

Consumer prices

After plateauing for almost a year at around +6%, year-on-year consumer prices in France have dropped sharply since spring 2023, mainly because of the slowdown in the prices of food products and manufactured goods (► [Figure 1](#)). In February 2024, year-on-year inflation continued to fall back, standing at +2.9% (according to the provisional estimate) after +3.1% in January 2024 (► [Figure 2](#)), as a result of a further drop in inflation in food and manufactured products. Meanwhile, energy prices are accelerating sharply (+4.4% year-on-year after +1.9% in January 2024), affected by the partial reintroduction of electricity taxes. However, the rise in electricity prices is offset by the drop in gas prices, in the wake of the fall in prices on the European market. Within the meaning of the HICP, the year-on-year price variation in February 2024 stood at +3.1%, according to the provisional estimate.

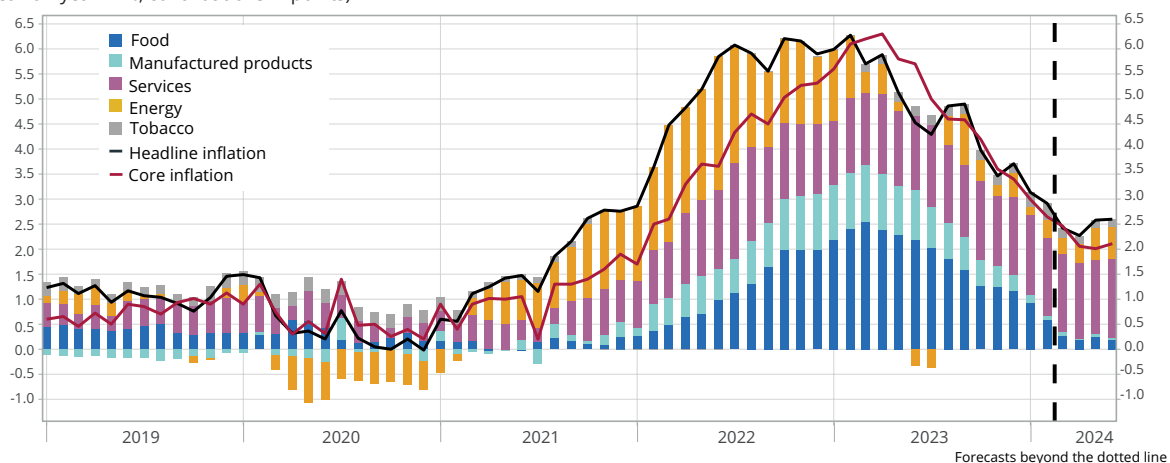
Advance indicators (producer prices, ► [Figure 4](#), business tendency survey balances of opinion, ► [Figure 5](#)) suggest that the variation in consumer prices from month to month would appear to be evening out. Thus, assuming that the price of a barrel of Brent crude remains frozen over the forecasting period at €75, then inflation is expected to continue to decline until April 2024 (+2.3% forecast year-on-year), then increase once again in May (+2.6%) and remain stable in June. This expected rebound in the year-on-year variation in consumer prices in the spring is due mainly to “base effects” linked to the year-on-year variation in the prices of petroleum products. The year-on-year variation in the HICP is expected to reach +2.8% in June 2024: the increase in medical co-payments planned for the spring is expected to contribute 0.1 points to the difference between this year-on-year variation and that of the CPI (+2.6 %), with the rest linked to differences in weighting (► [Focus](#) “By June 2024, the easing of inflation in the main Eurozone countries is likely to be limited with several measures to assist households coming to an end”).

Energy inflation is likely to increase from +4.4% year-on-year in February 2024 to +7.8% in June. From month to month, gas retail prices should fall slightly following on from the downturn in the market price, whereas electricity and fuel prices are expected to remain virtually stable throughout the forecasting period. The year-on-year variation in petroleum product prices is expected to increase nevertheless: this rise is likely to be concentrated mainly in May after some more moderate price rises until April, due to an automatic effect of exiting from the year-on-year figures, the result of price reductions one year earlier (► [Figure 3](#)). May 2023 in particular saw a sharp drop in oil prices, causing a downturn in prices at the pump.

Unusually, food inflation was the main contributor to headline inflation between September 2022 and September 2023. Standing at +3.6% year-on-year in February 2024, it is expected to continue its decline, which began in spring 2023, and looks set to reach +1.2% in June 2024, i.e. the lowest year-on-year variation seen since January 2022. This forecast comes in the wake of a decline in producer prices in the agrifood industries. In particular, the month-by-month variation in the

► 1. Headline inflation and contributions by item

(inflation year-on-year in %, contributions in points)



Note: for February 2024, headline inflation is a provisional estimate, while core inflation is a forecast

How to read it: in February 2023, according to the provisional estimate, headline inflation stands at +2.9%. Food contributes around +0.6 points to this figure with services contributing +1.6 points.

Source: INSEE.

prices of food products excluding fresh produce is expected to even out in relation to the inflationary spike of 2022 and 2023. However, the effect of trade negotiations, which may increase in intensity following protests by farmers, is still surrounded by forecasting uncertainty.

Consumer prices of manufactured products, relatively stable year-on-year in February 2024 (+0.3%), are expected to see some changes month by month that are very similar to those of H1 2023: thus the year-on-year variation is expected to remain more or less at zero over the forecasting period (+0.2% forecast in June 2024). Producer prices in industry (excluding agrifood and energy) fell back slightly in 2023 then stabilised at the start of 2024 after increasing sharply over two years. In addition, according to the business survey in industry, the balance of opinion on expected change in selling prices fell back considerably in 2023 and was below its long-term average in February 2024.

Services represent about half of the consumer price index basket; in October 2023 they were once again the foremost contributors to headline inflation and are expected to remain so over the entire forecasting period, contributing around +1.5 points to headline inflation each month. According to the forecast, the prices of services will increase by 3.0% year-on-year in June 2024. Given the weight of wages among the determinants of the prices of services (► **Focus** "Consumer prices for services", *Economic Outlook*, December 2023), the relative dynamism of these prices is likely to derive mainly from wages, which are themselves fuelled by previous inflation (► **Wages sheet**): wage rises are indeed expected to exceed headline inflation. Rents, which are also indexed to previous inflation, are expected to remain fairly dynamic too.

Finally, tobacco inflation reached 18.7% year-on-year in February 2024, following a double increase in taxes on tobacco in a year, first in March 2023 then in January 2024. As a result of the base effect, tobacco inflation year-on-year is expected to fall back in spring 2024, reaching +8.6% year-on-year in June 2024

Like headline inflation, core inflation is expected to fall back by June 2024, reaching +2.1% year-on-year, compared to +3.0% in January 2024. The reason for this decline is that most items included in the core price index, especially food (excluding fresh produce) have themselves declined. In June, core inflation is therefore likely to settle at a lower level than headline inflation, whereas they were moving at more or less the same pace at the start of 2024: in fact, unlike headline inflation, core inflation, which excludes the most volatile components of the index, is unlikely to be affected by the year-on-year rebound in the prices of petroleum products which is expected in May. ●

► 2. Headline inflation, past and forecast

(change in %, contributions in points)

CPI groups* (2024 weightings)	Jan. 2024		Feb. 2024		Mar. 2024		Apr. 2024		May 2024		June 2024		Annual averages	
	yoy	cyoy	yoy	cyoy	yoy	cyoy	yoy	cyoy	yoy	cyoy	yoy	cyoy	2022	2023
Food (15.1%)	5.7	0.9	3.6	0.6	1.6	0.3	1.1	0.2	1.5	0.2	1.2	0.2	6.8	11.8
fresh food (1.9%)	7.9	0.2	0.5	0.0	-3.6	-0.1	-1.4	0.0	3.8	0.1	2.3	0.1	7.7	9.6
excluding fresh food (13.2%)	5.3	0.7	4.1	0.6	2.5	0.4	1.5	0.2	1.1	0.2	1.0	0.1	6.6	12.2
Tabacco (1.8%)	16.8	0.3	18.7	0.3	10.6	0.2	8.9	0.2	8.6	0.2	8.6	0.2	0.1	8.0
Manufactured products (23.2%)	0.7	0.2	0.3	0.1	0.3	0.1	0.1	0.0	0.2	0.1	0.2	0.0	3.0	3.5
including: clothing and footwear (3.5%)	0.4	0.0	0.6	0.0	0.7	0.0	0.8	0.0	0.9	0.0	1.0	0.0	2.7	2.5
medical products (4.0%)	-0.9	0.0	-1.3	0.0	-1.4	-0.1	-1.3	-0.1	-1.1	0.0	-1.1	0.0	-1.2	-0.7
other manufactured products (15.8%)	1.1	0.2	0.7	0.1	0.6	0.1	0.3	0.0	0.4	0.1	0.4	0.1	4.1	4.7
Energy (8.3%)	1.9	0.2	4.4	0.4	4.0	0.3	4.7	0.4	7.9	0.7	7.8	0.6	23.1	5.6
including: oil products (4.3%)	-6.7	-0.3	-2.2	-0.1	-1.7	-0.1	-1.1	0.0	5.0	0.2	4.8	0.2	29.0	-1.7
Services (51.6%)	3.2	1.6	3.1	1.6	3.1	1.6	3.0	1.5	2.9	1.5	3.0	1.6	3.0	3.0
rent-water and household refuse collection (8.0%)	3.0	0.2	2.9	0.2	2.9	0.2	2.9	0.2	2.9	0.2	2.9	0.2	2.0	2.8
health services (6.2%)	1.1	0.1	1.4	0.1	1.5	0.1	1.3	0.1	1.3	0.1	1.3	0.1	-0.1	-0.2
transport (2.9%)	3.8	0.1	1.9	0.1	1.7	0.1	2.5	0.1	2.0	0.1	2.1	0.1	10.4	6.3
communications (2.0%)	-5.0	-0.1	-5.0	-0.1	-5.6	-0.1	-5.6	-0.1	-5.8	-0.1	-2.9	-0.1	0.6	-3.6
other services (32.5%)	4.1	1.3	4.1	1.3	4.2	1.3	3.9	1.2	3.8	1.2	3.9	1.3	3.7	3.9
All (100%)	3.1	3.1	2.9	2.9	2.4	2.4	2.3	2.3	2.6	2.6	2.6	2.6	5.2	4.9
<i>All excluding energy (91.7%)</i>	3.3	3.0	2.8	2.5	2.3	2.1	2.1	1.9	2.1	1.9	2.1	2.0	3.6	4.8
<i>All excluding tobacco (98.2%)</i>	2.9	2.8	2.6	2.6	2.3	2.2	2.2	2.1	2.5	2.4	2.5	2.4	5.3	4.8
Core inflation** (62.7%)	3.0	1.8	2.6	1.6	2.5	1.5	2.1	1.2	2.0	1.2	2.1	1.3	4.5	5.0

■ Provisional.

■ Forecast.

yoy: year-on-year; **cyoy**: contribution to the year-on-year value of the overall index.

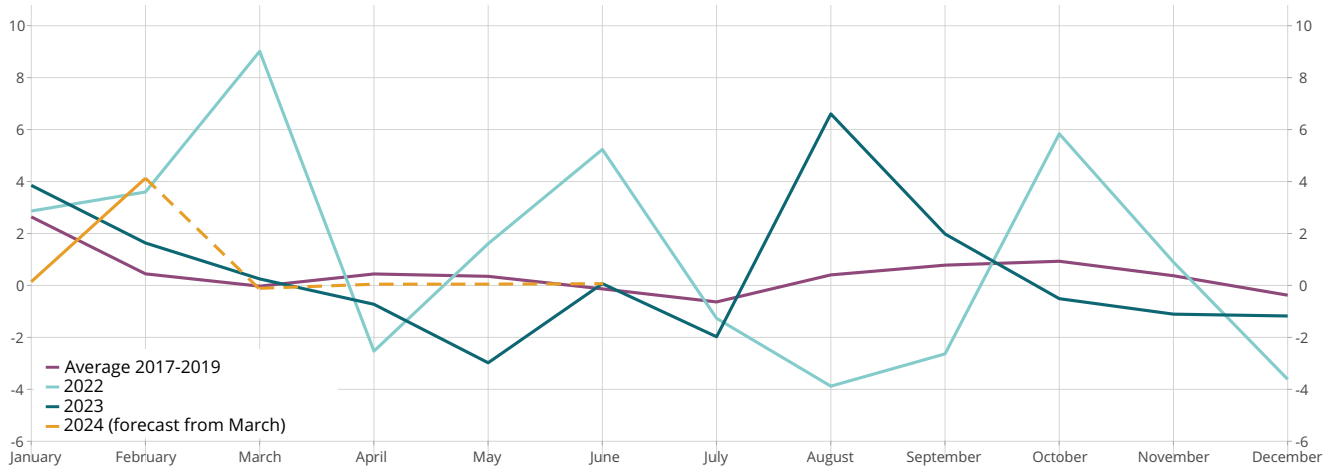
* Consumer price index (CPI).

** Index excluding public tariffs and products with volatile prices, corrected for tax measures.

Source: INSEE.

French economic outlook

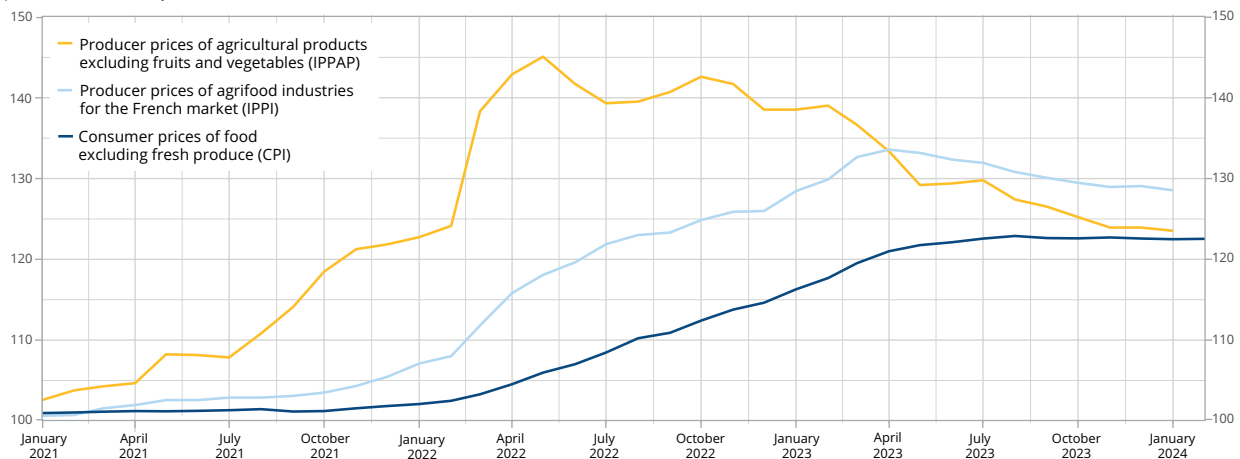
►3. Comparison of monthly variations in energy prices from 2022 to 2024 and the 2017-2019 average (monthly changes in %)



How to read it: in February 2024, energy consumer prices increased by 4.1% compared to the previous month. They rose by 1.6% in February 2023, 3.6% in February 2022 and 0.4% as a February average for 2017-2019.

Source: INSEE.

►4. Variation in prices along the food production chain (in level, base 100 in 2019)

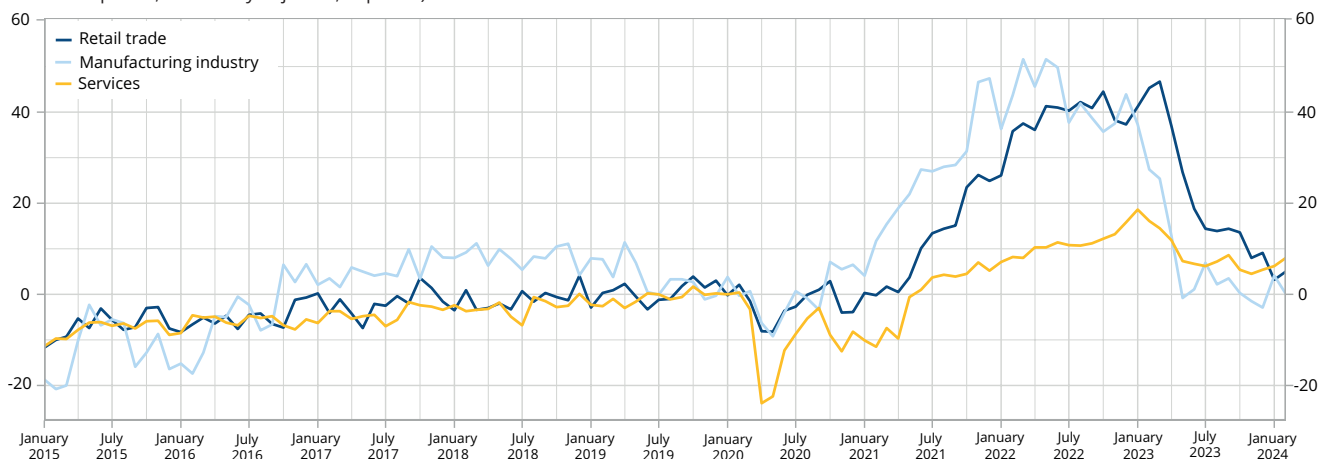


Last point: January 2024 for IPPAP and IPPI, February 2024 for the CPI.

How to read it: in January 2024, compared to their 2019 average, consumer prices of food products excluding fresh produce increased by 22.5%, agrifood industry producer prices for the French market by 28.6% and agricultural producer prices (excluding fruit and vegetables) by 23.5%.

Source: IPPAP, IPPI, IPC, INSEE.

►5. Balances of opinion on variations in selling prices over the next 3 months (balances of opinion, seasonally adjusted, in points)



Last point: February 2024.

How to read it: in February 2024, the balance of opinion on variations in selling prices was 0.1 in the manufacturing industry, 8 in services and 5 in retail trade.

Source: monthly business surveys, INSEE.