

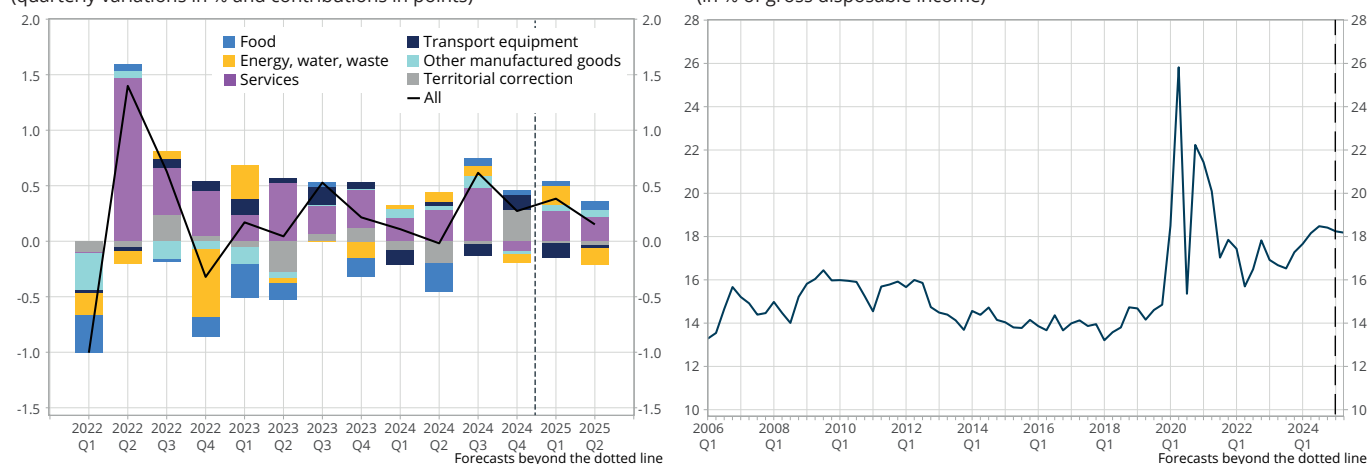
Household consumption and investment

In Q4 2024, consumption remained relatively dynamic (+0.3% after +0.6%; ► **Figure 1**). In services, consumption was virtually unchanged (-0.1% after +0.8%), although purchases in recreational services declined sharply, in reaction to the sales of tickets for the Paris Olympic and Paralympic Games, which were recorded in the national accounts in the summer. In contrast, after coming to a standstill in the summer, probably due to the crowding-out effects associated with the Games, consumption in accommodation-catering and transport services was dynamic in the autumn (+0.4% and +0.9% respectively), especially air transport. Consumption of goods continued to pick up, although at a slightly slower pace than in the previous quarter (+0.2% after +0.4%). Food purchases, which are still 6 points below their 2019 level, continued the increase that had begun in the summer, bolstered by disinflation for these products. Automobile purchases in particular rebounded strongly (+2.9% after -2.2%), thus contributing over 0.1 points to the overall increase in consumption in Q4. While the reduction in the bonus for the purchase of an electric vehicle at the beginning of December may have tempered purchases at the very end of the year, households seem to have anticipated the entry into force in 2025 of other measures that could raise vehicle prices (tightening of the European CAFE standard on vehicle emissions). However, purchases of automobiles are still below their 2019 level and intentions to buy a car declined overall in the course of 2024 (► **Focus** on vehicle purchase intentions). Meanwhile, energy consumption edged down: while autumn was colder than in the previous two years, it also followed a relatively cool Q3, especially in September, when consumption soared. All in all, at the end of 2024, gas and electricity consumption remained four points below the 2019 level, whereas they were six points below at the end of 2023.

Over 2024 as a whole, consumption increased at the same pace as in 2023 (+0.9%). Consumption of goods declined less (-0.3% after -1.6%), mainly due to the recovery in consumption of capital goods (+3.3% after -2.1%) and the near-stabilisation of gas and electricity consumption (+0.5%) after two years of sharp decline. Conversely, food purchases continued to tumble (-1.8% after -3.5%). Spending on clothing did not pick up (-0.1% after -2.4%): consumption declined particularly during the sales (► **Focus** on household consumption during the end-of-year holiday season), in a more general context of declining clothes purchases since the health crisis. Meanwhile, spending on services slowed (+2.0% after +3.1%), especially on transport and accommodation-catering, which in 2023 were still benefitting from the post-health crisis recovery momentum.

► **1. Past and expected quarterly consumption (left) and household savings ratio (right)**

(quarterly variations in % and contributions in points)



Note: territorial correction represents purchases made by French residents abroad (also counted in imports) minus purchases by non-residents made in France (counted in exports). The other contributions to household consumption (food, energy, etc.) refer exclusively to consumption in France.

How to read it: in Q4 2024, household consumption rose by 0.3% compared to the previous quarter. Consumption of transport equipment contributed +0.1 points to the rise in consumption. The household savings rate stood at 18.4% of gross disposable income Q4 2024.

Source: INSEE.

French economic outlook

In H1 2025, household consumption is expected to be generally buoyant (+0.4% then +0.2%). Gains in purchasing power achieved at the end of 2024, due to the reduction in income tax, should provide delayed fuel for consumption in 2025. However, any increase in spending is likely to remain slightly slower than the expected pace, given its determinants (► **Figure 2** and ► **Focus** on household consumption since the 2008 crisis, *Economic Outlook*, June 2012), and the savings ratio is expected to remain well above its pre-health crisis level (► **Focus** on savings ratios in European households, *Economic Outlook*, December 2024). In the business tendency surveys, large numbers of households believe that this is the right time to save. The 2025 mid-year consumption overhang is therefore expected to be +1.0% (► **Figure 3**), scarcely higher than purchasing power (+0.9%), and the savings ratio, which reached 18.4% at the end of 2024, is likely to come down only slightly in the spring to 18.2%.

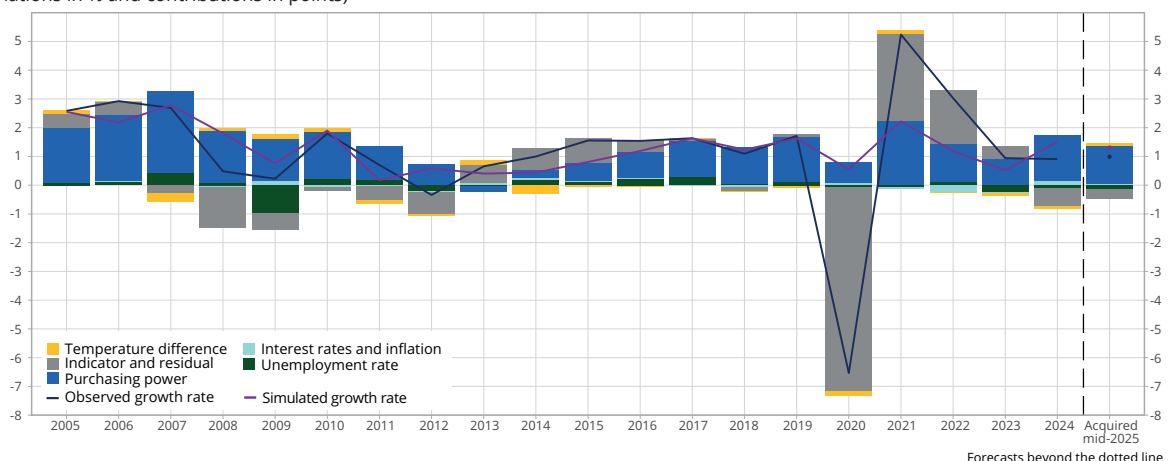
On the goods side, consumption is expected to be sluggish in H1 2025. In Q1 in particular, consumption of goods is likely to be hampered by the decline in purchases of transport equipment (automobiles and motorcycles, ► **Figure 4**), as a backlash to the increase at the end of 2024. The profile for the quarter is also expected to be affected by that of spending on gas and electricity: this spending should pick up in Q1 due to harsh temperatures (+2.5%) then in spring return to a level close to that in the autumn. Food consumption should continue its recovery: however it is only expected to increase by 0.2% in Q1, weakened by the drop in tobacco sales in response to the January price rise, and it should then regain momentum in the spring (+0.5%). Finally, consumption of petroleum products is expected to increase in Q1 (+1.0%) with major purchases of fuel oil, then begin to decline again in spring (-0.5%), in the wake of the downward trend in fuel purchases.

Consumption of services is expected to maintain a lively pace, close to its trend (+0.5% then +0.4%). Consumption of transport services is expected to be dynamic at the beginning of the year (+1.0%), driven by train and plane ticket purchases, then come to a standstill in Q2 (+0.1%), as the increase in the solidarity tax on plane tickets comes into force on 1st March (► **Focus** on the effects of the 2025 fiscal consolidation on growth). However, its effects are not expected to be fully felt until H2, given the long booking times in the sector. In addition, consumption in accommodation-catering and information-communication are expected to maintain a relatively strong pace.

Household investment fell back only slightly in Q4 2024 (-0.3% after -0.6%; ► **Figure 5**), after two and a half years of severe decline. Household investment in construction continued to deteriorate sharply (-1.7%): over 2024 as a whole, it plunged further (-6.7%), even though 2023 was already worse than 2022 (-5.3%). As for household investment in services, which reflects real estate transactions in second-hand properties (agency and notary fees), it also collapsed in 2024, although less sharply than the previous year (-3.6% after -17.1%). However, it rebounded in Q4 (+4.7 after +0.5%), reflecting the movement in the real estate market made possible by interest rate cuts. In H1 2025, household investment scarcely hampered growth (-0.3% then 0.0% in Q1 and Q2): construction starts for new housing stabilised, the outlook for activity in maintenance-improvements is looking better (► **Figure 6**) and real estate transactions are expected to continue to rebound (+0.5% per quarter). ●

► 2. Annual variation in consumption and contributions of explanatory variables

(annual variations in % and contributions in points)



Last point: 2025.

Note: for 2025, the points plotted correspond to annual overhang (simulated and forecast respectively). The simulated growth derives from an error correction model, in which the explanatory variables are similar to those in the model shown in *Economic outlook* June 2012.

Lecture: in 2025, consumption grew by 2.6% compared to the previous year. Purchasing power contributed +1.9 points to this increase according to the chosen model.

Source: INSEE.

► 3. Estimated and projected quarterly household consumption

(quarterly and annual variations, in %, SA-WDA)

Products	weight ⁽¹⁾	2023				2024				2025		2023	2024	2025 ovgh
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
All goods	44%	0.0	-0.5	0.5	-0.5	-0.1	-0.2	0.4	0.2	0.3	-0.1	-1.6	-0.3	0.5
Food goods	17%	-1.8	-1.0	0.3	-1.0	0.0	-1.6	0.5	0.3	0.2	0.5	-3.5	-1.8	0.6
Agricultural products	3%	-0.7	1.4	-0.3	-1.1	0.0	-1.7	-0.6	0.0	0.6	0.6	-2.6	-2.2	0.3
Food product	14%	-2.0	-1.4	0.4	-1.0	0.1	-1.6	0.6	0.3	0.2	0.5	-3.6	-1.7	0.7
Coke and refined petroleum	4%	-0.6	-1.7	-0.3	-1.2	0.8	0.6	-0.2	-0.9	1.0	-0.5	-2.2	-0.6	0.0
Other industrial products	19%	-0.1	0.0	0.9	0.4	-0.3	0.4	0.0	0.6	-0.5	0.2	0.4	0.9	0.2
Capital goods	3%	-0.8	-1.5	2.2	0.3	1.4	0.6	0.5	0.7	0.5	0.9	-2.1	3.3	2.1
Transport equipment	5%	3.0	1.0	3.1	1.2	-2.5	0.8	-2.2	2.9	-2.9	-0.7	7.8	0.3	-2.2
Other industrial products	11%	-1.2	-0.1	-0.4	0.0	0.3	0.1	0.9	-0.4	0.4	0.4	-2.1	0.6	0.9
Energy, water, waste	5%	8.7	0.8	0.3	-2.2	0.1	1.3	2.0	-0.8	2.5	-2.5	-2.4	0.5	1.3
All services	57%	0.4	0.9	0.4	0.6	0.4	0.5	0.8	-0.1	0.5	0.4	3.1	2.0	1.2
Construction	2%	0.6	0.1	-0.1	0.2	-0.3	-0.3	-0.3	-0.1	0.0	0.0	0.2	-0.6	-0.3
Trade (2)	0%	-0.6	-0.4	-0.9	0.3	-2.3	0.5	-1.0	-1.7	-0.4	-0.2	0.8	-3.0	-2.1
Market services excluding trade	46%	0.4	1.0	0.4	0.5	0.5	0.5	0.9	-0.2	0.5	0.3	3.2	2.1	1.2
Transport	3%	0.0	2.6	0.3	1.9	0.5	0.4	-0.5	0.9	1.0	0.1	6.6	3.0	1.6
Accommodation and food	9%	-0.3	2.5	0.0	-0.5	0.5	0.8	0.1	0.4	0.5	0.5	5.5	1.5	1.4
Information-communication	4%	1.9	0.9	2.2	1.7	1.5	0.8	1.3	1.0	0.5	0.5	5.7	5.7	2.5
Financial services	8%	0.3	0.4	0.4	0.5	0.2	0.4	0.4	0.3	0.4	0.3	1.7	1.5	1.1
Real estate services	19%	0.3	0.3	0.4	0.4	0.3	0.4	0.3	0.3	0.4	0.3	1.4	1.3	1.1
Business services	3%	0.4	1.4	0.7	1.7	0.4	-1.2	1.8	0.3	0.1	0.1	4.7	2.4	1.0
Household services	4%	0.9	1.0	-0.3	0.1	1.0	1.2	7.2	-6.1	0.4	0.4	3.6	4.1	-0.3
Non-market services	5%	0.9	0.4	1.0	1.8	-0.1	1.2	0.3	0.1	0.8	0.8	3.3	3.0	2.0
Total consumption in France	101%	0.2	0.3	0.5	0.1	0.2	0.2	0.6	0.0	0.4	0.2	1.0	1.0	0.9
Territorial correction	-1%	6.3	33.7	-5.8	-11.5	8.9	20.2	1.8	-23.5	1.0	3.1	6.3	12.3	-9.5
Imports of tourism services		1.8	-3.6	3.3	3.9	2.1	-2.8	0.4	5.5	1.0	0.5	10.4	5.2	4.5
Exports of tourism services		2.6	3.4	1.1	0.4	3.4	2.0	0.8	-1.7	1.0	1.0	9.5	6.7	1.3
Total consumption of residents	100%	0.2	0.0	0.5	0.2	0.1	0.0	0.6	0.3	0.4	0.2	0.9	0.9	1.0

■ Forecast

(1) weight in household final consumption expenditure in current euros in 2023.

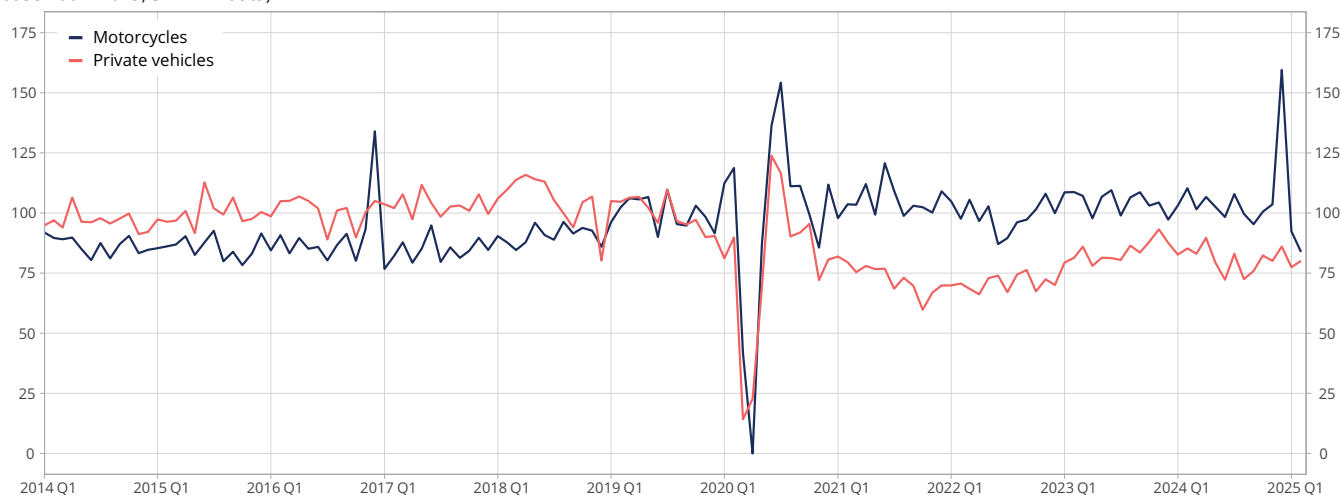
(2) this item corresponds to sale and repair of motor vehicles and motorbikes. Expenditures in retail trade, excluding cars and motorcycles, are allocated to the corresponding products.

How to read it: in Q4 2024, household consumption of food rose by 0.3% compared to the previous quarter.

Source: INSEE.

► 4. Monthly registrations

(base 100 = 2019, SA-WDA data)



Last point: February 2025.

How to read it: in February 2025, the number of registrations of small motorcycles was 16 points below its 2019 average.

Source: SDES, INSEE calculations.

French economic outlook

► 5. Household consumption, investment and savings ratio

(quarterly and annual variations, in %. SA-WDA data)

	2023				2024				2025		2023*	2024*	2025* ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Consumption: <i>quarterly changes</i>	0.2	0.0	0.5	0.2	0.1	0.0	0.6	0.3	0.4	0.2	0.9	0.9	1.0
Purchasing power: <i>quarterly changes</i>	-0.9	-0.3	0.3	1.1	0.6	0.6	1.0	0.2	0.1	0.1	0.9	2.5	0.9
Savings ratio: <i>as % of gross disposable income</i>	16.9	16.7	16.5	17.3	17.7	18.2	18.5	18.4	18.2	18.2	16.9	18.2	18.2
Investment: <i>quarterly changes</i>	-3.0	-1.4	-2.3	-1.8	-2.2	-0.9	-0.6	-0.3	-0.3	0.0	-8.2	-6.0	-1.1

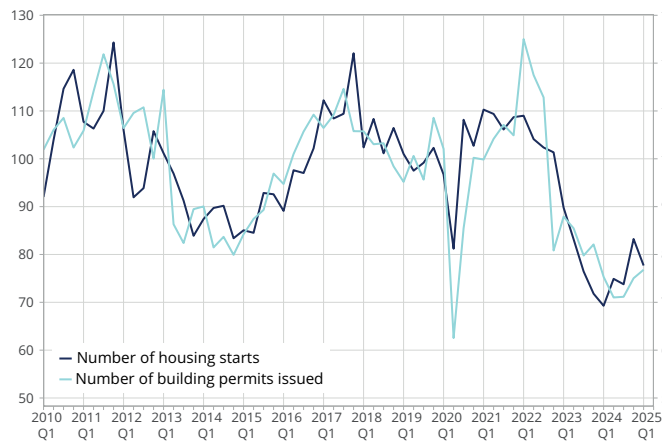
■ Forecast

* annual variations for the last three columns (apart from the annual average for savings ratio).

Source: INSEE.

► 6a. Number of housing starts and building permits

(base 100 = 2019, SA data)



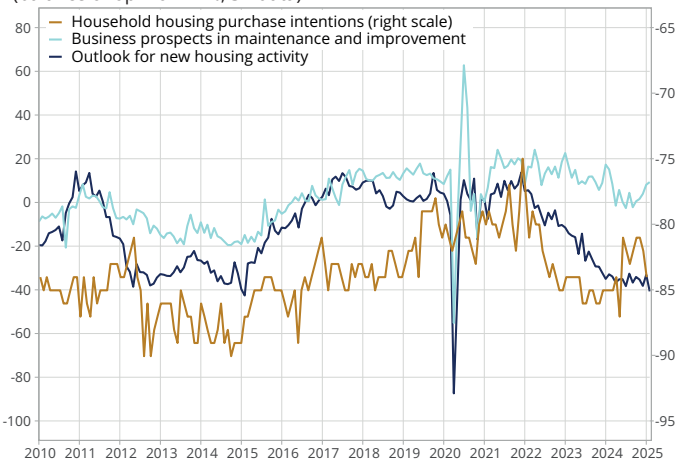
Note: the point at Q1 2025 corresponds to the overhang from January 2025.

How to read it: in Q4 2024, the number of building permits issued was 25 points below its 2019 average.

Source: SDES.

► 6b. Balances of opinion on expectations for activity in the next three months in construction

(balance of opinion in %, SA data)



Last point: February 2025.

How to read it: in February 2025, the balance of opinion on expectations for activity in the next three months in the construction of new homes stands at -41%.

Source: monthly business survey of the construction industry, INSEE