

Economic activity

In Q3 2024, activity gathered pace (+0.4% after +0.2%, ► [Figure 1](#)), buoyed by a one-off stimulus of approximately 0.2 GDP points provided by the Paris Olympic and Paralympic Games. In accordance with the French national accounting system, ticket sales and audiovisual broadcasting revenues were recorded as the production of services at the time of the events: these two accounting effects boosted growth by 0.3 points. However, the impact on activity was lessened by the crowding-out effect on regular tourists: household consumption of accommodation and food services slipped back nationwide this summer (-0.2% on the previous quarter), as did the consumption of transport services (-0.4%). Although the consumption of recreational services nationwide increased by 7.1%, it actually declined if ticket sales for the Olympic Games are disregarded. Crowding-out effects therefore reduced the impact of the Paris Olympic and Paralympic Games on French growth by around 0.1 points.

Domestic demand increased (contributing +0.3 points to GDP growth in Q3 after +0.1 point in Q2) thanks to the growth of household consumption (+0.6% after +0.0%) and the unwavering dynamism of government consumption (+0.5% in both quarters). At the same time, investment – both corporate and household (► [Figure 2](#)) – continued to fall (-0.7% after -0.1%). Foreign trade hampered activity slightly (contributing -0.1 point after +0.2 points). Imports fell back (-0.6% after +0.1% in Q2), but exports declined even more sharply (-0.8% after +0.6%) – especially for manufactured goods (-1.9% in Q3) – after the major shipbuilding deliveries in Q2. Lastly, changes in inventories buoyed up activity slightly (contributing +0.1 point).

On the supply side, activity in the manufacturing industry stabilised after two quarters of decline (► [Figure 4](#)): the return to slightly positive growth in capital goods and “other industrial branches” was not sufficient to offset a further downturn in value added in transport equipment (-0.9% after -1.6%) and in the agrifood sector (-0.2% after -1.0%). At the same time, construction activity edged down only slightly after three consecutive quarters of sharp decline. However, activity in market-sector services picked up slightly, boosted by the Paris Olympics (+0.5% after +0.3%). Finally, poor harvests in 2024 explained the 3.6% decline in agricultural value added in Q3 and are therefore likely to reduce annual growth by nearly 0.2 points in 2024 (► [Focus](#) on agricultural production in 2024).

► 1. Goods and services: resources-uses balance at chain-linked prices for the previous year, in quarterly and annual change

(quarterly and annual changes, in %; seasonally adjusted data - YTD)

	2023				2024				2025		2023	2024	2025 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Gross domestic product	0.1	0.7	0.1	0.4	0.2	0.2	0.4	0.0	0.2	0.2	1.1	1.1	0.5
Imports	-2.0	1.8	-0.5	-2.0	0.1	0.1	-0.6	0.6	0.5	0.5	0.7	-1.3	1.0
Total resources	-0.4	1.0	0.1	0.1	0.0	0.3	0.3	0.1	0.2	0.2	1.4	0.7	0.6
Household consumption expenditure	0.1	0.0	0.5	0.3	0.1	0.0	0.6	0.2	0.1	0.3	0.9	0.9	0.8
General government consumption expenditure*	-0.3	0.1	0.5	0.4	0.7	0.5	0.5	0.2	0.1	0.1	0.8	2.0	0.8
of which individual general government expenditure	-0.4	-0.1	0.4	0.2	0.3	0.2	0.5	0.3	0.2	0.2	0.5	1.2	0.9
of which collective general government expenditure	-0.3	0.4	0.7	0.8	1.3	1.2	0.7	0.0	-0.1	-0.1	1.2	3.7	0.5
Gross fixed capital formation (GFCF)	-0.3	0.5	-0.1	-0.8	-0.6	-0.1	-0.7	-0.2	-0.1	0.0	0.7	-1.6	-0.7
of which Non-financial enterprises (NFE)	0.1	0.8	0.5	-0.8	-0.9	-0.2	-1.2	-0.3	-0.3	-0.2	3.1	-1.9	-1.3
Households	-2.9	-1.5	-2.3	-2.0	-2.0	-0.9	-0.6	-0.3	-0.2	0.0	-8.2	-6.0	-0.9
General government	2.4	2.4	0.6	0.2	1.1	0.7	0.5	0.3	0.2	0.2	7.1	3.1	0.9
Exports	-1.5	3.2	-0.9	0.7	0.5	0.6	-0.8	0.3	1.0	0.2	2.5	1.6	1.2
Contributions (in points)													
Domestic demand excluding inventory**	-0.1	0.2	0.4	0.1	0.1	0.1	0.3	0.1	0.1	0.2	0.9	0.6	0.5
Changes in inventories**	-0.1	0.0	-0.2	-0.7	0.0	-0.1	0.1	0.0	-0.1	0.1	-0.4	-0.6	0.0
Foreign trade	0.2	0.5	-0.1	1.0	0.1	0.2	-0.1	-0.1	0.2	-0.1	0.6	1.0	0.1

■ Forecast.

* Consumption expenditure of general government and non-profit institutions serving households (NPISH).

** Changes in inventories include acquisitions net of valuable items.

How to read it: in Q1 2024, the imports increased by 0.1%.

Source: INSEE.

French economic outlook

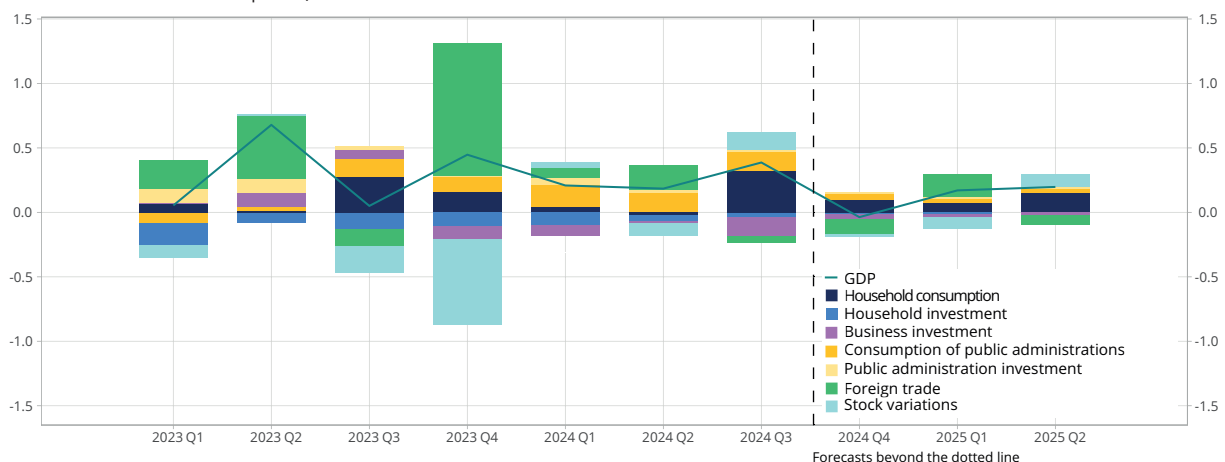
According to the business tendency surveys, the situation remains gloomy with the business climate indicator languishing below its long-term average for several months and remaining on a negative trend (► [Figure 3a](#)). In industry in particular, the outlook for the business community has deteriorated in all sectors with the exception of transport equipment, thanks to the aeronautical sector (► [Figure 3b](#)). Business leaders in the construction sector are also pessimistic in their business forecasts, particularly for new construction (► [Figure 3c](#)). The employment climate, which had remained on a much more positive trend than the business climate throughout 2022 and 2023, reflecting the fact that employment was growing much more vigorously than business activity, has now returned to normal over the past year. In November, it stood at just below its long-term average (99), reflecting less vigorous job creation. Household confidence, which had plummeted to well below its long-term average in the wake of the invasion of Ukraine and the inflationary shock (reaching 80 in the summer of 2022), recovered steadily until the beginning of 2024, and then stabilised throughout the first part of the year, at what remains a depressed level. It then picked up again this summer, rising from 90 in June to 95 in September. Such a burst of optimism is commonly observed at the times of national elections, to which an effect linked to the Paris Olympic and Paralympic Games may have been added (► [Focus Economic outlook](#), October 2024). Nonetheless, confidence deteriorated again in October and November, returning to its June level, a long way from its historical average, a sign that this relative upturn in optimism was only temporary.

Against this unpromising backdrop, activity is expected to be sluggish in Q4 (0.0% GDP growth forecast). The Olympic and Paralympic Games, which buoyed activity in the summer, are likely to have a negative impact on its trend in the autumn. Apart from this effect, activity is likely to remain sluggish (+0.2% in Q4), maintaining a similar rate to that recorded this summer. Manufacturing output looks set to be virtually stable: the aeronautical industry should make substantial deliveries towards the end of the year, but activity in “other industrial branches” is expected to start deteriorating again. The production of services is expected to come to a standstill in a backlash to the impact of the Paris Olympic and Paralympic Games. In construction, activity should continue to decline (-0.4%), mainly due to weak demand, which is increasingly mentioned by companies as the only factor holding back production (19% of enterprises in the construction sector were concerned in November 2024, the highest proportion observed since January 2018).

Amongst the main components of demand, household consumption is set to rise slightly despite the impact of the Olympic Games (+0.2% in the Q4 after +0.6%). It should be buoyed up by the continued slight upturn in food consumption (+0.4% after +0.5%), linked to the drop in food inflation, but also by motor vehicle purchases: vehicle registrations were vigorous in November in anticipation of the reduction in the bonus for electric vehicle purchases (which finally occurred at the beginning of December), and the planned tightening of the CAFE standard for vehicle emissions at European level at the beginning of 2025.

► 2. Quarterly variations in GDP and contributions of main demand items

(variations in % and contributions in points)



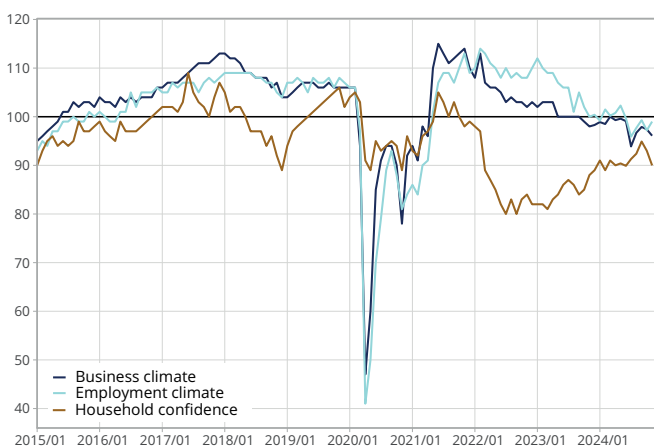
How to read it: in Q3 2024, GDP is expected to increase on the first quarter (+0.4%); the contribution of household consumption to this trend would be around +0.3 points.

Source: INSEE.

The decline in household investment is expected to continue (-0.3% in Q4), albeit at a slower pace than before; household investment in construction is set edge down moderately (-0.5% after -0.6%), reflecting the delayed stabilisation of housing starts, whereas household investment in services is set to pick up again (+0.5% after -0.9%). The cycle of interest rate cuts by the ECB, which began in June, is beginning to fluidify transactions, as confirmed by the slightly better balance of opinion on purchasing intentions in the business tendency survey of households. For enterprises, investment in manufactured goods is likely to keep falling (-1.0% after the historic decline of -4.6% in Q3), mainly as a result of persistently unfavourable financing conditions. Corporate investment in construction looks set to edge down for the eighth successive quarter (-0.7%), in a context that remains unpromising for commercial property, and corporate investment in services is likely to slow (+0.5% after +1.0%). Lastly, the contribution of foreign trade to activity is expected to be slightly negative (-0.1 point), due a backlash effect after the Paris Olympic and Paralympic Games and despite significant aeronautical deliveries.

► 3a. Business climate, employment climate and household confidence in France

(normalized with mean 100 and standard deviation 10)



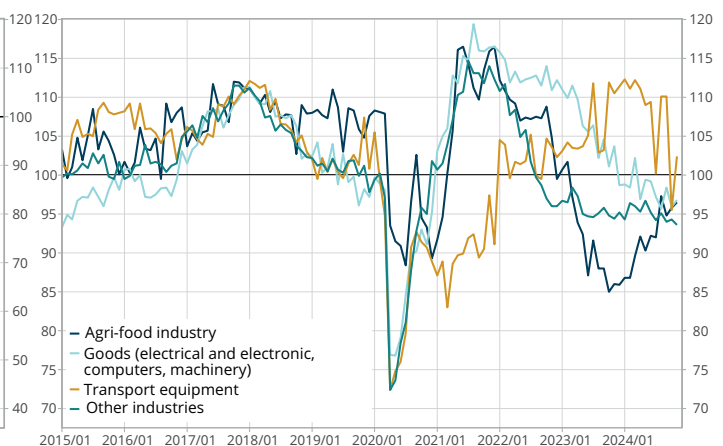
Last point: November 2024.

How to read it: in November 2024, business climate in France stands at 96, below its long-term average of 100.

Source: business and consumer surveys, INSEE.

► 3b. Business climate in the main sub-sectors of the manufacturing industry

(normalized with mean 100 and standard deviation 10, since 1990)



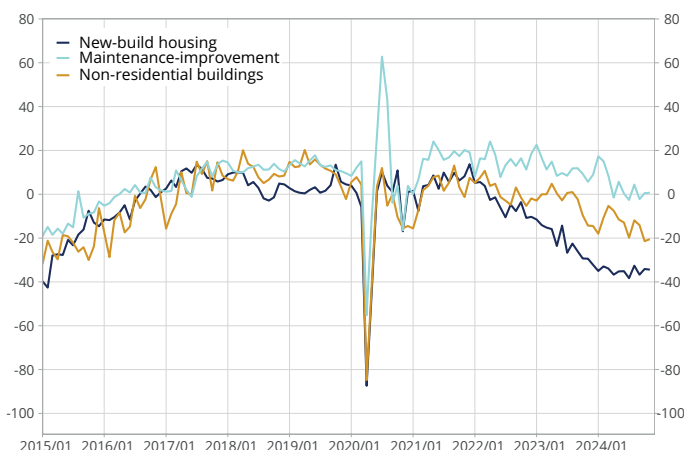
Last point: November 2024.

How to read it: in November 2024, the business climate in agri-food industries stands at 97 points, below its long-term average (100).

Source: business and consumer surveys, INSEE.

► 3c. Balances of opinion on planned construction activity by type of work to be done

(opinion balances)



Last point: November 2024.

How to read it: in November 2024, the balance of opinion on planned maintenance and improvement works remains stable compared to October 2024, at just above 0.

Source: business and consumer surveys, INSEE.

French economic outlook

In H1 2025, activity should remain sluggish (+0.2% in Q1, then +0.2% in Q2). Manufacturing output is set to remain flat, while construction activity is expected to take less of a toll on growth (-0.3% in Q1 and -0.2% in Q2). However, in reaction to the poor harvests in 2024, agricultural activity is expected to be particularly buoyant in 2025, contributing +0.1 percentage point to French growth in 2025. The production of services is expected to rise again (+0.2% growth per quarter for all market-sector services), in the wake of household consumption.

On the demand side, corporate investment should keep edging down at virtually the same rate (-0.3% in Q1 and -0.2% in Q2): financing conditions are expected to improve, but the prevailing uncertainty is likely to prevent businesses from taking full advantage of them. Household investment in construction is expected to be slow to stabilise (-0.4% in Q1 and -0.1% in Q2), while household investment in services should continue to rise (+0.5% per quarter). Household consumption is likely to be the main driver of growth, as it looks set to rise moderately in H1 (+0.1% in Q1 and +0.3% in Q2). Household purchasing power is likely to increase at a slightly slower pace over the forecasting period, and the decline in the savings rate, which stood at a very high level in Q3 2024, should remain modest (18.2%, ► **Focus** on the savings rate of European households): household confidence, which had gradually improved over the summer, fell back sharply in November. After several quarters of sustained growth (between +0.5% and +0.7% per quarter), the consumption of general government should slow down significantly (+0.2% at end 2024 and +0.1% in both Q1 and Q2 2025). On the Government side, the renewal of last year's budget is expected to lead to a marked slowdown, while local authority spending is expected to return to normal after rising sharply in 2024. Finally, the profile of the contribution of foreign trade to growth in H1 2025 (+0.2 points then -0.1 point) is likely to be determined by major shipbuilding deliveries in Q1. Beyond this one-off effect, France's losses of export market shares are unlikely to be offset over the forecasting period.

► 4. Quarterly changes in economic activity by industry

(quarterly changes in %)

Branch	weight in %	2023				2024				2025		2023	2024	2025 ovhg
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Agriculture, forestry and fishing	1.6	1.7	0.9	-1.2	-3.1	-4.1	-4.3	-3.6	0.0	3.6	3.2	4.9	-11.3	3.0
Industry	13.4	4.3	2.2	0.2	1.4	0.8	-0.1	0.7	-0.2	0.0	0.0	5.8	2.8	0.1
Manufacturing industry	11.2	1.1	1.9	0.0	0.6	-0.6	-0.8	0.0	0.1	0.0	0.0	2.5	-0.3	-0.2
Manufacture of food products, beverages and tobacco-based products	1.9	-1.5	1.1	-1.4	0.0	3.7	-1.0	-0.2	0.0	-	-	-4.7	2.4	-
Coke and refined petroleum	0.1	-4.7	9.2	10.5	1.9	-4.2	5.9	2.1	1.0	-	-	31.5	10.1	-
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	1.5	3.1	1.7	-1.1	-0.5	-1.4	-0.9	0.1	0.0	-	-	4.8	-2.5	-
Manufacture of transport equipment	1.7	6.4	5.8	-0.7	1.3	-5.8	-1.6	-0.9	1.2	-	-	14.0	-5.2	-
Manufacture of other industrial products	6.1	-0.1	0.9	0.4	0.8	-0.2	-0.6	0.2	-0.7	-	-	0.5	0.2	-
Extractive industries, energy, water, waste treatment and decontamination	2.2	22.1	3.3	0.9	5.0	3.3	1.7	2.6	-1.0	0.0	0.0	23.4	10.9	0.9
Construction	5.7	1.2	1.1	-0.3	-0.8	-1.8	-0.9	-0.1	-0.4	-0.3	-0.2	2.2	-3.0	-1.0
Mainly market services	57.5	-0.6	0.9	0.3	0.6	0.4	0.3	0.5	-0.1	0.2	0.2	1.4	1.7	0.7
Trade; repair of automobiles and motorcycles	10.2	-1.3	0.6	0.0	0.0	0.2	-0.4	-0.6	0.0	-	-	-1.1	-0.2	-
Transport and storage	4.4	-3.7	0.9	-1.6	0.3	0.6	0.2	0.3	0.1	-	-	-3.9	0.5	-
Financial and insurance activities	3.6	-1.3	-1.2	-1.9	-0.6	0.3	1.7	-0.7	0.0	-	-	-2.2	-0.5	-
Real estate activities	14	0.0	0.3	0.1	0.2	0.2	0.2	0.2	0.2	-	-	0.7	0.8	-
Accommodation and catering	2.4	2.0	3.9	0.9	1.2	0.2	0.8	0.5	0.5	-	-	12.8	3.5	-
Information and communication	5.5	0.9	1.8	1.3	1.5	0.9	0.7	1.8	0.9	-	-	6.3	4.8	-
Scientific and technical activities; administrative and support services	14.5	-0.1	1.6	1.2	1.6	0.3	0.5	0.9	0.6	-	-	3.3	3.5	-
Other service activities	3	0.7	0.1	0.6	0.2	0.5	-0.1	3.7	-3.0	-	-	3.3	2.0	-
Mainly non-market services	21.7	-0.4	-0.3	0.1	0.4	0.4	0.6	0.5	0.2	0.2	0.2	-0.7	1.4	0.8
Total VA	100	0.2	0.8	0.1	0.5	0.3	0.2	0.5	-0.1	0.2	0.2	1.6	1.3	0.6

■ Forecast

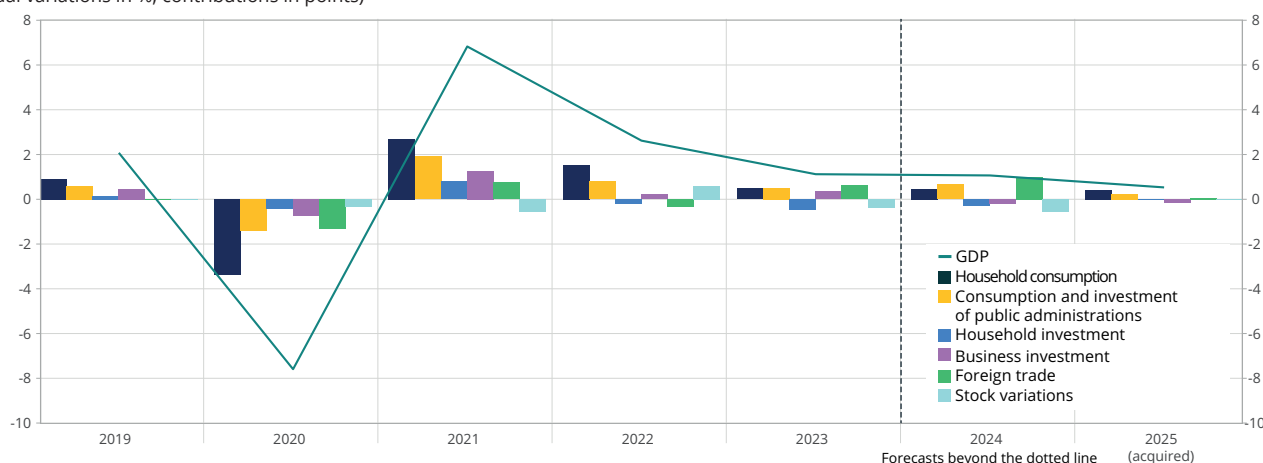
How to read it: in Q3 2024, value added in the transport equipment manufacturing branch fell by 0.9%. It is expected to rise by 1.2% in Q4 2024.

Source: INSEE.

All in all, annual growth for 2024 is expected to stand at +1.1%, as in 2023. The mid-year growth overhang for 2025 is expected to reach +0.5% (► [Figure 5](#)). This forecast remains subject to uncertainty, not least with regard to the political situation in France. In fact, the forecast produced in this issue of *Economic Outlook* is based on an analysis of economic indicators, the most recent of which relate to October, and on responses to surveys of economic players conducted in November, before the National Assembly passed a vote of no confidence in the French Government. Developments in the political situation in France therefore constitute a major uncertainty in the scenario, especially with regard to the fate of the budgetary measures planned for 2025. As far as the fiscal impulse is concerned, the forecast is based on the assumption that a special law authorising the Government to levy tax on the basis of the tax scales in force will be passed, and that the budget passed for the last fiscal year, i.e. 2024, will be rolled over. The uncertain political context is likely to alter the behaviour of economic players, fuelling the wait-and-see attitude among households and businesses alike that emerged at the start of the summer of 2024. On the international front, new geopolitical and trade tensions could once again threaten growth, notably through a rise in energy prices or a deterioration in world trade if the United States rapidly embarks on a policy of raising customs tariffs. ●

► 5. Annual variations in GDP and contributions of main demand items

(annual variations in %; contributions in points)



Note: general government consumption also includes consumption by non-profit institutions serving households (NPISH).

How to read it: in 2023, GDP would increase by 1.1%; the contribution of household consumption amounted to +0.5 points.

Source: INSEE.