

Economic activity

In Q1 2025, activity progressed slightly (+0.1% after -0.1%; ► [Figure 1](#)), at a somewhat slower pace than the trend observed since the start of 2024 (excluding the Paris Olympic and Paralympic Games, which left their mark on quarterly growth in activity in H2 2024). Domestic demand declined (contribution to growth of -0.1 point after +0.2 points), penalised by a downturn in household consumption (-0.2% after +0.1%), while investment remained stable (+0.0%, as in the previous quarter) and government consumption slowed (+0.2% after +0.4%; ► [Figure 2](#)). Foreign trade hampered growth by 0.8 points, due to the sharp downturn in exports (-1.8% after +0.7%) following the collapse in aircraft deliveries and despite the sale of an ocean liner in March. Conversely, changes in inventories gave a clear boost to growth (+1.0 point).

On the supply side, activity picked up in manufacturing (+0.6% after -0.6%), notably in the agri-food, pharmaceuticals and transport equipment industries, while it edged down in capital goods and continued to decline in the energy-intensive industries. Construction activity declined again. At the same time, activity increased moderately in all market services (+0.2% after -0.1%), mainly in services to businesses and information-communications, while it contracted in accommodation and food services, as well as in transport.

According to the business tendency surveys, the situation in the spring of 2025 remained gloomy, without stalling. The composite business climate indicator stood at 96 in May and has remained below its long-term average for over a year, as has the employment climate, measured at 95 (► [Figure 3](#)). Household confidence is waning: after recovering slightly at the start of the year, it deteriorated again in May and remains well below its long-term average, at 88.

Against this unpromising backdrop, activity is expected to increase slightly in Q2 2025 (+0.2% after +0.1% at the start of the year; ► [Figure 4](#)). Activity in market services is expected to pick up slightly (+0.3% after +0.2%), driven by a rebound in transport as well as in accommodation and food services. Business growth should be underpinned once again by the buoyancy of the agricultural sector, which has continued to bounce back after the poor harvests of 2024 (+3.1% in Q2 after +2.8% in Q1). However, after rebounding at the start of the year, activity in the manufacturing industry is likely to slip back again (-0.1% after +0.6%), as shown by manufacturers' expectations, which have deteriorated quite sharply, particularly in the "other manufacturing industries" branch. In addition, industrial activity is expected to be held back by slumps in the automotive sector, maintenance shutdowns in the metallurgy and petrochemicals industries and, in May, by the timing of public holidays.

► 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)

	2024				2025				2023	2024	2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross domestic product	0.1	0.2	0.4	-0.1	0.1	0.2	0.2	0.2	1.6	1.1	0.6
Imports	-0.6	0.6	0.4	0.6	0.5	0.9	0.1	0.4	0.1	-1.3	2.1
Total resources	0.0	0.3	0.3	0.1	0.2	0.3	0.2	0.2	1.6	0.6	0.9
Household consumption expenditure	0.2	0.0	0.8	0.1	-0.2	0.2	0.4	0.3	0.7	1.0	0.7
General government consumption expenditure*	0.3	0.3	0.3	0.4	0.2	0.3	0.3	0.3	1.5	1.4	1.2
of which individual general government expenditure	0.2	0.4	0.3	0.3	0.0	0.4	0.3	0.4	1.0	1.3	1.0
of which collective general government expenditure	0.6	0.3	0.1	0.6	0.5	0.2	0.2	0.2	2.3	1.6	1.4
Gross fixed capital formation (GFCF)	-0.6	0.1	-0.7	0.0	0.0	0.0	-0.3	-0.2	0.7	-1.3	-0.5
of which Non-financial enterprises (NFE)	-1.0	-0.3	-1.1	-0.1	0.2	-0.2	-0.1	-0.1	2.8	-2.4	-0.8
Households	-2.3	-0.8	-0.6	0.8	0.1	0.0	-1.1	-0.4	-7.7	-5.6	-0.6
General government	1.7	1.8	0.0	-0.6	-0.7	0.4	0.0	-0.5	5.7	4.7	-0.6
Exports	0.2	1.7	-1.0	0.7	-1.8	1.1	0.9	0.9	2.8	2.4	0.2
Contributions (in points)											
Domestic demand excluding inventory**	0.1	0.1	0.3	0.2	-0.1	0.2	0.2	0.2	1.0	0.6	0.5
Changes in inventories**	-0.2	-0.3	0.5	-0.3	1.0	-0.1	-0.3	-0.1	-0.3	-0.8	0.8
Foreign trade	0.2	0.4	-0.5	0.0	-0.8	0.1	0.3	0.2	1.0	1.3	-0.7

■ 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 2025, the imports increased by 0.5%.

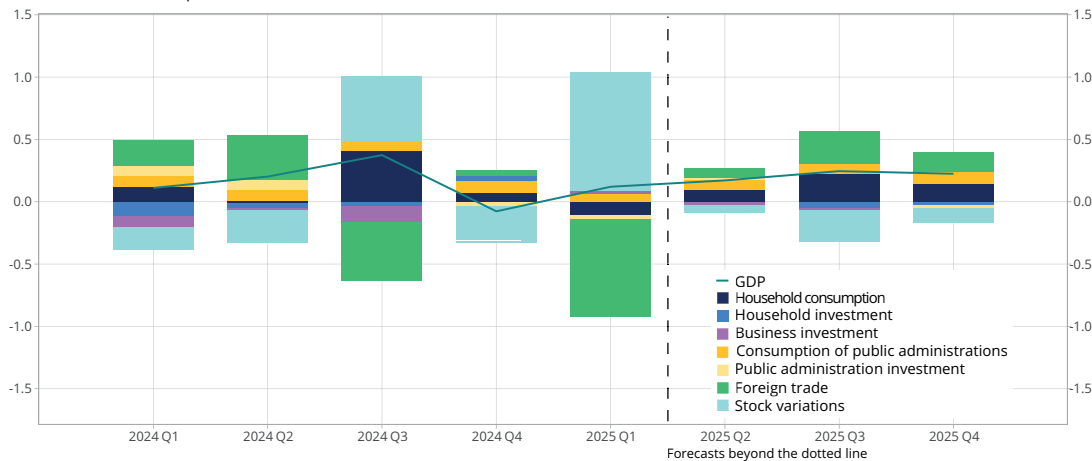
Source: INSEE.

French economic outlook

Amongst the main demand items, household consumption should regain some momentum in Q2 (+0.2% after -0.2%). Consumption of services looks set to maintain the same pace as in the winter (+0.3%), purchases of goods should stop falling (+0.0% after -0.5%) and food consumption, in particular, is expected to bounce back after its winter downturn. Conversely, spending on energy for housing should fall due to the particularly mild temperatures in April. Household investment in construction is expected to slip back less sharply than in previous quarters (-0.3% after -0.8%). The balances of opinion among enterprises in the new housing sector have been improving since April, while building permits and housing starts are beginning to recover after several years of decline. For enterprises, investment is set to fall back slightly (-0.2% after +0.2%). Investment in manufactured goods is expected to decline again and investment in services is likely to rise slightly, at well below its trend rate, while investment in construction should continue to fall, albeit more moderately than in Q1. Finally, the contribution of foreign trade to activity should be slightly positive in Q2 (+0.1 point): exports are expected to rebound (+1.1% after -1.8%), particularly in aeronautics, while imports are likely to accelerate more slowly (+0.9% after +0.5%).

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

(variations in % and contributions in points)

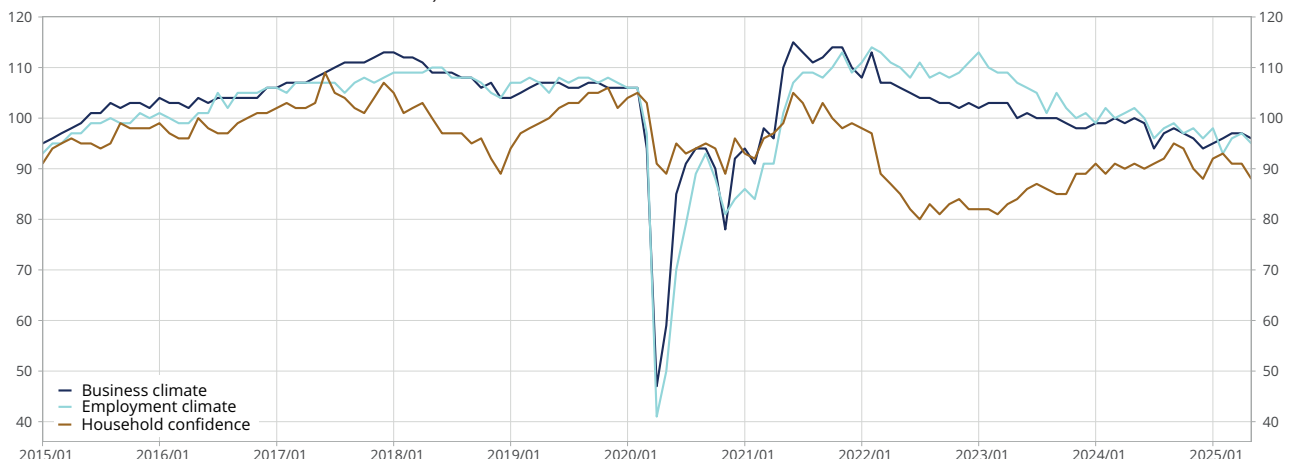


How to read it: in Q2 2025, GDP is expected to increase by 0.2% compared with the first quarter; the contribution of household consumption contributing around +0.1 points.

Source: INSEE.

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

(normalized with mean 100 and standard deviation 10)



Last point: May 2025.

How to read it: in May 2025, business climate in France stands at 96, below its long-term average of 100.

Source: business and consumer surveys, INSEE.

In H2 2025, activity is expected to maintain the slower pace seen in the spring (+0.2% per quarter). In particular, manufacturing value added is likely to remain stable between now and the end of the year in a context of relatively unpromising personal production prospects and overall order book levels in the business tendency surveys. On the demand side, household consumption is expected to accelerate for a limited time in the summer (+0.4% after +0.2%), with a return to seasonal norms in household energy spending, before slowing slightly at the end of the year (+0.3%). Over the year, consumption is expected to grow by 0.7%, not exceeding growth in purchasing power, with the savings ratio therefore expected to remain stable at a high level (18.2%). In quarterly terms, the savings ratio should remain very high in Q2 (18.7% after 18.8% in Q1 2025), before dropping sharply in H2 2025, reaching 17.3% at the end of the year, due to the timing of income tax, which is expected to rise sharply.

Household investment in services, which includes notary and agency fees, is likely to stall in H2 (-4.0% in the summer and then -2.0% at the end of the year) with the tax hikes on property transactions coming into effect, and against a backdrop of weakening home purchasing intentions since the start of the year. Household investment in construction (-0.2% in the summer, followed by +0.0% at the end of the year) is expected to hamper growth less and less, in the wake of previous building permits and housing starts. Corporate investment looks set to remain at a standstill (-0.1% per quarter), while general government investment in construction is expected to decline as a result of the “electoral cycle”. It is likely to start falling at the end of the year (-0.9% after +0.0% in Q3) in the run-up to the 2026 municipal elections. Foreign trade should once again bolster growth in H2 2025 (+0.3 points in Q3, followed by +0.2 points), as a result of aeronautical and shipbuilding deliveries, offset by a negative contribution from changes in inventories (-0.3 points and then -0.1 point). Exports are expected to grow by 0.9% per quarter, while imports should slow in the summer (+0.1%), in the wake of imports of manufactured goods, before picking up again at the end of the year (+0.4%).

► 4. Quarterly changes in economic activity by industry

(quarterly changes in %)

Branch	weight in %	2024				2025				2023	2024	2025
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Agriculture, forestry and fishing	1.6	-6.7	-4.7	-2.0	1.0	2.8	3.1	3.1	3.0	1.4	-14.8	6.0
Industry	13.4	-0.5	0.3	0.6	-0.8	-0.5	-0.5	0.1	0.0	8.2	3.4	-1.0
Manufacturing industry	11.2	0.6	-0.3	0.2	-0.6	0.6	-0.1	0.0	0.0	3.2	2.2	0.1
Manufacture of food products, beverages and tobacco-based products	1.9	4.9	0.4	0.7	0.5	2.2	0.0			-8.1	6.8	
Coke and refined petroleum	0.1	59.7	27.4	11.2	10.8	75.9	-5.0			45.9	144.2	
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	1.5	-0.4	-0.6	0.0	0.0	-1.2	0.1			2.9	-1.3	
Manufacture of transport equipment	1.7	-6.2	-2.1	-1.4	-0.3	0.9	0.6			16.6	-5.4	
Manufacture of other industrial products	6.1	1.2	-0.2	0.3	-1.3	0.5	-0.3			3.1	2.8	
Extractive industries, energy, water, waste treatment and decontamination	2.2	-6.0	2.1	1.7	-1.2	-4.1	-2.1	0.5	-0.1	38.6	7.1	-5.0
Construction	5.7	-0.9	-0.5	0.0	-0.2	-0.2	-0.2	-0.2	-0.4	4.4	-0.8	-0.8
Mainly market services	57.5	0.5	0.3	0.6	-0.1	0.2	0.3	0.2	0.3	1.4	1.6	0.9
Trade; repair of automobiles and motorcycles	10.2	0.2	-0.4	-0.9	0.2	-0.4	0.2			-0.1	-0.1	
Transport and storage	4.4	1.0	0.0	0.4	0.4	-0.5	0.5			-3.0	0.5	
Financial and insurance activities	3.6	1.8	0.9	0.6	0.7	-0.3	0.4			-3.9	2.1	
Real estate activities	14.0	0.3	0.2	0.2	0.3	0.3	0.3			0.9	0.5	
Accommodation and catering	2.4	1.8	1.6	0.9	0.5	-0.6	0.3			11.5	4.9	
Information and communication	5.5	0.6	0.2	1.9	0.0	1.3	0.5			5.2	3.2	
Scientific and technical activities; administrative and support services	14.5	0.2	0.6	0.5	-0.2	0.5	0.1			2.4	2.7	
Other service activities	3.0	1.1	0.8	4.8	-3.7	0.3	0.0			4.5	3.6	
Mainly non-market services	21.7	0.4	0.6	0.3	0.2	0.1	0.2	0.2	0.3	0.3	1.5	0.9
Total VA	100.0	0.2	0.3	0.5	-0.1	0.1	0.2	0.2	0.2	2.2	1.5	0.6

■ Forecast

How to read it: in Q1 2025, value added in the transport equipment manufacturing branch increase by 0.9%. It is expected to rise by 0.6% in Q2 2025.

Source: INSEE.

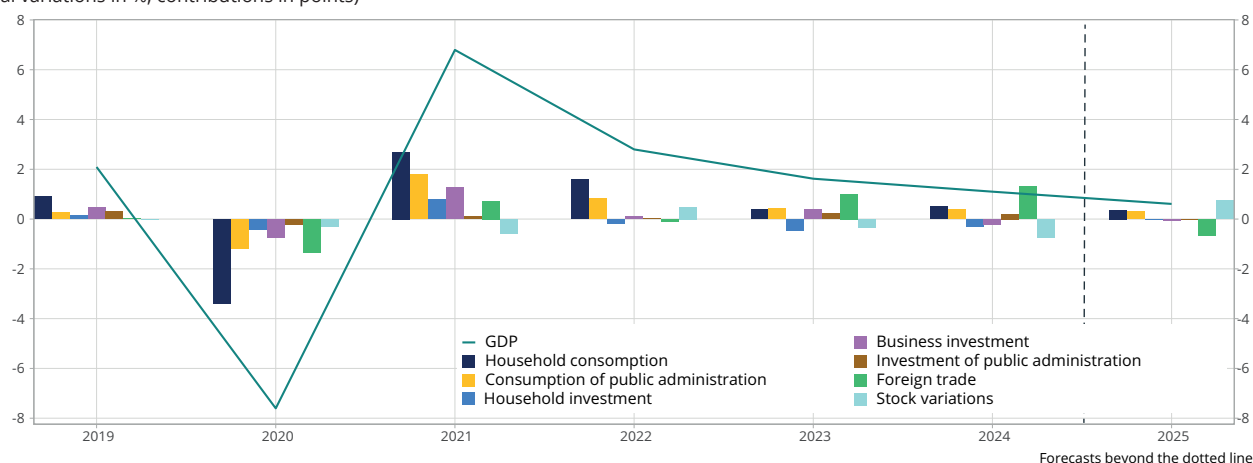
French economic outlook

All in all, growth is expected to slow to an annual average of +0.6% in 2025, after +1.1% in 2024 (► [Figure 5](#)). The contribution of domestic demand should slow slightly (+0.5 points after +0.6 points). This slowdown should affect household consumption, as well as that of general government. Investment is expected to keep deteriorating, although less sharply than in 2024 (-0.5% after -1.3%), due to a smaller downturn in household and corporate investment, while government investment should begin to falter. Foreign trade is likely to make a highly negative contribution to growth (-0.7 points in 2025, after +1.3 points). On the one hand, exports are expected to be sluggish (+0.2%), despite the clear upturn in demand from consumers, reflecting further losses in market share by French manufacturers, and on the other hand, imports are expected to rise again (+2.1%). The main support for activity is set to come from the inventory cycle: after two years of destocking, companies are expected to start rebuilding their inventories somewhat (contribution of changes in inventories to growth of +0.8 points, after -0.8 points in 2024 and -0.3 points in 2023).

Weak growth should promote a drop in greenhouse gas emissions, which are expected to fall by 1.3%, i.e. slightly more than in 2024 (-0.9%), almost exclusively as a result of the poor economic conditions in GHG-emitting industries (chemicals, metallurgy, cement manufacturing, etc.). Consequently, manufacturing industry should contribute 0.8 points to the reduction in emissions in 2025 (► [Focus](#) on greenhouse gas emission forecasts). Conversely, household emissions are likely to remain stable: the drop in oil prices is expected to boost demand, particularly for fuels, and this year should wipe out the trend reductions in emissions linked to the decarbonisation of boiler and vehicle fleets. ●

► 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 2024, GDP would increase by 1.1%; the contribution of household consumption amounted to +1.3 points.

Source: INSEE.