

# Fiscal stimuli in the Eurozone against a backdrop of tensions

*France ended 2018 with a moderate growth rate (+0.3% per quarter in H2) that was slightly higher than that over the first half of the year (+0.2% per quarter). Although the Yellow Vests movement did sometimes have severe consequences locally, its short-term macroeconomic impact was no doubt less significant than its political and media repercussions.*

*Meanwhile, the international environment darkened significantly over the year. A slowdown seems likely in the US as the effects of the fiscal stimulus are likely to fade out, while the decline in Chinese growth was confirmed with each successive publication of the indicators. Some of the emerging countries are experiencing high inflation, linked partly to foreign exchange shocks, while the Eurozone proved to be a particular disappointment at the year's end, with Germany only just avoiding a technical recession, a recession that did materialise in Italy, however.*

*Admittedly, it cannot be ruled out that there may be an easing of the protectionist tensions that seem to have foreign trade dancing on a volcano at times, while the central banks have taken note of the economic slowdown and still have the possibility of adjusting their monetary policies. Also, despite an upturn at the start of the year, oil prices have not returned to the heights of last autumn.*

*Many uncertainties remain, however, in particular in Europe, with the outcome of Brexit and the ability of the German economy to show resilience in the face of the jolts in world trade, among others. In this muddled context, almost all the major Eurozone countries have implemented fiscal stimulus measures in one way or another.*

*Eurozone economic activity is therefore likely to show a slight acceleration through to mid-2019, with 0.3% of growth per quarter. The French economy,*

*hitherto less exposed than others to the turbulence of world trade and stimulated by a more expansionist fiscal policy than expected a few months ago, could come out quite well, at least in the short-term, with 0.4% of growth per quarter.*

*At the start of 2019, the business climate in France has been holding up, slightly above its average level, after losing ground regularly throughout 2018. Household confidence is recovering after a sharp fall at the end of the year, but still remains below its average. Employment should maintain a progression comparable to that at the end of 2018 (+85,000 net job creations in H1) while the unemployment rate is likely to fall back slightly through to mid-2019, resulting in a fall of 0.4 points year-on-year. Purchasing power was already stimulated at the end of 2018 by the reductions in housing tax and in social contributions and should then benefit from the emergency measures announced in December.*

*The French economy should therefore be buoyed by domestic demand, in particular by household consumption, provided that the wait-and-see attitude dissipates sufficiently for the savings ratio to fall, as should corporate investment which could benefit from the one-time cash-flow boost provided by the transformation of the Tax Credit for Encouraging Competitiveness and Jobs (CICE) into a permanent reduction in wage costs.*

*The uncertainties that are likely to affect this scenario are still many. Aside from the questions specific to France, such as consumer behaviour in particular, the international environment could darken further or brighten up if political solutions are found, notably to ease trade tensions and the worries surrounding Brexit. ■*

*The drop in Chinese foreign trade caused world trade to stumble in Q4 2018*

*The strength of the US economy beginning to lose steam, while activity is sluggish in Europe*

*The world slowdown affecting the emerging economies to varying extents*

### The resistance of world trade to protectionist tensions weakens

Although it continued to progress through the summer of 2018 (+1.1%), world trade fell back in the autumn (−0.5%) for the first time since 2016. The sharp fall in Chinese imports and exports (−9.2% and −2.4% respectively in Q4 2018) was the main reason behind this drop, further to the customs duty hike by the United States. The slowdown in foreign trade at the end of the year widely affected emerging and advanced economies alike, although the Eurozone did profit from a one-off acceleration in aeronautics and automobile exports.

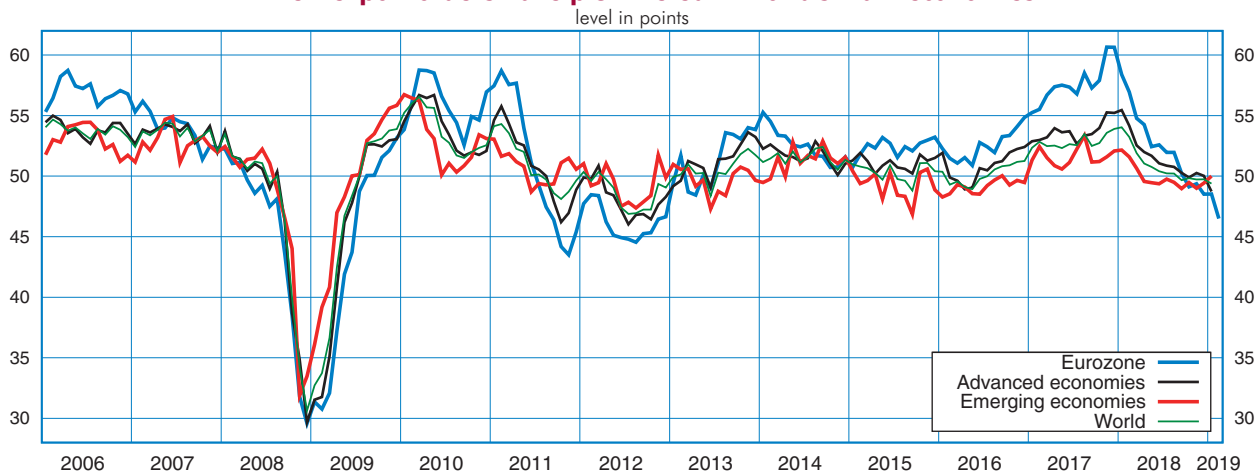
In Q4 2018, economic activity lost a little of its dynamism in the United States (+0.6% after +0.8%), as the effects of the measures to support household and corporate demand began to fade. After being hit by natural disasters over the summer, the Japanese economy rebounded moderately (+0.5% after −0.6% in Q3 2018). Growth in the United Kingdom (+0.2% after +0.6%) continued to be hit by the fall in corporate investment over the past year as clouds gathered around the country's Brexit prospects. In the Eurozone, German activity was disrupted by the entry into force of the new WLTP automobile standard (*Focus in the Eurozone sheet*) and only just avoided a technical recession (+0.0% in Q4 after −0.2%). Italy did not avoid one, however (−0.1% as in Q3), due to sluggish consumption. The growth rate in France remained moderate (+0.3% in the autumn, as in the summer) while growth in Spain remained dynamic (+0.7% after +0.6%), buoyed by government consumption and exports.

Except for India where activity accelerated at the end of the year, most of the emerging economies are feeling the consequences of the world slowdown, with business climates deteriorating since mid-2018. The Turkish crisis continued further to the sharp fall in the lira against a backdrop of strong inflation. Prospects are improving in Russia and Brazil, meanwhile, despite prices that continue to rise quickly. The official gross domestic product (GDP) of China continued to slow, while the country's activity indicators fell more significantly.

### In France, activity progressed at the end of the year at a slightly more sustained rate than in early 2018

In Q4 2018, activity in France progressed by 0.3%, as during the summer, after more moderate growth in H1 (+0.2% per quarter). Household consumption stalled (0.0% after +0.4%), less due to the consequences of the Yellow Vests movement (*Focus in the Household Consumption and Investment sheet*) than under the effect of other one-off factors: the introduction of the new automobile standards depressed vehicle registrations in the autumn while mild temperatures in October and December limited energy consumption and exports. As at the end

#### 1 - New export orders have plummeted in world's main economies



Source: PMI Markit

of 2017 and of 2016, foreign trade buoyed economic growth by 0.3 points of GDP in Q4 2018. Aeronautics and shipbuilding deliveries were once again particularly dynamic, enabling exports to progress by 2.3%, while imports grew by 1.4%. The fall in business vehicle registrations hit corporate investment in manufactured goods (–1.9% in the autumn after +2.2%), while investments in services continued to provide robust support for activity (+1.6% after +2.3% in Q3). Finally, household investment fell back (–0.3% after 0.0%), due to the fall in housing starts since mid-2017.

### Oil prices recovered somewhat in early 2019; the Euro exchange rate remains relatively stable

*After falling by \$30 in just one quarter, the oil price showed an upturn in early 2019*

The price per barrel of Brent fell from \$85 to \$55 between the beginning and end of Q4 2018, under the effects of the world economic slowdown and the announcement in October of an increase in Saudi output. At the end of the year, however, the OPEC countries came to an agreement to cut back their production, triggering the rebound in oil prices in 2019. The barrel of Brent thus exceeded the \$65 mark in February, the level we have taken as our forecasting hypothesis through to mid-2019.

*Monetary policies faced with the prospect of an economic slowdown*

Both the Fed and the European Central Bank (ECB) have taken note of the risks of a slowdown in world economic activity. While several base rate hikes were still being commonly considered for 2019, the Fed's strategy is now partly guided by the uncertainties surrounding US and world economic activity. In particular, its monetary policy committee indicated that at 2.5%, its main base rate would be close to the neutral rate, but did suggest a possible rise by the end of the year. In Europe, meanwhile, the ECB put an end to its asset purchase programme at the end of 2018, as expected, but without reducing its balance sheet. It ruled out any rise in base rates before 2020, so they will be staying at their floor as since 2016. For H1 2019, the hypothesis we have taken for the exchange rate of the euro against the dollar is \$1.14/€, the average level observed in Q4 2018. In the emerging countries, the recent successive hikes in US rates still pose risks of capital outflows and falling exchange rates.

### Protectionist tensions weighing down on world trade in early 2019

*World trade is set to continue slowing as the effects of the trade war materialise and European uncertainties persist*

Although the escalate in protectionist measures would appear to have been suspended, export orders reported by purchasing directors continue to deteriorate (*Graph 1*). They have fallen significantly below their expansion threshold, confirming the slowdown in world trade. Despite a rebound that is expected in Q1 in Chinese trade, the fall in the pace of world trade is likely to be tangible on an annual basis: the annual growth overhang in world trade in mid-2019 is likely to be only +1.5%, after +4.3% in 2018 and +5.7% in 2017. The fog surrounding Brexit should weigh down on trade and activity in the United Kingdom, as well as on those of its partners and, above all, the European Union (*Brexit special analysis: what are the likely consequences for the economic activity of the United Kingdom's trading partners?*).

*Slowdown in the US economy: the shutdown in addition to the fading effect of the fiscal measures*

In the United States, the shutdown affected activity at the end of 2018 and the beginning of 2019 (*Focus in the United States sheet*): it is therefore likely to accentuate the economic slowdown that is underway by weighing down on government consumption and investment (–0.1% in Q1 2019 then +0.9% in Q2), on private investment (–0.6% then +0.1%) and on household consumption (+0.4% then +0.5%). More structurally, the growth stimulus effect of the 2018 fiscal measures should begin to fade and will not prevent US GDP from slowing down (+0.3% then +0.5% per quarter in H1 2019 after +0.8% and +0.6% in H2 2018).

The trend in Japanese growth is unlikely to be better (+0.2% in Q1 2019 then +0.4%), despite the stimulus in Q2 of the incentive measures associated with the wage negotiations.

## General outlook

Ruling out the hypothesis of a no-deal Brexit (*Focus in the United Kingdom sheet*), growth in the United Kingdom is likely to remain at a slow pace (+0.1% in Q1 then +0.2% in Q2).

*The main emerging economies likely to slow down very progressively*

In China, business climates continue to deteriorate in industry but are holding up in services. Chinese foreign trade is likely to pick up a little in H1 after the shock at the end of 2018, although without returning to the vigour of past years. Indian activity should remain very dynamic, meanwhile. In early 2019, growth should be at a rate comparable to or barely below that observed in 2018 in Russia, Brazil and the countries of Central and Eastern Europe. Turkey is likely to remain in recession over the forecasting period, however.

### Eurozone economic activity to remain at a weak pace in early 2019

*The European economic climate continues to deteriorate in both industry and services*

Leaving aside the one-off difficulties in the automobile sector affecting the whole Eurozone, industrial activity in the main countries has been on a downward trend since the end of 2017 (*Graph 2*). There is a similar trend in services, with the result that the business climate in the main Eurozone countries has also been deteriorating for over a year. At the same time, supply-side tensions in the form of recruitment difficulties or production bottlenecks have been easing a little over the past few months, although they do still remain high, especially in Germany.

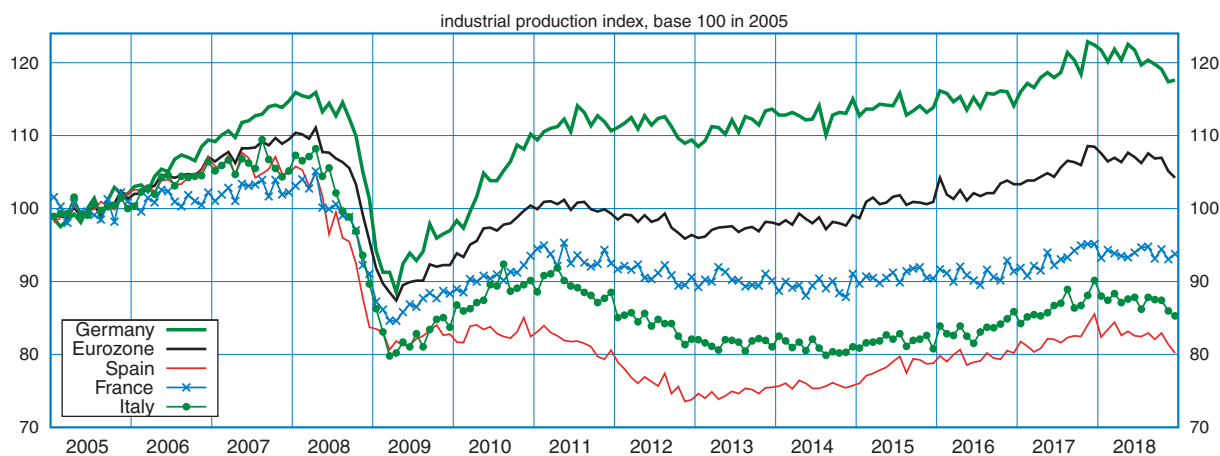
*Eurozone purchasing power likely to be buoyed by numerous fiscal measures*

In this context, support for activity is likely to come mainly from demand, driven by measures in favour of household income and by real wages. Purchasing power should progress by 1.0% in early 2019 after +0.7% in Q4 2018, then by 0.5% in Q2 2019. It should benefit from fiscal measures in favour of households in Germany and France and from the introduction of the "citizens' income" in Italy. Against a backdrop of lower inflation, real wages should also be dynamic (+1.0% then +0.1% in the spring), benefiting from the positive results of companies. In Spain in particular, the increase of over 20% in the minimum wage should contribute considerably to this dynamism. The slowdown in activity is likely to work through into employment, however, which should progress only by about 0.2% per quarter. After standing at 7.9% at the end of 2018, the Eurozone unemployment rate should level out in H1 after falling by -0.2 to -0.3 points per quarter in 2018.

*Household consumption set to be the main support for Eurozone growth in H1 2019*

In the Eurozone, household consumption should benefit from these gains in real income, increasing by 0.5% per quarter through to mid-2019. Corporate investment (around +0.4% each quarter) should be buoyed by the relatively good financial situation of companies. Foreign trade is likely to weigh down on activity a little (by about one-tenth of a point of GDP per quarter after +0.2 points in Q4 2018): imports should be more dynamic than exports. All in all, Eurozone activity should grow by +0.3% per quarter over the first part of the year. Growth is

### 2 - The industrial output of the main Eurozone countries has been edging down since early 2018



Source: EUROSTAT

likely to be relatively dynamic in Spain (+0.6% per quarter) and to a lesser extent in France (+0.4%). In Germany, activity should bounce back, while remaining a little less dynamic (+0.3% per quarter).

## After a dynamic end to 2018, French exports to decelerate in H1 2019

*After large aeronautical and shipbuilding deliveries at the end of 2018, manufacturing exports likely to slow down in early 2019*

In Q4 2018, French exports (+2.3%) were driven by the acceleration in manufacturing deliveries and the rebound in sales of services. As in previous years, the pace of aeronautical deliveries picked up at the end of the year, boosting exports of transport equipment (*Special Analysis and Focus in the Foreign Trade sheet*). Their return to a more moderate pace in H1 is likely to contribute to a slowdown in exports, in manufacturing as well as in goods and services (+0.6% in Q1 2019). Deliveries should then stagnate in spring 2019, resulting in an annual growth overhang in mid-2019 of +2.5%, which is higher than the overhang in world demand (+2.1%).

*The contribution of foreign trade to growth to become negative again in H1 2019*

Imports should continue to grow at a sustained rate in H1 2019, leading to a mid-year overhang of +2.4%, well above the growth posted in 2018 (+1.2%). Exports are likely to progress less quickly at the start of the year, with the contribution of foreign trade to GDP becoming negative again in H1 (-0.1 points per quarter after +0.3 points in Q4 2018).

## The French economy to progress at a moderate rate

*After falling back almost continuously in 2018, the business climate has stabilised in early 2019*

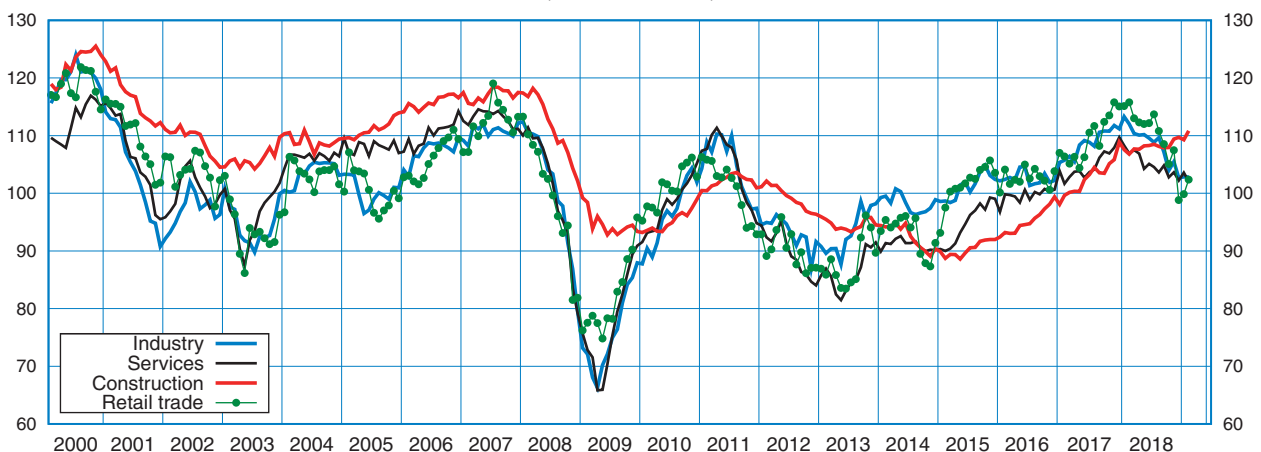
In February 2019, the business climate in France rebounded only moderately to 103, after falling almost continuously from its peak at 111 in December 2017. The deterioration in the business climate was particularly marked at the end of 2018 in the retail trade (*Graph 3*). However, the climate has recovered a little in this sector, while it was as at the same level in February as in December (barely above its long-term average) in industry and in services.

*French economic activity to progress by 0.4% per quarter through to mid-2019*

As in 2018, activity should be more buoyant in services than in industry or construction. Dynamic household consumption and corporate investment in services should drive production of market-sector services (+0.6% to +0.7% per quarter). Industrial production, however, should grow by only 0.4% then 0.2% in each quarter, due to the fall in exports and to investment in manufacturing growing at half the rate in services. Overall, economic activity should pick up a little speed (+0.4% per quarter, *Graph 4*) and its growth overhang in mid-2019 should be +1.1%, after growth in GDP of 1.5% in 2018.

### 3 - Business climates in France stabilised at the start of 2019 after dropping sharply throughout 2018

composite indicators in point



Source: INSEE



## General outlook

*The rate of market-sector job creations should hold up in H1 2019*

*The fall in subsidised non-market jobs should weigh down less on total employment*

*The unemployment rate to fall by 0.4 points year on year*

*Inflation at around 1.0% in mid-2019*

*Real wages to progress significantly through H1 2019*

### Job creations to remain at a moderate pace

Total employment decelerated significantly in 2018 (+164,000 after +342,000 in 2017), due to the slowdown in activity. In H1 2019, this rate of job creations should continue (+85,000). Creations of non-agricultural market-sector payroll job creations (+70,000 au H1) should be mainly driven once again by market-sector services, despite the continuing fall in temporary employment. Employment in industry is likely to grow again, as is that in construction.

Subsidised employment (*Focus in the Employment sheet*) should almost stop weighing down on total employment in H1 2019 (-8,000 beneficiaries in the non-market sectors) as the targets for the number of people entering the various subsidised programmes are close to those for 2018. Non-market-sector jobs should therefore be created again in H1 2019 (+6,000).

The fall in the unemployment rate in Q4 2018 (from 9.1% to 8.8%) was sharper than suggested by the trends in the active population and the rate of job creations. The unemployment rate is likely to level out over the winter before resuming its slight fall to stand at 8.7% in spring 2019, down 0.4 points year on year.

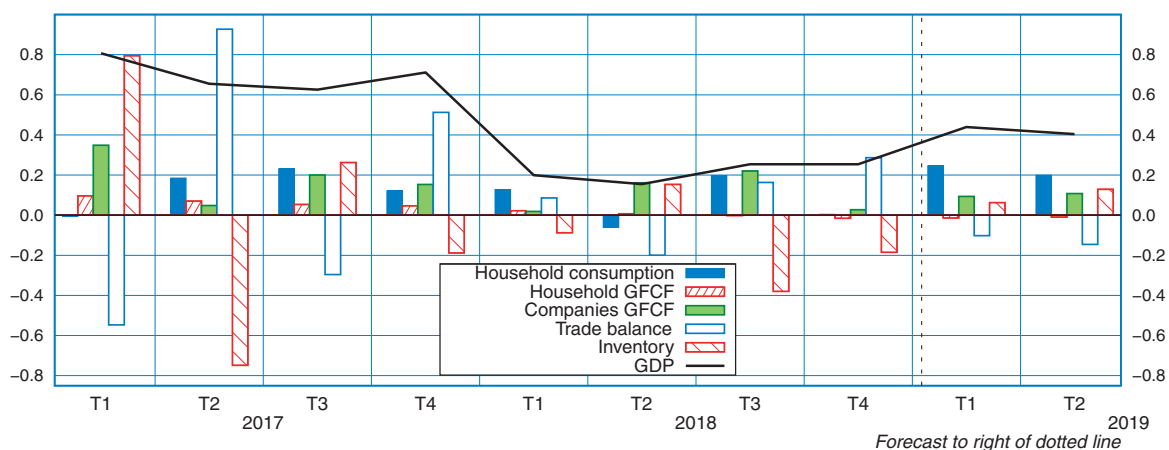
### After a sharp increase at the end of 2018, household income should once again rise significantly in early 2019

Inflation fell back to +1.3% in February 2019, down almost one point on summer 2018. This slowdown was driven by energy prices. Food prices (fresh food excluded) accelerated slightly in February after the entry into force of the "Agriculture and Food" Act, but the effect was not huge. Through to mid-2019, based on the hypothesis of stable oil prices, a freeze on gas prices and a rise in the prices of electricity in May, headline inflation is likely to fall back to around 1.0% year on year. Core inflation, meanwhile, was measured at +0.6% in February and should stand at +1.1% by June 2019.

Nominal wages per capita in the non-agricultural market sector accelerated a little in 2018 (+2.0%, after +1.7% in 2017). In H1 2019, the payment of a voluntary exceptional bonus by certain companies, as provided among the economic emergency measures announced last December, should contribute to the leap in market-sector per capita wages at the start of the year (+0.9%, then +0.1% by reaction in Q2, *Focus in the Wages sheet*). In addition, overtime has been exempted from income tax and employee social contributions since January 2019. The growth overhang in market-sector per capita wages should therefore stand at +1.8% in mid-2019. With the fall in inflation, the increase in these wages in real terms by mid-year should stand at 1.1%, after +0.3% on average in 2018.

## 4 - French growth is likely to be driven primarily by household consumption in H1 2019

quarterly changes of GDP in % and contributions in points



Source: INSEE

*Household purchasing power to benefit from the effect of the economic and social emergency measures*

In addition to payroll being buoyed by dynamic wages, it should also benefit from the effects of the other economic and social emergency measures on household income: the increase in the activity bonus and the broadening of its eligibility terms and the cancellation of the increase in the rate of the General Social Contribution (CSG) for certain pensioners. Household gross disposable income should therefore progress by 0.7% in Q1 and then 0.3% in Q2 2019. With the more moderate rise in prices at the start of the year due to the fall in energy prices and the freeze on the related taxes, the purchasing power of household gross disposable income is set to gain 0.7% at the start of the year before levelling out in Q2 2019 (*Graph 5*). Its growth overhang in mid-year (+1.8%) is set to exceed its growth in 2018 (+1.2%) and in 2017 (+1.4%). Calculated on the number of consumption units to take account of changes in demography and household composition, its mid-year growth overhang should be 1.2%.

*Household consumption to be driven by dynamic real wages*

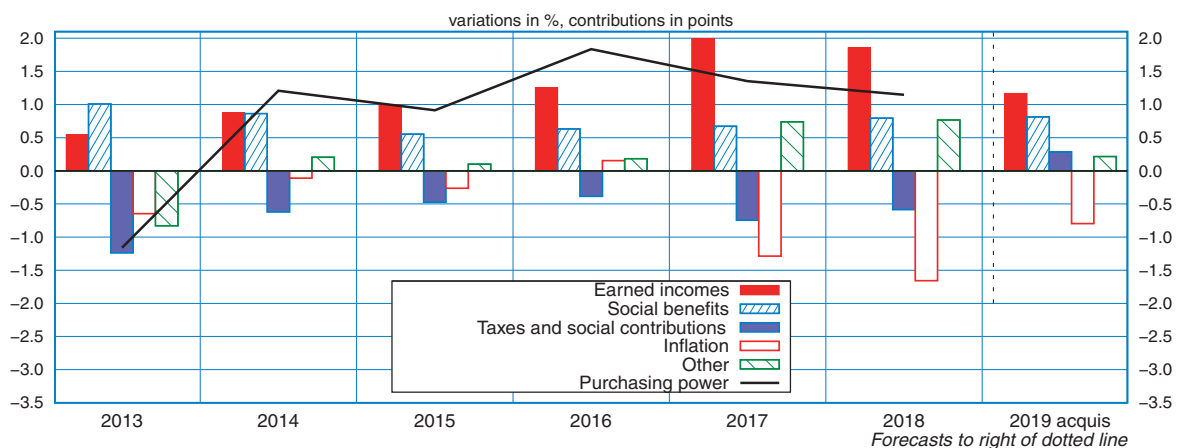
Thanks to sharp rises in real income at the end of 2018 and beginning of 2019, household consumption should increase by 0.5% in Q1 2019 then by 0.4% in Q2 (*Graph 6*). The components that were temporarily affected at the end of 2018 should bounce back: consumption of manufactured goods should benefit from the decline in the scale of Yellow Vest demonstrations, while food consumption should grow again in Q2 2019. Last autumn, stagnating consumption despite considerable income gains on average would appear to have triggered a leap in the household savings ratio to 15.3%. This ratio should fall back to 15.2% in the spring, after 15.5% over the winter.

## Corporate investment to remain dynamic, especially in services

*Corporate investment to grow again steadily in H1 2019*

Corporate investment slowed down temporarily at the end of 2018, due to a fall in expenditure on manufacturing goods and more particularly on cars. The return to less depressed vehicle registration volumes should allow a rebound in manufacturing investment in H1 (+0.5% in Q1 then +0.6% in Q2). Investment in services is more robust and should continue to increase by more than 1% per quarter, enabling total corporate investment to increase by 0.7% in Q1, then by 0.8% in Q2. This expenditure should also be buoyed temporarily by the transformation of the Tax Credit for Encouraging Competitiveness and Jobs (CICE) into a permanent reduction in employer social contributions. This modification should lead to a one-time increase in the corporate margin rate which should rise by more than one point to 33.3% in spring 2019 due to the cumulation of the credits paid out in 2019 for 2018 and the reductions in the social contributions paid by employers in 2019 (*Focus in Conjoncture in France, December 2018*).

## 5 - The carry-over effect of household purchasing power for 2019 should already be relatively high by mid-year



Source: INSEE

## General outlook

### *The fall in household investment to continue*

The fall in household investment (−0.3% then −0.2% per quarter) is likely to continue through to mid-2019. Although the number of building permits showed an upturn recently, the past fall in housing starts is still weighing down on investment in building, while the volume of transactions for existing homes remains high but is no longer increasing. Household investment is therefore likely to slip in 2019 (mid-year overhang of −0.6% after +1.9% as an annual average in 2018 and +5.6% in 2017).

### International political and trade uncertainties remain

#### *Protectionist threats still present in 2019*

World trade only began to suffer the effects of the new protectionist measures at the end of 2018, but their consequences could be much more significant in early 2019.

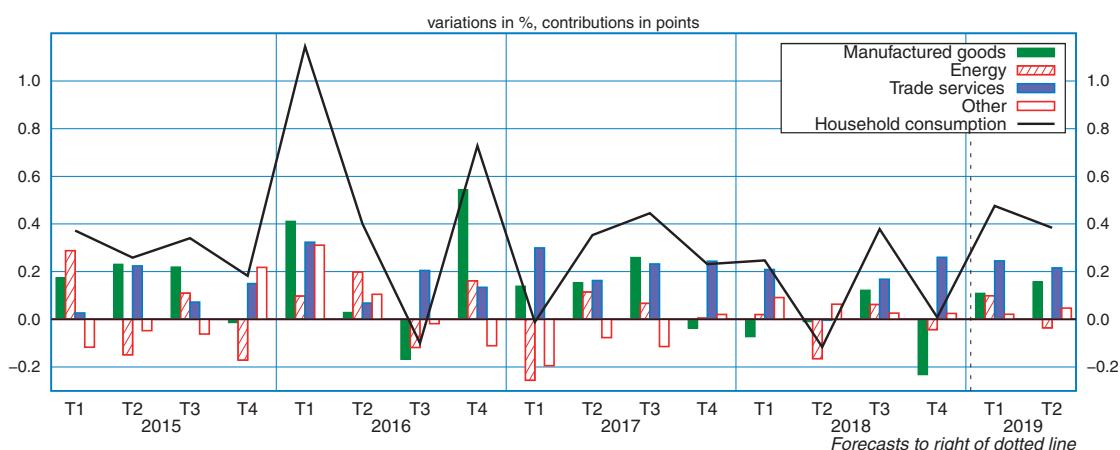
#### *The possible outcomes of Brexit remain uncertain*

Uncertainties surrounding the outcome of Brexit seem to be intensifying and the prospect of a no-deal exit from the EU hitting international trade hard could not be ruled out at the time when we completed this Note (12 March 2019).

#### *To what extent will Eurozone fiscal stimuli work through into consumption and activity?*

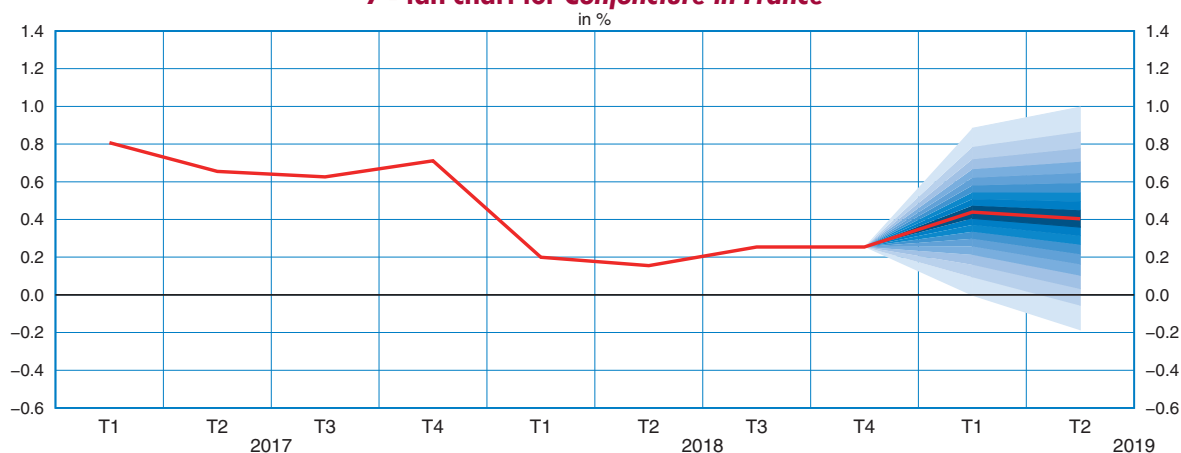
Through to mid-2019, household income should be buoyant in France and its neighbouring countries (emergency measures in France, increase in the minimum wage in Spain, citizens' income in Italy, etc.). Eurozone household consumption should benefit from this in the face of continuing international risks, unless a wait-and-see attitude caused by these uncertainties drives precautionary savings behaviour. ■

### 6 - Consumption of energy and automobiles is set to bounce back, services should remain the main source of support for household purchases



Source: INSEE

### 7 - fan chart for Conjoncture in France



How to read it: the fan chart plots 90% of the likely scenarios around the baseline forecast (red line). The first and darkest band covers the likeliest scenarios around the baseline, which have a combined probability of 10%. The second band, which is a shade lighter, comprises two sub-bands just above and just below the central band. It contains the next most likely scenarios, raising the total probability of the first two bands to 20%. We can repeat the process, moving from the centre outwards and from the darkest band to the lightest, up to a 90% probability (see *INSEE Conjoncture in France* for June 2008, pages 15 to 18). It can therefore be estimated that the first estimate that will be published in the quarterly accounts for Q1 2019 has a 50% chance of being between +0.2% and +0.6% ; for Q2 2019, up to a 90% probability the estimate will be between −0.2% and +1.0% .

Source: INSEE



## Key figures: France and its international environment

	2016				2017				2018		2016	2017	2018 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
International environment													
Advanced economy GDP	0.6	0.7	0.7	0.5	0.5	0.7	0.4	0.5	0.3	0.4	2.4	2.2	1.3
Eurozone GDP	0.7	0.7	0.7	0.7	0.4	0.4	0.1	0.2	0.3	0.3	2.5	1.8	0.9
Barrel of Brent oil (in dollars)	54.7	50.9	52.2	61.5	66.8	74.4	75.2	67.4	65.0	65.0	54.8	71.0	65.0
Euro-dollar exchange rate	1.06	1.10	1.17	1.18	1.23	1.19	1.16	1.14	1.14	1.14	1.13	1.18	1.14
World demand for French products	1.6	1.5	0.9	1.9	0.5	0.6	0.8	0.1	0.7	0.9	5.4	3.7	2.1
France - supply and uses													
GDP	0.8	0.7	0.6	0.7	0.2	0.2	0.3	0.3	0.4	0.4	2.3	1.5	1.1
Imports	1.7	-0.3	2.0	0.5	-0.8	0.6	-0.3	1.4	0.9	0.6	4.1	1.2	2.4
Household consumption	0.0	0.4	0.4	0.2	0.2	-0.1	0.4	0.0	0.5	0.4	1.1	0.8	0.9
GG and NPISHs consumption	0.2	0.4	0.5	0.2	0.1	0.3	0.2	0.4	0.5	0.4	1.4	1.1	1.2
Total GFCF	2.4	0.8	1.3	0.9	0.2	0.8	1.0	0.2	0.5	0.6	4.7	2.9	1.8
of which: NFEs	2.8	0.4	1.6	1.2	0.1	1.3	1.7	0.2	0.7	0.8	4.4	3.9	2.7
Households	1.9	1.3	1.0	0.9	0.4	0.1	0.0	-0.3	-0.3	-0.2	5.6	1.9	-0.6
Exports	0.0	2.7	1.1	2.2	-0.5	0.0	0.2	2.3	0.6	0.2	4.7	3.0	2.5
Contributions (in point)													
Domestic demand excluding changes in inventories <sup>1</sup>	0.6	0.5	0.7	0.4	0.2	0.2	0.5	0.2	0.5	0.4	2.0	1.4	1.2
Changes in inventories <sup>1</sup>	0.8	-0.7	0.3	-0.2	-0.1	0.2	-0.4	-0.2	0.1	0.1	0.2	-0.4	-0.1
Net foreign trade	-0.5	0.9	-0.3	0.5	0.1	-0.2	0.2	0.3	-0.1	-0.1	0.1	0.6	0.0
France - situation of households													
Total employment	99	96	49	99	60	15	33	57	43	42	342	164	85
Non-farm market sector employment	83	85	48	106	48	27	29	46	35	35	322	150	70
ILO unemployment rate France <sup>2</sup> (excluding Mayotte)	9.6	9.4	9.6	9.0	9.2	9.1	9.1	8.8	8.8	8.7	9.0	8.8	8.7
Consumer price index <sup>3</sup>	1.1	0.7	1.0	1.2	1.6	2.1	2.2	1.6	1.2	1.0	1.0	1.9	
Core inflation <sup>3</sup>	0.4	0.4	0.5	0.6	0.9	0.8	0.7	0.7	1.0	1.1	0.5	0.8	
Household purchasing power	0.2	0.6	0.4	0.4	-0.5	0.8	0.3	1.1	0.7	0.0	1.4	1.2	1.8

Forecast

1. Changes in inventories include acquisitions net of sales of valuable
2. For annual data, unemployment rate is that of the last quarter of the year
3. Year-on-year on the last month of the quarter and annual averages

GDP: gross domestic product

GFCF: gross fixed capital formation

GG: general government

NFEs: non-financial enterprises

NPISHs: non-profit institutions serving households

ILO unemployment: unemployment as defined by the International Labour Organisation

How to read it: the volumes are calculated at the previous year's chain-linked prices, seasonally and working-day adjusted, quarterly and annual averages, as a %.

Source: INSEE