, it remained below its long-term average across all sectors, especially building construction and services (Graph 1).

In H1 2015, production of goods and services is likely to increase by 0.4% then 0.3%. This improvement should come first of all further to the strong rebound in energy production (+2.9% in Q1) after an exceptionally mild autumn when spending on heating was reduced (-2.5% in Q4 2014 after +1.7%). It should also stem from a slight upturn in manufacturing industry (+0.4% in Q1 then +0.3% in Q2) and a lesser deterioration in construction (-0.7% in Q1 then -0.6% in Q2, after -1.0% and -0.8% during H2 2014). By mid-2015, the growth overhang in the production of goods and services for 2015 should settle at +1.0%, after an annual average of +0.6% in 2014.

Energy production likely to rebound at the beginning of 2015 after a downturn at the end of 2014

Energy production fell back in the last quarter of 2014 (-2.5%) with the exceptionally mild weather in the autumn bringing down heating expenditure. With temperatures returning to the seasonal norm, it should bounce back in Q1 2015 (+2.9%) then return to a similar pace of growth to the trend in Q2 (+0.6%). At the end of H1, the overhang for 2015 is likely to be around +2.4%, after a sharp decline in 2014 (-3.4% as an annual average).

1 - Business climate in France: all sectors, industry, services and building construction



Source: INSEE

French developments

In H1 2015, manufacturing output likely to accelerate

In Q4 2014, manufacturing activity fell back slightly (-0.1%) having accelerated strongly in Q3 (+0.6%) after an adverse Q2 (-0.7%). This drop at the end of 2014 was mainly due to a sharp decline in the production of transport equipment (-2.8% after +1.5%).

Manufacturing output should improve in H1 2015 according to the business tendency survey in industry. In March, the balance of opinion on past production is still at a lower level than its long-term average, but personal opinions on production prospects are slightly above average (*Graph 2*). Lastly, the growth overhang in Q1 of the industrial production index was pointing upwards at the end of January (+0.5%). Manufacturing output is therefore likely to bounce back in Q1 (+0.4%), then continue to grow in Q2 (+0.3%). The growth overhang for 2015 is expected to stand at +0.8% at the end of Q2, after +0.3% across the whole of 2014.

In construction, activity should continue to decline less sharply than in 2014

In H2 2014, production in the construction sector continued to deteriorate (-1.0% then -0.8%).

In H1 2015 the decline is set to continue, but on a slightly smaller scale (-0.7% in Q1 then -0.6% in Q2). While it is true that according to building entrepreneurs, activity has deteriorated and order books are still far below usual levels, in the opinion of business leaders, planned activity in civil engineering has improved slightly compared with last quarter, even though opinions remain pessimistic overall (*Graph 3*). In addition, the number of building starts for new housing and non-residential buildings has continued to fall in recent months, but less sharply than before. Across

the whole of 2014, production in the construction sector fell by 2.9%; by mid-2015, the growth overhang for 2015 is likely to be -2.5%.

Trade activity likely to remain buoyant

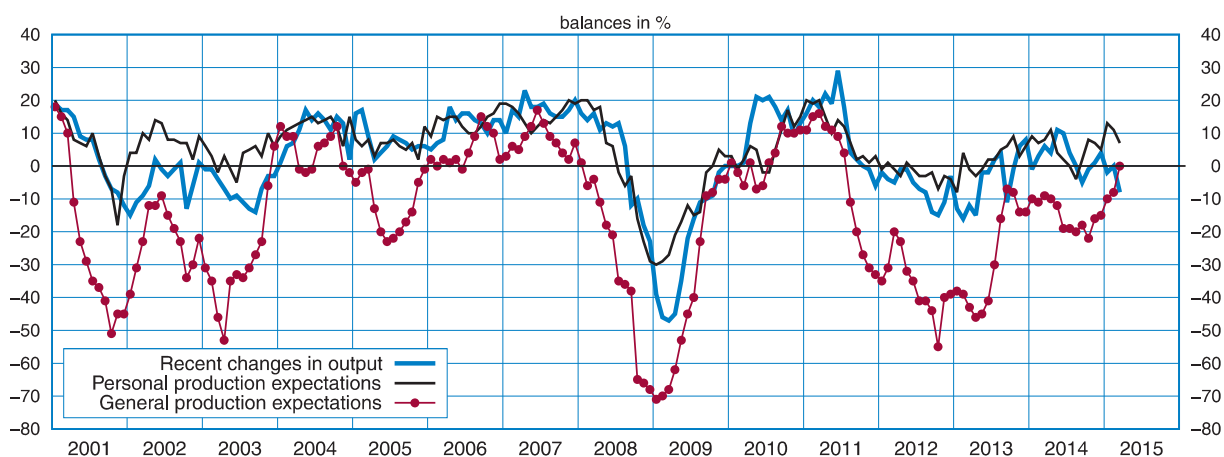
Trade activity slowed in Q4, while remaining dynamic (+0.5%) after picking up in Q3 2014 (+0.9%). This vigour was the result on the one hand of the performance of merchandising, and on the other of the brighter situation, in terms of manufactured goods, of household consumption (+0.2% then +0.6%) and of exports (+3.0% after +0.4%).

In Q1 2015, the good performance of consumption (+0.5%) and exports (+0.8%) of these goods is likely to sustain activity in trade (+0.4%). In the retail sector, the business climate composite indicator reached a higher level than its long-term average at the beginning of the year. The indicator for previous activity has been getting stronger for several months: the balances of opinion in hypermarkets and supermarkets and the automobile trade are now higher than their long-term average and have been for three months. In Q2, activity in trade is likely to accelerate slightly (+0.5%), sustained once again by the dynamism of exports of manufactured goods (+1.3%) and household consumption (+0.4%). By mid-2015, the growth overhang for production in the trade sector should be +1.7% for 2015, after +1.5% on average in 2014.

In market services, activity should grow moderately

Production of market services (excluding trade) slowed slightly in Q4 2014 (+0.4% after +0.5% in Q3), as a result of a slowdown in accommodation and catering (+0.1% after +0.4%) and services to businesses (+0.5% after +0.6%). This downturn is smaller in financial services (+0.7% after +0.9%)

2 - Opinion on production in manufacturing industry



Source: INSEE

and information-communication (+0.3% after +0.6%). However, activity rebounded in transport services (+0.8% after -0.3%), especially air transport.

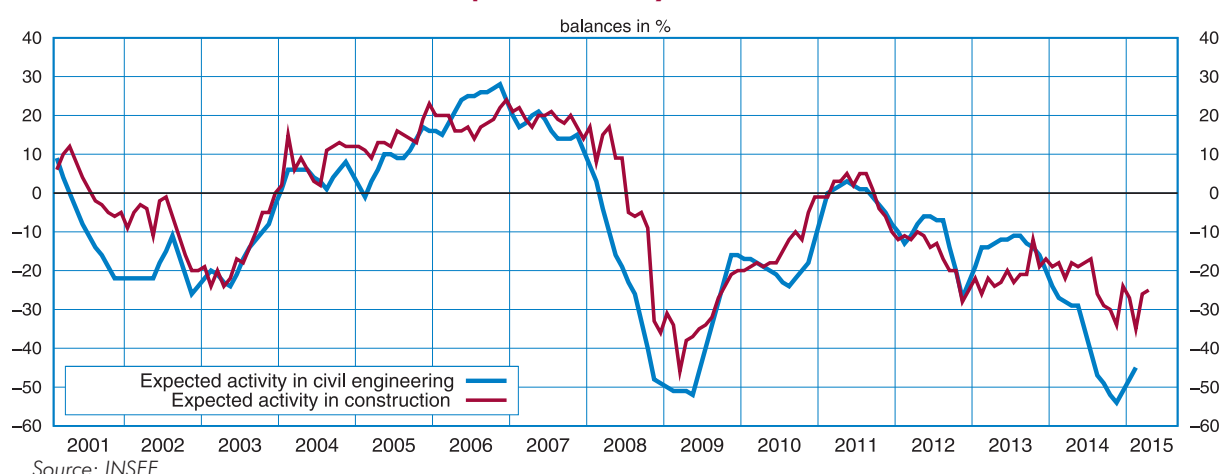
According to business leaders in the service sector, the short-term outlook has remained virtually stable for several months: its composite indicator stood at 93 in March and has varied little since September 2013, although it remains far below its long-term average (100). Activity should continue to grow moderately in H1 2015 (+0.4% per quarter). In mid-2015, the growth overhang of

production of market services excluding trade is likely to be +1.3% for the year, after an increase of 1.1% in 2014.

In mainly non-market services, activity should remain close to its trend

Production of mainly non-market services slowed in Q4 2014 (+0.3% after +0.5% in Q3). It should increase at a similar pace in H1 2015 (+0.4% per quarter). In mid-2015, the growth overhang is likely to be +1.3% for the year, having increased 1.5% in 2014. ■

3 - Prospects for activity in construction



Industry production at prices of the previous year chained

seasonally and working-day adjusted data, in %

	quarterly changes										annual variations		
	2013				2014				2015		2013	2014	2015 oghv
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Agriculture (2%)	-0.0	0.1	0.8	0.8	0.7	0.8	0.6	-0.3	-0.2	0.0	0.1	2.6	0.1
Manufacturing industry (20%)	-0.2	2.0	-1.4	0.5	0.5	-0.7	0.6	-0.1	0.4	0.3	-0.6	0.3	0.8
Energy, Water and Waste (4%)	1.1	1.4	-2.8	-1.0	-2.2	0.6	1.7	-2.5	2.9	0.6	1.3	-3.4	2.4
Construction (8%)	-0.3	0.5	-0.1	-0.0	-1.3	-1.3	-1.0	-0.8	-0.7	-0.6	-1.2	-2.9	-2.5
Trade (10%)	0.0	0.8	0.0	0.7	0.0	0.2	0.9	0.5	0.4	0.5	0.6	1.5	1.7
Market services excluding trade (41%)	-0.1	0.8	0.2	0.4	0.2	0.0	0.5	0.4	0.4	0.4	1.0	1.1	1.3
Non-market services (15%)	0.3	0.7	0.2	0.4	0.4	0.3	0.5	0.3	0.4	0.4	1.5	1.5	1.3
Total (100%)	-0.0	1.0	-0.3	0.4	0.0	-0.1	0.5	0.1	0.4	0.3	0.5	0.6	1.0

Forecast

France's International Environment

In Q4 2014 economic activity grew by 0.5% in the advanced countries: growth was reasonably modest in the Eurozone (+0.3%), but more vigorous in Japan (+0.4%) and the UK and the US (+0.5% each). In the emerging countries, activity was generally slow, particularly in China, Russia and Brazil.

In H1 2015, the gap between the UK and the US on the one hand and the Eurozone on the other hand should narrow. In the Eurozone, thanks to the combined effect of the recent fall in oil prices and the depreciation of the Euro, consumption and foreign trade should be dynamic. In the United States and the United Kingdom, dynamic household consumption, bolstered by the continued improvement of labour market conditions, should continue to generate sustained growth, but the rise in the Dollar and Sterling is likely to weigh heavily upon foreign trade for both countries.

In the emerging countries, activity should continue to progress slowly in H1 2015. Imports to these markets are not expected to return to their dynamic pre-crisis levels.

A contrasting end to 2014 for different economic zones

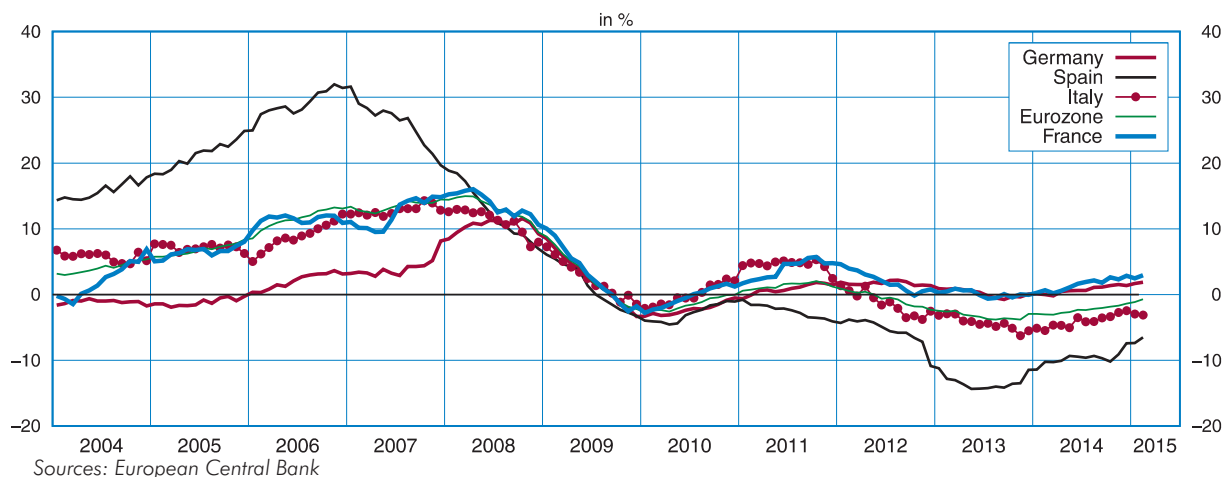
In Q4 2014 activity progressed by 0.5% in the advanced countries, as it had done in Q3. Activity in the Eurozone was firm again, but growth

remained modest (+0.3% up from +0.2%). Activity did, however, remain vigorous in the United States and the United Kingdom (+0.5%), boosted by dynamic domestic demand. After two quarters of contraction, activity bounced back in Japan (+0.4%): the country is gradually recovering from the recessionary effects induced by the VAT hike in April 2014. In the emerging countries, the short-term outlook remained generally glum, with activity progressing slowly in comparison to the last two decades, particularly in China where the deceleration continued in Q4, but also in Russia and Brazil who may fail to avoid recession.

The European Central Bank is combating the risk of deflation, the Euro is losing value

The weakness of current (-0.3% in February 2015) and expected inflation in the Eurozone continues to represent a major preoccupation for the European Central Bank, which announced in January and launched in March a programme of public and private securities purchases worth a total of €60 billion per month from now into 2016. This programme rounds out the arsenal of non-standard measures that the central bank has put in place since 2014 in a bid to stimulate private sector lending which is growing only modestly across the Eurozone and is even falling in certain countries (*Graph 1*). The announcement of this quantitative easing programme by the ECB has had the effect of accentuating the fall in the Euro

1 - Annual growth in outstanding credit to non-financial corporations in the euro area



(particularly against the Dollar) which began in mid-2014. In mid-March the single currency stood at its lowest level since 2003.

The current low level of inflation is partly due to its core inflation component, but also to the sharp drop in energy prices, in the wake of the slump in oil prices. Oil prices have slumped since July 2014, from \$111.8 per barrel in June to \$48.4 in January 2015, the lowest level since May 2009. This is a result of a supply surplus on the physical market, but also of expected weak demand, particularly from the emerging countries.

Unemployment continued to fall in the English-speaking countries in Q4 2014, and this should continue in H1 2015. The unemployment rate thus fell back to 5.7% in the United Kingdom in January 2015, and 5.5% in the United States in February 2015. As a result, the prospect of tightening monetary policy is now a matter for discussion in both countries. The short-term outlook of low inflation, particularly as a result of the major drop in energy prices and the rise in both currencies, as well as the substantial room for improvement which remains in their labour force participation rates, may yet extend the current interest rate status quo for a while longer.

The fall in oil prices and the Euro are stimulating activity in the Eurozone

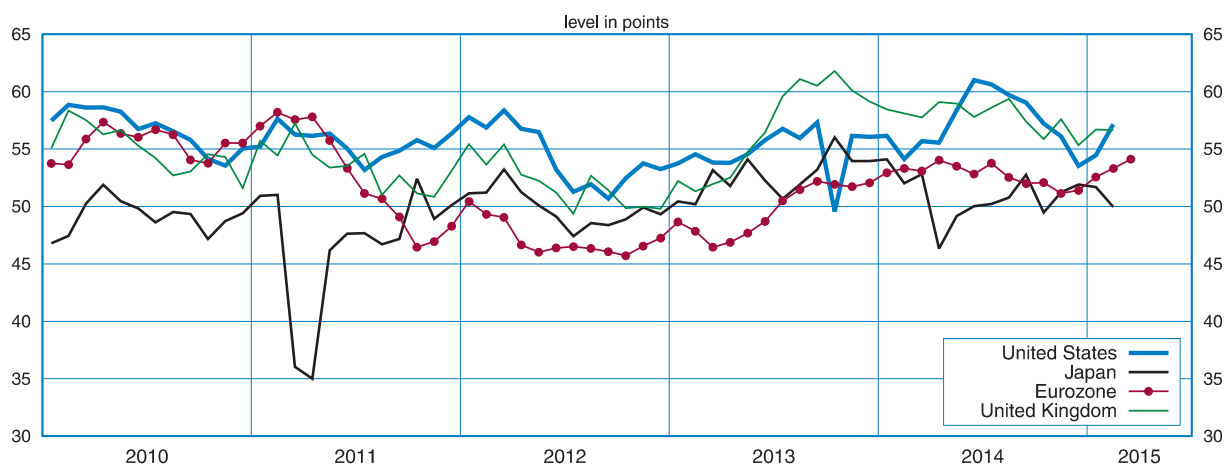
In H1 2015 activity should accelerate slightly in the Eurozone (+0.4% per quarter), under the combined effects of the fall in oil prices, which has given a boost to household purchasing power and business margins, and the fall in the Euro, which is conducive to foreign trade. This improvement, already perceptible in the business tendency

surveys at the start of the year (*Graph 2*), should continue to paper over the differences between the members of the monetary union. The main drivers of growth in Europe should remain Germany (+0.6% then +0.4%), where the beneficial effects on consumption of the introduction of a minimum wage should be noticeable, and Spain (+0.7% per quarter), where dynamic employment and production investment should buoy domestic demand. In Italy, on the other hand, only foreign trade and consumption are expected to contribute to a slight acceleration in activity (+0.1% then +0.2%), while investment should continue to shrink.

In the US and the UK, growth should be sustained by domestic demand which is expected to be dynamic. In the United States, employment and wages should show sustained progress, which should stimulate household consumption. The healthy performance of activity, in spite of a weakening in Q1 as a result of the harsh winter (+0.4% then +0.7%) should encourage businesses to continue investing. However, foreign trade is expected to be impeded by the rapid rise in the Dollar, and this should continue to weigh upon growth. Similarly, the healthy performance of household consumption in the United Kingdom should bolster activity (+0.5% per quarter), but foreign trade is expected to weigh heavily.

In Japan, the recovery which began in Q4 2014 should continue (+0.8% then +0.6%). The dynamism of foreign trade, under the effects of the fall in the Yen since 2013, should contribute far more to this recovery than household consumption.

2 - Composite indicators (PMI Markit)



Source: Markit

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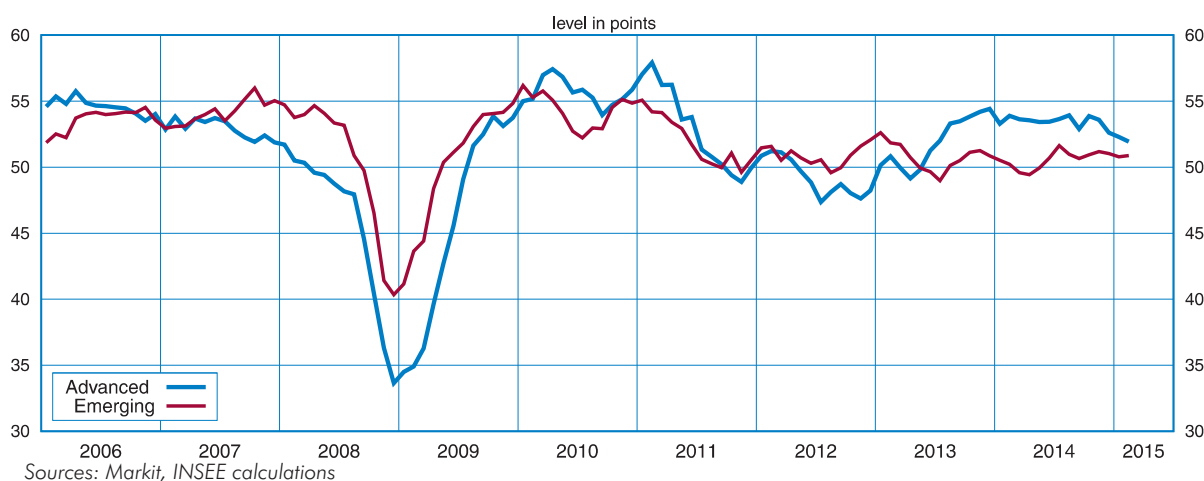
In the short term, there is little indication of improvement in the emerging countries

After 2013 and its spells of severe financial tension, in 2014 the emerging countries generally returned to less tumultuous financing conditions, often at the expense of a significant tightening of monetary policy. Nonetheless, the short-term outlook for these economies remained relatively poor (Graph3). In Brazil, for example, growth stalled under the effect of a severe contraction in domestic demand, which can be attributed to the fall in commodity prices and the tightening of monetary policy by the central bank in order to cut down on the outflow of capital. Russia is suffering from the fall in oil prices and the economic and financial sanctions linked to the Ukrainian crisis. Chinese activity, meanwhile, slowed again in Q4, with the

result that annual growth in 2014 was at its lowest rate since 1990, largely due to the slowdown in investment.

The lack of dynamism in the emerging economies in Q4, particularly China, coupled with the changing profile of their trade, led to a slowdown in international trade, which increased by 1.1% after rebounding in Q3 (+2.0%). This pace is below the average for the period 2000-2007 (+1.6%). In H1 2015, the business tendency surveys do not reveal any signs of improvement in these countries in the short term. In the advanced countries, growth should once again remain modest: international trade should thus slow slightly again in H1 2015 (+1.0% per quarter). World demand for French products is thus expected to progress at the same pace, on average. ■

3 - Business climate in the industry



International scenario summary

	quarterly changes										annual changes		
	2013				2014				2015		2013	2014	2015
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
GDP of advanced economies	0.4	0.5	0.7	0.6	0.2	0.4	0.6	0.5	0.5	0.6	1.4	1.8	1.7
World trade	0.5	1.0	1.2	1.3	-0.3	0.7	2.0	1.1	1.0	1.0	2.7	3.3	3.7
Imports of advanced economies	-0.2	0.7	0.8	0.6	0.6	0.7	0.7	1.0	1.1	1.1	-0.3	2.8	3.3
Imports of emerging economies	0.2	0.6	2.8	1.6	-0.1	-0.9	3.5	1.6	0.9	0.9	5.7	4.1	4.3

forecast

Reading note: imports, exports and world trade data concern only goods.

Sources: National statistical institutes, Central Plan Bureau, International Monetary Fund, INSEE forecast

Foreign trade

In Q4 2014, French exports picked up sharply (+2.5% after +1.0%), due mainly to a significant rebound in aeronautical exports. They are likely to fall back in reaction to this in Q1 2015 (+0.8%), then regain momentum in Q2 (+1.2%), buoyed up by the recent depreciation of the Euro. Imports, for their part, were also buoyant at the end of 2014 (+1.7%), mainly thanks to pharmaceutical purchases. They are likely to slow in Q1 (+0.8%), returning to a pace that better matches domestic demand, and should maintain this pace into Q2.

All in all, after being negative on average in 2014 (-0.3 points for the year), the contribution of foreign trade to growth in activity is likely to be nil in Q1 2015 and then slightly positive in Q2 (+0.1 points).

World trade likely to be relatively dynamic through to mid-2015

In Q4 2014, world trade slowed to +1.3% after +1.9% the previous quarter. Asian trade, which was very dynamic in Q3 as a reaction to a sluggish Q2, resumed a pace that was closer to its trend at the end of the year. In Q1 2015, the various indicators on foreign orders and the first customs data available suggest a +1.0% increase in world trade. In Q2 2015, world trade is likely to maintain this pace, which is still lower than the pre-crisis level (+1.6% on average per quarter from 2000 to 2007). World demand for French products should grow at a similar pace (+0.8% then +1.1%, *Graph 1*): while demand from the advanced

economies is likely to regain its vigour, demand from the emerging economies is not expected to be strong (*Graph 2*).

Exports likely to slow in Q1 2015 then regain momentum

In Q4 2014, exports of goods and services grew significantly (+2.5% after +1.0%, *Table*). In particular, sales of transport equipment bounced back (+10.8% after -5.0%), mainly due to aeronautical sales, contributing 3.7 points to the pick-up in exports of manufactured goods (+3.0% after +0.4%).

In Q1 2015, as the effects of the rebound in aeronautical sales no longer come into play, exports are likely to slow in a backlash effect and grow at a slightly slower pace than world demand (+0.8%). In Q2, they are likely to accelerate a little (+1.2%), sustained by the earlier depreciation of the real effective exchange rate (around -3% expected in Q1), and by the slight acceleration in world demand. The overall profile is likely to be driven by exports of manufactured goods (+1.3% after +0.8%, *Graph 3*). Exports of services should progress at a pace close to their usual trend (+1.3% per quarter). Exports of agricultural products are expected to remain stable in H1, whereas sales of energy goods are likely to pick up (+1.2% in Q1 then +1.5% in Q2). In mid-2015, it is likely that the growth overhang for exports for the year will already stand at +4.1%, after +2.9% for 2014 as a whole.

Foreign trade growth forecast

Changes in % to the chained prices of the previous year. contributions in points

							annual changes		
	2014				2015		2013	2014	2015
	Q1	Q2	Q3	Q4	Q1	Q2			
Exports									
All goods and services	0,6	0,2	1,0	2,5	0,8	1,2	2,4	2,9	4,1
Manufactured products (69%*)	0,7	-0,3	0,4	3,0	0,8	1,3	1,5	2,1	4,2
Imports									
All goods and services	0,8	0,7	1,7	1,7	0,8	0,8	1,9	3,9	3,8
Manufactured products (69%*)	0,3	0,2	1,8	1,5	0,8	1,0	1,3	3,6	3,7
Contribution of foreign trade to GDP	-0,1	-0,2	-0,2	0,2	0,0	0,1	0,1	-0,3	0,1

Forecast

Reading note: part of exports (resp. imports) of non-energy industrial goods in exports (resp. imports) in a whole in 2013.
Source: INSEE

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Imports expected to be less dynamic in H1 2015

In Q4 2014, imports of goods and services remained vigorous (+1.7% after +1.7%). This was the case of imports of manufactured goods (+1.5% after +1.8%), thanks to major purchases of pharmaceuticals. Energy purchases, mainly crude oil, also contributed to the rise in imports (+3.2% after -0.5%). However, imports of services slowed (+1.7% after +3.5%).

In H1 2015, imports are likely to slow (+0.8% per quarter), returning to a pace more in line with domestic demand. Imports of manufactured products, in particular, should decelerate in Q1 (+0.8%), as the boost from imports of pharmaceuticals fades. They are likely to increase

again in Q2 in the wake of domestic demand. Imports of services should grow at their trend rate (+1.1% per quarter) while energy imports are likely to increase weakly before resuming their downward trend.

At the end of H1, the growth overhang for imports for 2015 is likely to be +3.8% after annual growth of +3.9% in 2014.

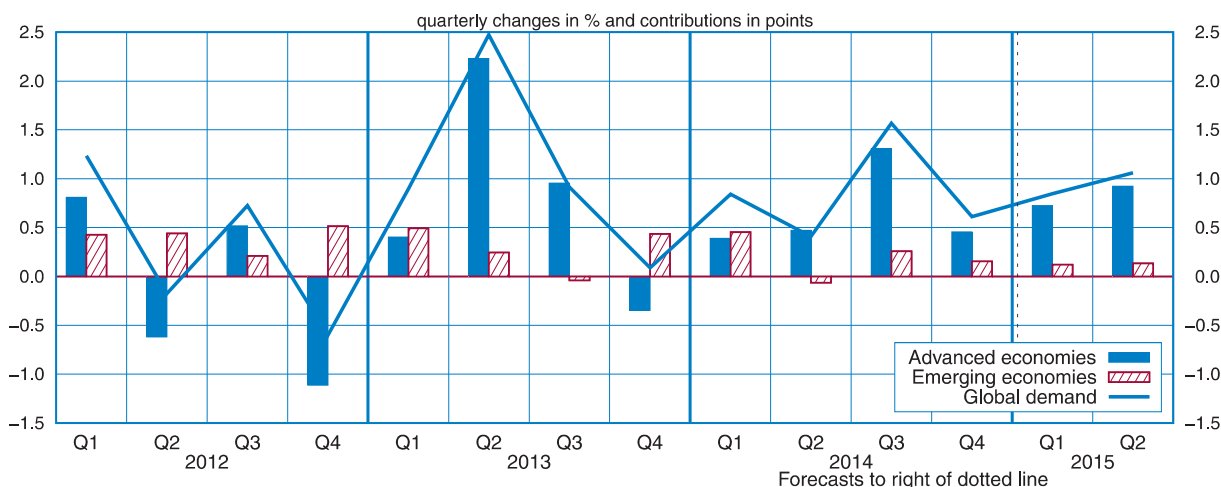
Across the whole of 2014, the contribution of trade to GDP growth was negative (-0.3 points), with exports being less dynamic than imports. However, the contribution of foreign trade to growth is likely to be neutral in Q1 2015 then slightly positive in Q2 (+0.1 points), with the French economy regaining price-competitiveness thanks to the recent depreciation of the Euro. ■

1 - World demand for French products and world trade



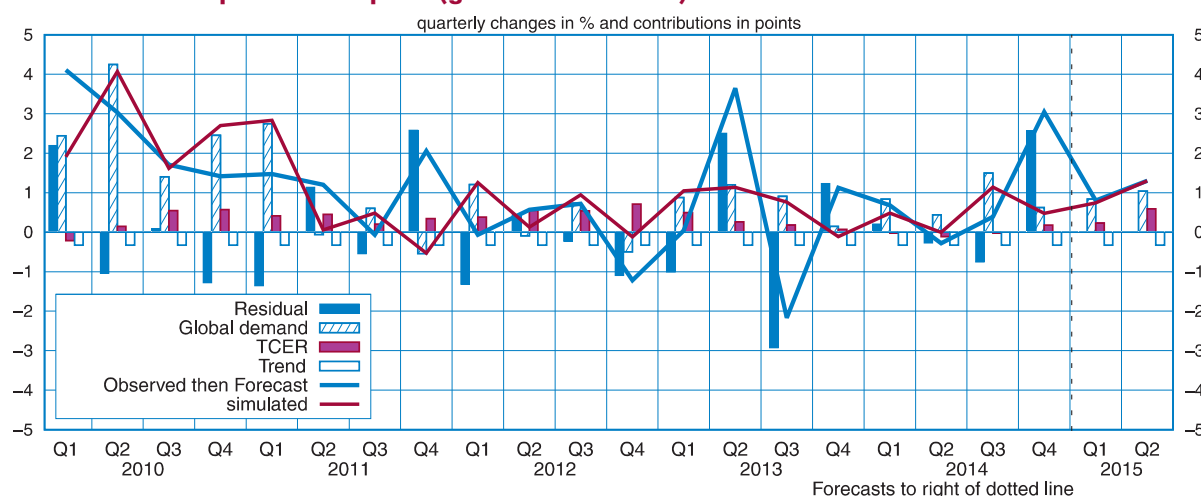
Sources: INSEE, DG Trésor, Centraal PlanBureau

2 - World demand for French products and contributions of the main partners



Sources: INSEE, DG Trésor, Centraal PlanBureau

3 - Equation of exports (goods and services) and econometric contributions



What are the consequences of the sharp rise in the Swiss Franc in early 2015?

In January 2015, the Swiss central bank's decision to drop the exchange rate peg with the Euro saw the Swiss Franc rise by 11% against the Euro.

What consequences might this have for the French economy? The OECD's annual International Trade by Commodity Statistics (ITCS) database can help us answer this question.¹ Its data tracks trade in goods between countries and in particular identifies non-EU markets in which French exports face competition.

Overall, the two-way flows are evenly balanced

In 2013, Switzerland was France's ninth most important client and supplier. The value of goods exported to Switzerland was almost identical to the value of imports, in the region of €12.5 billion. The balance of trade is thus virtually even, whereas in the first half of the 2000s France posted a substantial surplus.

More than half of French exports fall into the following categories: textiles, paper, chemicals, pharmaceutical products, plastics and metals. However, France also imports these products in almost equal quantities, so the effect on the two-way balance of trade is ultimately neutralised. The French economy exports transport equipment, while importing very little. On the other hand, the country imports far more capital goods than it exports. The contribution of agri-food products to the trade balance, meanwhile, is close to neutral. Finally, agricultural and energy products are only traded in small quantities.

(1) This database provides standardised, directly comparable data on international trade. It allows us to break down the flows of international exchanges sector by sector, using the SITC Rev3 system (Standard International Trade Classification, Rev 3).

Little competition in other markets

Competition between France and Switzerland in other markets appears to be fairly weak: the geographical orientation and sector-specific specialisation of exports differ greatly between the two countries.

In terms of geographical specialisation, France is slightly more focused on other European Union countries than Switzerland (*Graph 1*). Within the European Union, France and Switzerland are both very present in the German market and, to a lesser extent, the Italian market. But France is a much stronger presence in Spain and Belgium, with the Swiss exporting more to Austria. Conversely, France is relatively less present in markets outside the EU compared with Switzerland. The US is Switzerland's second most important export client, but only sixth biggest for France. In 2013 the American market was the destination of almost 12% of all Swiss exports, compared with just 6% of French exports. To a lesser extent, Japan and China also have greater relative significance as trading partners for Switzerland than they do for France. These two nations buy up 8% and 3% of all Swiss exports respectively, compared with 4.5% and 1.5% of French exports.

In terms of sector specialisation, Switzerland is more specialised than France (*Graph 2*): the country's two main products (pharmaceutical goods on the one hand, and medical, precision, optical and watch-making instruments on the other) account for 45% of total exports, compared with 23% for France's top two export products (aeronautical construction and chemical products).

These two phenomena combine to ensure that direct competition in other markets remains concentrated in a small number of markets. Switzerland's 20 largest export markets

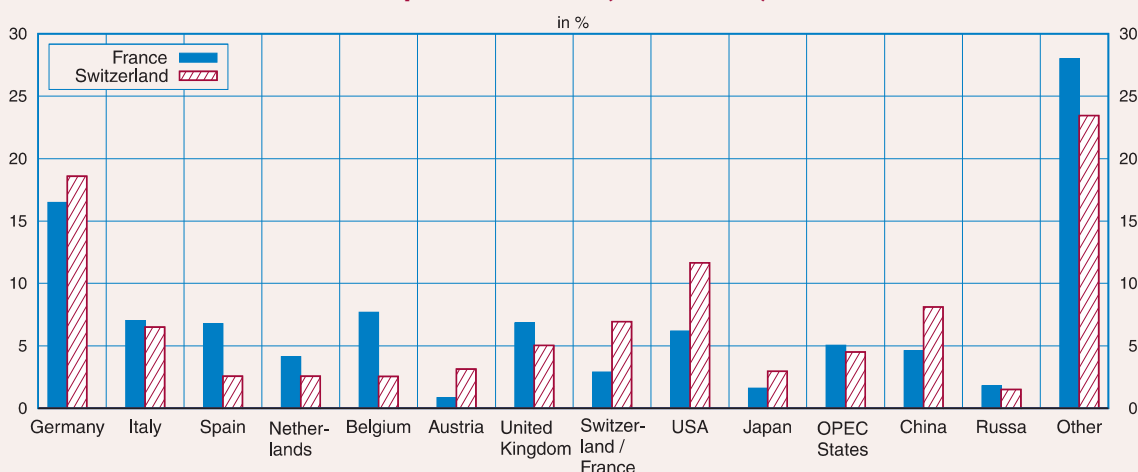
(excluding France) - with a market here considered in terms of a specific category of products exported to a given country - account for almost €60 billion (and 37% of total exports). These markets account for €40 billion of French exports (9%, see [Table](#)) and are rarely of great relative importance in these export categories. Only three of these markets account for more than 1% of total exports: chemical products (excluding pharmaceutical products) to Germany, other machines and equipment to Germany and pharmaceutical products to Belgium.

At a more general level, competition is observed primarily in the export of pharmaceutical products to the major Eurozone economies, but also to the United Kingdom, United States and Japan. Competition also exists for medical, optical and watch-making instruments in Germany, the United States, China and the OPEC countries.

An increase in purchasing power for cross-border workers

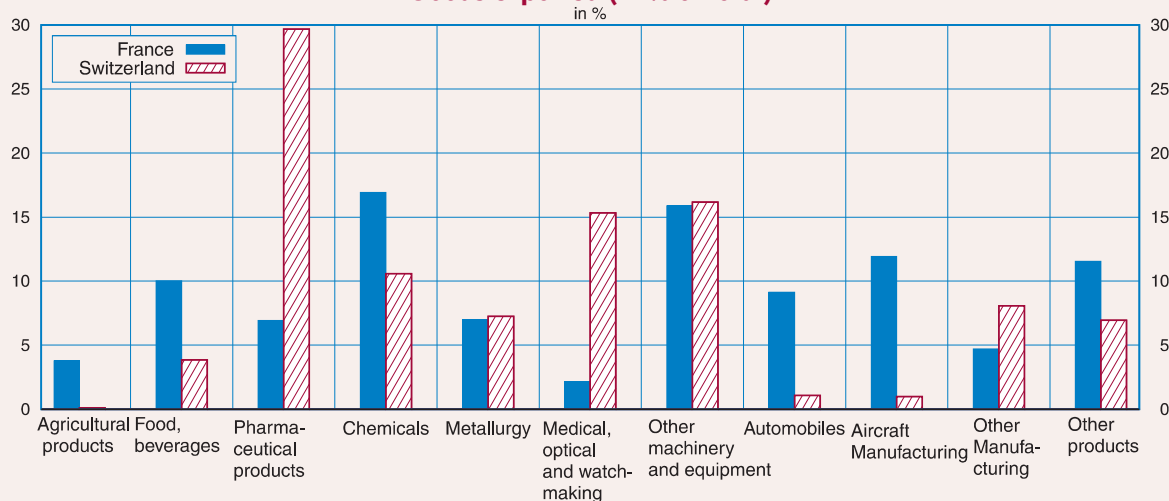
The rise in Swiss Franc will have a significant effect for cross-border workers residing in France (of whom there were 160,000 in 2011). Converted into Euros, their wages have been boosted since January 2015. Wages paid by neighbouring countries account for around €12 billion per year, of which a little less than half comes from Switzerland; the rise in the Swiss Franc, if it should continue, could thus lead to a 0.05% increase in the purchasing power of all households residing in France. ■

Export destination (in % of total)



Source: INSEE

Goods exported (in % of total)



Source: INSEE

Table

Study of the 20 Switzerland's main export markets

Country recipient	Products				Switzerland			France		
		Market size (in bn€)	Position of Switz.	Position of France	Position for Switz.	Amount exported (in bn€)	Share of total exports (in %)	Position for France	Amount exported (in bn€)	Share of total exports (in %)
USA	Pharmaceuticals products	48.7	2	8	1	8.0	5.1	38	2.0	0.5
Germany	Pharmaceuticals products	34.5	1	3	2	7.0	4.5	21	3.1	0.7
Germany	Other machinery and equipment	61.6	6	3	3	4.4	2.8	5	5.2	1.2
Italy	Pharmaceutical products	20.8	1	6	4	3.9	2.5	67	1.4	0.3
USA	Medical, optical and watch-making	33.8	5	12	5	3.5	2.2	136	0.7	0.2
Hong-Kong	Medical, optical and watch-making	26.3	2	9	6	3.4	2.1	521	0.1	0.0
Germany	Chemicals products	66.4	7	3	7	2.9	1.8	4	6.8	1.6
Germany	Medical, optical and watch-making	16.7	2	4	8	2.8	1.7	68	1.4	0.3
UK	Pharmaceuticals products	21.6	3	7	9	2.5	1.6	75	1.2	0.3
Belgium	Pharmaceuticals products	29.9	6	2	10	2.3	1.5	6	5.0	1.2
Germany	Metallurgy products	23.3	3	6	11	2.0	1.3	53	1.6	0.4
Japan	Pharmaceuticals products	13.5	2	6	12	1.9	1.2	95	1.0	0.2
Germany	Machinery and electrical equipment	32.9	6	3	13	1.9	1.2	30	2.3	0.6
OPEC States	Pharmaceuticals products	12.3	2	1	14	1.8	1.2	35	2.1	0.5
Austria	Pharmaceuticals products	6.2	1	8	15	1.8	1.2	367	0.2	0.0
Canada	Pharmaceuticals products	9.6	2	6	16	1.7	1.1	252	0.4	0.1
USA	Other machinery and equipment	119.4	12	9	17	1.7	1.1	27	2.5	0.6
OPEC States	Medical, optical and watch-making	7.4	1	6	18	1.6	1.0	238	0.4	0.1
Spain	Pharmaceuticals products	11.7	2	6	19	1.6	1.0	92	1.0	0.2
USA	Other manufacturing	78.9	8	11	20	1.6	1.0	76	1.2	0.3
Total						58.5	37.1		39.8	

Sources: OCDE, base ITCS, INSEE calculations

Employment

In Q4 2014, non-agricultural market-sector employment almost stabilised (-1,000 jobs after -60,000), with the rebound in temporary employment almost compensating for the decline in other sectors. Through to mid-2015, the ramp-up of the CICE (tax credit for encouraging competitiveness and jobs) and the Pacte de responsabilité et de solidarité (Responsibility and Solidarity Pact) should contribute to growth in employment, but the upturn in activity is unlikely to be sufficient to enable a recovery in market employment, which should decline again (-13,000 over H1 2015 as a whole). In the non-market sectors, employment should remain on an upward trajectory (+23,000 in H1 2015), due in particular to the rise in the number of beneficiaries of subsidised contracts.

All in all, employment should return to growth in H1 2015 (+20,000 jobs after -17,000 in H2 2014), with this rebound resulting essentially from the lesser decline in non-agricultural market employment.

Market-sector employment set to fall in early 2015

In 2014, market-sector employment continued to fall back (-74,000 jobs) at the same pace as in 2013 (-66,000, [Table 1](#)). The job losses occurred mainly in Q3 (-60,000 jobs). This year-on-year

reduction is indicative of generally sluggish activity and the persistence of productivity gains that have been slightly more moderate in recent years than over the long term ([Graph 1](#)).

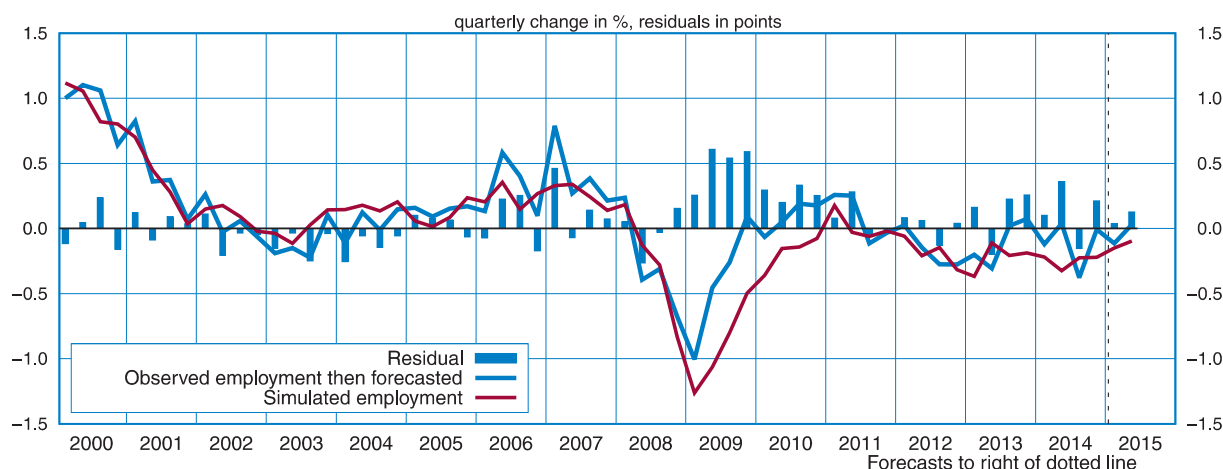
In Q1 2015, market-sector employment is expected to fall again (-18,000 jobs), before rising slightly in Q2 (+5,000) ([Graph 2](#)). The decline over the half-year (-13,000) should however be less marked than in 2014 (-37,000 on average per half-year), thanks to the slight pick-up in activity and support from the cumulative effects of the Responsibility and Solidarity Pact and the ramp-up of the tax credit for encouraging competitiveness and jobs, with an impact of +40,000 jobs in H1 2015 after +30,000 in H2 2014.

Temporary employment expected to increase slightly while non-temporary tertiary employment should pick up

In 2014, employment in the service sector increased slightly (+13,000, after +17,000 in 2013). Despite sharp quarterly fluctuations, temporary employment was, on average, stable over the year.

In all sectors, the rate of recourse to temporary employment remained virtually stable in 2014 and is expected to remain that way until mid-2015. Temporary employment should rise slightly in H1 2015 (+8,000 jobs, after +2,000 in H2 2014). In

1- Employment observed in the non-agricultural market sector, simulated and residual employment



How to read it: The equation residual for employment is the spread between the observed employment growth rate and the simulated employment growth rate. A positive residual, such as that observed at the end of 2013, indicates that observed employment showed better growth than past behaviour would lead us to expect.

Source: INSEE

non-temporary tertiary employment, the opinion of business leaders on growth in their workforces remains negative, except in trade where it improved slightly; after a slight fall in employment in H2 2014 (-8,000), the number of jobs is expected to pick up a little in H1 2015 (+ 21,000 jobs).

All in all, market-sector tertiary employment including temporary work is expected to pick up in H1 2015 (+29,000 posts, against -6,000 jobs in H2 2014).

Industrial employment should continue to decline

Over 2014 as a whole, industrial employment (excluding temporary workers in the sector) fell back again (-38,000), although less markedly than in 2013 (-57,000). In H1 2015, the low level of expectations in terms of employment among industrialists according to the business tendency surveys suggests that job losses should continue at a similar pace (-21,000).

Job losses in construction are also expected to continue.

Employment in construction has fallen continually since the 2008 crisis. Job losses actually increased further throughout 2014 (-49,000 jobs, after -26,000 in 2013). In building construction, given

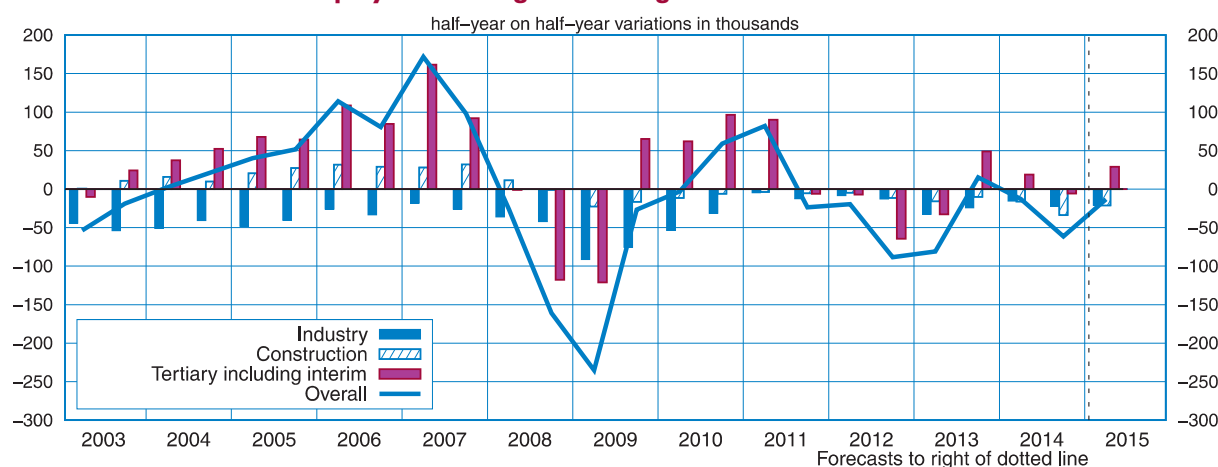
the poor prospects indicated by business tendency surveys (*Graph 3*), the decline in employment is expected to continue: 21,000 jobs are likely to be lost in H1 2015.

Non-market employment is expected to continue growing thanks to subsidised contracts.

In 2014, 65,000 jobs were created in the non-market sector. This rise stems in large part to subsidised contracts (+ 49,000), the number of beneficiaries of which rose over the year as a whole (*Table 2* and *Focus*). The same should be true in H1 2015, with non-market employment expected to grow by 23,000, essentially thanks to subsidised contracts.

Indeed, the Amending Finance Law for 2015 forecasts nearly 320,000 newcomers to non-market subsidised contracts in Metropolitan France: around 270,000 for *contrats uniques d'insertion - contrats d'accompagnement dans l'emploi* (single integration contracts - contracts for support in employment) - and nearly 50,000 *emplois d'avenir* (future jobs). In H1 2015 alone, there are expected to be nearly 200,000 newcomers to these contracts. ■

2- Employment change in non-agricultural market sectors



Source: INSEE

French developments

3- Balance of opinion of business leaders on expected numbers

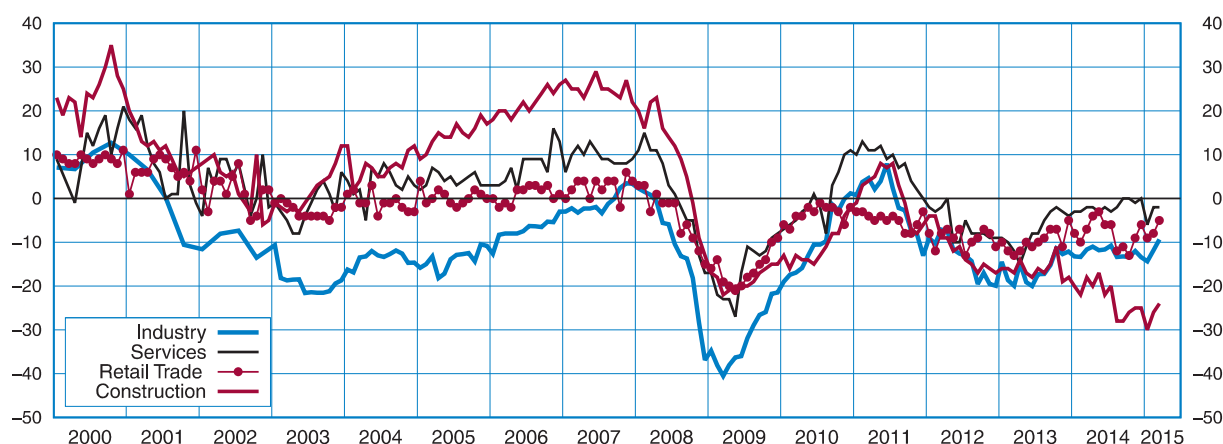


Table 1

Change in employment

	2014				2015		2014 S1	2014 S2	2015 S1	2013	2014	Level* end 2014
	Q1	Q2	Q3	Q4	Q1	Q2						
Mainly non-agricultural non-market sectors (2)	-19	6	-60	-1	-18	5	-13	-61	-13	-66	-74	15,813
Industry	-5	-10	-12	-10	-11	-10	-16	-22	-21	-57	-38	3,141
Construction	-5	-11	-16	-18	-12	-10	-16	-33	-21	-26	-49	1,346
Temporary work	-13	12	-22	24	0	8	-2	2	8	33	0	542
Market services	5	15	-10	3	5	16	21	-8	21	-16	13	10,783
Agricultural workers	1	1	1	1	1	1	2	2	2	7	4	
Mainly non-market service sectors	14	16	14	21	14	9	31	35	23	102	65	
Self-employed	4	4	4	4	4	4	8	8	8	9	15	
TOTAL EMPLOYMENT	0	27	-41	25	1	19	27	-17	20	52	11	

Forecast

* In thousands

Note: 13,000 jobs should be destroyed in the mainly non-agricultural market sector during H1 2015. As of 31 December 2014, this sector employed 15,813,000 people.

(1) Sectors OQ (private workers)

(2) Sectors DE to MN and RU

Source: INSEE

Table 2

Change in subsidised employment in the non-market sector

in thousands

	2014				2015		2014 S1	2014 S2	2015 S1	2013	2014
	Q1	Q2	Q3	Q4	Q1	Q2					
"Emplois d'Avenir"	10	7	7	5	4	4	16	11	8	53	28
CUI-CAE (replaces CAE+CAV on 01/01/10)	10	6	-2	7	11	1	16	5	12	18	21
Total	20	12	5	11	15	5	33	16	20	71	49

Forecast

Scope: Metropolitan France

Sources: DARES, INSEE calculations

Subsidised contracts in 2014

Subsidised contracts, based on direct or indirect subsidies, reduce the cost to employers of hiring or training certain workers. Generally speaking, these subsidised jobs are aimed primarily at certain target groups, such as young people or those with the greatest difficulty finding employment. In 2014, not including sandwich contracts, the beneficiaries of subsidised contracts were in the great majority signed up to single integration contracts (CUI), more often in the non-market sectors (242,000 by the end of 2014 in Metropolitan France) than in the market sectors (31,000 jobs). Market-sector integration contracts (the Single Integration Contract - Employment Initiative Contract, or CUI-CIE) and their non-market-sector equivalents (the Single Integration Contract - Contract for Support in Employment, or CUI-CAE) are aimed at a broad spectrum of people experiencing trouble finding employment (job applications systematically rejected, etc.), regardless of their age or place of residence.¹

The “Future Jobs” contracts (including “teacher” future contracts) which came into force in November 2012 picked up momentum in 2013 and 2014: by the end of 2014, 112,000 people were employed on future jobs contracts in Metropolitan France, up from 72,000 at the end of 2013. Future contracts are aimed at young people with few or no qualifications, primarily in sensitive urban areas or rural regeneration zones. These contracts are predominantly found in the non-market sectors (e.g. the social, medical-social and education sectors, 89,000 by the end of 2014), but can also be found in market sectors (23,000 by the end of 2014) such as ecological development, digital technologies and tourism, with lower subsidies. The great majority of future contracts are for posts in associations or public sector institutions (local authorities, the school system for “teacher” future contracts).

Subsidised contracts are often deployed to counteract the economic cycle: during times of economic slowdown, the volume of subsidised contracts may thus be rapidly increased in order to mitigate the effects of jobs losses and the resulting increase in the unemployment rate.

The short term effect of these contracts on employment depends on whether the jobs in question are in the market or non-market sectors. In the non-market sectors, the number of jobs created is simply equivalent to the difference between the number of contracts signed or extended and the number of contracts reaching their conclusion in the year. However, in the market sector, a certain number of the jobs performed by workers on subsidised contracts would have been created even if this scheme did not exist. In such cases there is a “free gift” or substitution effect, whose scale can vary from one contract to the next. The effect of subsidised contracts on market-sector employment is thus less substantial than the

variation in the number of beneficiaries. The impact of this initiative can be estimated using empirical studies, and by measuring the extent of the decrease in the cost of labour made possible by these contracts (DARES, 1996). These estimates are thus subject to a certain degree of uncertainty.

Furthermore, these assessments are only valid in the short term. Long-term assessments would need to take into account:

- All of the consequences of such initiatives on the labour market (wage adjustment, labour force participation rate etc.),
- The effects on human capital, particularly the effect on the beneficiaries’ capacity for integration into the labour market,
- The economic impact of the way these initiatives are financed.

Finally, as these jobs are aimed primarily at those people who are the furthest removed from the labour market, they constitute a “pull factor”: the increase in the number of subsidised jobs leads to an increase in the labour force participation rate among the demographic groups targeted.

The number of workers on subsidised contracts in the non-market sectors increased again in 2014

The total number of non-market-sector subsidised contracts signed or extended in the year 2014 decreased: 389,000 contracts signed in 2014, compared with 435,000 in 2013. However, the number of people leaving such contracts was lower in 2014 than in the previous year, as these new contracts (particularly the future job contracts) are longer than their predecessors. The total number of workers on subsidised contracts in the non-market sector thus increased to 331,000 in Metropolitan France by the end of 2014, up from 282,000 at the end of 2013 (+49,000), after a substantial rise in the previous year (+77,000).

This increase can be largely attributed to the increased prevalence of future job contracts. In 2014, 68,000 future job contracts were signed or extended in the non-market sector, up from 66,000 in 2013. The number of beneficiaries of such contracts increased to reach 89,000 by the end of 2014, up from 61,000 at the end of 2013. By the end of 2014, 242,000 people were employed on single integration contracts in the non-market sectors. This also represented an increase, but a less substantial one (+21,000 since the end of 2013).

In the market sector, the number of beneficiaries of integration contracts stabilised in 2014 but the number of sandwich contracts dropped off

By the end of 2014, the market sector counted 632,000 beneficiaries of subsidised contracts, slightly fewer (-6,000) than at the end of 2013.

(1) Since July 2014, recruitment by integration workshops and sites (ACI) no longer takes the form of CUI-CAE contracts but instead uses CDDI contracts (fixed-term integration contracts). Nonetheless, in order to focus our analysis of subsidised employment within a constant scope, the CUI-CAE data presented here include ACI figures.

French developments

This decrease can be attributed to the decline in the number of beneficiaries of "sandwich contract" training programmes, which account for around 90% of subsidised contracts in the market sector.

At the end of 2014, 573,000 people were on such sandwich contracts, a decrease of 18,000 from the total recorded at the end of 2013. Indeed, fewer people took up such contracts in 2014: 433,000 new sandwich contracts, compared with 438,000 in 2013. The number of beneficiaries of future contracts in the market sector increased by 12,000 to stand at 23,000 as of the end of 2014, an increase which only partly offset the decline in the number of beneficiaries of sandwich contracts.

Furthermore, 48,000 single integration contracts were signed or extended in the market sector in 2014, after 50,000 in 2013. With the number of people leaving such

contracts remaining stable at 2013 levels, the number of beneficiaries of single integration contracts in the market sector did not vary: this figure stood at 31,000 at the end of 2014, just as at the end of 2013.

The number of beneficiaries of social charges exemption programmes in rural regeneration zones (ZRR) and urban regeneration zones (ZRU) has been stable since 2012, with 5,000 beneficiaries at the end of the year. ■

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Subsidised employment initiatives: variations and number of beneficiaries

In thousands, not seasonally adjusted

	New beneficiaries (including contract extensions)					Number of beneficiaries (total at end of year)				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Employment in the non-market sector	377	357	403	435	389	254	204	204	282	331
dont :										
CUI	377	357	402	369	321	241	204	203	221	242
"Emplois d'avenir"***	0	0	1	66	68	0	0	1	61	89
Contract to Support Employment	0	0	0	0	0	8	0	0	0	0
Contract for the Future	0	0	0	0	0	5	0	0	0	0
Employment in the market sector*	547	518	526	506	506	634	645	636	638	632
Lowering labor costs	119	59	57	68	73	69	50	31	47	59
CUI	113	53	52	50	48	55	44	26	31	31
"Emplois d'avenir"	0	0	0	13	20	0	0	0	11	23
Social security exemption (ZRR and ZRU)	6	6	5	5	5	6	6	5	5	5
Young worker's contract	0	0	0	0	0	1	0	0	0	0
Employment initiative contract (old and new formulas)	0	0	0	0	0	6	0	0	0	0
CI-RMA (old and new formulas)	0	0	0	0	0	1	0	0	0	0
Dual training	428	459	469	438	433	565	595	605	591	573

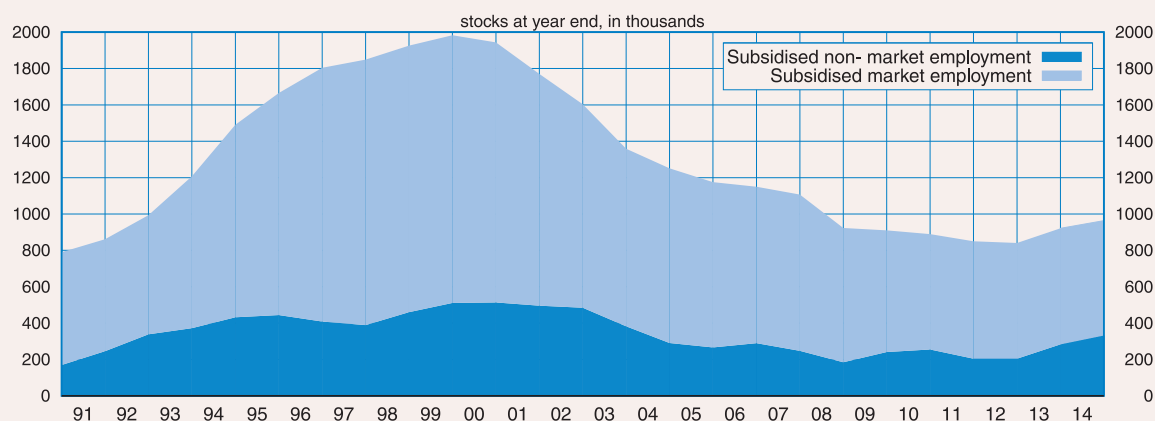
* out general measures such as general reductions in social contributions and reduction of working time

** including jobs of the future "teachers"

Scope: Metropolitan France

Sources: Dares, Agence de services et de paiement

Beneficiaries of subsidised employment initiatives in the non-market and market sector



Sources: Dares, Agence de services et de paiement

Unemployment

The unemployment rate settled at 10.4% in Q4 2014, after 10.3% in Q3. In Metropolitan France, the number of unemployed increased by 36,000 and the unemployment rate reached 10.0% of the labour force, after 9.9% the previous quarter.

In H1 2015, the slight improvement expected in employment is unlikely to be enough to absorb the increase in the labour force, and the unemployment rate should rise again, by +0.1 points per quarter. It is expected to rise to 10.6% by mid-2015 (10.2% in Metropolitan France).

Unemployment rose again in Q4 2014

In Q4 2014, the number of unemployed increased by 36,000 in Metropolitan France (Table) after a rise of 78,000 in the previous quarter. Employment fell slightly over the same period (-8,000). The unemployment rate thus reached 10.0% at the end of 2014 (Graph), 0.1 points more than in Q3. It increased by 0.4 points compared to Q4 2013, with the number of unemployed rising by 123,000. For Metropolitan France including overseas departments, the unemployment rate settled at 10.4%, after 10.3% in Q3 2014.

The rise in unemployment mainly affects men

In Q4 2014, 10.4% of active men and 9.7% of active women were unemployed in Metropolitan France. The unemployment rate for men increased in Metropolitan France by 0.3 points over the

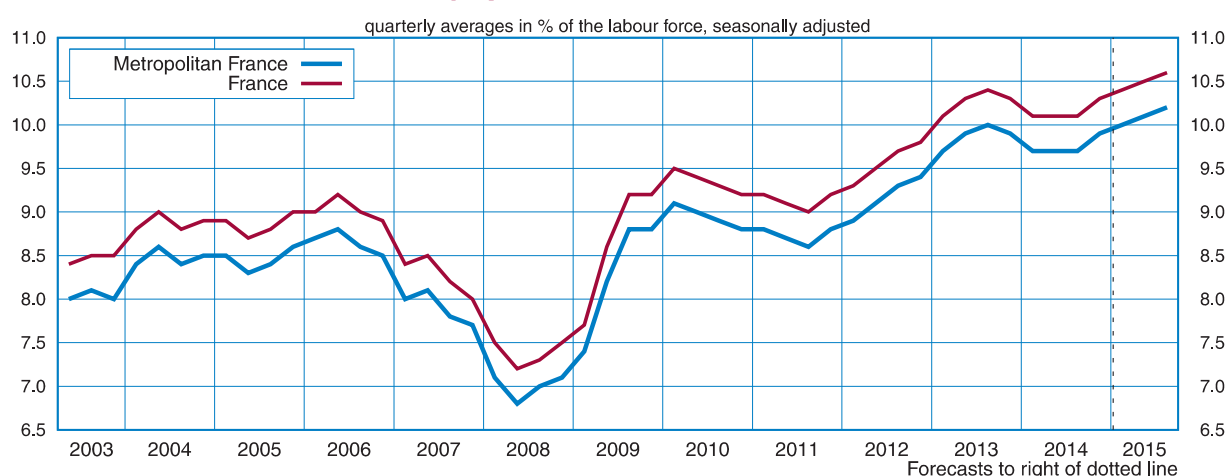
previous quarter and by 0.8 points over late 2013, while for women it remained stable. This divergence can be partly explained by the decline in employment in industry and construction (see Employment sheet), sectors that predominantly employ men.

Since mid-2012, the unemployment rate for men has regularly been higher than that for women. In Q4 2014, the difference between the unemployment rate for men and for women reached 0.7 points, the highest since the series began (1975).

Unemployment among young people rising again

After a peak of 25.3% in 2012, the unemployment rate among 15-24 year-olds fell throughout 2013 before stabilising at 22.6% in mid-2014. Young people notably benefited from the implementation of future jobs ("emplois d'avenir") labour contracts, aimed at those with few or no qualifications. Their unemployment rate nevertheless rose again in the second part of the year. Between Q4 2013 and Q4 2014, the unemployment rate for young people increased by 1.0 points, with the fall in the unemployment rate for young women (-1.3 points against end 2013) insufficient to offset the marked rise in the unemployment rate for young men (+2.9 points). The unemployment rate for 25-49 year-olds increased by 0.2 points compared to the previous quarter, and by 0.4 points over one year. The rate among people aged over 50 stabilised in Q4, and increased by 0.4 points against end 2013.

1 - Unemployment rate in the sense of the ILO



France = Metropolitan France + Overseas Departments
Scope: Population of households, people aged 15 or over

Source: INSEE, Employment Survey

French developments

The unemployment rate should rise again in H1 2015

In 2014, the labour force rose by 161,000 people, mainly among the 50-64 year-olds. The labour force participation rate among 50-64 year-olds thus rose by 1.7 points between Q4 2013 and Q4 2014, reaching 63.6%. This rise is linked in particular to the lowering of the legal retirement age, at 61 years and 2 months since early 2014. The anticipated retirements linked to the recasting of the "long careers" scheme limited this increase, but this scheme is expected to have less effect in early 2015 (see "estimated effects of public policies" line in the Table). In H1, the labour force is expected to return to its trend growth, and should increase by 64,000 people.

In early 2015, the slight upturn in employment (+20,000 at the end of the period, or +23,000 on average in H1, after -15,000 in H2 2014) is unlikely to be enough to offset this rise in the labour force, so the unemployment rate should climb again. With a rise of 0.1 points per quarter, it should settle at 10.2% in Metropolitan France and at 10.6% in Metropolitan France including overseas departments by mid-2015, its highest level since late 1997. ■

Changes to the active population, employment and unemployment in Metropolitan France

	quarterly changes										annual changes				
	2013				2014				2015		2011	2012	2013	2014	2015 S1
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2					
Population of the 15-64 age group	-26	-25	-25	-24	-23	-22	-21	-20	-20	-19	4	-104	-100	-86	-39
Population of the 15-59 age group	-24	-20	-15	-13	-12	-12	-14	-15	-16	-16	-85	-90	-72	-52	-31
Labor force	16	3	-9	-37	56	6	71	28	33	31	215	206	-27	161	64
including:															
(a) Contribution of the population and the trend participation rate	30	30	30	30	34	34	34	34	32	32	165	146	120	135	64
(b) Estimated bending effects	-6	-5	-4	-3	-1	-3	-4	-5	1	-1	-6	15	-18	-13	0
(c) Other short-term fluctuations (residual)	-9	-22	-35	-64	23	-25	42	-1	0	0	56	46	-129	39	0
Employment	-29	-24	-3	51	39	14	-7	-8	13	10	165	-43	-6	38	23
Reminder: End-of-period employment (see "Employment" note)	-20	-28	23	78	0	27	-41	25	1	19	124	-53	52	11	20
ILO unemployment	45	28	-7	-87	17	-8	78	36	20	21	51	249	-22	123	41
	quarterly average										average in the last quarter of the period				
ILO unemployment rate (%)															
Metropolitan France	9.9	10.0	9.9	9.6	9.7	9.7	9.9	10.0	10.1	10.2	8.9	9.7	9.6	10.0	10.2
France (including overseas departments)	10.3	10.4	10.3	10.1	10.1	10.1	10.3	10.4	10.5	10.6	9.3	10.1	10.1	10.4	10.6

Forecast

How to read it:

- the Employment line presents variations in the number of people in employment as a quarterly average, for consistency with the other data in the table,
- employment and unemployment are not estimated here within strictly equivalent scopes: total population for employment, population of households (excluding collective) for unemployment. As the impact of this difference is very minor (the population outside of households represents less than 1% of the active population), it is neglected here for the unemployment forecasting exercise.

Source: INSEE