

International synthesis

In Q3 2024, activity accelerated sporadically in the Eurozone (+0.4% after +0.2%), but was still less vigorous than in the United States (+0.7% GDP growth in Q3, as in Q2). In contrast, the United Kingdom economy was at a standstill after brightening in H1 (+0.1% GDP growth in Q3, after +0.5% in Q2). Within the Eurozone, the pace of growth in the different countries continued to diverge: growth in Spain did not weaken (+0.8% in Q3 2024, after +0.8%, ► **Focus** on the momentum in the Spanish economy), while Germany and Italy came to a halt (+0.1% and 0.0% growth respectively in Q3, after -0.3% and +0.2% in the spring). Finally, in France, activity received a one-off boost this summer with the hosting of the Olympic and Paralympic Games (+0.4%).

In most of the advanced countries, public spending and private consumption improved steadily in the summer, boosting activity. Households took advantage of disinflation and wage catch-up and enjoyed an upturn in purchasing power. Concerning residential investment, the dynamics diverged slightly, although the rise in interest rates has stalled housing construction in all countries: in the United States, it contracted sharply in 2023 but apart from some quarterly hiccups, it seems to have been on a recovery trajectory for over a year; in Germany, France and the United Kingdom, however, the effects of monetary tightening have been slower to manifest but they continued to be felt in 2024. In Italy and Spain, support from the European recovery plan seems to be counteracting the unfavourable effects of financing conditions. Differences in growth are even more evident for non-residential investment: in Q3 2024, it was 20 points above its 2019 level in the United States, compared to only 2 points above in the United Kingdom and the four main Eurozone countries (► **Figure 5**). Finally, the contribution of foreign trade to growth was negative this summer in most of the countries monitored: in the United States and Spain, imports were driven by domestic demand and were more dynamic than exports, whereas in France, Germany and Italy exports declined. In contrast, the contribution of foreign trade to growth in the emerging countries was positive, especially in China.

The differing rates of momentum between the Eurozone, the United Kingdom and the United States are expected to continue over the forecasting period, according to the business tendency surveys (► **Figure 3**). Driven by a fiscal impetus that continues to expand and solid private demand, the US economy is expected to continue to grow faster than that in Europe: US GDP is expected to increase by 0.5% per quarter. In the UK, activity looks set to grow moderately in late 2024 and early 2025 (+0.2% per quarter), then accelerate in the spring as the new budget comes into force (expected growth of +0.3% in Q2 2025). In the Eurozone, however, although the business tendency surveys saw a slight improvement in the spring, the recovery is already running out of steam. By the end of 2024, activity is expected to be at a standstill (+0.1%), hampered by German sluggishness and the repercussion after the Olympic and Paralympic Games in France; it should then improve slightly in H1 2025, although with limited effect. Within the Eurozone, there is still considerable short-term divergence between the four main economies, which is unlikely to ease very much as it is affected by the slight slowdown in Spain and the very gradual rebooting of the German driving force. In China finally, 2024 looks set to be the first year of growth below 5% since 1990 (excluding the health crisis). Growth is then expected to increase slightly in H1 2025 to +1.1% per quarter, as a result of the recovery measures introduced by the Chinese authorities. Given this situation, world trade should maintain a steady pace in Q4 2024 (+0.6%), before picking up again slightly in early 2025 (+0.8% per quarter, ► **Figure 6**), assuming that there are no major protectionist measures within this timeframe (undermining the momentum of foreign trade).

On average across the whole of 2024, growth differentials are expected to remain between the United States (+2.7% after +2.9% in 2023), the United Kingdom (+0.9% after +0.3%) and the Eurozone (+0.7% after +0.5%). The 2025 mid-year growth overhang is expected to be +1.8% in the United States, +0.7% for the Eurozone and +0.8% for the United Kingdom.

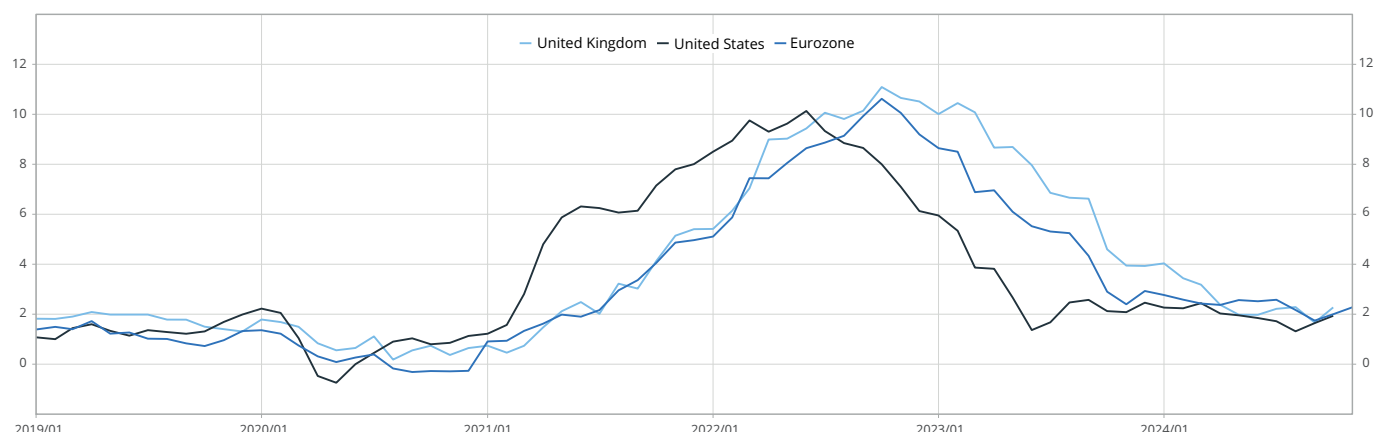
In the advanced economies, the inflationary episode is over. In September, inflation fell below 2% in the United Kingdom and the Eurozone. Since then, it has risen slightly on both sides of the Channel, while remaining moderate (+2.3% in October in the United Kingdom and in November in the Eurozone). In the United States, inflation, measured according to the CPI produced by the Bureau of Labor Statistics, stood at 2.6% year on year in October, compared to +3.2% a year earlier. However, this index is being pushed up by the dynamism of rents, which occupy a significant place: within the meaning of the HICP, a similar concept to inflation as measured in Europe, the year-on-year variation in prices fell below 2% in the United States from May onwards and has remained there since (► **Figure 1**). This disinflationary trend has

triggered several rate cuts on both sides of the Atlantic, which are expected to continue over the forecasting period, assuming there are no massive customs tariff increases. The situation is slightly different in the United Kingdom, where core inflation is higher and is expected to rise slightly in spring 2025, due to increases in employer contributions planned by the British government. Lastly, in China, inflation remains low (+0.3% in October) and producer prices are still on a resolutely downward trend (-2.9% in October).

In the advanced economies, this disinflation is expected to continue to boost private consumption. In addition, in France, Germany and Spain it will be fuelled by the fall in savings ratios, which in mid-2024 were still well above the levels of the previous decade (► **Focus** on savings ratios in European households). However, investment dynamics are expected to remain different between the major economies. In the Eurozone, investment is likely to continue its decline, although less sharply than in 2024, as household and corporate financing conditions begin to ease. In the United States, where investment has been growing continuously since the beginning of 2023, it is expected to stall temporarily at the end of 2024, before increasing again vigorously in H1 2025. In the United Kingdom, corporate investment should continue to grow moderately, while the decline in household investment should have stopped by mid-2025. Public investment is expected to be stimulated in Q2 2025 by the entry into force of the new budget. ●

► 1. Inflation compared in the Eurozone, the United Kingdom and the United States

(year-on-year variation in %)



Last point: in November for eurozone, October for United States, United Kingdom.

How to read it: year-on-year variation in the HICP was 1.9% in the United States in October 2024, and 2.0% in the Eurozone.

Source: INSEE, Destatis, Istat, INE, ONS, BLS.

► 2. World trade is gradually recovering

(levels, quarterly variations in %; annual variations in % for the last three columns)

	2023				2024				2025		2023	2024	2025 (ovgh)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Euro-dollar exchange rate	1.07	1.09	1.09	1.08	1.09	1.08	1.10	1.07	1.05	1.05	1.08	1.08	1.05
Barrel of Brent (in dollars)	81.2	78.1	86.6	84.0	82.9	84.7	80.0	74.2	73.0	73.0	82.5	80.4	73.0
Barrel of Brent (in euros)	75.6	71.7	79.5	78.1	76.3	78.6	72.9	69.5	69.5	69.5	76.2	74.3	69.5
World trade (variations)	-0.4	0.4	0.2	0.3	0.5	1.5	0.6	0.6	0.8	0.8	1.0	2.5	2.5
Imports by advanced economies	-0.3	-0.5	-0.6	0.2	0.4	1.2	1.1	0.6	0.7	0.7	-0.6	1.7	2.5
Imports by emerging economies	-0.6	2.7	2.2	0.6	0.8	2.3	-0.6	0.7	1.0	1.0	5.1	4.7	2.6
World demand for French products (variations)	-0.1	0.1	-0.9	0.0	0.4	1.1	0.6	0.6	0.7	0.7	0.2	1.2	2.2

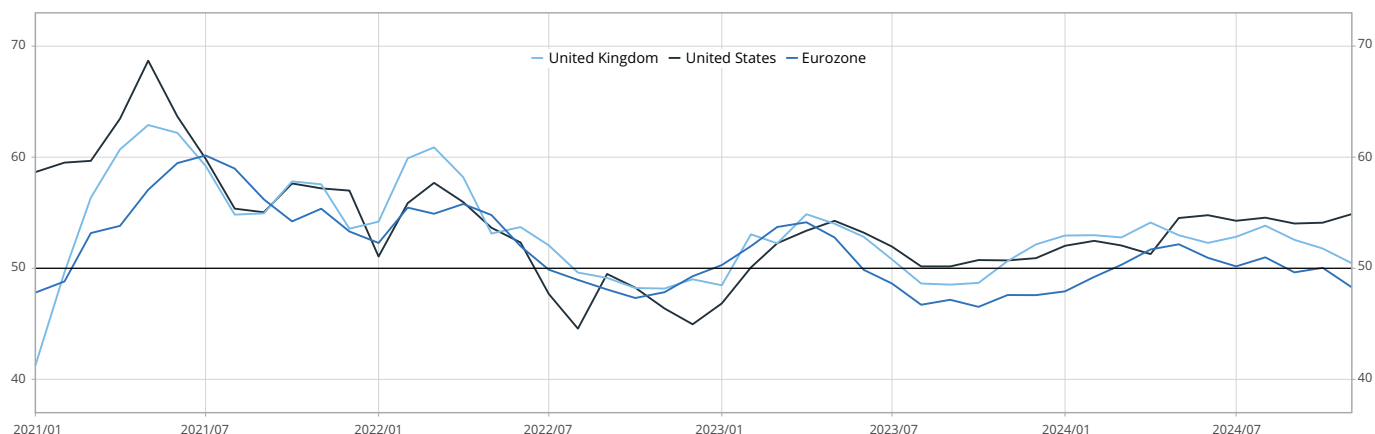
■ Forecast.

Source: Commodity Research Bureau, IHS Markit, Statistiques équilibrées du commerce (OCDE), CHELEM – Commerce international (CEPII), INSEE calculations.

International economic outlook

► 3. Composite PMI in the United States, the United Kingdom and the Eurozone

(index level)



Last point: November 2024.

How to read it: the composite PMI was 55 in the United States in November 2024, compared to 50 for the United Kingdom and 48 for the Eurozone.

Source: S&P.

► 4. Past and forecast GDP growth in the main western economies

(quarterly and annual variations - for the last three columns - in %)

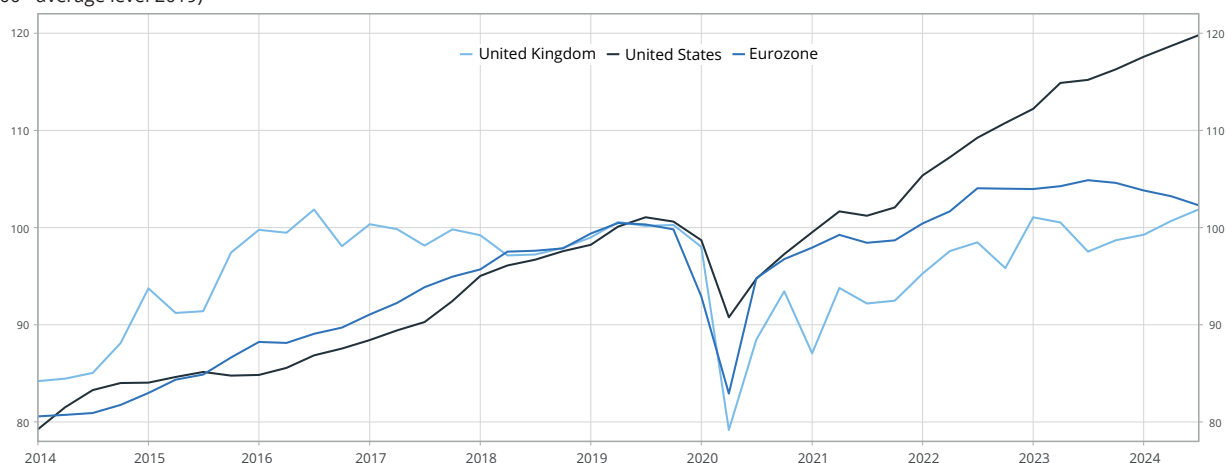
	2023				2024				2025		2023	2024	2025 (ovhg)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
France	0.1	0.7	0.1	0.4	0.2	0.2	0.4	0.0	0.2	0.2	1.1	1.1	0.5
Germany	0.1	-0.2	0.2	-0.4	0.2	-0.3	0.1	0.0	0.1	0.2	-0.1	-0.2	0.2
Italy	0.3	-0.2	0.2	0.0	0.3	0.2	0.0	0.2	0.1	0.1	0.8	0.5	0.4
Spain	0.7	0.2	0.7	0.7	0.9	0.8	0.8	0.6	0.6	0.5	2.7	3.1	2.1
United Kingdom	0.1	0.0	-0.1	-0.3	0.7	0.5	0.1	0.2	0.2	0.3	0.3	0.9	0.8
United States	0.7	0.6	1.1	0.8	0.4	0.7	0.7	0.5	0.5	0.5	2.9	2.7	1.8
China	1.8	0.8	1.5	1.3	1.5	0.5	0.9	1.0	1.1	1.1	5.2	4.6	3.3
Eurozone	0.0	0.1	0.0	0.0	0.3	0.2	0.4	0.1	0.2	0.2	0.5	0.7	0.7

■ Forecast.

Source: INSEE, Destatis, Istat, INE, ONS, BEA, NBSC.

► 5. Productive investment in the United States, the United Kingdom and the four major Eurozone countries

(base 100= average level 2019)



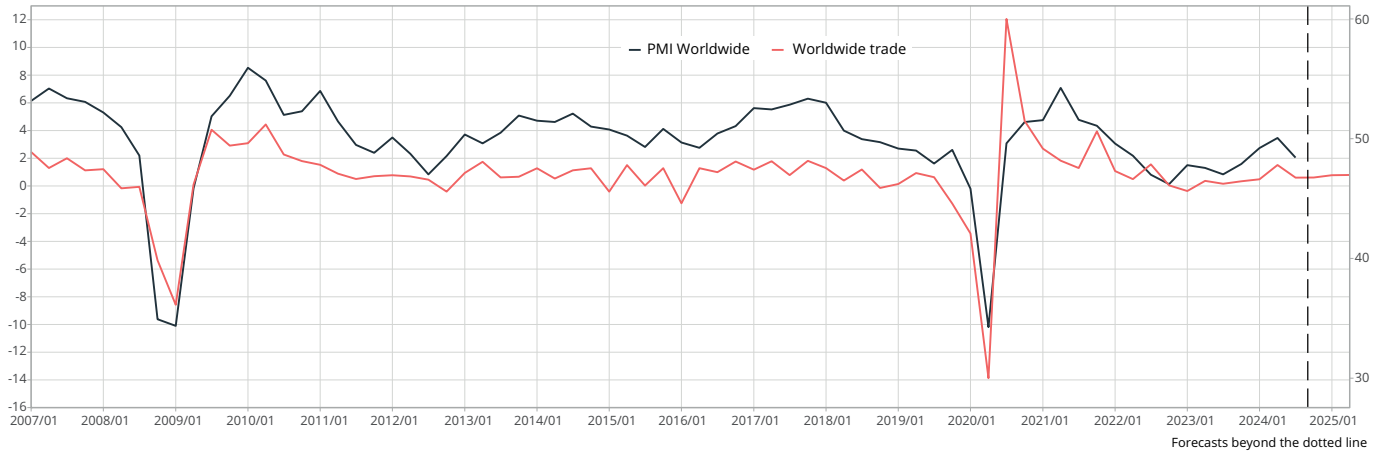
Last point: Q3 2024.

How to read it: non-residential investment in the United States and the United Kingdom, total investment excluding construction for the four major Eurozone countries. On the graph, the Eurozone denotes France, Italy, Spain and Germany.

Source: Eurostat, ONS, BEA.

► 6. PMI for new export orders and world trade

(world trade, quarterly change in %)



Last point: Q2 2025 (forecast from Q4 2024) for world trade, Q3 2024 for world PMI.

Note: forecast beyond the dotted line, for world trade only.

How to read it: world trade increased by 0.6% in Q3 2024 and the global PMI for new export orders was 48 on average across the quarter.

Source: IHS Markit, Statistiques équilibrées du commerce (OCDE), CHELEM – Commerce international (CEPII), forecast INSEE.