

French developments



Review of the previous forecast

In Q4 2015, activity in France grew (+0.3%) slightly more than forecast in the December 2015 issue of *Conjoncture in France* (+0.2%). Consumption and investment contributed to growth as expected (+0.2 points). Foreign trade had a negative effect (−0.5 points) where it had been forecast to be neutral. This was offset by changes in inventories which contributed around +0.7 points to growth (after +0.7 points in the previous quarter) whereas a neutral contribution had been expected. The forecast for growth for Q1 2016 is unchanged (+0.4%).

In Q4 2015, market-sector employment increased slightly more than forecast (+32,000 compared to +25,000). At the same time, the unemployment rate fell slightly, by 0.1 point, as expected. In December, headline inflation reached +0.2%, as forecast. In June, it is expected to come out at −0.1% compared to +0.2% forecast in the last issue, this revision being mainly attributable to the further fall in the price of oil.

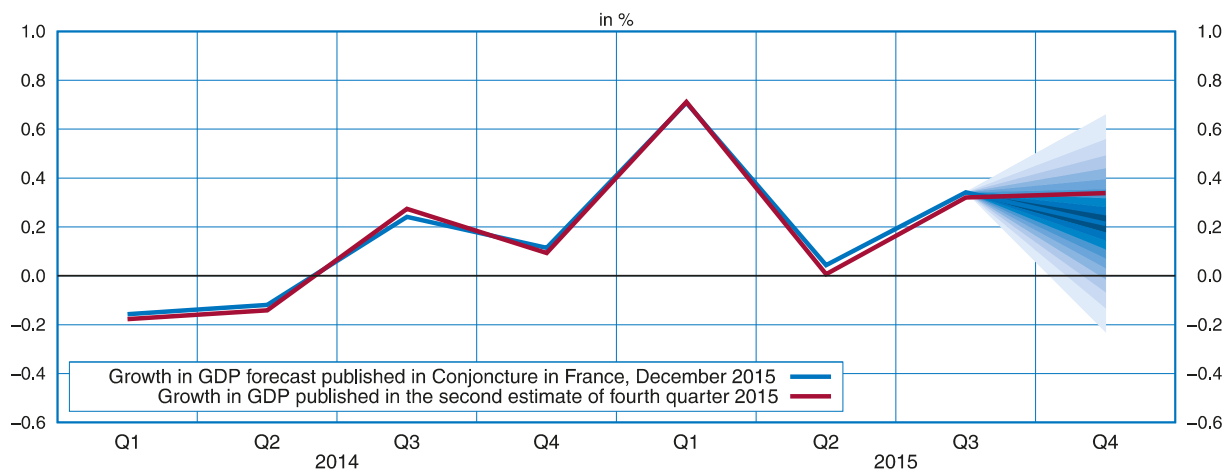
At the end of 2015, activity increased slightly more than forecast in the December 2015 issue

In France in Q4 2015, activity increased slightly more (+0.3%) than forecast in the December 2015 issue of *Conjoncture in France* (+0.2%). Total output grew more than forecast (+0.6% compared to +0.2%). This expansion is due first of all to manufacturing industry, in which output, expected to grow moderately (+0.4%), increased sharply (+1.1%) in particular in the coking-refining and transport equipment branches. Energy-water-waste output stabilised whereas it was forecast to fall (−0.7%). The output of market services excluding trade grew more (+0.5%) than forecast (+0.3%), driven by manufacturing output. Finally, output in construction picked up slightly (+0.2%) whereas it had been expected to remain stable.

Domestic demand slowed as forecast

Domestic demand excluding inventories contributed to growth in the last quarter of 2015 (+0.2 points), as forecast. Household consumption decreased slightly more than expected (−0.2% compared to −0.1% forecast), in particular consumption of clothing and automobiles. As expected, expenditure on accommodation and catering fell due to the fears raised by the 13 November terrorist attacks (*Focus* on the *Consumption* sheet); consumption of services was therefore flat (+0.1% compared to 0.0% forecast).

Fan chart for *Conjoncture in France* for December 2015 and growth achieved



Source: INSEE

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The rise in total investment was surprisingly strong (+0.7% compared to +0.5% expected). This was largely due to corporate investment gathering pace (+1.3% after +0.5%) faster than expected (+0.8% after +0.7%), in both manufactured goods and construction. In addition, government investment increased (+1.0%), due in particular to a rebound in civil engineering, whereas it was expected to remain stable. However, surprisingly household investment fell back (-1.0% compared to -0.1% forecast), mainly in housing construction.

The trade balance affected activity more adversely (-0.5 points) than expected (0.0 points), due to vigorous imports (+2.5% compared to +0.6% forecast), in particular in the aeronautical and pharmaceutical sectors. Exports grew (+1.0%) a little more than expected (+0.7%). This was offset by changes in inventories which contributed around +0.7 points to growth (as in the previous quarter) whereas a neutral contribution had been expected.

The growth forecast for Q1 2016 remains unchanged at +0.4%

Total output is expected to increase by 0.4% in Q1 2016, as forecast in the December issue of *Conjoncture in France*. Energy output is set to be more vigorous (+0.8%) than previously expected (+0.5%). The forecast for output in market services is unchanged (+0.5%). Manufacturing output is expected to increase by 0.3% in Q1, as forecast in the December issue. The forecast for activity in the construction sector is virtually unchanged (-0.2% compared to -0.1%).

Domestic demand is likely to contribute slightly more to growth (+0.5 points) than forecast in the December issue of *Conjoncture in France* (+0.4 points). Household consumption is expected to bounce back more strongly (+0.8%) than initially forecast (+0.5%), in particular spending on manufactured goods (+1.3% compared to +0.7%) and on energy (+1.6% compared to +0.5%). However, total investments are expected to grow less (+0.2%) than forecast (+0.4%): household investments are expected to slip back (-0.5% compared to 0.0%), whilst those of non-financial enterprises are expected to increase slightly less (+0.7%) than forecast in December (+0.9%).

Foreign trade is likely to make a positive contribution to growth, whereas a neutral contribution was initially anticipated. Exports are

expected to grow slightly less strongly (+0.6% compared to 0.9%), but the increase in imports should be lower than forecast (+0.3% compared to +1.0%). In reaction to two consecutive quarters with a strong positive contribution, the contribution of changes in inventories is likely to be negative (-0.2 points) whereas a neutral contribution was anticipated in December.

The forecast for market-sector employment is virtually unchanged

In Q4 2015, employment in the non-agricultural market sector increased by 32,000, almost exactly as forecast. The estimate is in line with the forecast in the three main sectors: industry (-9,000 compared to -10,000 expected), construction (-7,000 compared to -8,000 expected) and the tertiary sector (+47,000 compared to +42,000 expected). Temporary employment was a little more buoyant than anticipated (+19,000 compared to +13,000 forecast) whereas employment in the tertiary sector increased practically in line with the forecast (+28,000 compared to +29,000 anticipated). As for the unemployment rate, it fell by 0.1 points in Q4, as anticipated: due to the revision of the past unemployment rate, it stands at 10.0%, compared to 10.1% forecast.

In H1 2016, employment is likely to be almost as vigorous as forecast in the last *Conjoncture in France*. Thus, the unemployment rate is expected to decrease by 0.1 points over H1 2016, as forecast in the last issue.

Inflation is likely to be lower than forecast, because of the fall in the price of Brent crude

In December 2015, headline inflation reached +0.2% year on year, as forecast in the last *Conjoncture in France*. In June 2016, consumer prices are expected to fall by 0.1% over a year, compared to a slight increase forecast in the last *Conjoncture in France* (+0.2%), this revision mainly reflecting the change in the assumption regarding the price of Brent crude (down from \$45 to \$40 a barrel), in view of the further falls in the price in December 2015 and January 2016. The forecast for core inflation, however, remains unchanged (+0.7% in June 2016). ■

Output

In Q4 2015, gross domestic product increased at the same pace as in Q3 (+0.3%). Production of goods and services accelerated, however (+0.6% after +0.3%). Manufacturing output increased much more strongly (+1.1% after +0.2%) and activity rebounded slightly in construction (+0.2% after -0.8%), while activity slowed down in trade (+0.5% after +0.8%), hit by the fall in consumption. In market services excluding trade, activity continued to grow at the same pace (+0.5%).

In February 2016, the business climate showed a slight downturn and returned to its long-term average. It levelled out above its average in industry, fell back slightly in services and trade, and remained poor in building.

As a result, production of goods and services is expected to slow down slightly in H1 2016 (+0.4% in Q1 then +0.5% in Q2). It is likely to continue growing in industry, although much less quickly, and contract again in construction.

Production of goods and services set to slow down slightly in H1 2016

In Q4 2015, gross domestic product (GDP) continued to grow at the same pace (+0.3%), while production of goods and services accelerated (+0.6% after +0.3%). The difference is the result of the fact that it was the low-added-value branches that were more dynamic, notably the manufacturing branches. In February 2016, the business climate weakened slightly and returned to its long-term average (100). It levelled out above its average in industry but fell back slightly in services and trade, while it remained poor in building (*Graph 1*).

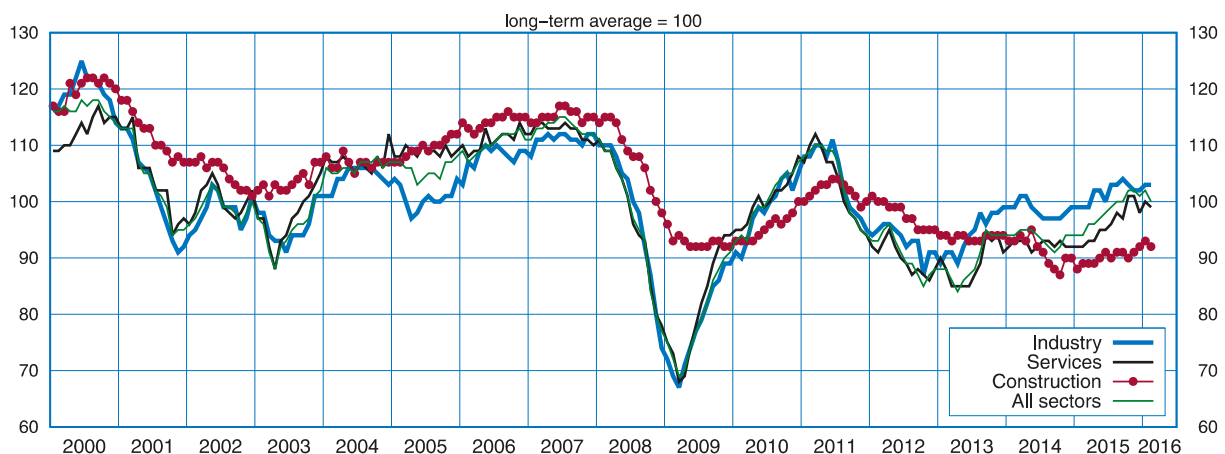
Production should therefore grow a little less quickly in H1 2016 (+0.4% and +0.5%). By mid-2016, the growth overhang in production of goods and services should already be +1.3%, when it only increased by 1.4% over 2015 as a whole.

Manufacturing output likely to progress, but less quickly

In Q4 2015, manufacturing output accelerated (+1.1% after +0.2% in the previous quarter, see Table). This acceleration was driven mainly by the dynamism of the capital goods, transport equipment and coking-refining branches.

Manufacturing output is likely to continue growing in H1 2016, but less quickly than at the end of 2015 (+0.3% then +0.5% in Q1 and Q2). The opinion of business managers in industry on their personal production prospects continued to

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



Source: INSEE

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improve in February, even though this indicator was already above its long-term average (*Graph 2*). In addition, the growth overhang in the industrial production index for Q1 was +1.0% at the end of January. However, the balance of opinion on past production among business leaders was below its long-term average. By the end of Q2, the growth overhang in manufacturing output for 2016 should be +1.5%, which is as much as its average annual growth in 2015.

Activity likely to fall back again in construction

In Q4 2015, production in construction progressed weakly (+0.2%), after falling for eight consecutive quarters. It accelerated in civil engineering in particular.

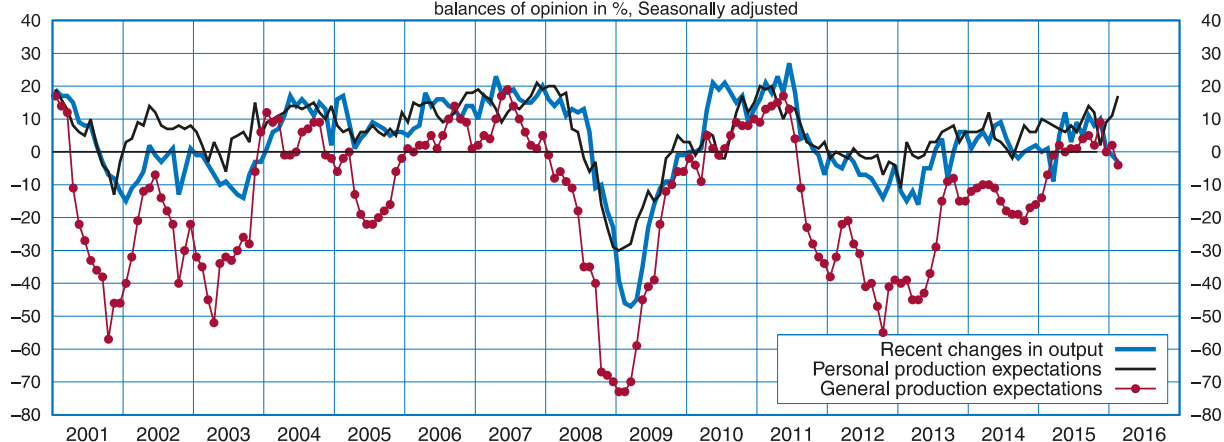
In H1 2016, production in construction is likely to fall back again (-0.2% in Q1 then -0.1% in Q2), although at a much slower pace than in the previous two years. Although the opinion of

business managers in building improved through 2015, the business climate remains poor and order books are considered to be below their normal levels. The balances of opinion on expected activity are also falling in early 2016, in both building and civil engineering (*Graph 3*). New house sales, which had been progressing continuously since the end of 2014, fell again at the end of 2015: individual housing starts, which had showed an upturn in Q3 2015, fell back again in Q4 and are likely to remain sluggish through to mid-2016. Given the lead time between housing starts and effective construction, production of housing should fall again slightly in H1 2016. In civil engineering, after a very dynamic last quarter in 2015, activity is likely to weaken by a backlash effect in early 2016.

Production in the construction branch fell by 2.8% over 2015 as a whole. By mid-2016, the growth overhang for the year should be -0.8%.

2 – Opinion on output in manufacturing industry

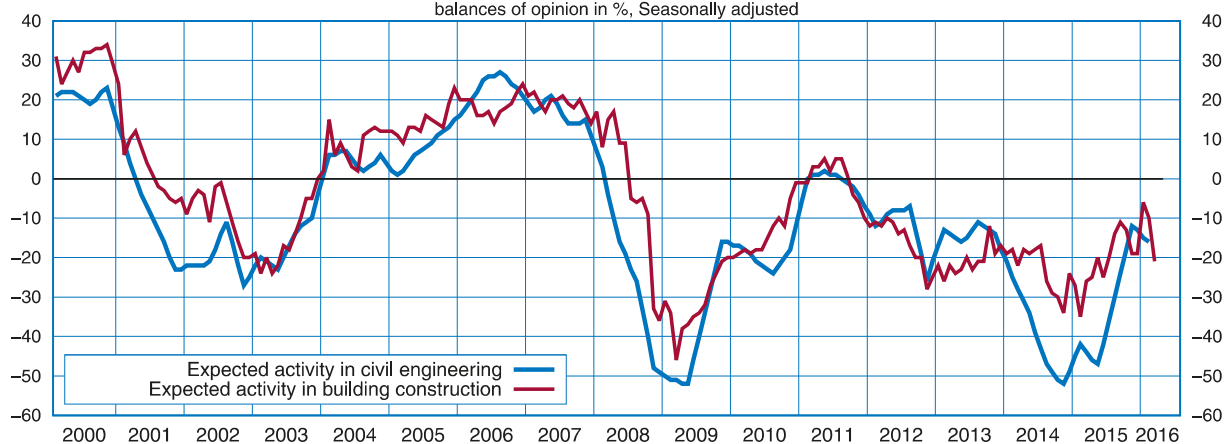
balances of opinion in %, Seasonally adjusted



Source: INSEE

3 – Activity forecast for construction

balances of opinion in %, Seasonally adjusted



Source: INSEE

After being at a standstill at the end of 2015, energy production should show an upturn in H1 2016

Energy production levelled out in Q4 2015 (0.0% after +0.4%). It was buoyed by consumption in industry, but the mild autumn brought a reduction in household consumption of heating. In H1 2016, energy production should rise through both quarters (+0.8% then +0.9%). By the end of H1 2016, the energy production growth overhang should stand at +1.1%, after a rise of +1.5% over 2015 on average.

Trade to remain dynamic

Activity in the trade sector slowed down in Q4 2015 (+0.5% after +0.8%). Households cut back their expenditure on manufactured goods (−0.3% after +0.7%), and more particularly on purchases of clothing, due to the mild temperatures, and of automobiles.

In Q1 2016, the expected upturn in household consumption of manufactured goods is set to drive trade which should accelerate significantly (+0.8%). In early 2016, the business climate in wholesale trade remains close to its long-term average, while that in retail trade remains higher than normal; it is particularly high in the trade and repair of motor vehicles. In Q2, trade should remain dynamic (+0.6%), driven once again by household consumption of goods. By mid-2016, the annual growth overhang of production in trade should stand at +2.2%, after an average of +2.7% in 2015.

In market services excluding trade, activity to increase moderately

In Q4 2015, production of market services excluding trade grew as it had in Q3 (+0.5%). Activity fell back in accommodation and food services (−0.3% after −0.3% in Q3), hit by the fears raised by the terrorist attacks of 13 November. It accelerated, however, in information-communication and in services to businesses.

According to the business managers surveyed in February 2016, the short-term outlook has weakened slightly in services but remains close to its long-term average (99). Activity is expected to continue to progress moderately in H1 2016 (+0.5% per quarter).

By mid-2016, the growth overhang in production of market services excluding trade should stand at +1.6%, after +1.9% on average in 2015.

Activity in non-market services to continue growing at a slow pace

In Q4 2015, production in mainly non-market services increased at a stable pace (+0.4%). It should remain almost at the same rate in H1 2016 (+0.3% per quarter). By mid-2016, the annual growth overhang in mainly non-market services should stand at +1.1%, after +1.2% last year. ■

Output by branch at the previous year's chain-linked prices

Q/Q-1 variations (as a %), SA-WDA data

	Quarterly changes										Annual variations		
	2014				2015				2016		2014	2015	2016 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Agriculture (2%)	2.0	1.5	0.8	−0.4	−0.6	−0.4	−0.3	0.0	0.3	0.1	5.4	−0.6	0.1
Manufacturing industry (20%)	0.3	−0.5	0.6	−0.2	1.5	−0.5	0.2	1.1	0.3	0.5	0.3	1.5	1.5
Energy. Water. Waste (4%)	−2.5	0.9	1.3	−2.4	3.9	−2.0	0.4	0.0	0.8	0.9	−3.5	1.5	1.1
Construction (8%)	−0.8	−1.2	−0.8	−0.7	−0.6	−0.9	−0.8	0.2	−0.2	−0.1	−2.2	−2.8	−0.8
Trade (10%)	−0.1	0.1	0.8	0.4	1.2	0.2	0.8	0.5	0.8	0.6	1.4	2.7	2.2
Market services excluding trade (41%)	0.3	0.1	0.5	0.3	0.8	0.3	0.5	0.5	0.5	0.5	1.1	1.9	1.6
Non-market services (15%)	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.3	0.3	1.3	1.2	1.1
Total (100%)	0.1	0.0	0.5	0.0	0.9	−0.1	0.3	0.6	0.4	0.5	0.7	1.4	1.3

Forecast

Weights constructed from the annual production value in 2010.

Source: INSEE

France's International Environment

In the emerging countries, the outlook remained gloomy in 2015, in particular in China where growth fell to its lowest level for a quarter of a century. In H1 2016, activity is expected to continue to idle: Brazil and Russia are likely to stay in recession due to further falls in commodity prices, whilst Chinese growth is expected to flatten out.

The weak imports of the emerging countries have depressed activity in the advanced countries. In Q4 2015, activity slowed in these countries, notably because exports slipped back. At the beginning of 2016, the business climate is settling down, pointing to moderate growth in activity in the first half of the year. This is expected to be sustained by household consumption, boosted by an upturn in purchasing power, but conversely investment is expected to slow down.

The slowdown in the emerging countries is affecting world trade, which is therefore expected to grow moderately, at a much slower pace than prior to the crisis.

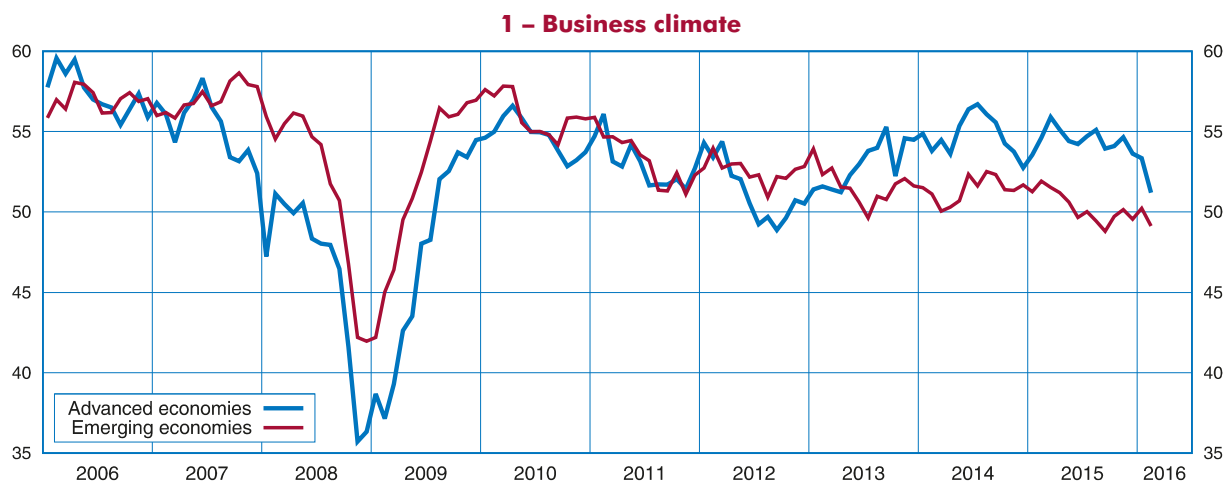
The situation is expected to remain weak in many emerging countries

The outlook remains poor in many emerging countries (*Graph 1*), in particular the major commodities exporters like Brazil, which is also in the grip of severe economic and political tensions, and Russia. In Q4 2015, Russian GDP appears to have contracted for the sixth consecutive quarter, bringing the drop in activity to -3.7% over the year. Due to the new fall in oil prices begun in Q4 2015,

the prospects of a stabilisation of the economy are once again postponed beyond the forecasting period. The rouble has actually lost a quarter of its value against the dollar since mid-November, causing another spike in inflation and further reductions in purchasing power. In addition, the loss of revenue from petroleum products is damaging public finances, leading to spending cuts.

In China in 2015, growth reached its lowest level in 25 years (+6.9%). Over the year as a whole, industrial output fell back significantly, the production of steel and cement in particular. Investment in the manufacturing sector, which was growing by about 20% a year at the beginning of 2014, has been constantly falling and reached a low of 4.4% in December 2015. Investment in business real estate fell back, and building starts have decreased by about 15% compared to the previous year since the beginning of 2015. Nonetheless, growth seems to have settled down at the end of the year thanks to a recovery in household consumption. This has been driven by a strong upturn in automobile sales, due to a fiscal incentive measure.

Among the emerging economies, the countries of Central and Eastern Europe and Turkey have held up better, fully benefiting from the moderate growth in the Eurozone: their growth remained high in 2015 in spite of their tense environments (Russian-Ukrainian crisis, geopolitical tensions, long election period and Syrian migrant crisis in Turkey). With a business climate that is still positive, their growth should remain high in H1 2016, although at a slightly lower level.



Source: Markit

The stock markets in emerging and advanced countries are experiencing some turmoil

In December 2015 and January 2016, the main stock markets in the advanced and emerging countries plummeted. Uncertainty about the scale of the slowdown in the emerging economies, notably China, seems to be the main factor of this adjustment. In addition, the past and announced future increases in the base rates of the US Federal Reserve have made investments in the emerging economies relatively less profitable.

In January 2016, the market capitalisations of the Indian, Russian, Turkish and Brazilian stock exchanges lost between 10% and 25% of their value on 1st January 2015, before bouncing back in February. The Chinese stock market indices lost almost 25% of their value in January.

The main financial markets in the advanced countries also fell in January 2016 (Graph 2), due to specific factors of their own, in particular the growing uncertainty about the solidity of the banking system, both in the United States, where banks are exposed to oil sector loans, and in Europe, where levels of outstanding bad debts remain high, especially in Italy. The adjustment of the stock market indices was accompanied by increased volatility, although still well below the levels reached at the end of 2008 or in summer 2011, bringing greater uncertainty for businesses.

World trade is expected to grow at a substantially slower pace than its long-term average

The slowdown in the imports of the emerging countries, in Asia in particular, has put a brake on world trade. In Q4 2015, it nonetheless grew by 0.7% thanks to vigorous purchasing by the advanced countries. In H1 2016, world trade is expected to grow at a moderate pace (+0.5% in

Q1, then +0.8% in Q2), hindered by the persistently weak imports of the emerging countries. World trade is therefore expected to grow far more slowly than before the crisis (+1.5% per quarter on average between 2000 and 2007). All in all, the annual carry-over effect of world trade is expected to reach +2.5% by mid-2016, after +2.5% over the whole of 2015.

The advanced countries are affected by the slowdown in world trade

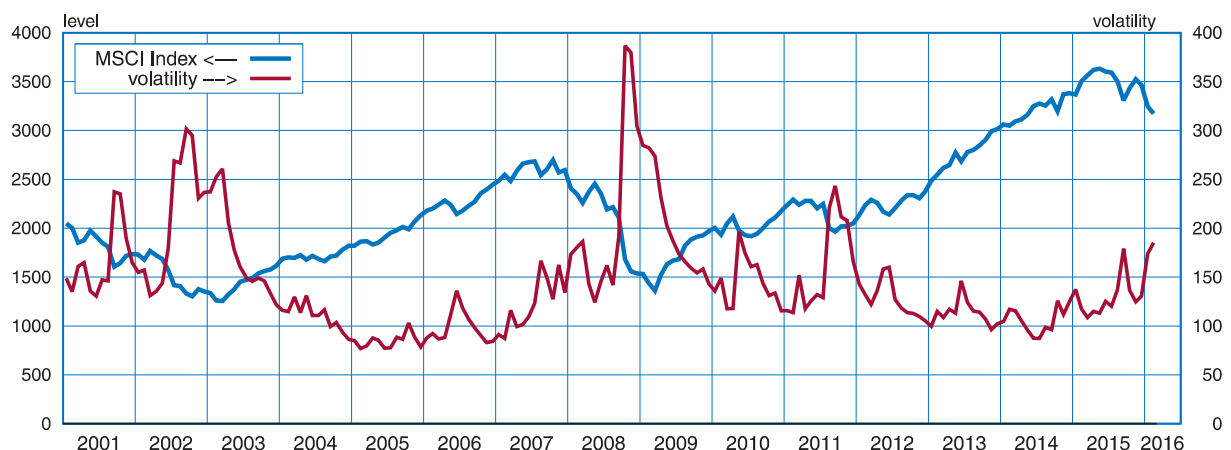
In this international context, activity in the advanced economies slowed down in Q4 2015 (+0.3% after +0.5%). Exports were depressed by the lack of demand from the emerging countries, in particular China and South-East Asia (Graph 3). The advanced Pacific Rim countries were particularly hard-hit: exports fell in Japan (-0.8%) and in the United States (-0.7%). They virtually stagnated in the United Kingdom (-0.1%) and decreased in Germany (-0.6%), where a downward trend in orders from China has had an adverse effect since the end of 2014. Across the Eurozone as a whole, exports have grown only slightly, like in the summer (+0.2%).

Although declining, the short-term outlook points to a return to moderate growth in the advanced countries in H1 2016: on average, activity is expected to grow by 0.4% per quarter. Thus after annual growth of 1.9% in 2015, the annual carry-over effect for advanced countries is likely to reach +1.3% by mid-2016.

The service sector is still expected to drive growth in the United States and the United Kingdom

In the United States and the United Kingdom, economic activity in H1 2016 is expected to be sustained mainly by the buoyancy of the service sector, whereas manufacturing activity is likely to remain particularly lifeless. In the United States

2 – Stock market indices of the advanced countries



Sources: Macrobond, INSEE calculations

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growth is likely to remain modest (+0.5% per quarter), essentially driven by household consumption, whereby purchasing power is expected to benefit from still vigorous wages and a further drop in the price of oil. In the United Kingdom, however, consumption is expected to slow as the potential for dissaving seems to have been exhausted, and investment is likely to be penalised by uncertainty generated by the EU referendum: all in all, British activity is expected to grow at a substantially slower rate (+0.4% per quarter) than the average between mid-2013 and mid-2015 (+0.7%).

The Eurozone is expected to be resilient

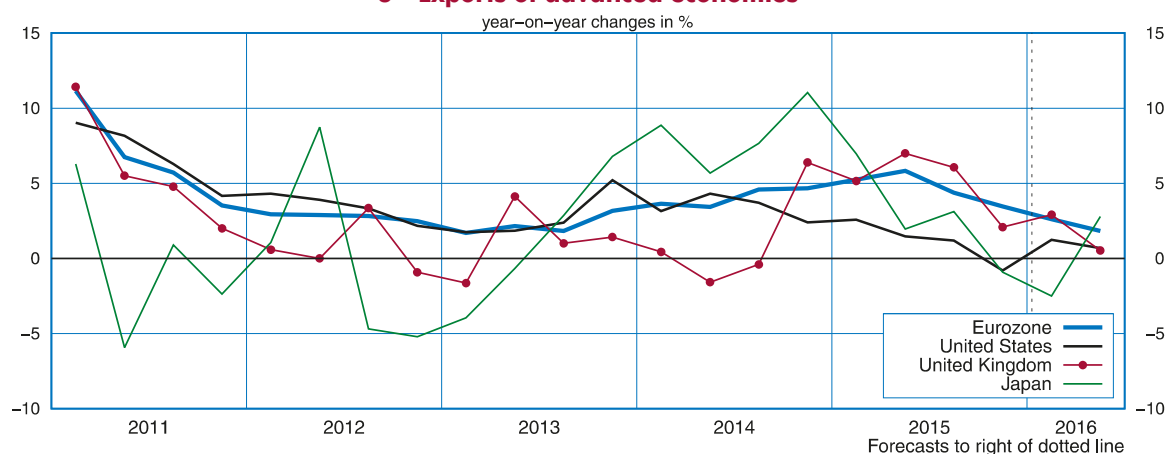
In this lacklustre environment, Eurozone growth is expected to increase slightly (+0.4% per quarter). After a dip at the end of 2015, household consumption is expected to pick up in the wake of purchasing power stimulated by the recovery in employment, the gradual improvement in wages but also by the fall in the price of oil.

The contribution of foreign trade to the Eurozone's growth is expected to be slightly negative in H1 2016: the positive effect of the depreciation of the currency on exports should begin to wear off, whilst buoyant domestic demand should sustain imports.

World demand for French products should strengthen

Against this backdrop of slower foreign trade with the emerging countries and the resilience of the Eurozone, world demand for French products is expected to pick up slightly by mid-2016 (+0.7% in Q1 then +0.8% in Q2), in particular thanks to its European trading partners. By the end of H1 2016, the carry-over effect of world demand for French products is expected to stand at +2.3%, after +3.4% over the whole of 2015. ■

3 - Exports of advanced economies



Sources: Eurostat, ONS, BEA, Statistics Bureau of Japan, INSEE forecast

International scenario summary

	2015				2016		2014	2015	2016 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2			
GDP of advanced economies	0.4	0.5	0.5	0.3	0.4	0.4	1.9	1.9	1.3
World trade	-0.6	-0.6	2.1	0.7	0.5	0.8	3.2	2.5	2.5
Imports of advanced economies	1.8	-1.0	1.2	0.8	0.8	0.9	3.2	3.6	2.4
Imports of emerging economies	-4.2	-0.9	2.4	1.0	0.2	0.7	2.8	-0.9	2.5
World demand for French products	0.8	0.0	1.3	0.4	0.7	0.8	3.9	3.4	2.3

Forecast

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

Sources: National statistical institutes, Centraal PlanBureau, International Monetary Fund, INSEE forecast

Foreign trade

At the end of 2015 foreign trade slowed, dampening demand for French goods. However, French exports have bounced back (+1.0% after -0.6%), due to the upturn in manufacturing exports (+1.8% after -0.9%). In H1 2016, despite world trade remaining in the doldrums, the outlook for world demand for French goods would seem to be positive. Exports are therefore expected to see solid growth in H1 2016 (+0.6% then +1.3%), driven by the delivery of aeronautical and naval contracts. Imports were still sustained at the end of 2015 (+2.5% after +1.7%), thanks to very vigorous purchases of manufactured goods (+3.2% after +2.1%). They are expected to slow in reaction to this strong growth in Q1 2016 (+0.3%), but should then return to a pace more in line with domestic demand in Q2 (+0.9%). All in all, the contribution of the trade balance to growth is expected to be positive in H1 2016, after being negative in 2015 (-0.3 points on average over the year).

World trade expected to see weak growth in H1 2016

World trade picked up strongly in Q3 2015 (+2.1%) after falling back in the first half of the year (-0.6% per quarter on average). World trade slowed in Q4: +0.7% (Graph 1). Indeed, the imports of the emerging countries slowed, especially in Asia. For H1 2016, the different indicators relating to new export orders and the first customs data available suggest that world trade is growing at a much more moderate pace (+0.5% in Q1, then +0.8%) than before 2008 (+1.5% per quarter on average from 2000 to 2007).

World demand for French goods also stalled at the end of 2015 (+0.4% after +1.3%), due to a slowdown in the imports of France's main trading partners in the advanced economies (Graph 2).

Exports should increase solidly in H1 2016

In Q4 2015, French exports bounced back (+1.0% after -0.6%, Table), especially exports of manufactured goods (+1.8% after -0.9%). In particular, sales of transport equipment picked up again (+4.5% after -6.4%). However, a decline in sales of energy (-2.2%) and agricultural produce (-9.2%) adversely affected the overall trend.

In H1 2016, exports are expected to increase again (+0.6% then +1.3%), slightly faster than world demand, as the effective exchange rate of the Euro is still relatively favourable. In addition, exports of manufactured goods (+0.7% then +1.7%, Graph 3) should be bolstered by large export contracts in the aeronautical and naval sectors throughout H1 2016, with deliveries of military equipment and a civilian ocean liner. To a lesser extent, exports are also expected to benefit from the gradual restart of deliveries to Iran after sanctions are lifted (Focus). Exports of agricultural products, after shrinking considerably in Q4, should pick up a little (+2.0% then +0.5%). Energy exports are expected to continue slipping back (-1.0%) before experiencing a modest recovery (+0.5%). As for exports of services, they should increase at a pace slightly below their trend (+0.7% then +0.5%).

By the end of H1 2016, the carry-over effect for the year should be 2.7%, after +6.1% on average over the year 2015.

Foreign trade growth forecast

variations in % at chain-linked previous year prices, contributions in points

	Quarterly changes						Annual changes		
	2015				2016		2014	2015	2016 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2			
Exports									
All goods and services	1.7	2.2	-0.6	1.0	0.6	1.3	2.4	6.1	2.7
Manufactured products (68%)*	1.3	2.7	-0.9	1.8	0.7	1.7	1.8	5.6	3.6
Imports									
All goods and services	2.3	0.7	1.7	2.5	0.2	1.0	3.9	6.5	3.9
Manufactured products (68%)*	1.6	1.4	2.1	3.2	0.4	1.3	3.7	6.0	5.2
Contribution of foreign trade to GDP	-0.2	0.4	-0.7	-0.5	0.1	0.1	-0.5	-0.3	-0.4

Forecast

* Part of exports (resp. imports) of non-energy industrial goods in exports (resp. imports) in a whole in 2014.

Source: INSEE

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Imports expected to slow at the beginning of 2016 after having been very strong in H2 2015

In Q4 2015 French imports grew strongly again (+2.5% after +1.7%), thanks to very vigorous purchasing of manufactured goods (+3.2% after +2.1%). In particular, imports of pharmaceuticals, transport equipment and capital goods were buoyant.

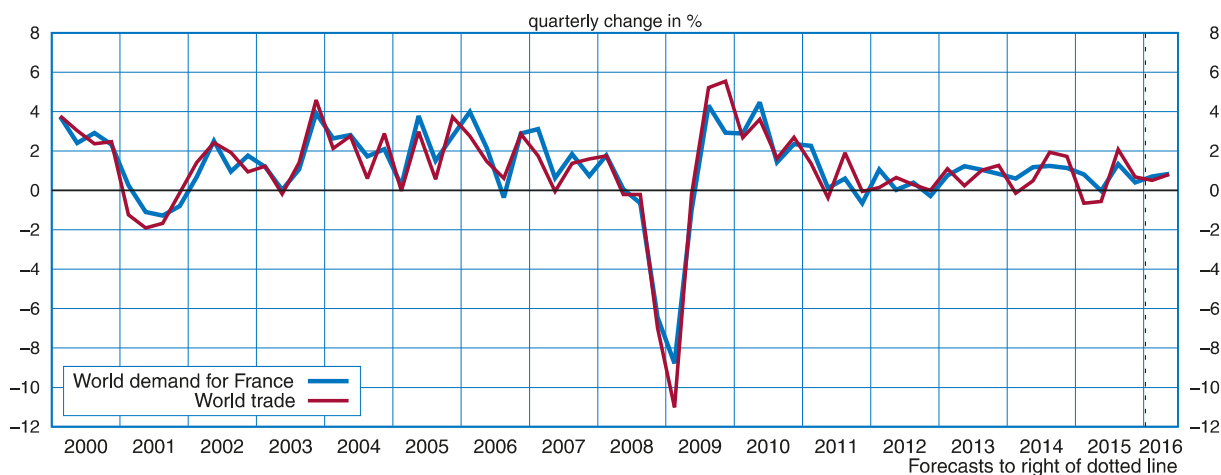
In Q1 2016, imports are expected to slow (+0.3%). Imports of manufactured goods, especially, are expected to slow down (+0.6%), in particular pharmaceuticals, as an after-effect of a high level of purchasing in recent months, and refined petroleum products, which will return to normal after a very high level of purchases in H2 2015. In Q2, imports of manufactured goods are expected to return to a more vigorous rate of growth (+1.1%) in the wake of domestic demand, and to boost imports in general (+0.9%).

In H1, imports of services as well as agricultural products are expected to grow at a moderate pace (+0.5% per quarter). Purchases of hydrocarbons are expected to fall back in Q1 in reaction to a period of strong growth at the end of 2015 (-3.0% after +3.4%), returning to a pace close to their trend level in H2 (+0.5%).

By mid-2016, the carry-over effect in imports for the year should be 3.9%, after an average increase over the year of +6.5% in 2015.

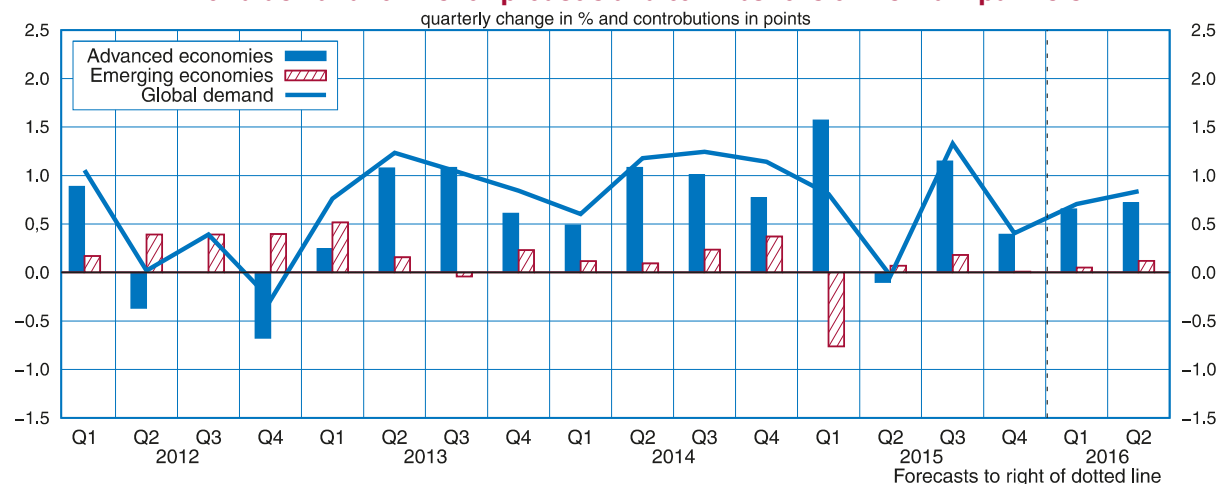
Over the year 2015 as whole, the contribution of foreign trade to GDP growth was negative once again (-0.3 points, after -0.5 points in 2014). The sharp acceleration in imports (+6.5% after +3.9%) has in fact eclipsed the new-found buoyancy in exports (+6.1% after +2.4%) and has negatively affected the growth overhang. However, in H1 2016, thanks to the delivery of some major contracts, the contribution of foreign trade is likely to be positive once again. ■

1 – World demand for French products and world trade



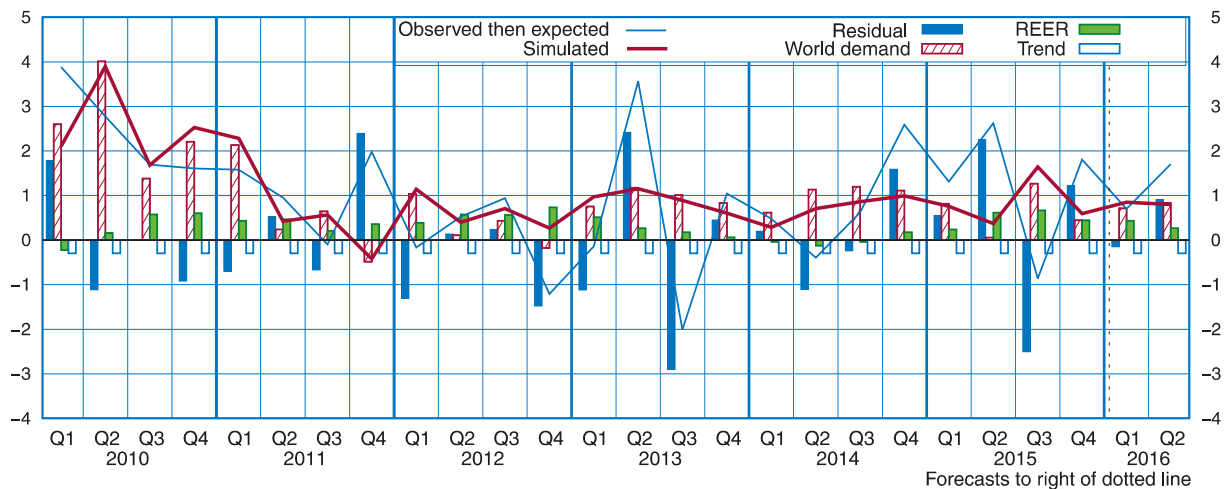
Sources: INSEE, DG Trésor, Centraal PlanBureau

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



Sources: INSEE, DG Trésor

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



*REER: real effective exchange rate
Source: INSEE

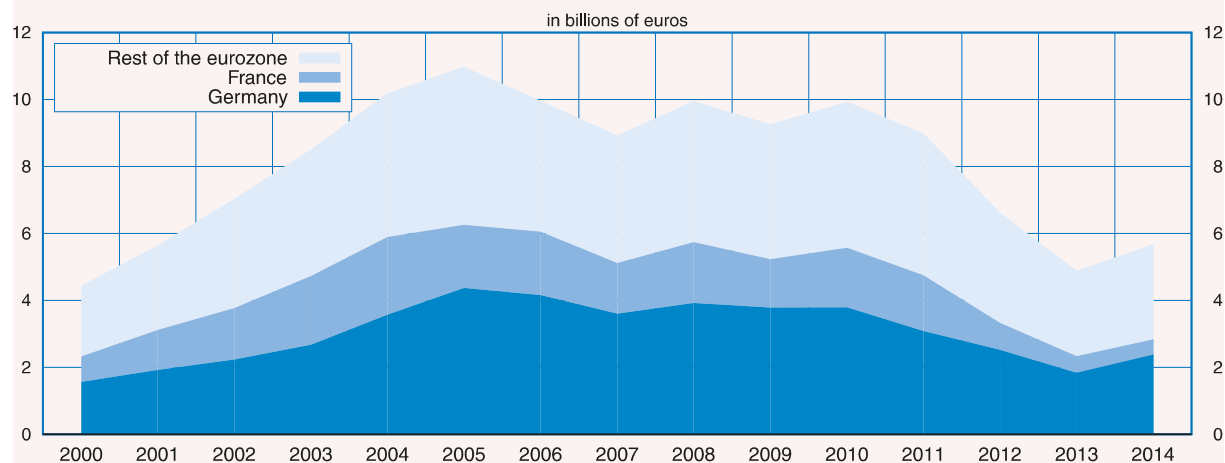
The lifting of international sanctions on Iran should boost European exports, particularly those from France and Germany

In 2016, the Eurozone could take advantage the lifting of international sanctions to win back market share in Iran. These gains in exports would benefit France and Germany in particular, the countries whose exports were most affected by the embargo placed on trade with Iran.

With the tightening of international economic sanctions against Iran in 2012, commercial exchanges between the Eurozone and Iran dropped off sharply. Averaging 10 billion Euros per year between 2005 and 2010, the value of European exports to Iran fell to below 6 billion Euros in 2014 (Graph 1). At the same time, imports from Iran were decimated, falling from an average of 12 billion Euros per year between 2005 and 2010 to less than 1 billion Euros in 2014, largely as a result of the embargo on Iranian oil.

With the end of economic sanctions announced in the framework agreement on Iran's nuclear programme reached in late 2015, the Eurozone could win back market share in Iran. France and Germany, who were among Iran's main trading partners before 2012, could recover their significant export markets in the country: transport equipment for France, and machine tools for Germany.

1 - Eurozone exports to Iran



Sources: Eurostat, INSEE, Destatis

French developments

In France, the automobile and aeronautical industries could benefit from the lifting of sanctions

Over the past ten years, French exports to Iran have been cut in three, shrinking from 1.8 billion Euros in 2005 to 0.6 billion in 2015 (Graph 2). Proportionally speaking, French exporters have thus been more heavily penalised by the sanctions imposed on Iran than exporters from other European nations. The main victim of these export restrictions has been transport equipment, primarily cars: automobile sales fell from 890 million Euros to 24 million over this period. Until 2012, French carmakers exported vehicle parts which were assembled in Iran. In 2011, Peugeot-Citroën were responsible for a quarter of all cars sold in Iran, contributing almost 460,000 vehicles to the total of 3.5 million vehicles sold all over the world that year by the French group. The structure of French exports to Iran has thus changed: up until 2011 France's main exports were cars (around 30% of the total) and industrial and electrical machines and equipment (22%), but in 2015 the country's biggest export to Iran was pharmaceutical products (accounting for just over a third of total exports last year).

The decline in French exports has led to a loss of market share. In 2010, France was the seventh largest supplier to Iran (3.1% market share). With 0.8% market share for the first 9 months of 2015, France has dropped down to become Iran's 13th largest source of imports. Other Eurozone nations have also lost market share, while China, the United Arab Emirates, India, South Korea, Turkey, Brazil, Argentina, Russia and Ukraine have all increased their market shares.

With the end of economic sanctions announced in the framework agreement on Iran's nuclear programme reached in late 2015, France's aeronautical and automobile sectors could win back some of that market share. In January 2016, Iran placed an order for 118

Airbus planes to renew its existing fleet. Furthermore, in early 2016 Peugeot-Citroën formed a partnership with Iranian firm Khodro with a view to manufacturing cars in Iran; in the short term, the group could soon be exporting parts for assembly again. If overall exports to Iran were to return to their 2011 levels, France's total exports would receive a boost of 0.15 points, equivalent to 0.05 GDP points.

For Germany, Iran's main trading partner in the Eurozone, the lifting of sanctions could see exports of machine tools pick back up

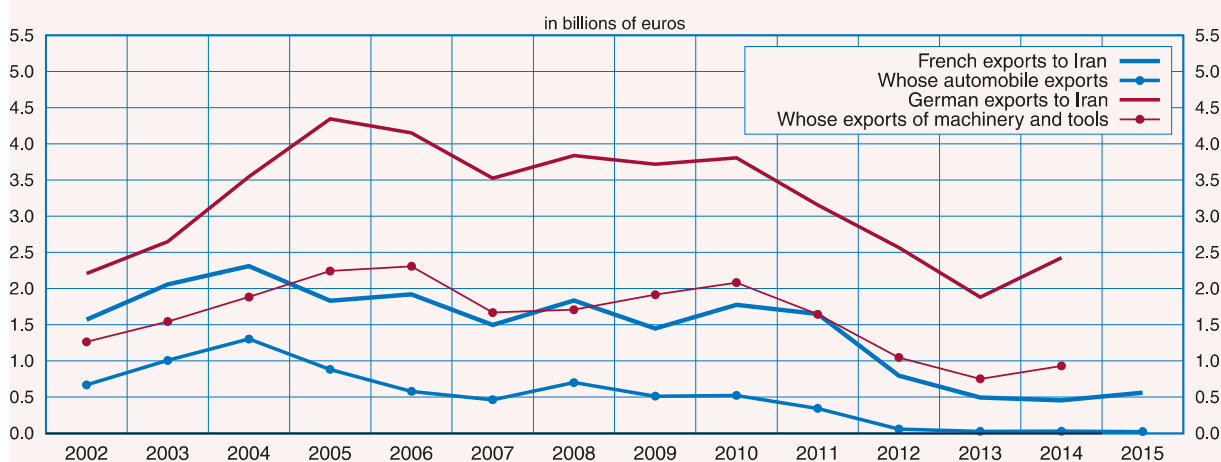
Commercial exchanges between Germany and Iran have also declined significantly since the introduction of economic sanctions against Iran in 2012: between 2008 and 2013, exports and imports were cut in half. The annual value of German exports to Iran stood at 3.8 billion Euros in 2008, down to 2.4 billion Euros six years later (Graph 2).

Before the introduction of the embargo, Germany's exports to Iran consisted primarily of machine-tools:¹ on average these goods accounted for slightly more than half of all exports (53% between 2002 and 2011), with a sharp decline in recent years. Exports of transport equipment have also dropped off significantly since 2012.

With the lifting of sanctions, sales of machine-tools could pick up again to return to their 2011 levels. If German firms maintain their current levels of food and pharmaceutical exports while winning back their previous market share in other areas, the value of German exports to Iran could double. As with France, the lifting of sanctions could boost Germany's total exports by 0.13 points, equivalent to 0.06 GDP points. ■

1. Machines for steel working, construction machinery, industrial machinery, mining machinery, transport equipment, waste treatment machinery, optical instruments, measuring instruments etc.

2 – German and French exports to Iran



Sources: OCDE, French Customs

Employment

Payroll employment in the non-agricultural market sectors picked up pace in Q4 2015 (+32,000, after +13,000 in Q3). A total of 82,000 new jobs were created in 2015, primarily in the tertiary sector. Between now and mid-2016, payroll employment should continue to grow almost as rapidly as it did in H2 2015: the non-agricultural market sector should add 37,000 more jobs in H1. Employment should be bolstered by the slight acceleration in activity, in addition to the boost to job creation provided by the tax credit for encouraging competitiveness and jobs (CICE) and the Responsibility and Solidarity Pact (PRS), as well as the recently-announced emergency plan for employment.

In the non-market sectors, employment should grow more modestly (+11,000 in H1 2016), as a result of the expected quasi-stabilisation of the number of beneficiaries of subsidised contracts. Furthermore, the increase in self-employment and agricultural employment is expected to stabilise, so that an overall total of 63,000 jobs should be created in H1 2016, after +77,000 in H2 2015.

Market sector employment should rise again in H1 2016

In 2015, employment in the non-agricultural market sectors picked up for the first time since 2011 (+82,000 after -63,000 in 2014). Q4 alone saw an increase of 32,000: the increased headcount in the tertiary sector more than offset a further decline in employment in the industrial and construction sectors.

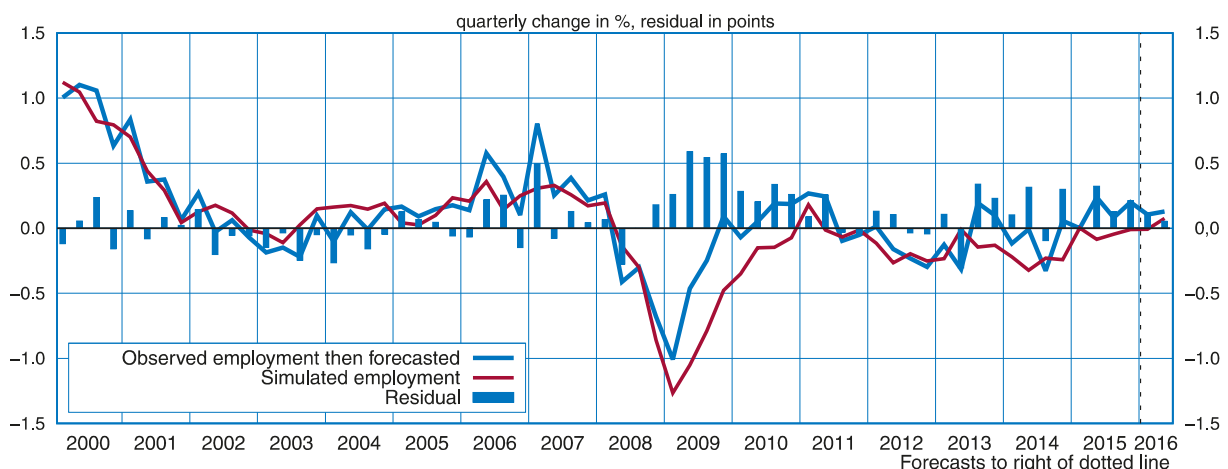
Employment should continue to grow in the market sectors through to mid-2016. These sectors should add a total of 37,000 new jobs in H1 2016 (Graph 1). Admittedly, the tax credit for encouraging competitiveness and jobs (*crédit d'impôt sur la compétitivité et l'emploi*, CICE) and the Responsibility and Solidarity Pact (*Pacte de responsabilité et solidarité*, PRS) are expected to have less of an impact on job creation than they did in 2015: on the one hand the ramp-up of the CICE is now complete; and on the other hand because the further extension of social security contribution reductions offered by the PRS should have only a limited impact, as it is not aimed at lower wages (focusing on wages between 1.6 and 3.5 times the minimum wage) and it will only come into force on 1st April. Nonetheless, activity should increase slightly and the gradual ramp-up of measures to reduce the cost of labour (announced in January 2016 as part of the new emergency plan for employment¹) should also provide a boost to job creation.

Temporary employment and tertiary-sector employment excluding temporary work should remain dynamic

After remaining more or less stable for two years, temporary employment saw a sharp increase over the latter three quarters of 2015 (an average of +19,000 per quarter). Since temporary

1. Under this plan, companies with fewer than 250 employees taking on full-time employees at between 1 and 1.3 times the minimum wage will receive a subsidy of 500 Euros per quarter for two years. This only applies to open-ended contracts or fixed-term contracts of six months or longer.

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



Note: 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 2014, indicates that observed employment showed better growth than past behaviour would lead us to expect. Estimation period: 1984-2009.

Source: INSEE

French developments

employment is particularly sensitive to fluctuations in economic activity, when growth picks up this form of work generally recovers more rapidly than the other components of employment. In light of the improvement in employment perspectives reported by business leaders in this sector, this momentum should continue in H1 2016 (+26,000).

Employment in the tertiary market sectors (excluding temporary employment) accelerated noticeably in 2015 (+105,000 after +26,000 in 2014, *Graph 2*). Business leaders remain fairly optimistic regarding future developments in their headcount (*Graph 3*), and employment in the service sectors (excluding temporary employment) should continue to grow at the same speed in early 2016 (+36,000 in H1 2016).

All in all, employment in the tertiary sectors (including temporary employment) should remain dynamic over the first half of 2016 (+62,000, after +81,000 in H2 2015).

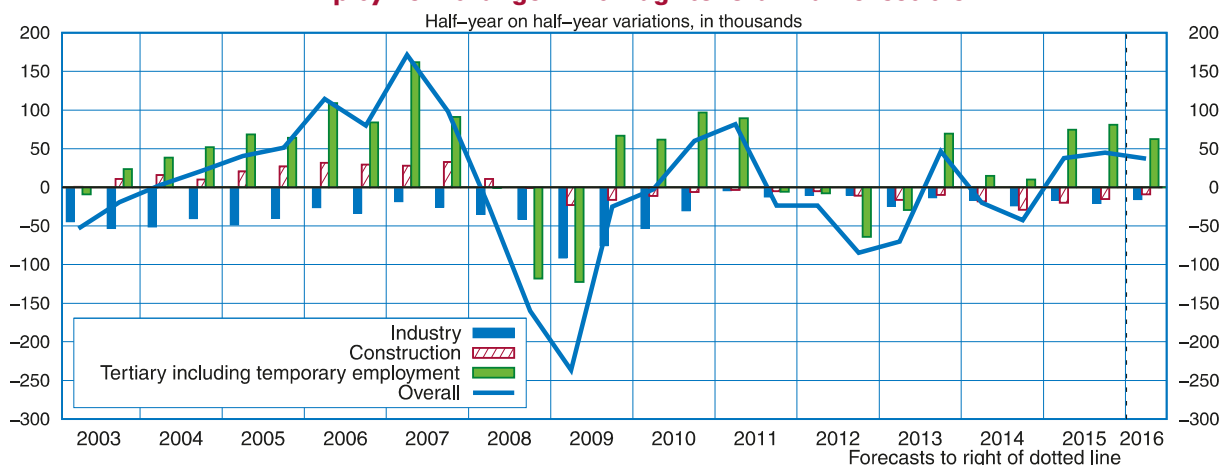
Industrial employment likely to decline less sharply

In 2015, the net decline in industrial employment was almost as substantial as it had been in 2014 (-38,000, after -40,000 in 2014). The employment expectations of business managers in industry are nonetheless gradually returning to their long-term average, pointing to a less substantial decrease in industrial employment in H1 2016 (-16,000).

In the construction sector, job losses should ease

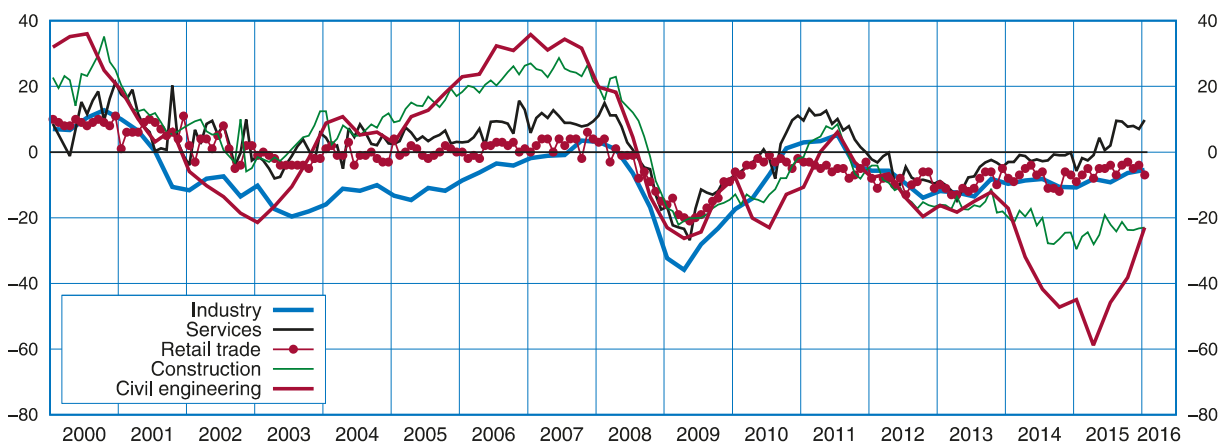
Payroll employment in the construction sector has been falling almost continuously since late 2008. The sector shed 47,000 jobs in 2014, then 36,000 in 2015. In the business tendency surveys, prospects are looking up in building crafts and civil engineering, where they had previously been bleak. Therefore, the decline in headcount should be less substantial in H1 2016 (-9,000).

2- Employment change in non-agricultural market sectors



Source: INSEE

3- Balance of opinion of business leaders on expected numbers



Source: INSEE, Business tendency surveys

Non-market sector employment should slow

Non-market sector employment grew by 43,000 in 2015, slightly less than in 2014 (+52,000), and was largely buoyed by subsidised contracts (+23,000, *Table 2* and *Inset*).

The rise in employment should slow in H1 2016 (+11,000). The number of beneficiaries of subsidised contracts is expected to stabilise: there should be a substantial number of new CUI-CAE contracts (*contrat unique d'insertion - contrat d'accompagnement dans l'emploi* i.e. Single Integration Contract - Contract for Support in

Employment) and future contracts (*emplois d'avenir*), but the number of outgoing employees should pick up pace as existing contracts come to an end. Furthermore, the civic service programme should continue to expand.

Total employment should increase by 63,000 in H1 2016

Taking self-employment and agricultural employment into account, total employment across all sectors increased by 158,000 in 2015 (after +33,000 in 2014). Employment should remain dynamic in H1 2016 (+63,000), bolstered in particular by job creations in the market sectors. ■

Table 1

Change in employment in thousands, SA

	2015				2016		2015 H1	2015 H2	2016 H1	2014	2015	Level end 2015
	Q1	Q2	Q3	Q4	Q1	Q2						
Mainly non-agricultural market sectors (1)	0	38	13	32	17	21	38	45	37	-63	82	15,865
Industry	-9	-8	-13	-9	-8	-8	-17	-21	-16	-40	-38	3,158
Construction	-11	-9	-9	-7	-5	-4	-20	-15	-9	-47	-36	1,349
Temporary employment	-6	20	17	19	12	14	14	36	26	-1	51	536
Market services excl. temporary employment	26	34	17	28	18	19	60	45	36	26	105	10,823
Agricultural workers	2	2	2	2	2	2	3	4	4	7	7	
Mainly non-market service sectors	14	13	1	14	7	4	28	16	11	52	43	
Self-employed	6	6	6	6	6	6	13	13	11	37	25	
TOTAL EMPLOYMENT	22	59	22	54	31	32	81	77	63	33	158	

Forecast

(1) Sectors DE to MN and RU
Source: INSEE

Table 2

Change in subsidised employment in the non-market sector

in thousands

Subsidised contracts*	2015				2016		2015 H1	2015 H2	2016 H1	2014	2015
	Q1	Q2	Q3	Q4	Q1	Q2					
"Future Jobs"	2	2	1	1	-1	-5	4	2	-6	28	6
CUI-CAE incl. ACI**	10	5	-5	6	-4	-5	16	1	-9	21	17
Total	12	7	-4	7	-5	-10	19	4	-15	49	23

Forecast

* Including renewal amendments.

** Since July 2014, recruitment by integration workshops and sites (ACI) no longer takes the form of a CUI-CAE (*Contrat unique d'insertion - Contrat d'accompagnement dans l'emploi* - Single integration contract - Employment support contract) but instead a CDDI (*Contrat à durée déterminée d'insertion* - Fixed-term integration contract). Nevertheless, in order to ensure that the scope of this analysis remains constant when tracking subsidised jobs, the CUI-CAE forecasts given here include ACIs.

Scope: Metropolitan France
Sources: DARES, INSEE calculations

Subsidised contracts in 2015

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 2015, 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 (264,000 by the end of 2015 in Metropolitan France) than in the market sectors (63,000 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 (Table). By the end of 2015, 123,000 people were employed on future jobs contracts in Metropolitan France. 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,

93,000 by the end of 2015), but can also be found in market sectors (30,000 by the end of 2015) 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).

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 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 conventional assumption is that 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.

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.

Subsidised employment initiatives: flows and number of beneficiaries

In thousands, not seasonally adjusted

	New beneficiaries (including contract extensions)					Number of beneficiaries (total at end of year)				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
Subsidised jobs in the non-market sectors	357	403	436	389	410	204	204	282	333	357
Non-market-sector integration contracts (CUI ¹)	357	402	369	320	353	204	203	221	242	264
Future Jobs ²	0	1	67	69	57	0	1	61	90	93
Subsidised jobs in the market sector³	519	513	509	510	549	643	604	630	627	664
Lowering wage costs	60	57	69	74	114	49	30	47	57	98
Market-sector integration contracts (CUI)	53	52	50	49	90	44	26	31	30	63
Future Jobs	0	0	13	20	19	0	0	11	22	30
Exemptions from social security contributions (ZRR ⁴ et ZRU ⁵)	6	5	5	5	5	6	5	5	5	4
Sandwich programmes	459	456	440	436	436	594	573	582	570	566
Apprenticeship	290	294	270	263	265	411	412	399	385	386
Professionalization	169	163	170	174	171	183	161	183	185	180

1. Contrat unique d'insertion, or Single Integration Contract

2. "Emplois d'avenir". Including teachers

3. Excluding general measures such as general reductions in social contributions and reduction of working time

4. Rural revitalisation area

5. Urban redynamisation area

Scope: Metropolitan France

Sources: DARES, Agence de services et de paiement

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 sector increased less substantially in 2015 than it did in 2014 and 2013

In 2015, 410,000 subsidised contracts were signed or extended in the non-market sector, up from 389,000 in 2014. The total number of beneficiaries of subsidised employment schemes thus stood at 357,000 at the end of 2015, up from 333,000 at the end of 2014, an increase of 23,000 after +49,000 in 2014 and +78,000 in 2013 (Graph). The number of beneficiaries of single integration contracts (CUI) in the non-market sector grew for the third consecutive year (264,000 at the end of 2015, up from 242,000 at the end of 2014). The number of "future contracts" signed or extended decreased slightly in 2015 (57,000, after 69,000 in 2014). However, the number of people

leaving such contracts was lower, and the total number of people employed on future contracts was thus slightly higher at the end of 2015 (93,000) than at the end of 2014 (90,000).

In the market sector, the number of beneficiaries of single integration contracts (CUI) doubled in 2015

At the end of 2015, the market sector employed 664,000 workers on subsidised contracts, 37,000 more than at the end of 2014.

This increase can be attributed to the increase in the number of people employed on single integration contracts and future contracts. In 2015, the number of single integration contracts signed or extended in the market sector increased sharply (90,000, after 49,000 in 2014), and the number of beneficiaries more than doubled (63,000 at the end of 2015, up from 30,000 at the end of 2014).

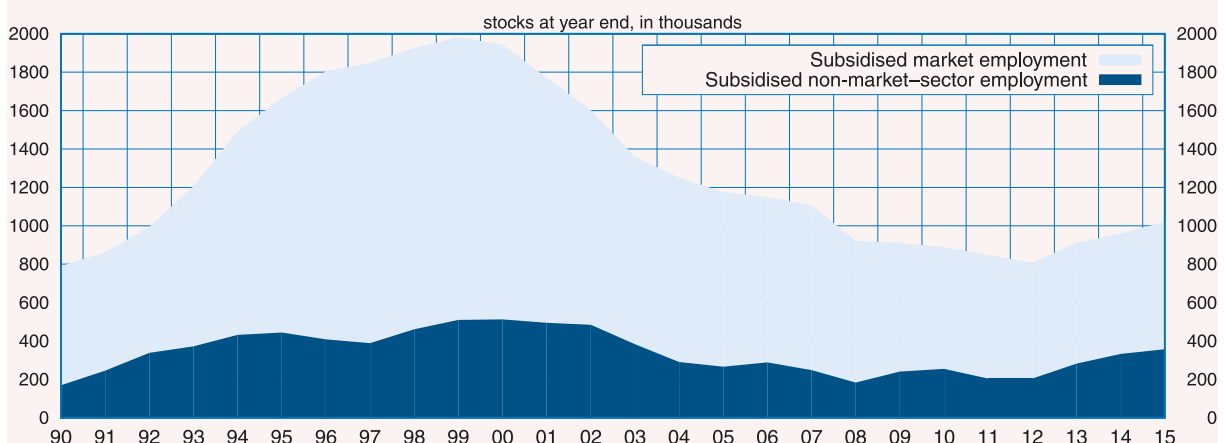
The number of future contracts signed or extended stabilised in 2015 (19,000). Nonetheless, fewer people left these contracts, so the total number of beneficiaries increased again: 30,000 at the end of 2015, 8,000 more than at the end of 2014.

Furthermore, 566,000 people were employed on sandwich contracts at the end of 2015, of which 386,000 were on apprenticeship contracts and 180,000 were on professionalization contracts. This represents another year-on-year decrease (-4,000 after -12,000 in 2014).

Bibliography

DARES (1996), « 40 ans de politique de l'emploi », La Documentation française.

Beneficiaries of employment aid measures



Scope: Metropolitan France

Sources: DARES, Agence de services et de paiement

Unemployment

In Q4 2015 in Metropolitan France, the number of unemployed dropped by 47,000 and the ILO unemployment rate fell slightly: it reached 10.0% of the labour force, after 10.1% the previous quarter. Once the overseas departments are included, the rate was 10.3%, compared to 10.4% in Q3.

In H1 2016, unemployment is expected to continue falling slightly as the expected rise in employment is likely to be higher than the increase in the labour force. By mid-2016, it should reach 10.2% (9.9% in Metropolitan France).

Slight decline in unemployment in Q4 2015

In Q4 2015 in Metropolitan France, the number of unemployed fell by 47,000, after increasing by 43,000 in Q3 (Table). In this way, the unemployment rate stood at 10.0% of the labour force at end 2015, i.e. 0.1 points less than in the previous quarter; it has remained virtually stable at this level since summer 2014 (Graph). The unemployment rate fell a little across the whole of France at the end of 2015, to 10.3% of the labour force (compared to 10.4% in the previous quarter and 10.5% a year earlier). This fall was accompanied by a return to normal in the halo of unemployment, which saw a slight increase (+23,000), after having fallen sharply in the previous quarter (–72,000).

The gap between the male and female unemployment rates is widening

Youth unemployment stood at 24.0% of the labour force in Q4 2015. It fell by 0.3 points over the quarter to return to its level of the end of 2014, whereas it had increased continuously between the end of 2013 and the end of 2014 (+1.1 points).

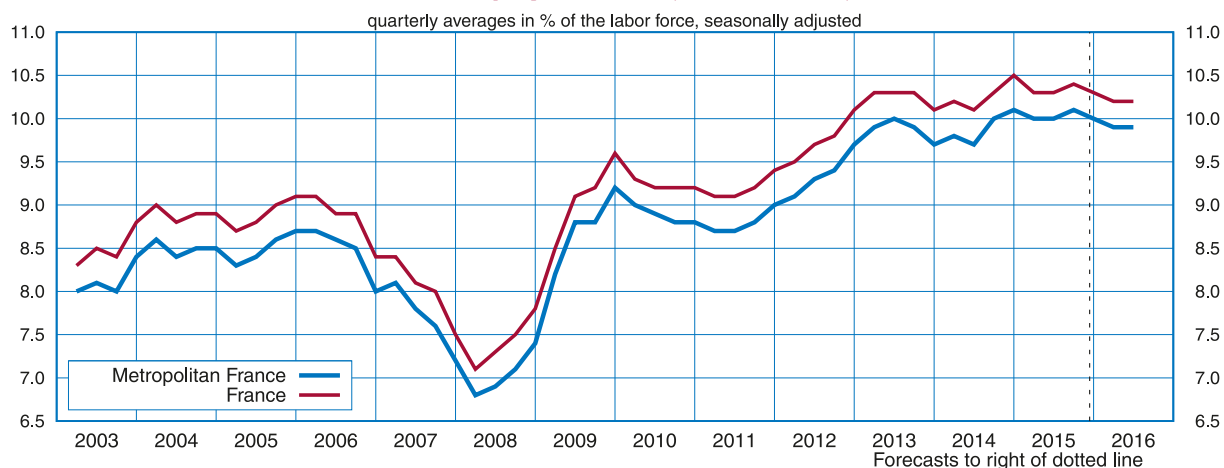
In Q4 2015, the unemployment rate for 25-49 year-olds fell slightly: it reached 9.3%, that is, 0.1 points less over a quarter and 0.2 points less over a year. Lastly, the unemployment rate for the over-50s was also slightly down (–0.1 points) after reaching a peak in Q3, standing at 6.9% at the end of 2015.

In Q4 2015, 10.5% of active men and 9.4% of active women were unemployed as defined by the ILO. Compared to the previous quarter, the reduction in the unemployment rate was slightly more pronounced for women (–0.2 points, as against –0.1 points for men). Since mid-2012, the gap between the male and female unemployment rates has widened. It reached 1.1 points at the end of 2015, its highest level since records began (1975). This divergence can be explained by the different dynamics at work in industry and construction on the one hand, sectors that mainly employ men, and the tertiary sector on the other hand (Employment sheet).

Unemployment expected to continue to decrease slightly in the first half of 2016

In 2015, the labour force grew by 97,000, after adding 188,000 in 2014, mainly in the 50-64 age bracket. This increase is explained mainly by trend variations affecting the working-age population

1 – Unemployment rate (ILO definition)



Scope: Population of households, people aged 15 or over
Source: INSEE, Employment Survey

and activity behaviour. In addition, it was strengthened by the effect of the increase in the retirement age, which by mid-2015 was 61 years and 7 months.

In H1 2016, the labour force is expected to increase again by a comparable amount (+50,000). Its spontaneous growth will probably continue to be limited by workers continuing to take early retirement, under the "long careers" scheme. This increase could also be limited by the jobseekers' training plan announced at the beginning of 2016, but no specific effect has been integrated into the scenario used at this stage; even

if the details of the plan are announced quickly, given the time needed for the scheme to ramp up effectively, its potential impact on labour force variations before mid-2016 is likely to be limited given the spontaneous increase in the labour force.

All in all, net job creations (+74,000) are likely to surpass the expected growth in the labour force during the first half of the year, and the unemployment rate should again fall back slightly, by 0.1 points over the half-year. By mid-2016, it is expected to stand at 10.2% of the French labour force, and 9.9% in Metropolitan France. ■

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

	Quarterly changes										Annual changes			
	2014				2015				2016		2013	2014	2015	2016 H1
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2				
Population of the 15-64 age bracket	-23	-22	-21	-20	-20	-19	-19	-20	-14	-14	-100	-86	-78	-27
Population of the 15-59 age bracket	-12	-12	-14	-15	-16	-16	-15	-15	-5	-5	-72	-52	-61	-10
Labor force	63	-2	63	64	-25	47	84	-9	26	24	117	188	97	50
including:														
(a) Contribution of the population and the trend participation rate	34	34	34	34	32	32	32	32	31	31	120	135	128	61
(b) Estimated bending effects	-6	-4	-4	-4	-3	-2	-2	-1	-5	-6	-25	-18	-8	-11
(c) Other short-term fluctuations (residual)	35	-32	33	34	-54	17	52	-40	0	0	21	71	-25	0
Employment	46	13	-5	4	30	41	41	38	43	32	125	58	150	74
Reminder: End-of-period employment (see "Employment" note)	5	20	-30	38	22	59	22	54	31	32	182	33	158	63
ILO unemployment	17	-15	68	60	-55	6	43	-47	-17	-7	-8	130	-53	-24
ILO unemployment rate (%)	Quarterly average										Average in the last quarter of the period			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4
Metropolitan France	9.8	9.7	10.0	10.1	10.0	10.0	10.1	10.0	9.9	9.9	9.7	10.1	10.0	9.9
France (including overseas departments)	10.2	10.1	10.3	10.5	10.3	10.3	10.4	10.3	10.2	10.2	10.1	10.5	10.3	10.2

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