

Growth under an amber warning

Economic outlook



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Editor

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Growth under an amber warning

In the spring, the strength of the world economy continued to defy forecasts: world trade, barely dented last year by the tariffs imposed by the US administration and buoyed by the surge in Pacific trade linked to artificial intelligence, hardly slowed at all despite the blockade of the Strait of Hormuz. In particular, the colossal private investments linked to new technologies are driving growth in the United States, where activity, even without support from household purchasing power, is nonetheless maintaining a pace of around +2% per year. At the other end of the chain, China's growth remains unbalanced, driven by exports but lacking domestic demand. For its part, Europe – and Germany in particular – has finally emerged from its torpor: activity increased solidly in the spring in the four main euro area economies taken together (+0.3%, as at the start of the year), and even more strongly in the United Kingdom (+0.4% after +0.6%).

However, inflation surged across all regions worldwide (+3.3% in the euro area in August), driven by energy prices. Household confidence, both in Europe and the United States, deteriorated in the spring, but consumption held firm, with households sharply adjusting their short-term savings. With renewed tensions in the Middle East this summer pushing the price of a barrel of oil back up to around \$90 after easing in mid-June, and the bombing of Russian refineries, which caused global refining margins to soar, inflation is expected to rise further by December as higher energy prices gradually feed through to the prices of other goods and services. This surge in prices is likely to prompt central banks to tighten their monetary policy further. Renewed inflationary pressure, the end of monetary easing by the main central banks, and competition from private issuers financing the substantial investments in AI in the United States, have pushed up bond yields on both sides of the Atlantic: the rise in sovereign yields is gradually feeding through to the cost of credit for households and businesses worldwide. Despite this difficult environment, business surveys suggest that the US and European economies should continue to hold up and demand for French goods is expected to increase significantly through to the end of the year.

Compared with its neighbours' robust performance, the French economy is lagging behind. After declining in the winter (-0.2%), activity stagnated in the spring (+0.0%). Several factors may account for this divergence. Firstly, France is experiencing a sharp downturn in civil engineering activity as a consequence of the municipal electoral cycle. Secondly, according to the data currently available, it appears to have been more severely affected by the heatwaves than its neighbours, particularly in agriculture, costing an estimated 0.1 points of growth over the year. In addition, its labour market is in worse shape than elsewhere in Europe, with rising unemployment and sluggish wage growth. Lastly, the fiscal impulse in France is less favourable than in neighbouring countries.

By the end of the year, some of these constraints are expected to ease slightly. In particular, the effects of the heatwaves in agriculture have for the most part already been recorded in the quarterly National Accounts, and partly explain the sluggish growth in H1 2026. Civil engineering activity should continue to suffer as a result of the heat during the summer, but the decline in output is likely to ease in the autumn following the sharp drop at the start of the year. In the business tendency surveys, after the initial shock caused by the outbreak of war in the Middle East, the business climate has recovered and approached its long-term average in August. France therefore looks set to return to modest growth by the end of the year (+0.1% in the summer, followed by +0.2% at year-end), but this should pale in comparison to its neighbours on average over the year: +0.4% in 2026, i.e. three times less than its euro area neighbours and the United Kingdom. France is expected to be the only major advanced economy where activity slows significantly in 2026.

Inflation, which reached 2.4% in France in August, should continue to rise to 2.9% by the end of the year. As elsewhere in Europe, gas prices are likely to surge and the increase in energy prices is expected to feed through to the prices of manufactured goods and certain services, notably transport. This is set to be compounded by the end of the telecommunications price war and a transitory spike in fresh vegetable prices following heatwave-related harvest losses. However, inflation is likely to remain lower than elsewhere in Europe, as French wages and service prices are much less dynamic. In fact, wage negotiations should only just suffice to offset price increases this year.

The deterioration in the labour market is expected to continue. The decline in apprenticeships looks set to continue with the reduction in public support, while the rest of private-sector employment should remain virtually stable. All in all, the French economy is projected to shed 52,000 payroll jobs in 2026 (after 48,000 in 2025) but should continue to create substantial numbers of non-payroll jobs (+95,000, after +90,000 in 2025). The resulting slight increase in total employment is likely to be insufficient to absorb the trend rise in the labour force, and unemployment is expected to climb to 8.6% by the end of the year.

Under the combined effect of declining payroll employment and sluggish real wages, household purchasing power is set to decline by 0.4% over the year. Households are likely to be forced to dip into their savings to maintain a certain level of consumption (+0.3% over the year). Although their spending on discretionary services is expected to be minimal, they rushed to buy air conditioners and fans during the heatwaves. Those with the means to do so are hurrying to buy an electric vehicle so as to reduce their dependence on oil products as quickly as possible.

The recovery in corporate investment, which had surprised by its speed in 2025 (+0.7% after -1.1% in 2024), proved short-lived. Weighed down by slack demand prospects and rising capital costs, it is expected to fall back into negative territory in 2026 (-0.2%). The same should apply to household investment (-1.3%), which had stopped declining in 2025 (+0.1% after -10.0% in 2024), as the marked recovery in new-build construction is unlikely to offset the downturn in the existing property market, which reacts more quickly to rising interest rates. Despite the increase in defence spending, public investment is set to fall back sharply due to reduced construction expenditure by municipalities during the election year. All in all, reflecting the cyclical divergence in relation to its neighbours, only external trade is likely to provide firm support for French growth, particularly in the aeronautics and shipbuilding sectors.

Against this gloomy backdrop, some uncertainties remain. First, the effects of the heatwave on activity in Q3 are not yet fully known. Internationally, an easing of tensions in the Middle East and a drop in oil prices cannot be completely ruled out, even though recent developments make a short-term resolution of the crisis unlikely. Furthermore, while the harmful effects of the summer heatwave now appear to be well established in agriculture, this *Economic Outlook* does not factor in any substantial effects on the rest of the economy, other than on civil engineering, in line with past experience. However, the scale of the heatwaves in 2026 is such that they may have generated potentially unprecedented consequences extending beyond agricultural output alone. ●

International economic outlook and detailed forecasts for France

In H1 2026, the AI boom continued to drive global trade, barely disrupted by the conflict in the Middle East

World trade accelerated significantly in Q1 2026 (+1.3% after +0.3% in Q4 2025), before slowing in the spring (+0.6%). Trade remained very buoyant between Asian countries and towards the United States, particularly for goods linked to investments in artificial intelligence (AI, ► **Focus**, *Economic outlook*, June 2026). The closure of the Strait of Hormuz from March onwards – through which around 20% of the world's oil and liquefied natural gas transits – slowed this momentum somewhat: crude oil imports plummeted worldwide, particularly in China where the spring decline was pronounced (-32%).

For H2 2026, business tendency surveys and initial Asian customs data indicate a continued expansion in global trade (+1.0% over the summer, before slowing to +0.8% in the autumn). Over 2026 as a whole, world trade growth is expected to remain close to 3%, as in 2025.

World demand for French goods is likely to follow a similar trajectory to that of world trade in H2. After +1.0% in Q1 and +0.7% in Q2, demand for French goods is set to rise by 0.9% over the summer before slowing to +0.7% in the autumn, amounting to +2.7% in 2026 after +2.9% in 2025.

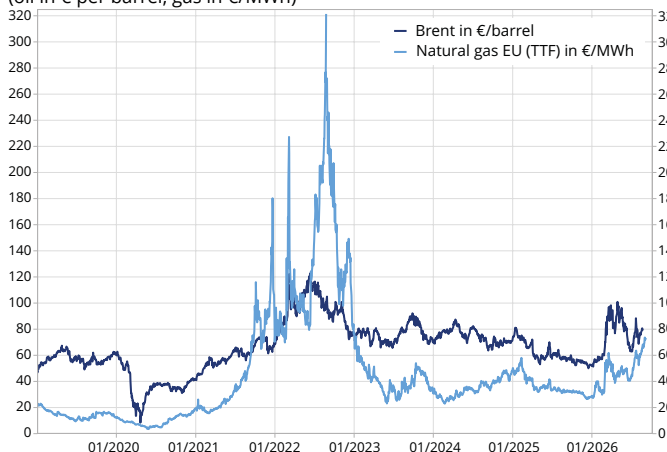
The Hormuz blockade and the bombing of Russian refineries have triggered a surge in energy prices

After two years of easing, energy prices surged in March 2026, following the outbreak of war in the Middle East and the blockade of the Strait of Hormuz (► **Figure 1**). The price of Brent crude, after falling to an average of \$63.1 per barrel in Q4 2025, climbed back to \$78.1 in Q1 2026, then \$96.6 in Q2 – its highest quarterly level since 2022. The pronounced volatility observed since March – with spikes exceeding \$100 and sharp declines during mediation attempts – reflects both the high degree of market uncertainty and the magnitude of the economic shock, which has been only partially offset by the release of strategic reserves worldwide and the significant drop in Chinese imports. For forecasting purposes, the price of a barrel of oil is conventionally set at \$90.

Furthermore, the war in Ukraine has exacerbated the impact of rising oil prices for fuel consumers. By bombing Russian refineries, Ukrainian forces have significantly reduced global refining capacity (already diminished by the forced shutdown of units in Gulf states) and compelled Russia to ban its fuel exports. This has resulted in a substantial surge in refining margins (► **Figure 2**).

► 1. Global oil prices and natural gas prices in Europe

(oil in € per barrel, gas in €/MWh)



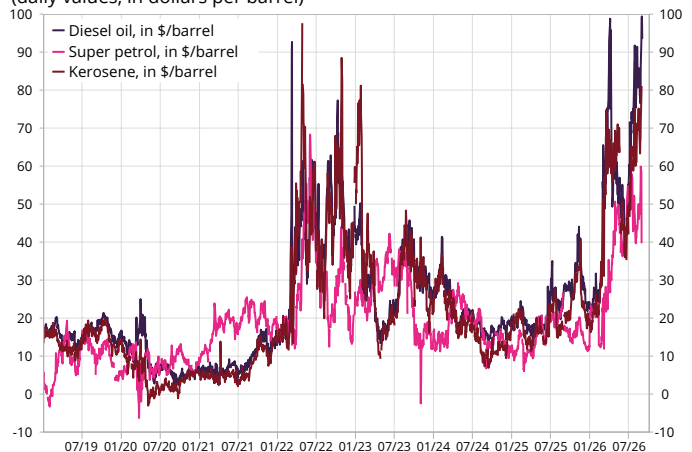
Last point: 7 September 2026.

How to read it: Brent crude stood at 78.98€/barrel on 24 August 2026 and the TTF at 68.32 €/MWh.

Source: Commodity Research Bureau, ICE Futures Europe.

► 2. Price differential between refined oil products and Brent

(daily values, in dollars per barrel)



Last point: 7 September 2026.

How to read it: the spread between refined diesel and crude oil stood at \$80.60 per barrel on 26 August 2026.

Source: US Energy Information Administration, ICE Futures Europe.

Lastly, the Old Continent is experiencing a specific major price shock on European gas. The war in the Middle East and the closure of the Strait of Hormuz had already intensified competition with Asia to secure the region's scarce gas exports, but since the summer, European stocks have been running well below their seasonal average. The heatwave drove a substantial increase in electricity demand, largely met by greater use of gas-fired power stations. As a result, European gas prices have more than doubled since the start of the year.

Monetary policies are tightening and sovereign bond yields are soaring

In the euro area, after eight rate cuts that brought the deposit facility rate down from 4.0% to 2.0% between June 2024 and June 2025, the ECB initially kept its rates unchanged during the first months of the conflict, before raising them by 25 basis points on 11 June, to 2.25%. In the United States, the Federal Reserve has kept its base interest rate between 3.50% and 3.75% for the time being. By the end of the year, persistently high inflation is expected to prompt the ECB to raise rates again in September, while the Federal Reserve is likely to begin its own monetary tightening cycle by December.

Renewed inflationary pressure, the end of monetary easing by the major central banks (amplified in the euro area by the shrinking of the ECB's balance sheet), and competition from private issuers financing the substantial AI-related investments, particularly in the United States, have driven bond yields sharply higher on both sides of the Atlantic, notably for sovereign issuers (► Figure 3). At the beginning of September 10-year sovereign yields reached 3.34% in Germany and 4.17% in France – levels not seen since the crises at the turn of the 2010s. Outside the euro area, the United Kingdom and the United States are facing even higher financing costs (around 5.2% and 4.7% respectively at the beginning of September).

The rise in sovereign yields is gradually feeding through to the cost of credit for private sector players worldwide. Investment appears resilient (except in France) for the time being, but this could quickly erode their borrowing capacity and weigh on their investment.

In the United States, purchasing power is declining but AI investment remains robust

So far, the US economy has held up well against the energy shock, with activity increasing by 0.5% in Q1, followed by +0.4% in Q2. In addition, the US composite PMI maintained its momentum in August (► Figure 4), surging to 56.0 after 54.5 in July – its highest level since April 2022. This acceleration was driven entirely by services (at 56.8), while the manufacturing index continued to fall, dropping to 53.2, its lowest level in five months, though still above the expansion threshold. Conversely, both household confidence indicators (Conference Board and University of Michigan) remain on a downward trend: households are facing high inflation and their purchasing power declined in the spring, while consumption held up only at the cost of a marked reduction in the savings ratio, which fell to its lowest level since 2022.

Driven by investment, US economic activity is expected to accelerate over the summer (+0.6%), before slowing at the end of the year (+0.4%) in the wake of household consumption, which is likely to be gradually eroded by renewed inflationary pressures. All in all, GDP is set to increase by 2.1% in 2026, at the same pace as in 2025. Private investment is projected to surge by +4.4% in 2026 after +2.7% in 2025, driven by its non-residential component (+6.6%), reflecting the buoyancy of AI-related equipment purchases. Conversely, residential investment should remain depressed (-3.3% in 2026 after -2.2% in 2025), notably constrained by high interest rates. Household consumption, meanwhile, is likely to slow (+2.0% in 2026 after +2.6% in 2025).

► 3. 10-year sovereign bond yields



Last point: 7 September 2026.

How to read it: the 10-year yield for French bonds was 4.02% on 25 August.

Source : S&P.

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In China, exports are flourishing while domestic demand continues to falter

The Chinese economy lost momentum in the spring. After +1.3% in Q1 2026, GDP slowed to +0.9% in Q2, marking its weakest quarterly growth since 2022. Activity is projected to increase by 1.0% over the remaining quarters, taking annual growth to +4.5% in 2026, after +5.1% in 2025. The imbalance in the Chinese growth model is expected to intensify in 2026. On the one hand, exports remain extremely dynamic, but on the other, domestic demand continues to stagnate. The property crisis is dragging on and household consumption has failed to pick up. This configuration is sustaining domestic internal deflationary pressures and fuelling trade surpluses.

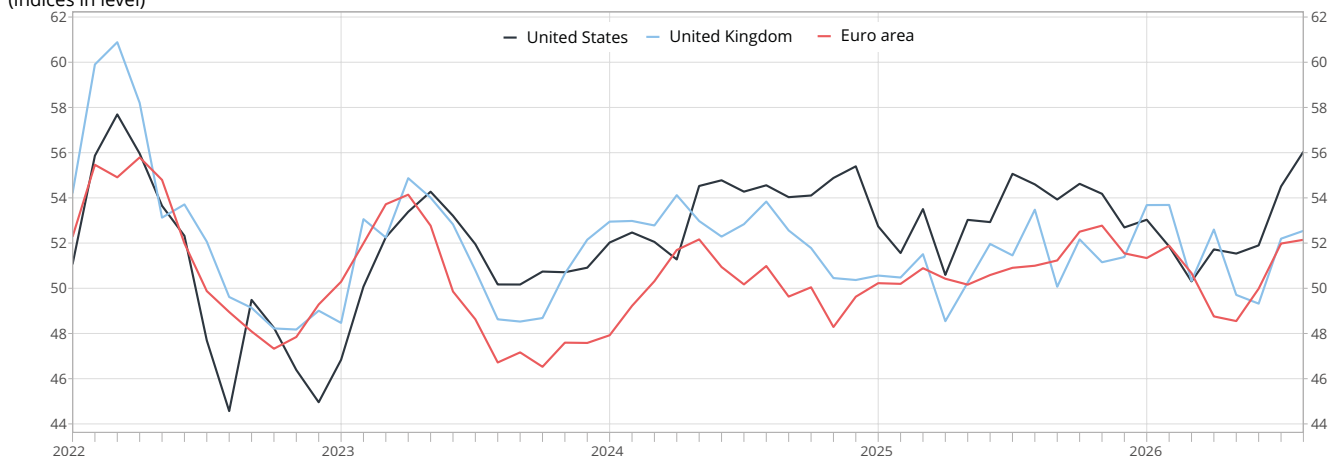
In Europe, activity held up better than expected in all countries in H1 2026, with the exception of France

In the four largest euro-area economies taken together, growth maintained the same pace in Q2 as in Q1 (+0.3%), despite the energy shock. Activity recorded three robust quarters in Germany (+0.3% after +0.4% in Q1 2026 and +0.3% at end-2025), maintained its momentum in Italy (+0.2% after +0.3% at the beginning of 2026), and continued to surge ahead in Spain (+0.7% after +0.6%). The UK economy also made a vigorous start to the year (+0.4% in the spring, after +0.6% at the beginning of 2026).

France's performance pales in comparison with that of its neighbours: activity declined in Q1 (-0.2%) and then flatlined in the spring (+0.0%). In Q2 2026, French GDP increased by only 0.5% year on year, compared with +1.0% in Italy and Germany and +2.7% in Spain (► [Figure 5](#)). All the drivers of domestic demand in

► 4. PMI in advanced economies

(indices in level)



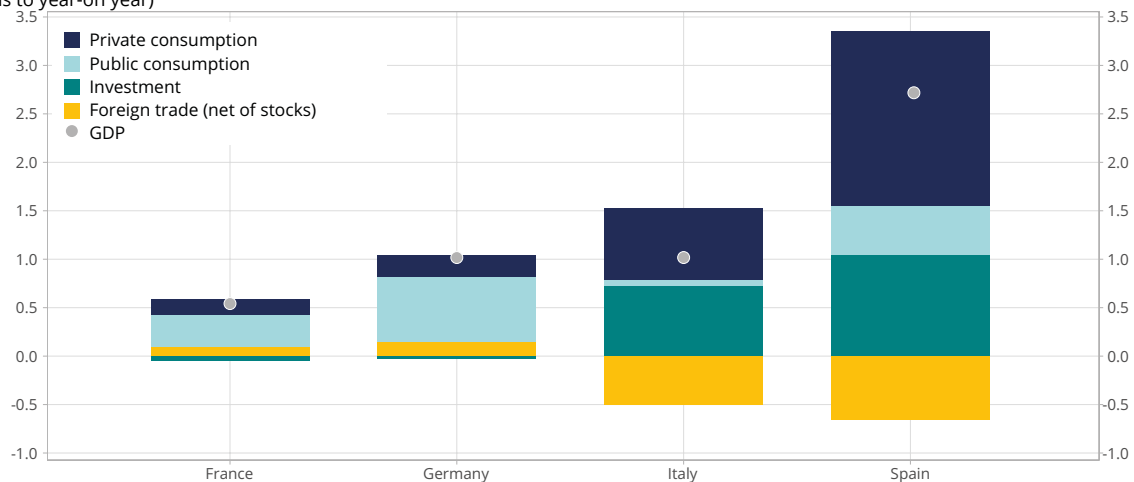
Last point: August 2026.

How to read it: the composite PMI was 56 in the United States in August 2026, 52.5 for the United Kingdom and 52.1 for the euro area.

Source: S&P, INSEE calculations.

► 5. Contributions to year-on-year GDP growth in Q2 2026 in the four main euro-area economies

(contributions to year-on-year)



How to read it: in Spain, in Q2 2026, GDP grew by +2.7% year on year, including a contribution of +1.8 points from private consumption.

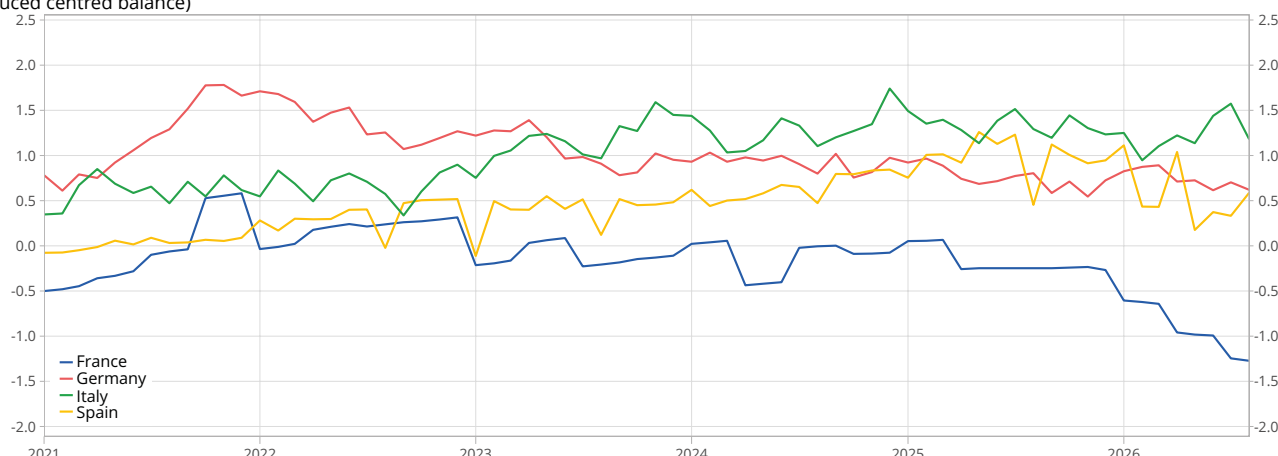
Source: Eurostat, INSEE calculations.

France have stalled: private consumption is sluggish, public consumption is growing more slowly than in Germany and Spain, and investment is faltering, weighed down by the decline in public investment. Indeed, since 2026, France has fallen sharply behind its neighbours in terms of civil engineering order books (► **Figure 6**). This is mainly due to the French municipal electoral cycle, whereas Italy and Spain, by contrast, are receiving the final disbursements from the NextGenerationEU Recovery and Resilience Facility (RRF), from which they have benefited substantially since the pandemic, and which are stimulating infrastructure spending. In addition, according to the latest available data, the heatwave appears to have affected agricultural output only in France. France can, however, count on a positive contribution from foreign trade including inventories, which directly reflects the cyclical divergence between France and its immediate neighbours.

Inflation is expected to rise again across Europe, albeit at varying rates

In the euro area, headline year-on-year inflation, which had fallen back below 2% from December 2025 to February 2026, rose again to +3.3% in August as a result of the energy shock. By the end of the year, euro area headline inflation is set to keep climbing, reaching +3.7% year on year in Q4 2026 (► **Figure 7a**). No further acceleration in energy prices is expected, with their year-on-year change holding steady at around 15% towards the end of the year. The coming rise in inflation is thus set to be driven by food inflation, which is expected to reach an average of +1.6% in autumn, and above all by core inflation (► **Figure 7b**). The latter should remain relatively contained but is nevertheless likely to rise by year-end (+2.8% year on year expected in the autumn) as energy costs progressively feed through into services and

► 6. Opinion on civil engineering order books in the four main euro-area economies (reduced centred balance)

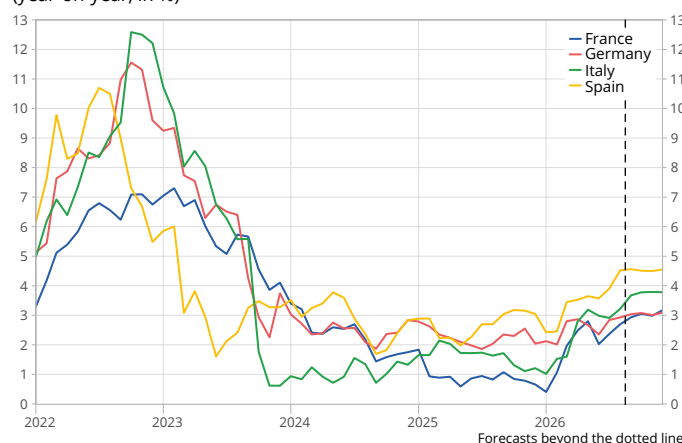


Last point: August 2026.

How to read it: in Germany, in July 2026, the order book indicator was 0.7 standard deviations above its long-term average level (average over the period from January 1991 to August 2026).

Source: DGE/CFIN surveys, INSEE calculations.

► 7a. Trend in the Harmonised Index of Consumer Prices in the four main euro-area economies (year-on-year, in %)

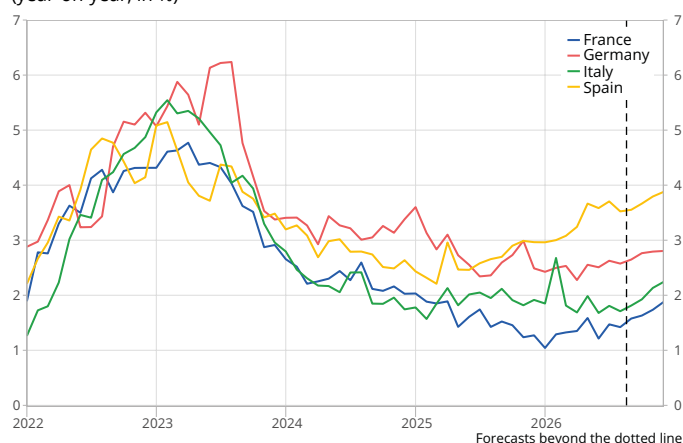


Last point: December 2026.

How to read it: in France, in August, the HICP rose by 2.7% year on year.

Source: Eurostat, INSEE calculations.

► 7b. Change in the Harmonised Core Inflation Index in the four main euro-area economies (year-on-year, in %)



Last point: December 2026.

How to read it: in France, in August, core HICP increased by 1.4% year on year.

Source: Eurostat, INSEE calculations.

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manufactured goods prices. Inflation dynamics are likely to be similar in the United Kingdom, where the rate is projected to rise from an average of +2.8% in Q2 to +3.4% at the end of the year.

Furthermore, within the euro area, inflation differentials between countries should remain pronounced, with headline inflation expected to average +4.5% in Spain, +3.8% in Italy, and +3.1% in both Germany and France in the autumn (within the meaning of the HICP). Divergences are likely to be even more pronounced for core inflation: its year-on-year rate is projected to average +3.8% in Spain, +2.8% in Germany, and +2.1% in Italy in the autumn. France, where wage growth is less dynamic than elsewhere, is expected to bring up the rear. Underlying inflation (within the meaning of the HICP) is projected to average +1.8% there in the autumn.

Economic activity is set to slow only slightly in Europe in H2

However, the inflationary episode is not expected to halt growth in Europe in H2 2026. Admittedly, it is likely to feed through progressively into production costs and then into consumer prices of non-energy products, exerting further pressure on household purchasing power. Nevertheless, business tendency surveys remain fairly positive on both sides of the Channel (► **Figure 4**). In the United Kingdom, the composite PMI stood at 52.5 in August, after 52.2 in July. In the euro area, the composite PMI stood at 52.1 in August, after 52.0 in July, its highest level since November 2025. The manufacturing index in particular reached its highest level in over four years. This momentum is being overwhelmingly driven by Germany, where industry finally appears to be recovering, with survey balances of opinion on production and orders reaching levels not seen since early 2022. The European Commission's

August surveys confirm the resilience of the four main euro-area economies (► **Figure 8**), where confidence has improved primarily in industry, but also slightly in services.

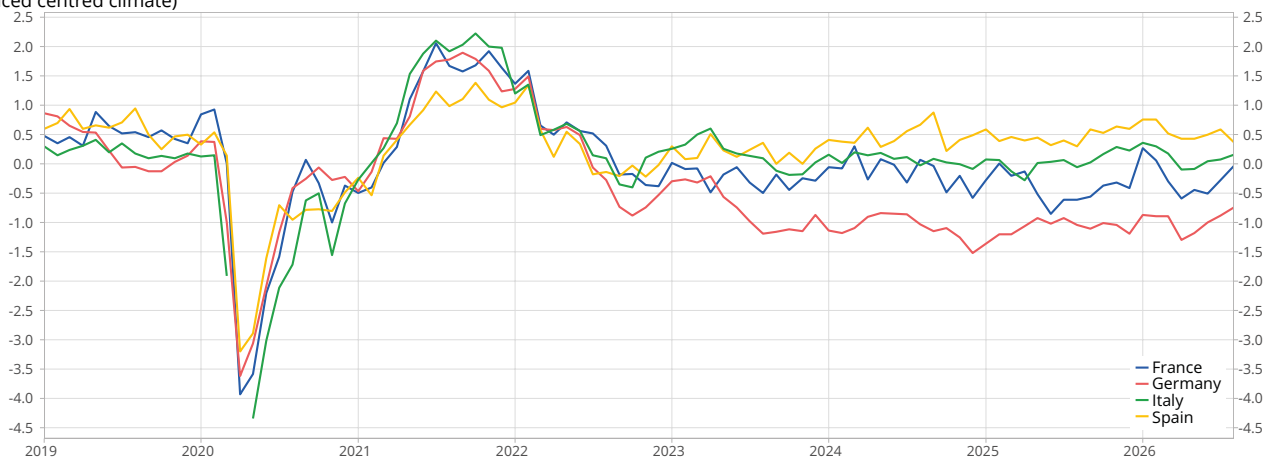
Consequently, in the four main euro-area economies, activity is expected to slow to +0.2% in the summer, before growth regains some momentum in the autumn (+0.3%), driven by German growth, whose industrial component – disrupted over the summer by low water levels on the Rhine – is projected to rebound in the autumn. In the United Kingdom, activity is likely to maintain some momentum this summer (+0.3%) before losing steam by year-end, as inflation eventually holds back household consumption.

Germany picks up while France struggles

In Germany, activity is expected to slow over the summer (+0.1%), hampered by the effects of the heatwave and the low water levels on the Rhine for freight transport, which are set to curb exports and production, before rebounding as a backlash effect in the autumn (+0.3%). Over the year, activity is projected to accelerate markedly (+1.0% after +0.3% in 2025 and +0.0% in 2024), driven by robust public spending as part of the “fiscal bazooka” recovery plan and by the revival of foreign trade after several lean years.

Italian growth is set to hold steady over the summer (+0.2%), before slowing slightly at the end of the year (+0.1%). Household consumption should eventually be caught up by the inflationary episode, as Italy is particularly exposed to the energy shock, notably due to its strong reliance on gas. Activity is projected to accelerate somewhat further in 2026 (+0.9% after +0.7%) with investment remaining the main driver of growth, while foreign trade is likely to hold back activity (-0.2 points in 2026).

► **8. Economic confidence indicator in the four main euro-area economies**
(reduced centred climate)



Last point: August 2026.

How to read it: in Germany, in July 2026, the economic confidence indicator was 0.9 standard deviations above its long-term average level (average over the period from January 2005 to August 2026)

Source: DGEFIN surveys, INSEE calculations.

Spanish growth looks set to remain significantly higher than that of its partners, buoyed by the increase in the labour force driven by migration flows (► **Focus**, *Economic outlook*, December 2024 and December 2025). Growth is projected to rise by 0.6% in the summer before slowing slightly in the autumn (+0.5%), with household consumption also slackening due to renewed inflationary pressures. Over the year, Spanish activity is expected to slow only slightly (+2.6% after +2.8% in 2025). Domestic demand should continue to support growth, with strong private consumption and investment still being driven by the construction sector. Employment is set to remain robust and the unemployment rate is projected to keep falling, dropping below 10% by the end of the year.

In France, activity is projected to rise by 0.1% in the summer, then by 0.2% in the autumn. Over 2026 as a whole, however, it is likely to be by far the weakest of the four largest euro-area economies: annual growth is projected to amount to +0.4% in 2026, after +0.9% in 2025, owing to the weakness of every component of domestic demand.

Over the same period, the combined growth of the four main euro-area economies is expected to stand at +1.1% in 2026, after +0.9% in 2025. Domestic demand should remain the main driver of activity, but its pace is likely to slow. Private consumption is set to decelerate in line with purchasing power, while investment is expected to lose much of its momentum, hampered by the increased cost of capital for private-sector players. Public consumption, on the other hand, is projected to remain buoyant in 2026 (+1.8% in 2026, after +1.3% in 2025), driven by defence and infrastructure expenditure. Foreign trade should support growth (+0.2 points), but this is likely to be offset by a destocking trend (-0.2 points).

In the United Kingdom, annual growth looks set to reach +1.2% in 2026 (after +1.3% in 2025). It should be supported by domestic demand, with all indicators showing positive signs. Conversely, foreign trade is expected to weigh on activity, with inventory movements only partially offsetting this effect.

Unemployment trajectories are likely to remain heterogeneous within the euro area

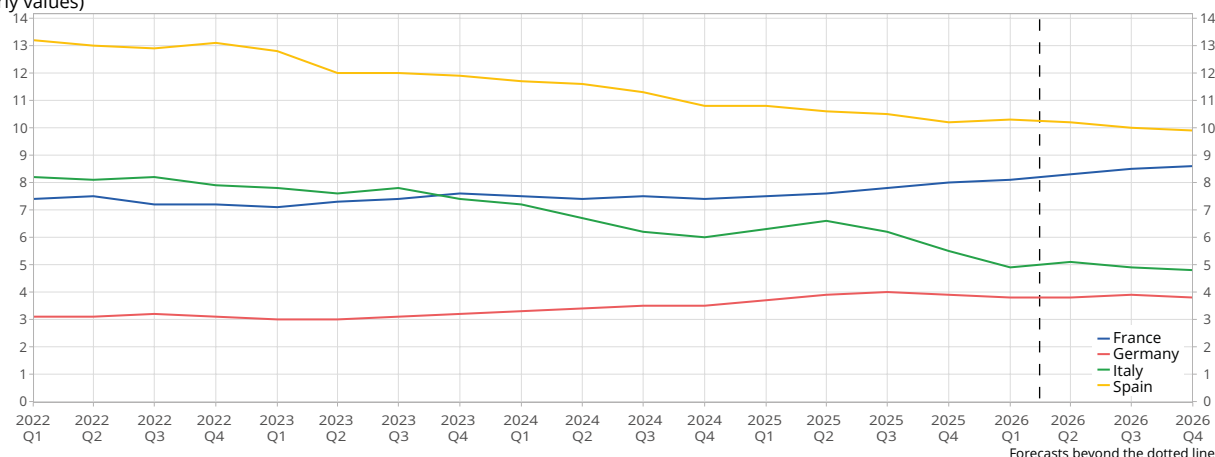
In the euro area, national unemployment rate trajectories remain heterogeneous (► **Figure 9**). In Spain, unemployment continues to decline, driven by strong job creation. In Italy, the unemployment rate continues to decline and is approaching 5%, but this is mainly due to the increasingly pronounced decline in the labour force. German unemployment is expected to remain almost stable at around 4.0%. In contrast, French unemployment stands out for its continuous increase since 2023, and is projected to reach 8.6% at the end of 2026.

In France, growth suffered an unexpected downturn in H1 2026

In France, activity flatlined in Q2 2026 after declining over the winter (+0.0% after -0.2%). This is markedly weaker than anticipated in the *Economic Outlook* of June 2026, which had projected growth of +0.3% in the spring. This was a major surprise. A zero-growth outcome in Q2 2026 had a less than 15% probability of occurring under the scenario at the time (► **Focus** on forecast bias, *Economic outlook*). Activity fell short of expectations in most sectors. Value added was less buoyant than anticipated in manufacturing (+0.3% against the +0.7% forecast) – a sector which acts as a key driver for the rest

► 9. Unemployment rate in the four main euro-area economies

(quarterly values)



Last point: Q4 2026.

How to read it: in Germany, in Q1 2026, unemployment within the meaning of the ILO stood at 3.8%.

Source: Eurostat, INSEE calculations.

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of the economy (► **Focus** on 2025 forecast review), in construction (-0.6% against a forecast of stability), and in market services (+0.1% against a forecast of +0.3%). In addition, as a result of the summer heatwaves, value added fell sharply in agriculture as early as Q2 2026 (-3.1% whereas stability had been forecast), owing to the method of accounting for crop output progressively as crops grow, and therefore on an annual target basis in the quarterly National Accounts (► **Focus** on effects of the 2026 heatwaves).

Final domestic demand supported activity growth as expected (contributing +0.2 points in Q2), but its composition was surprising. Household consumption showed unexpected buoyancy (+0.3%). Consumption of goods remained robust (+0.3%). The rise in fuel prices simultaneously led to a decline in household consumption of these products (-3.5%), while boosting vehicle purchases (+2.3%), particularly electric vehicles. In addition, spending on capital goods surged (+2.8%), driven by purchases of fans and air conditioners during the June heatwave. Conversely, household investment declined once again (-0.4% after -1.6% in Q1 2026). While anticipated deliveries of new-build housing schemes went ahead as expected, the deterioration in the interest-rate environment immediately affected the existing property market. All in all, this weighed on household investment in services (-1.2%), corresponding to agency and notary fees, and on household investment in construction (-0.1%), due to a decline in home maintenance and improvement expenditure. Corporate investment, meanwhile, merely stabilised (+0.1% after -0.5%). Purchases of goods were temporarily buoyed by the delivery of a luxury cruise ship to a resident entity, but purchases of services – particularly in R&D – fell back for the first time since Q1 2024 (-0.6%). On the general government side, investment declined once again (-1.1% after -1.4%), due to reduced construction spending by municipalities linked to the renewal of local councils, while collective consumption stalled (+0.0% after +0.3%). Only individualisable expenditure – notably in health – showed any dynamism (+0.6% after +0.3%).

Foreign trade contributed +0.6 points to growth in Q2 2026. Indeed, exports bounced back (+2.9% after -3.0%), owing to the recovery in aeronautics exports following the downturn at the start of the year, as did imports (+1.1% after -0.6%). Conversely, changes in inventories weighed on growth in Q2 2026 (-0.7 points after +0.9 points).

This summer's heatwave episodes are expected to cost the French economy approximately 0.1 points of annual growth in 2026, mainly owing to the decline in agricultural output

Since mid-June 2026, France experienced three episodes of intense heat between June and August. In total, more than 50 days of heatwave conditions occurred in Metropolitan France between mid-June and the end of August, a figure far beyond anything observed previously. (► **Focus** on effects of the 2026 heatwaves).

These episodes are likely to have negative effects on activity in the short term. Agriculture is expected to be the hardest-hit sector. In addition, the three heatwaves triggered higher electricity consumption, while the August episode hampered national electricity production due to the increased unavailability of the nuclear fleet. In the construction sector, the proportion of construction and civil engineering firms reporting adverse weather conditions for their activity increased this summer, according to INSEE's business tendency surveys. Until 2025, French industrial output had generally seemed relatively impervious to heatwaves, but several enterprises surveyed by INSEE reported difficulties this summer, owing to environmental restrictions or to supply problems indirectly caused by the heatwaves. Finally, with regard to French household consumption, this summer's heatwaves mainly resulted in increased purchases of fans, air conditioners and, like last year, cooling products such as drinks and ice cream. Conversely, these episodes may have weighed on households' meat and furniture consumption. These movements, being of limited magnitude, had no major macroeconomic impact. All in all, based on the information available to date, the heatwave episodes are projected to shave around 0.1 points off French growth in 2026, primarily via agricultural output. This negative impact has, for the most part, already been accounted for in growth for Q4 2025 and H1 2026 (owing to the target measurement approach used in the National Accounts) and is no longer expected to have a significant impact by the end of the year.

The business climate has returned to its level at the start of the year, erasing the shock caused by the outbreak of the war in the Middle East

In France, the overall economic situation, after deteriorating sharply with the outbreak of the conflict in the Middle East, is gradually recovering. In August, the business climate index stood at 98. Having remained below its long-term average since July 2024, it has been edging closer to it since May 2026 and is now back to levels similar to those seen at the start of the year (► **Figure 10**). The short-term situation is generally more favourable in industry, where the business climate

reached 103 in August – above its average for the ninth consecutive month, than in sectors more exposed to households. In services and retail trade, the business climate in August stood at its long-term average or just below (100 and 99 respectively), but has improved significantly since the low point reached in May (95 and 89 respectively). Finally, the business climate remains stable in the construction sector: standing at 96 in August 2026, it has remained below its average since April 2024.

In H2, growth is set to show only faint signs of recovery

In the wake of this modest improvement, growth is likely to show only faint signs of recovery in H2 2026, with activity projected to increase by 0.1% in the summer and then by 0.2% in the autumn. At sectoral level, manufacturing activity is set to plummet in Q3 (-0.6%), before rebounding in Q4. Over this period, activity in the automotive industry is no longer expected to decline, refineries shut down for maintenance over the summer should restart, and industrial sites affected by the summer heatwaves are expected to resume normal operations. In addition, activity stalled this summer in the aeronautics sector, but is projected to rebound sharply in Q4, taking annual growth in the sector to 10%. In construction, activity is expected to decline further in Q3 (-0.4%) before stabilising in the autumn. Civil engineering in particular – already suffering from a very unfavourable economic climate – is also likely to have been hampered temporarily by the summer heatwaves. In market services, activity is set to remain below potential, reflecting sluggish domestic demand (+0.2% per quarter). Lastly, in agriculture, activity is expected to

decline slightly further over the summer, but conversely, should boost growth automatically at the end of the year. Under the conventional assumption of a return to average yields in 2027, crop output is projected to rebound sharply.

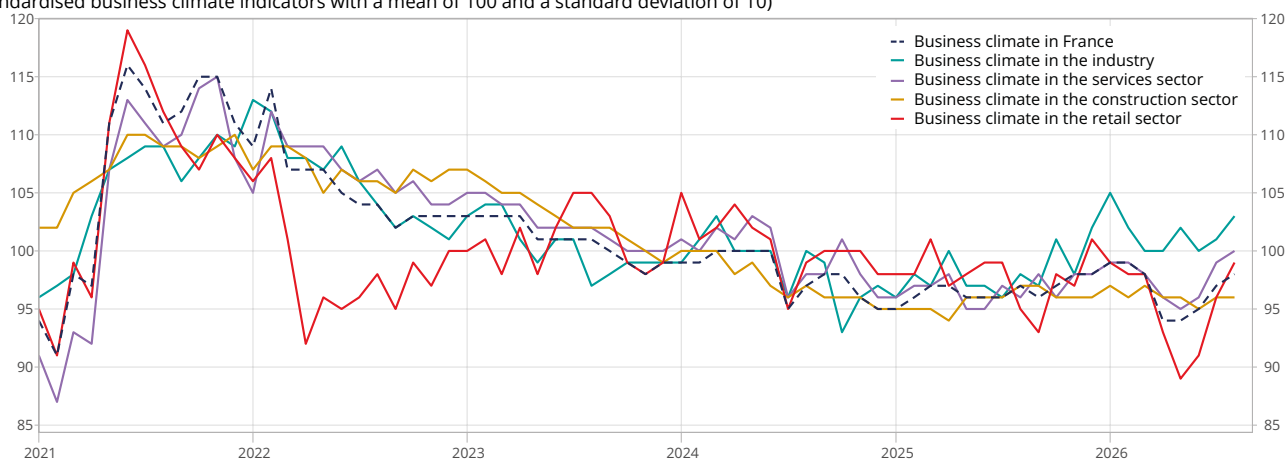
Employment is set to stabilise

In the wake of activity, payroll employment fell by more than projected in the June 2026 *Economic Outlook*: -23,500 jobs in Q2 2026 (against -10,000 jobs forecast). Conversely, non-payroll employment was somewhat more buoyant than expected (+33,500 jobs, against +18,000 forecast), possibly reflecting an anticipation effect ahead of the reduction in the support for business start-ups and takeovers scheme (ACRE), scheduled for H2.

Looking ahead, payroll employment is expected to drop slightly. It should continue to fall back in the private sector, due to the ongoing tightening of employment policies. Work-study employment, for which most hiring take place in September, is projected to decline by the end of the year, with 44,000 fewer positions on work-study programmes over six months. Excluding apprenticeships, private payroll employment is set to stabilise. In August, the indicator summarising enterprises' responses concerning employment stood at 98, still below its long-term average, but improving after the dip in spring, when it had fallen to 94 in April (► **Figure 11**). As a result, private-sector employment is expected to decline in 2026 (by 51,000 over the year as a whole), primarily due to the decline in work-study employment. Meanwhile, public-sector employment, having risen every year since 2019, is projected to keep growing very slightly in the summer, with the opening

► 10. Business climate in France and in the various sectors

(standardised business climate indicators with a mean of 100 and a standard deviation of 10)



Last point: August 2026.

How to read it: the business climate indicator in France stood at 98 in August 2026.

Source: INSEE, business surveys

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of a new recruitment competition for teachers, before stabilising in the autumn. Over the year, it is expected to rise by 14,000 jobs. As a result, by the end of 2026, total payroll employment is likely to have declined year on year (-0.2%, or -52,000 jobs), mainly in the private sector. The non-payroll component, for its part, is likely to undergo a slowdown in H2 as the reduction of the ACRE scheme takes effect, but should continue to increase over the year at a pace similar to that of the previous two years (+95,000 jobs). Consequently, total employment is expected to remain stable during H2. Year on year, by the end of 2026, it is likely to maintain a pace similar to that of 2025 (+0.1% or +43,000 jobs).

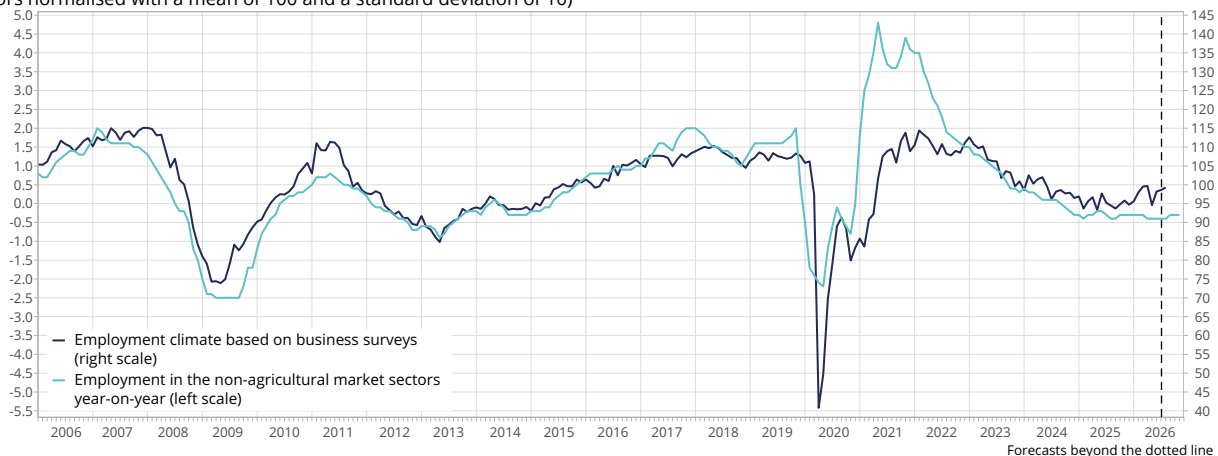
Unemployment is set to keep rising

In Q2 2026, the ILO unemployment rate rose again, reaching 8.3%, up by 0.2 points over the quarter and by 0.7 points year on year.

Looking ahead, labour force growth is expected to slow by the end of 2026. This is likely to be due, notably from September onwards, to the suspension of the 2023 pension reform, enacted by the Social Security Financing Act for 2026. In addition, the decline in work-study programmes is expected to lead to a softening of youth labour force participation rates, as young people gradually return to initial education. Given the near-stabilisation of employment, the unemployment rate is set to keep rising, to 8.6% of the labour force by the end of the year (► **Figure 12**), corresponding to an increase of 0.6 points year on year. Part of the increase – likely to be modest – could be linked to the effects of the Full Employment Act. Since early 2025, the automatic registration with France Travail (French employment agency) of earned-income supplement (RSA) beneficiaries and young people registered with “Missions locales” (local youth employment services) may have contributed to

► 11. Employment climate and trend in market-sector payroll employment

(indicators normalised with a mean of 100 and a standard deviation of 10)



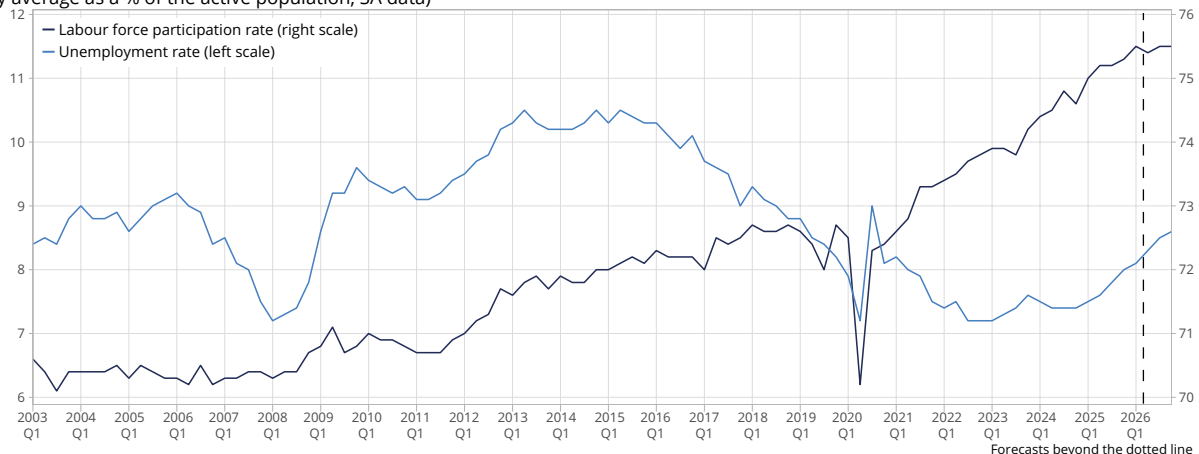
Last point: August 2026 for the employment climate; Q2 2026 for year-on-year employment growth in the non-agricultural market sectors (forecast for the last two quarters).

How to read it: in August 2026, the employment climate indicator stood at 99 points; in Q4 2026, non-agricultural market sector employment is expected to be 0.3% below its level one year previously.

Source: INSEE, business surveys and DARES-INSEE-URSSAF, quarterly employment estimates, INSEE forecasts.

► 12. Activity rate and unemployment rate and according to the ILO definition

(quarterly average as a % of the active population, SA data)



Scope: France (excluding Mayotte), persons aged 15 or over living in ordinary housing for the unemployment rate.

Source: INSEE, Employment survey.

the rise in their labour force participation rate (► **Box**, *Economic outlook*, December 2024 and ► **Informations Rapides** n°192, August 2026).

Inflation is projected to keep rising, reaching +2.9% at the end of the year

Inflation in France, which stood below +1% at the end of 2025 and early 2026, rose sharply from March onwards, following the increase in hydrocarbon prices triggered by the outbreak of the conflict in the Middle East, reaching +2.4% in May, its highest level since early 2024. However, it cooled somewhat in June and July (+1.8% and +2.1% respectively), as the prospect of a resolution to the conflict had eased certain prices. These prospects nonetheless faded during July with the renewed escalation in the Middle East and the bombing of Russian refineries. As a result, according to the provisional estimate, inflation rose again in August, standing once again at +2.4% (► **Figure 13**). Inflation is expected to keep climbing to +2.9% by the end of the year, driven up by gas prices and by the progressive feed-through of energy input costs to the selling prices of various products (food and agricultural products, manufactured goods, air transport). In addition, this summer's heatwave episodes are likely to push up the price of fresh produce, particularly vegetables (► **Focus** on effects of the 2026 heatwaves), but the impact on headline inflation is expected to be both temporary and limited, given the low weight of these products in the overall index.

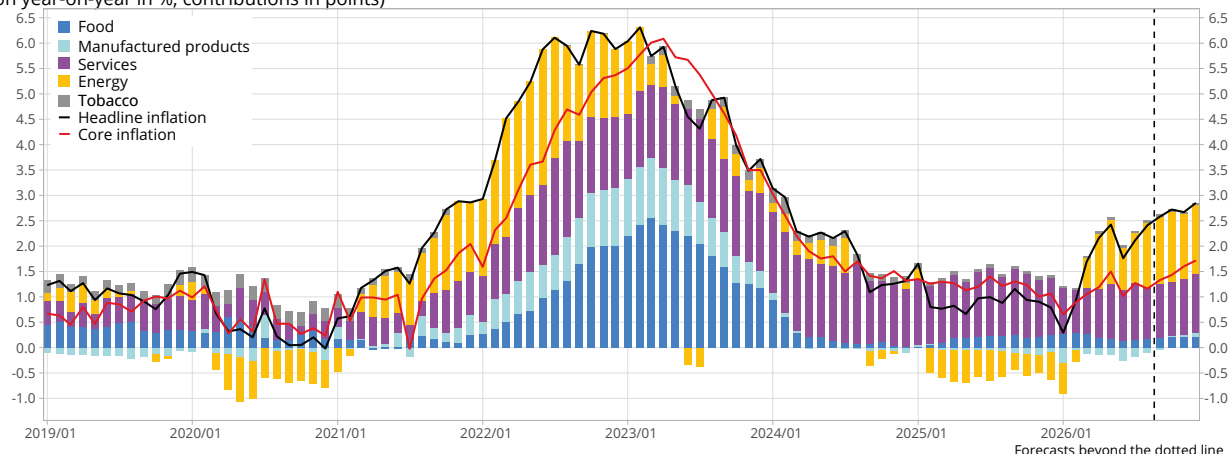
¹ Defined here as the household consumption expenditure deflator (excluding financial intermediation services indirectly measured – FISIM) in National Accounting.

Wages are projected to accelerate at the end of the year, in the wake of inflation

Following the sharp upturn in inflation since March 2026, the minimum wage was automatically increased during the year, rising by 2.4% at the beginning of June. Moreover, according to business tendency surveys, the balance of opinion on the general prospects for wage increases in industry rose in July 2026 for the third consecutive quarter, a sign that the upturn in inflation is gradually starting to be factored into wage negotiations. Wages are therefore set to pick up some momentum in H2, but are likely to remain constrained by the poor state of the labour market, which is weakening workers' bargaining power. The basic wage is projected to increase by 2.3% year on year at the end of the year, and the average wage per capita is set to rise by slightly more (+2.4%), bolstered by a modest composition effect (a further decline in apprentice numbers expected at the start of the 2026 academic year) and by additional bonuses – the value-sharing bonus (PPV) and fuel allowance – at the end of the year (► **Figure 14**). This slight upturn in nominal wage growth is expected to be barely sufficient to offset the price rises.¹ While real wages in 2024 and 2025 gradually recovered from the losses incurred during the inflationary episode of 2022 and 2023, they are projected to stagnate in 2026 and their year-end level should remain below that of 2021.

► 13. Headline inflation and contributions by item

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



Last point: August 2026, CPI preliminary estimate.

How to read it: in August 2026, headline inflation was at +2.4%, according to the provisional estimate. Energy contributes around +1.3 points.

Source: INSEE.

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In general government, in the absence of general pay rises, the nominal average wage per capita is expected to accelerate slightly (+1.2% on average in 2026, after +0.6% in 2025), as some public sector employees are likely to benefit from the increase in the minimum wage. In a context of renewed inflation, the real average wage per capita should nevertheless continue to decline in the public sector in 2026 (-0.8% on average, after -0.7% in 2025).

Household purchasing power is likely to fall back in 2026

In Q2 2026, the purchasing power of gross disposable income (GDI) contracted (-0.5%), due to the sharp increase in consumer prices over the quarter (+0.9%²), reflecting the full impact of higher fuel prices resulting from the war in the Middle East. Household GDI, meanwhile, slowed slightly (+0.4% after +0.5%), in the wake of payroll (+0.3% after +0.4%) and the income of sole proprietors, who were adversely affected in the agricultural sector by the sharp increase in input costs and the effects of the heatwaves.

GDI purchasing power is projected to be almost stable by the end of the year (+0.0% in the summer and +0.1% in the autumn). Consumer prices are expected to slow slightly (+0.5% per quarter). Payroll is set to regain some momentum (+0.5% in Q3, then +0.6% in Q4), as should social benefits (+0.8% in Q3, followed by +1.0% in Q4), driven in particular by the ramping up of

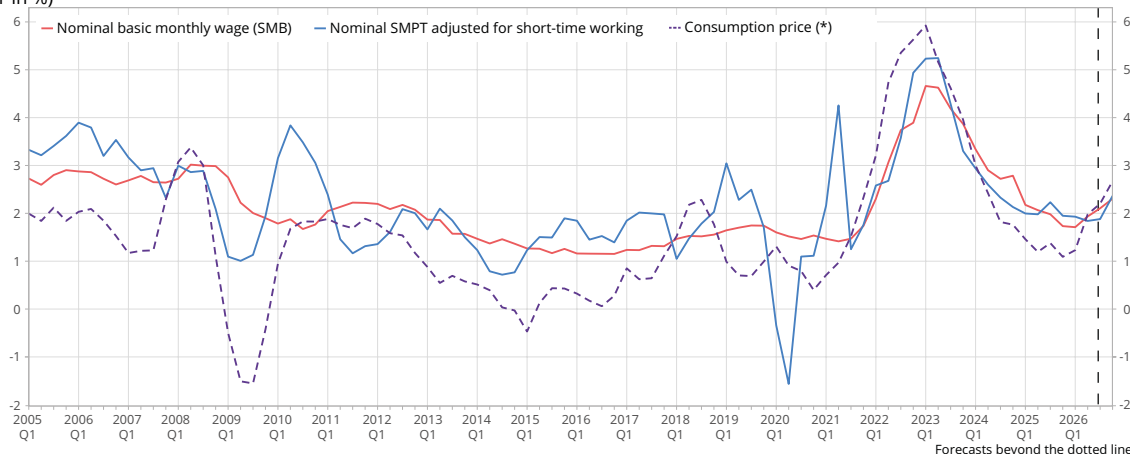
the increase in the activity premium and the uprating of supplementary pensions expected at the end of the year. Financial property income should remain buoyant, notably due to the increase in yields offered by interest-bearing products. However, tax deductions are expected to accelerate in the summer and remain vigorous towards the end of the year. On the one hand, payment of the differential contribution on high incomes (CDHR) is scheduled for December and, on the other, the spontaneous yield of income tax is set to rise faster than income again in 2026, which is likely to result in balancing payments to the government in the summer (► **Focus** on income tax, *Economic outlook*, December 2025).

On average over 2026, households' gross disposable income (GDI) is expected to accelerate markedly (+1.5% after +0.8% in 2025), but is projected to grow more slowly than household consumer prices (+2.0% in 2026, after +1.3% in 2025), causing a likely contraction of GDI purchasing power in 2026 (-0.4%), as in 2025. However, the factors driving this decline are expected to be very different. In 2025, the contraction of household purchasing power was mainly explained by the decline in corporate distributed income, following the exceptional dividend payments made in 2024 ahead of the introduction of the differential contribution on high incomes. Excluding wealth income, purchasing power rose by +0.5%. Conversely, in 2026, the contribution of wealth income to household purchasing power is expected to be small. The loss of purchasing power is set to stem from the inflationary shock and the drop in

² The trends in household income and consumer prices presented here are adjusted for the effect of financial intermediation services indirectly measured (FISIM), which correspond to the interest-rate margin on bank deposits and loans. The allocation of FISIM increases households' gross disposable income through additional interest received on deposits and lower interest paid on loans, for a total amount corresponding to the consumption of FISIM. However, in practice, the effect of this allocation on GDI purchasing power is negligible, as changes in FISIM consumption are mainly reflected through price effects (► **Box** on wealth income, *Economic outlook*, December 2023).

► 14. Nominal changes in average wage per capita (SMPT) adjusted for the effect of short-term working monthly wage (SMB)

(year-on-year in %)



* household consumption expenditure deflator as defined in the National Accounts, excluding indirectly measured financial intermediation services (FISIM). **Note:** here the SMPT is adjusted for short-term working: these payments are not counted as wages, and therefore led to some very wide variations in the SMPT when it was not adjusted during the health crisis (► [blog post](#) on wage indicators).

How to read it: in Q4 2025, year-on-year growth in nominal SMB is expected to be 1.7%.

Scope: non-agricultural market branches.

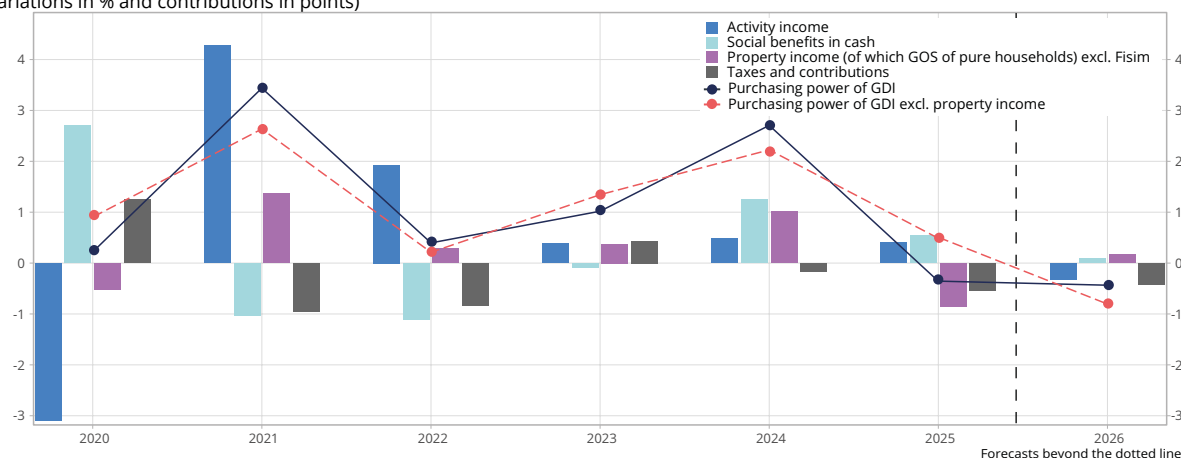
Source: DARES, INSEE.

payroll employment. It should therefore affect a large proportion of households (► **Figure 15**). In particular, earned income is projected to fall back in real terms for the first time since 1993 (excluding the health crisis). Ultimately, purchasing power is projected to be well below GDP growth in 2026 (-0.4% and +0.4% respectively), due to a deterioration in the terms of trade, which is causing the French economy to lose ground relative to the rest of the world. Although this deterioration is markedly less severe than that experienced in 2022 (► **Focus** on the energy shock, *Economic outlook*, June 2026), its impact appears to be amplified for households because, this time, they are likely to bear the brunt of it. On the one hand, unlike in 2022-2023, the government has not implemented general price-mitigation measures but targeted ones; and, on the other, real wages are expected to be sluggish, lagging behind productivity growth and reflecting weakened bargaining power due to the poor state of the labour market.

French household consumption is expected to remain hesitant

The latest cyclical signals regarding household consumption are mixed (► **Figure 16**). The business climate in retail trade, after suffering a sharp downturn in the spring (to 89 in May 2026), has rebounded sharply and stood at 99 in August, just below its long-term average. By contrast, signals from the household confidence survey are less encouraging. After bottoming out at 82 in May 2026, household confidence recovered slightly to 86 in August, but remains well below its average. The savings climate indicator continues to hover at levels close to historic highs (125 in August), while the balance of opinion on the perceived appropriateness of making major purchases stood at -39 in August, well below its long-term average.

► 15. Annual changes in household gross disposable income (GDI) purchasing power and the main contributions (annual variations in % and contributions in points)

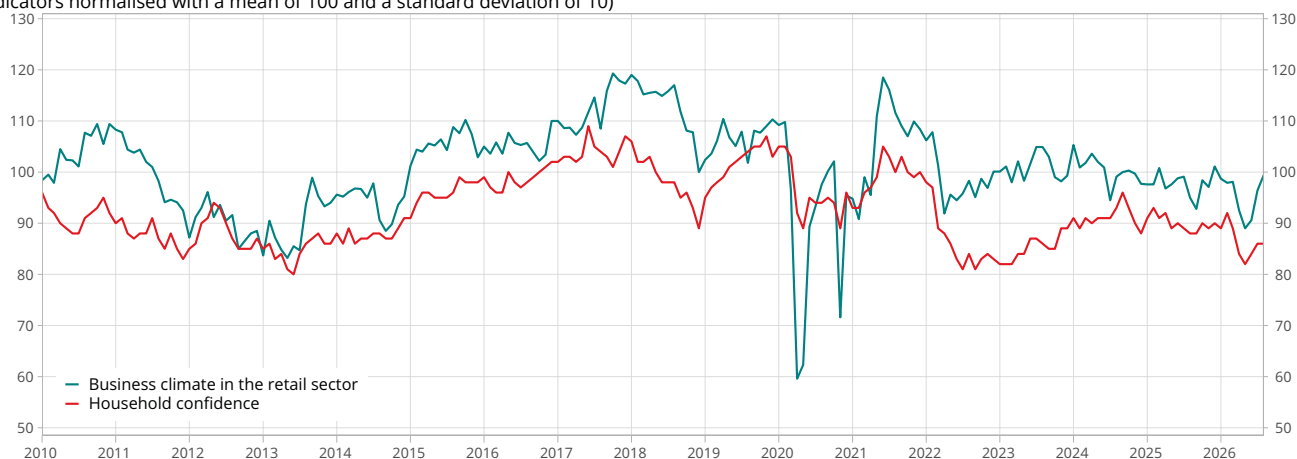


How to read it: household GDI purchasing power fell by 0.4% in 2025.

Source: INSEE.

► 16. Business climate in retail trade and household confidence

(indicators normalised with a mean of 100 and a standard deviation of 10)



Last point: August 2026.

How to read it: the business climate indicator in France stood at 98 in August 2026.

Source: INSEE, monthly consumer confidence survey and survey of retailing.

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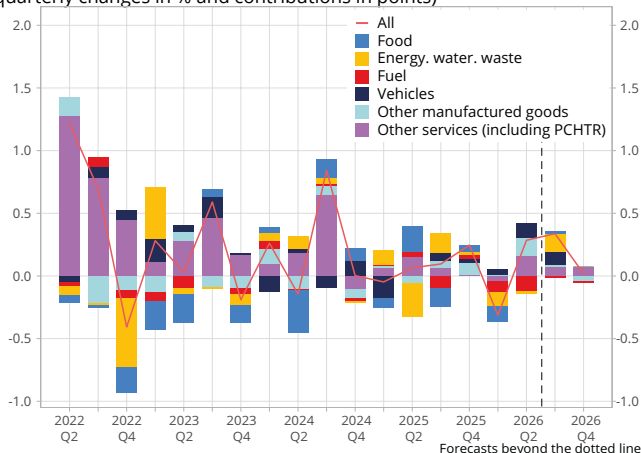
In this context, consumption is expected to rise only modestly over the summer (+0.3%) before stagnating at the end of the year (► **Figure 17a**). Consumption of goods is likely to be boosted in the summer (+0.6%) by the return to normal of household energy consumption (+3.0%), even slightly exceeding its usual seasonal level due to increased cooling needs, as well as by a fresh wave of vehicle purchases (+2.0%), particularly electric vehicles. It is set to decline slightly in the autumn in a backlash effect. Consumption in the services sector is expected to remain sluggish (+0.1% per quarter), with households cutting back on discretionary services (accommodation and food services, leisure, etc.) in response to the sharp decline in their purchasing power.

Over 2026 as a whole, household consumption is projected to slow further, following already subdued growth in 2024 and 2025 (+0.3%, after +0.5% in 2025 and +0.7% in 2024). It should nonetheless grow faster than their purchasing power (-0.4%). Household consumption is therefore likely to show some resilience on an annual average basis, owing to the usual lag observed between a purchasing-power shock and the adjustment of consumption behaviours. The household savings ratio is therefore expected to stand at 17.3% of gross disposable income in 2026 (down from 17.8% in 2025) and to continue its decline from the peak reached in 2024 (► **Figure 17b**). However, households' responses to INSEE's consumer confidence survey indicate that this drawdown in savings is likely to be more imposed than voluntary.

Household investment is expected to be caught between continued new-build deliveries and the unfavourable conditions in the existing property market

After two quarters of decline, household investment is expected to stabilise in Q3 before falling slightly again at the end of the year (-0.2%). It should continue to suffer from the poor state of the existing property market, caused by the anticipated increase in the cost of credit. The drop in the number of transactions in the existing housing market is set to have an immediate impact on household investment in services, which is projected to decline by 1.0% per quarter. This is also likely to hamper home maintenance and improvement expenditure, which is closely linked to purchases of existing homes, and is likewise expected to impact their investment in construction. The latter, however, should continue to hold up owing to the delivery of new-build projects started in the recent period (► **Figure 18**). Overall, household investment in construction is projected to pick up again in the summer (+0.3%), before slowing in the autumn (+0.1%).

► **17a. Past and expected quarterly consumption**
(quarterly changes 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). Other contributions to household consumption (food, energy, etc.) refer exclusively to consumption within the territory.
How to read it: in Q2 2026, household consumption increased by 0.3% compared to the previous quarter. Fuel consumption contributed around -0.1 points to change in consumption.
Source: INSEE.

► **17b. Household savings ratio**
(in % household disposable income)



Note: the red lines correspond to the average values for the years 2024, 2025 and 2026.
How to read it: in Q2 2026, the household savings rate stood at 17.2% of gross disposable income.
Source: INSEE.

Corporate investment should continue to be hampered by the increased cost of credit and weak demand

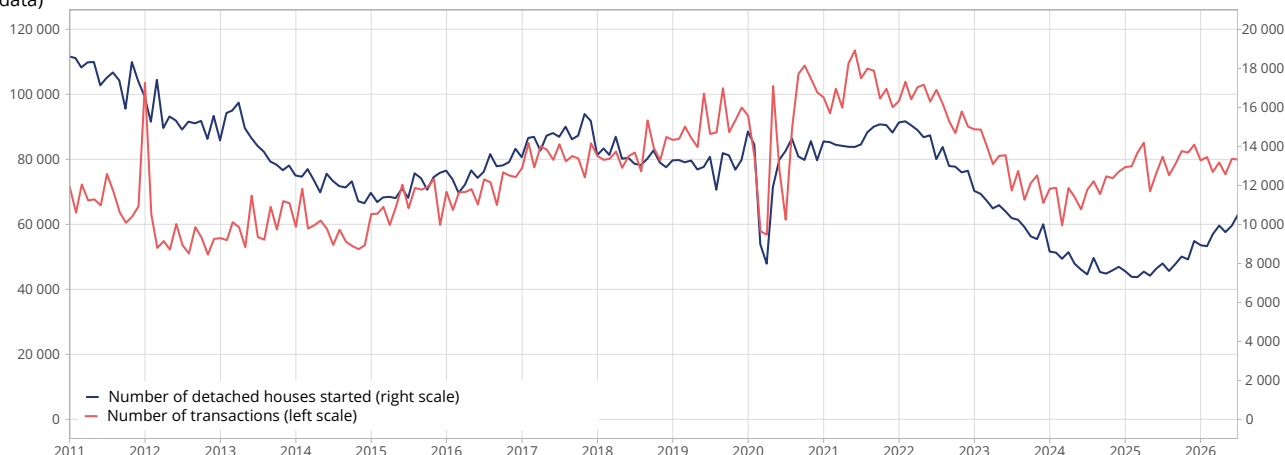
In H2 2026, corporate investment, still hampered by the increased cost of credit and weak demand, is expected to remain particularly subdued (► **Figure 19**). Investment in manufactured goods is likely to nosedive in Q3 (-2.2% after +0.6%) in a backlash to the delivery of a luxury cruise ship to a resident entity in the spring, and is set to continue declining at the end of the year (-0.6%). Corporate investment in services is expected to return to growth, but should be less dynamic than the three-year average (+0.6% in the summer, followed by +0.3% in the autumn). Lastly, corporate investment in construction is expected to be hampered in the summer by the impact of heatwaves on civil engineering (► **Focus** on effects of the 2026 heatwaves), before rebounding somewhat at the end of the year (-0.2% then +0.2%). All in all, corporate investment is expected to decline in Q3 (-0.6%) and stabilise at the end of the year.

In 2026, the terms of trade are set to hold back corporate profit margins

In Q1 2026, the margin rate of non-financial corporations (NFCs) fell by 1.0 point to 31.5%, down from 32.5% in Q4 2025, strongly penalised by the terms of trade. The surge in hydrocarbon prices from March onwards fed through rapidly to the prices of imports and intermediate consumption items. In Q2 2026, it stabilised almost entirely as the renewed deterioration in the terms of trade was offset mainly by weak real wages and, to a lesser extent, by productivity gains.

In H2 2026, the NFC margin rate is set to rise slightly. It is projected to reach 31.8% of value added at the end of the year, up 0.3 points compared with the spring. In a context of lacklustre growth, productivity is expected to contribute almost nothing to the change in the margin rate at the end of the year. Assuming a stabilisation of Brent crude prices at \$90, the terms of trade should then contribute positively to the change in the NFC

► 18. Monthly number of construction starts for one-family dwellings and existing property transactions (SA data)



How to read it: in June, 9,928 one-family dwellings were started and 80,137 property transactions were recorded.

Source: SDES, DGFIP, INSEE calculations.

► 19. Volumes and interest rates of investment loans granted to non-financial corporations (NFCs) (monthly moving average of loans granted in M€)



How to read it: in June 2026, the three-month average (April-May-June) of new investment loan flows granted to resident NFCs amounted to €1.98 bn. In June 2026, the average rate of new loans with a maturity of more than one year, excluding overdrafts, granted to resident NFCs stood at 3.76%.

Source: Banque de France.

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margin rate in H2, as these corporations – particularly in manufacturing sectors – are likely to pass on increases in the prices of their inputs. However, these gains from the terms of trade are set to be tempered by rising real wages, as employees are likely to progressively negotiate pay rises in order to offset their loss of purchasing power in the spring.

Over 2026 as a whole, the margin rate of non-financial corporations is projected to stand at 31.6% of their value added, down 0.7 points on 2025. NFCs are expected to face a substantial deterioration in the terms of trade (a contribution of -0.8 points to their margin rate), which they are expected to partly offset by maintaining a gap between productivity and real wages.

France's foreign trade is set to support growth throughout H2

After stalling over the winter and then rebounding in the spring, exports of manufactured goods are expected to keep rising strongly towards the end of the year (+1.8% in Q3, then +1.3% in Q4). Indeed, H2 2026 is expected to be marked by further deliveries of aeronautical equipment, as well as civil and military vessels. Excluding aeronautical and naval deliveries, manufacturing exports are projected to grow by 0.9% in Q3, followed by 0.5% in Q4, at a pace slightly below world demand for French goods. Agricultural exports, meanwhile, are set to fall back (-5.0% over the summer, then -2.0% in the autumn), due to the decline in output caused by the heatwave. Once exports of energy and services are taken into account, French exports are expected to increase by 1.2% in Q3 and then by 1.0% in Q4. Imports, for their

part, are likely to increase moderately (+0.8% in the summer, followed by +0.6% in the autumn), driven by buoyant manufacturing exports but held back by sluggish domestic demand.

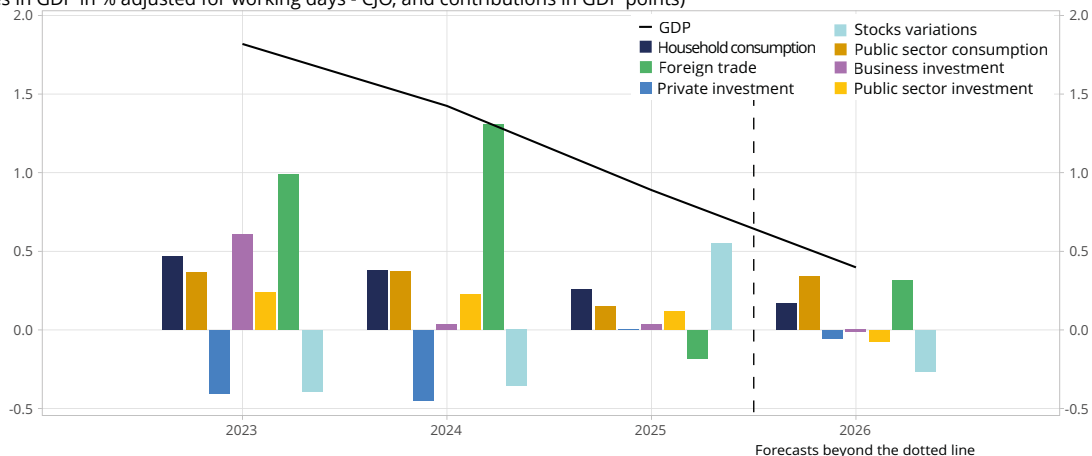
As a result, foreign trade is expected to contribute positively to French growth in accounting terms in Q3 and Q4 (+0.1 point per quarter).

In 2026, economic activity in France should slow, following the trend in household consumption and investment

Overall, in 2026, activity is set to slow: working-day adjusted growth is projected to slacken to +0.4% on an annual average basis, after +0.9% in 2025 (► **Figure 20**). Domestic demand is expected to contribute +0.3 percentage points, after +0.5 percentage points in 2024. Household consumption, in particular – handicapped by the decline in purchasing power – is likely to slow down (+0.3% after +0.5%) but above all, investment is projected to turn negative (-0.6% after +0.7%). This decline is likely to affect both public investment (-1.7% after +2.7%), hampered by the municipal electoral cycle, and that of private-sector players. Household investment is set to decline (-1.3%) due to a further drop in construction investment, while corporate investment is expected to slip back somewhat (-0.3% after +0.7%). Foreign trade should contribute positively to activity in 2026 (+0.3 points after -0.2 points in 2025), but enterprises are likely to draw down on the inventories they had rebuilt in 2025 (-0.3 points after +0.6 points).

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

(annual changes in GDP in % adjusted for working days - CJO, and contributions in GDP points)



Last point: 2025 (observed), 2026 (forecast).

How to read it: in 2025, GDP rose by 0.9% (change adjusted for working days); foreign trade contributed -0.2 percentage points to this growth.

Source: INSEE.

Risks: war in the Middle East and the impacts of heatwaves

This forecast is subject to a number of uncertainties. First, the effects of the heatwave on Q3 activity are not yet fully known. Furthermore, the foremost risk internationally is the duration and intensity of the war in the Middle East. This *Economic Outlook* assumes that oil prices will remain at around \$90 until the end of the year. If negotiations between the parties involved,

which currently appear deadlocked, were nonetheless to succeed, the oversupply on the hydrocarbon market could once again prevail and their prices could ease, as briefly observed between mid-June and mid-July. This could boost household purchasing power somewhat along with profit margins in all economies, thereby stimulating growth. Conversely, an escalation or prolongation of the conflict could drive hydrocarbon prices even higher, squeezing household purchasing power even further. ●

The summer heatwave episodes are projected to cost the French economy 0.1 points of annual growth in 2026, mainly due to the decline in agricultural output

Since mid-June 2026, France has experienced three periods of extreme heat: the first from 17 to 30 June, the second from 4 to 19 July, and the third, particularly long, from 28 July to 19 August. In total, 53 days of heatwaves occurred between mid-June and the end of August in Metropolitan France, far exceeding anything observed previously. In addition to the heatwaves since mid-June, 2026 also saw a period of very high temperatures at the end of May. While this period cannot be classified as a heatwave, its early occurrence was nonetheless unprecedented.

These events are likely to have negative effects on economic activity in the short term. The sector most affected is likely to be agriculture. The summer heatwaves are expected to reduce yields for many crops, particularly maize, forage, oilseeds (sunflower, rapeseed, etc.), protein crops (field beans, peas, etc.) and potatoes. Furthermore, wine production is expected to experience a further decline after two years of poor harvests. Finally, with regard to fresh produce, the heatwaves are likely to have a particularly adverse effect on vegetables, where production is expected to fall and prices are rising significantly, while fruit is expected to be less affected overall.

Moreover, the three heatwaves of 2026 resulted in an increase in electricity consumption, while the August episode weighed on national electricity production due to the increased unavailability of nuclear power stations. In the construction sector, the proportion of building and civil engineering enterprises reporting adverse weather conditions affecting their activity increased this summer, according to INSEE's business tendency surveys. Over the long term, the adverse effects of heatwaves on economic activity are most noticeable in the civil engineering sector.

By contrast, industrial production in France appeared to be only marginally affected by heatwaves up to 2025, even though their consequences occasionally result in difficulties for certain industrial enterprises, due to environmental restrictions or supply issues. The situation is different in Germany, where the Rhine plays a major role in the transport of industrial products, often located upstream in the production chain. Low water levels in the river during droughts are likely to cause a decline in German industrial production.

Finally, regarding consumption by French households, this summer's heatwaves mainly resulted in increased purchases of fans, air conditioners and, as was the case last year, refreshing products such as drinks and ice cream. Over the long term, heatwaves have changed household consumption patterns. They have been accompanied by a slight rise in spending on eating out and a slight fall in furniture purchases. These shifts are limited in scale and have no substantial macroeconomic impact.

Ultimately, the heatwaves are expected to reduce French growth by around 0.1 points in 2026, mainly through agricultural production. These are short-term effects, without prejudging more significant medium-term effects. For example, the economic literature shows that such heatwaves are likely to trigger adaptation expenditure which temporarily stimulates economic activity but comes at the expense of other productive investments, and ultimately weighs on medium-term growth. These estimates are based on the information available at the beginning of September, which does not yet fully cover the summer period. Additional effects cannot be ruled out if, due to their intensity, these episodes have an impact on sectors that are usually unaffected.

Clément Bortoli, François Chevalier (Agreste, *Statistical Department of the Ministry responsible for agriculture*)

Since June 2026, France has experienced several heatwaves of unprecedented magnitude

From mid-June to the end of August 2026, Metropolitan France was hit by a series of heatwaves (defined, according to [Météo France criteria](#) (in french), as a series of at least three consecutive days during which the average national temperature does not fall below 23.4 degrees, with at least one day above 25.3 degrees) of unprecedented intensity. A first heatwave was recorded between 17 and 30 June, lasting 14 days, followed by a second between 4 and 19 July, lasting 16 days. Finally, a third heatwave began

on 28 July and continued uninterrupted until 19 August (► [Figure 1](#)). In total, 53 days of heatwaves occurred between mid-June and the end of August in Metropolitan France, far exceeding anything observed previously (► [Figure 2](#)). By way of comparison, 2025 saw 27 days of heatwaves, while the previous record stood at 31 days in 2022. In addition to the heatwaves since mid-June, 2026 also saw a period of very high temperatures at the end of May. While this period cannot be classified as a heatwave (as the national temperature index never exceeded 25.3°C during this period), its early occurrence was nonetheless unprecedented.

Such episodes are likely to have negative effects on economic activity

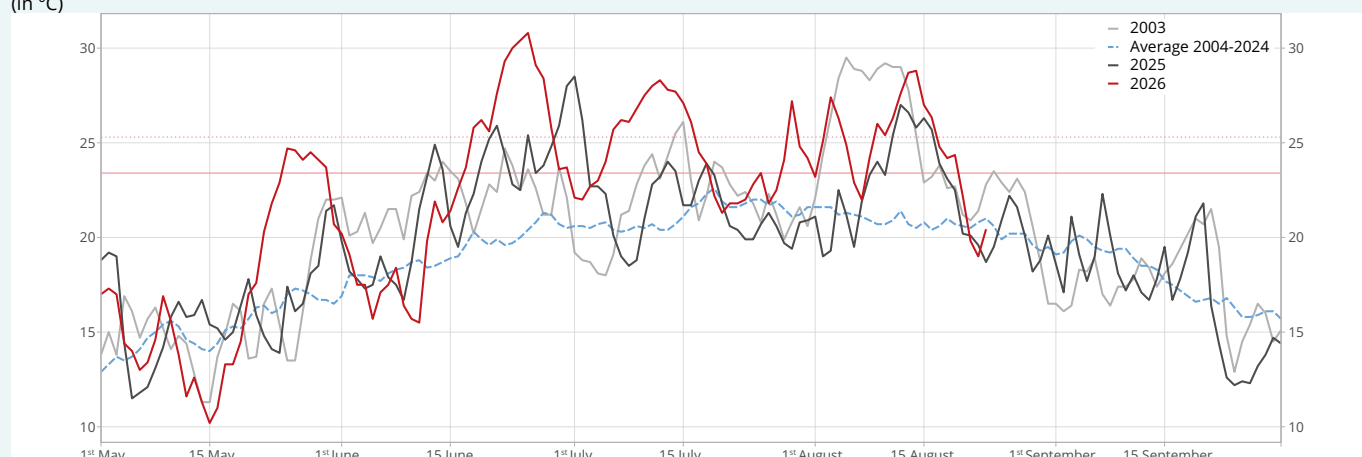
According to ►[Cupillard and al., 2025](#), heatwaves are likely to have negative effects on annual economic growth. In the short term, the main impact likely to be felt in France concerns agricultural production. For example, INSEE had estimated a negative impact of the summer 2003 heatwave on GDP growth (►[INSEE, 2003](#)). In particular, 2003 was marked by a decline in crop production, which reduced annual GDP growth by 0.3 points. In 2025, by contrast, arable crops (cereals, oilseeds, beets, potatoes, etc.) were not significantly affected by the two major heatwaves that occurred at the end of June and in mid-August. Unlike in 2003, agricultural production rebounded in 2025, with yields in arable crops returning to normal after a particularly poor year in 2024 due to adverse weather

conditions and excessive rainfall. However, the heatwaves did have an impact on viticulture in 2025. Indeed, while a recovery was expected after a very poor year in 2024, wine production ultimately remained stable due to the August heatwave (►[Agreste, 2025](#)).

The economic literature confirms that agriculture is the sector most exposed to heatwaves. ►[Spiteri and al., 2026](#) estimated that in scenarios combining extreme heat and drought, annual growth in agricultural value added could be reduced by 1.9 to 7.6 points depending on the region; conversely, industrial production would be largely unaffected, and the macroeconomic effects would generally be more pronounced in Central and Eastern Europe.

►[Garcia-Leon and al., 2021](#) estimated and simulated a regional general equilibrium model in which heatwaves have a highly heterogeneous impact within the European

► 1. Average daily temperature in Metropolitan France between May and September (in °C)

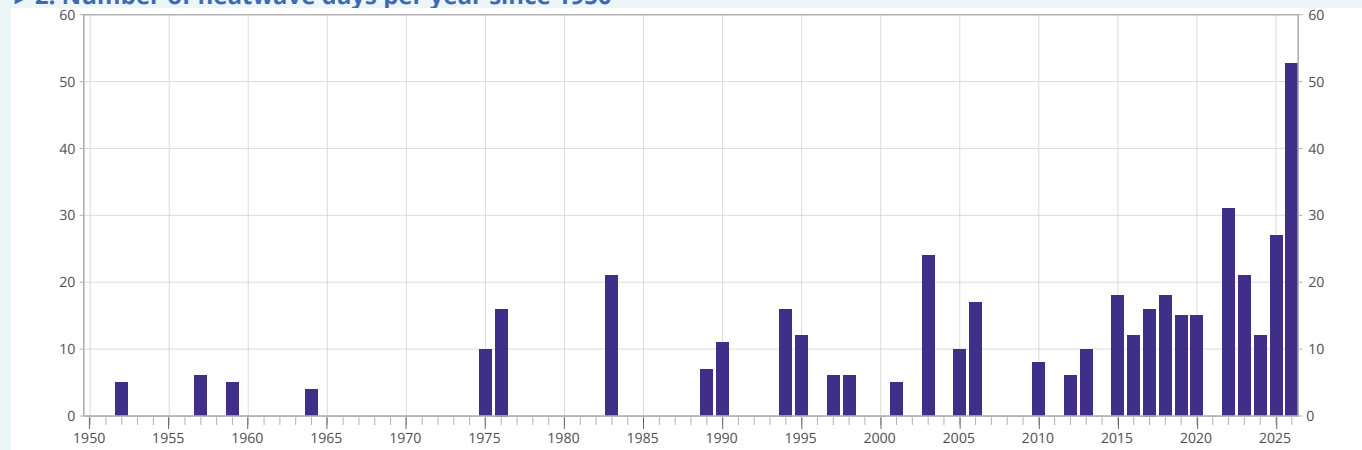


Last point: 23 August 2026.

Note: as heatwaves are defined as at least three consecutive days with temperatures above 23.4°C, including at least one day above 25.3°C, these two thresholds are shown by horizontal lines (solid and dotted, respectively).

Source: local data from *Météo France*, aggregated by INSEE.

► 2. Number of heatwave days per year since 1950



Last point: 2026 (in progress).

Note: for 2026, the dates of heatwaves correspond to those published by *Météo France* (in french). As a long-term time series is not available, the methodology is applied retrospectively using the average daily temperatures recorded at 22 weather stations representative of the former administrative regions (prior to the 2016 territorial reform), weighted by the population of these regions. For 2026, this method results in an estimate of 54 heatwave days, very close to that published by *Météo France* (53 days), and a virtually identical timeline.

How to read it: in 2026, in France, France experienced 53 heatwave days.

Source: *Météo France*, INSEE calculations.

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Union. Depending on the vulnerabilities of the regions concerned, the average effect on growth of a heatwave year is estimated to have increased: it now stands at between -0.3 and -0.5 points of GDP, compared with an average of -0.2 points of GDP over the period 1981-2010. These effects are concentrated in outdoor activities, particularly agriculture and construction, and subsequently spread to the rest of the economy via intermediate consumption, notably to the agri-food industry and certain services. The effects also pass through prices. ► [Kotz and al., 2023](#) show that food prices are likely to rise following a heatwave in Europe. For the year 2022, they estimate the impact at +0.7 points on the food component of inflation.

Moreover, in France, according to ► [Cupillard and al., 2025](#), other sectors are likely to be affected in the short term by the heatwaves, even though the main macroeconomic effects remain in agriculture. In the electricity production sector, heatwaves can hinder the cooling of thermal power stations, leading to their forced shutdown, and deplete water resources, which weighs on hydroelectric production. Conversely, however, they can stimulate demand due to the need for cooling. The overall effect on activity is therefore indeterminate and depends on available capacity. If the supply constraint is such that it exceeds spontaneously unused capacity, the effect on activity is negative; otherwise, the effect will be positive due to the additional demand. In fact, the two heatwaves observed during the summer of 2025 led to an increase in electricity consumption, but only the June episode had an impact on national electricity production. In the construction sector, heatwaves make work dangerous or impossible to carry out. Finally, households are likely to change their behaviour, affecting the production of goods and services consumed. Thus, the heatwaves of 2025 mainly resulted in increased purchases of certain refreshing products, such as drinks and ice cream, mainly during the first heatwave at the end of June and beginning of July.

In 2026, agricultural production is expected to be adversely affected by the heatwaves, but to a lesser extent than in 2003

The 2003 heatwave slowed growth mainly through its impact on the agricultural sector (► [INSEE, 2003](#)). It led to a drop in cereal production of around 22% compared to 2002, and a drop in wine production of nearly 9%.

In 2026, a significant but less pronounced decline is expected in crop production, which includes viticulture, arable crops (cereals, oilseeds, potatoes and industrial beets), as well as fruit and vegetable production, and accounts for around 70% of agricultural production. For this sector as a whole, National Accounting records production as growth occurs, in the form of an annual

target. This means that the main negative effects of the heatwave were largely accounted for in the growth figures for Q4 2025 and Q1 and Q2 2026, published in the detailed results on 28 August.

For arable crops, the adverse effects of the summer weather conditions on annual production in 2026 are particularly pronounced for spring crops, especially maize. According to estimates by ► [Agreste, 2026](#), as at 1st August, French grain maize production is estimated at 9.0 million tonnes, representing a year-on-year decrease of 35%. This sharp decline is the result of both a 21% decrease in the cultivated area and a 19% drop in yield: only the latter can be attributed to the heatwaves. Yield is therefore expected to be at its lowest level since 2003, against a backdrop of persistent drought and very high temperatures, particularly at the time of flowering (► [Figure 3](#)). Conversely, straw cereals (mainly soft wheat and barley), which are primarily winter crops, were less affected by the heat, as it occurred towards the end of the growing season. Their production is estimated at 46.1 million tonnes as of 1st August, down 5% year on year. In 2003, the production of straw cereals declined sharply due to a rather dry spring, whereas this year it was relatively rainy. Overall, cereal production in France in 2026 is expected to decline by 12%, with 9% attributable to lower yields.

Oilseed production is estimated to remain broadly stable at 6.5 million tonnes, with the increase in the cultivated area offsetting the fall in yields. The situation remains uncertain, however, for summer crops, particularly sunflowers and soya, which are especially sensitive to water and heat stress. Sunflower yields, in particular, are estimated to be at their lowest level since at least 1980. Protein crops (field beans, peas, etc.) are also expected to face a fall in yields, which will not be offset by an increase in the cultivated area. As a result, production is expected to be 12% lower than in 2025. Production of ware and mid-season potatoes is expected to reach 6.5 million tonnes. It is expected to decline by 22% from the record level of 2025, due to the combined effect of a reduction in the cultivated area (-14%) and yields (-9%). The average yield is projected to be among the lowest since 1996. Finally, the cultivation area for beets in 2026 is expected to be down by 6% compared with 2025, while yields are not yet known.

With regard to grasslands and forage crops, the situation deteriorated significantly over the summer of 2026. After a favourable start to the growing season, water shortages and successive spells of intense heat significantly slowed grass growth. As of 20 August 2026, the cumulative growth of permanent grasslands was 36% lower than the average observed on this date over the 1989-2018 reference period, and all regions are experiencing a shortfall. The situation for forage maize is also very poor. Production is currently estimated at 11.4 million tonnes, down 27% year on year,

due to the combined effect of reduced cultivation area and lower yields.

According to initial estimates, French wine production is expected to be around 34 million hectolitres in 2026, compared to 36 million hectolitres in 2025, representing a 6% decrease year on year from an already significantly reduced 2025 vintage (► **Figure 4**). The initial production potential was nevertheless high, with promising budburst and vineyards that were generally spared by disease. However, the repeated heatwaves and ongoing drought have reduced this potential. Sunscald, scorching and defoliation are now affecting several wine regions and, in particular, limiting grape size. Part of the decline in production nevertheless stems from reductions in cultivated area.

At this stage, the effects of the heatwaves appear overall to be limited in terms of the volumes of the main fruit crops, with differing situations depending on the species. Irrigation of orchards and, for certain crops, early

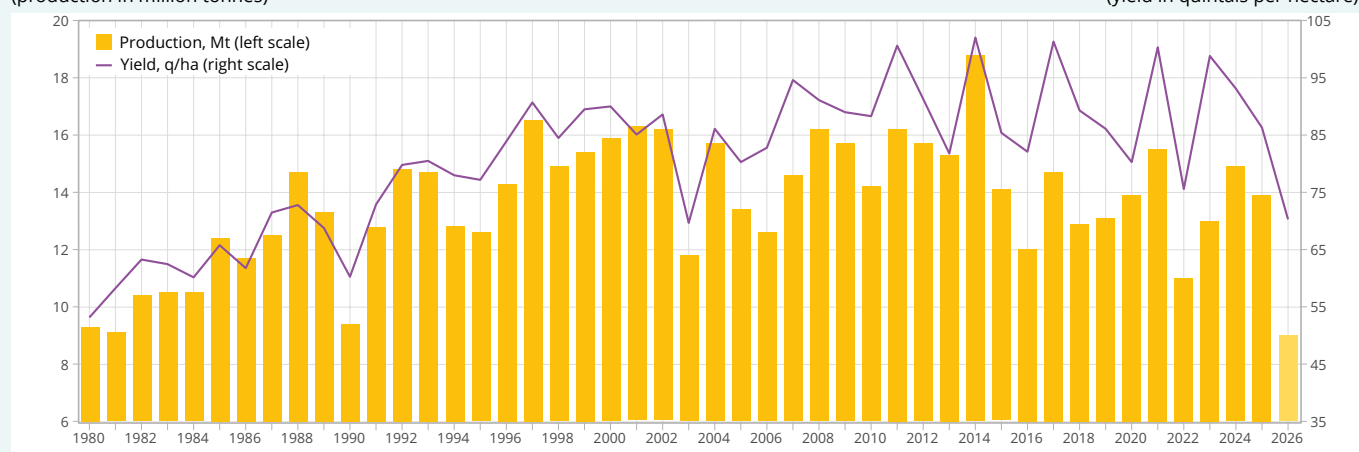
harvesting (for example, in the case of apricots) have notably helped to limit the impact of the heatwave at the end of June. Fruit production is nevertheless expected to decline by around 3.5% in 2026, mainly due to the anticipated decrease in the apple harvest, for which the initial forecasts, established in early July 2026, indicate a year-on-year drop in production of 5%. This decline is mainly due to the fall-off following a favourable year in 2025 and is not directly linked to the heatwaves.

For vegetables, the effects of the high temperatures have been significant and vary across different crops, with consequences affecting both volumes, product quality and the consistency of supply. Overall, vegetable production is expected to fall by around 3% in 2026, although situations also vary depending on production areas and irrigation possibilities. For carrots, early-season production was disrupted by the high temperatures, which compounded the sowing difficulties encountered this winter due to heavy rainfall in February. The successive heatwaves

► 3. Yield and production of grain maize (including seed) in France from 1980 to 2026

(production in million tonnes)

(yield in quintals per hectare)



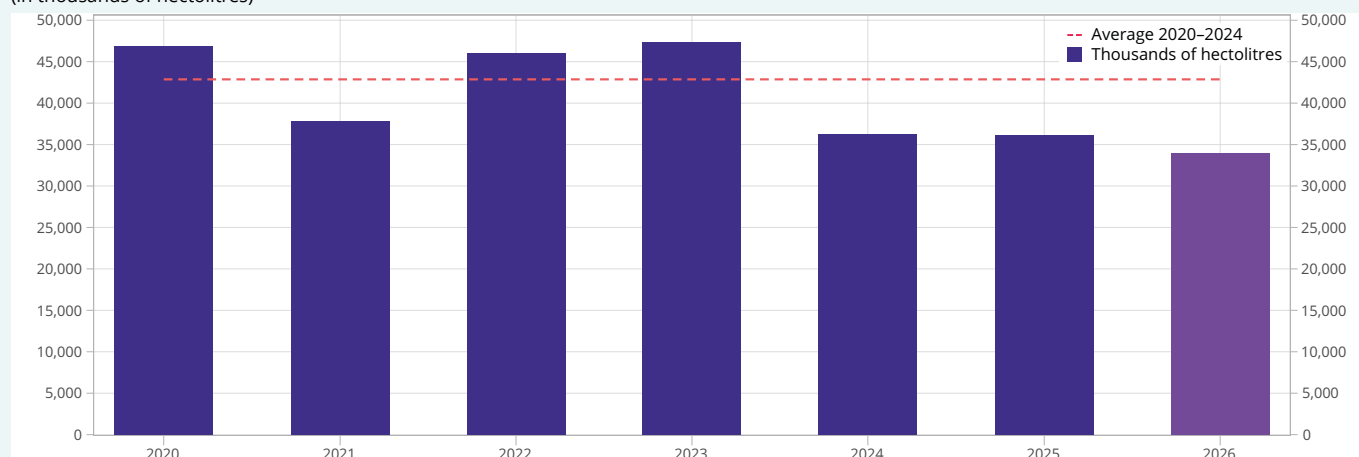
Last point: 2025 (provisional), 2026 (early estimate).

How to read it: in 2025, grain maize production reached 13.9 million tonnes. The average yield stood at 86.3 quintals per hectare.

Source: Agreste.

► 4. Domestic wine production since 2020

(in thousands of hectolitres)



Last point: 2025 (observed) 2026 (estimate).

How to read it: in 2025, domestic wine production stood at 36.2 million hectolitres.

Source: Agreste, Customs.

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also disrupted the sowing of autumn and winter carrots across all French production areas, leading to difficulties with germination and growth. All these factors could lead to a reduction in volumes of around 20%. Lettuce was also severely affected by the high temperatures in June and July, which hindered their growth. For leeks, cucumbers and tomatoes, the heat caused significant difficulties for producers, with consequences for both volumes and quality.

The remainder of agricultural production, that is to say primarily animal production (meat, milk, eggs), is recorded in the quarterly accounts on a rolling basis, as economic data becomes available. As regards these sectors, the immediate impact of the heatwaves on milk collection remains limited but noticeable. For example, milk collection for the week of 27 July to 2 August declined by 0.5% year on year, while remaining 1.8% above the average for the past five years. This effect was most noticeable in the last week of June (22–28 June), during which milk collection fell by 7% year on year. For meat production, the quarterly accounts are based on the number of animals slaughtered, which are currently showing mixed trends. In June, these rose by 4.4% year on year for broiler poultry and by 7.9% for pigs, but fell by 4.6% for cattle and by 5.9% for sheep. These trends are not solely attributable to the intense summer heat, but this has had an impact on the availability of livestock and slowed their growth. Animal production could also be affected in the coming weeks and months by the deterioration of fodder resources.

Overall, the decline in agricultural production (including fisheries and forestry) in 2026 is projected to reach -4% in volume (► [Figure 5](#)). Assuming that the summer heatwaves are responsible for the entire decline in vegetable production and for the fall in yields for arable crops and wine, they are expected to contribute to a reduction in agricultural production of around 3% in 2026.¹ Agricultural production accounts for around 3% of GDP, and almost the entire decline in production is likely to result in a fall in value added, given the rigidity of intermediate consumption in the sector (► [Heck and Mencarelli, 2024](#)). The reduction in agricultural activity caused by the heatwaves is therefore expected to have a negative impact on GDP growth of around 0.1 points in 2026. Under the conventional assumption of a return to more typical weather conditions next summer, a symmetrical rebound is expected to occur in 2027. Given the target recording of crop production in the quarterly national accounts, this rebound is expected to mechanically boost growth from Q4 2026.

The heatwaves are likely to push vegetable prices up in the short term, but this will take longer to feed through to agri-food prices

The impact of the heatwaves and resulting decline in agricultural production is already evident in consumer prices for fresh produce, particularly vegetables (► [Figure 6](#)). In August 2026, the year-on-year increase in

¹ These assumptions are, however, oversimplified. The decline in wheat yields and the decrease in carrot production are not attributable solely to the summer heatwaves, but also to certain weather events that occurred this winter.

► 5. Forecast for agricultural production in 2026, including the impact of the heatwave

	weight	Projected change in production in 2026 (in %)	including the impact of the heatwave
Cereale	12%	-12	-9
Forage maize	1%	-27	-24
Forage other	5%	-10	-10
Wine	13%	-6	-3
Fruit	5%	-4	0
Vegetables	5%	-4	-4
Oilseeds	3%	0	-11
Protein crops	< 1%	-12	-11
Potatoes	4%	-22	-9
Beetroot	1%	-6	0
Other vegetable crops	13%	0	0
All vegetable crops	63%	-6	-5
Animal production (meat, eggs, milk, etc.)	27%	-1	-1
All agricultural production	90%	-5	-4
Fishing, Forestry	10%	0	0
Total Production: Agriculture, Forestry and Fisheries (AZ)	100%	-4	-3

How to read it: cereal production accounts for 12% of agricultural production in 2026 and is expected to decline by 12% (in volume) compared with 2025, of which -9 points can be attributed to the heatwave (lower yields).

Source: Agreste, INSEE calculations.

the price of fresh produce rose to +5.8% (after +3.8% in July) and that of vegetables to +13.8% (after +7.6% in July), rates not seen since early 2024. Furthermore, econometric modelling (► **Method Box**) confirms the significant long-term impact of heatwave episodes on vegetable prices. By contrast, no impact has been identified on the prices of fruit and potatoes.

The effects of the heatwave in Europe have already been reflected in an increase in cereal prices on global markets, which resulted in a rise in agricultural production prices in July (► **Figure 7**). Nevertheless, increases in agricultural commodity prices are passed on to consumer prices at a rate of about 50% after three quarters, and 80% after one year (► **Benckekara and al. 2023** and ► **Chelly, 2026**). By the end of 2026, the increase in cereal prices on the global market is therefore expected to have only a limited impact on the retail prices of agri-food products.

The three heatwaves of 2026 led to an increase in electricity consumption, while the August heatwave had an impact on national production

The first heatwave, which occurred between 17 and 30 June 2026, resulted in increased electricity consumption in France² (by households and businesses) compared with the same period last year (► **Figure 8**). Over this period, daily consumption averaged 1,159 GWh, compared with 1,115 GWh in 2025 over the same period,³ representing an increase of 4.0%. At the same time, national electricity production averaged 1,385 GWh per day, compared with 1,304 GWh in 2025 over the same period, representing an increase of 6.2%, exceeding the rise in consumption, which

resulted in a higher electricity trade surplus. Compared with the same period last year, this increase in production can be attributed roughly half to higher photovoltaic production, half to an increase in nuclear production, and a third to additional generation from fossil sources, while other sources (mainly wind and hydro) tended to drive production down.

The second heatwave, which occurred between 4 and 19 July, also resulted in increased electricity consumption compared with the equivalent period in 2025. Over the period, average daily consumption reached 1,111 GWh, compared with 1,052 GWh over the same period in 2025, representing an increase of 5.6%. This second heatwave also saw an increase in domestic production compared with the same period last year, but to a lesser extent than during the first heatwave: 1,382 GWh on average each day in 2026, compared with 1,364 GWh in 2025 over the same period, representing an increase of 1.3%, below the rise in consumption and resulting in a deterioration of the electricity trade surplus. Compared with the same period last year, this increase in production can be explained solely by a rise in production from thermal power stations, while the decline in nuclear production was offset by an increase in photovoltaic production.

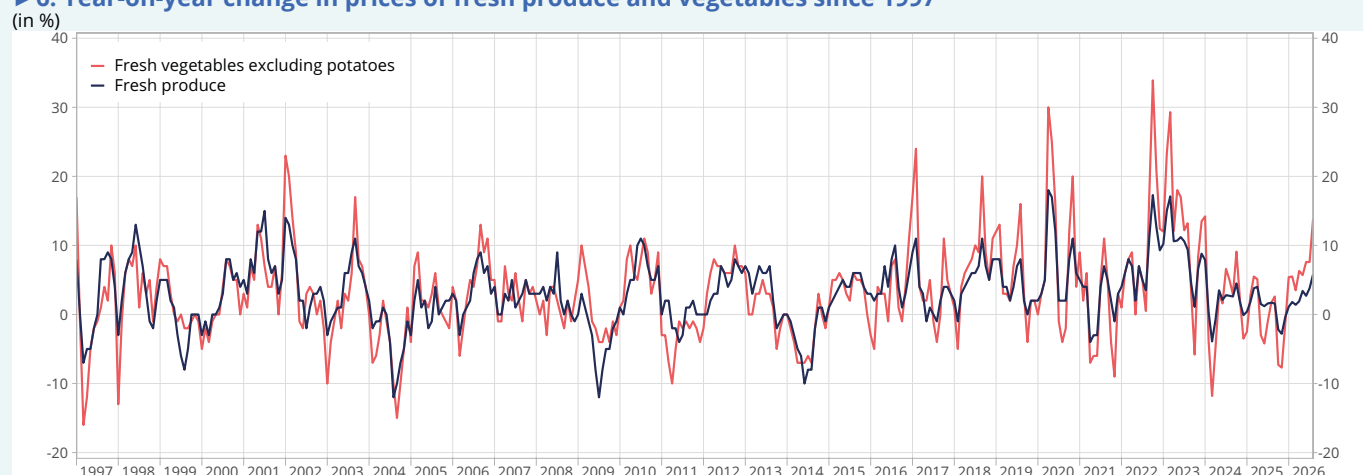
Finally, the third heatwave, which occurred between 28 July and 19 August, also resulted in increased electricity consumption compared with the equivalent period last year.⁴ Over the period, average daily consumption reached 1,035 GWh, compared with 1,004 GWh over the same period in 2025, representing an increase of 3.1%. However, in contrast to the previous two, this third heatwave

² RTE data is available for Metropolitan France, excluding Corsica.

³ "Equivalent" days are days in 2025 that fall in the same month, week, and day of the week as the dates studied in 2026, to take into account the intra-weekly seasonality of electricity consumption. Thus, the period from Wednesday 17 June 2026 to Tuesday 30 June 2026 is compared with that from Wednesday 18 June 2025 to Tuesday 1st July 2025. This period largely coincides with the first of the two heatwaves of summer 2025 (from Thursday 19 June 2025 to Saturday 5 July 2025).

⁴ That is, the period from Tuesday 29 July to Wednesday 20 August 2025: this period includes the second heatwave of summer 2025 (from 11 to 20 August 2025), but is longer than the heatwave itself.

► 6. Year-on-year change in prices of fresh produce and vegetables since 1997



Last point: August 2026.

How to read it: in August, year on year, the prices of fresh produce increased by 5.8%, while those of fresh vegetables excluding potatoes rose by 13.8%.

Source: INSEE.

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was characterised by a decline in national production compared with the same period last year: 1,259 GWh on average each day, compared with 1,286 GWh in 2025 over the same period, representing an decrease of 2.1%, which resulted in a deterioration of the electricity trade surplus. Compared with the same period last year, this decrease in production can be explained solely by a decline in production from nuclear power stations, partly offset by increased use of fossil fuel thermal power stations and, to a lesser extent, by photovoltaic production.

Overall, taking into account the fact that the value added generated by fossil fuel power stations is lower than that of other sources of electricity production, due to the high marginal cost of inputs, the 2026 heatwaves are expected to contribute to an increase in the value added of electricity generation (compared with last year) of around

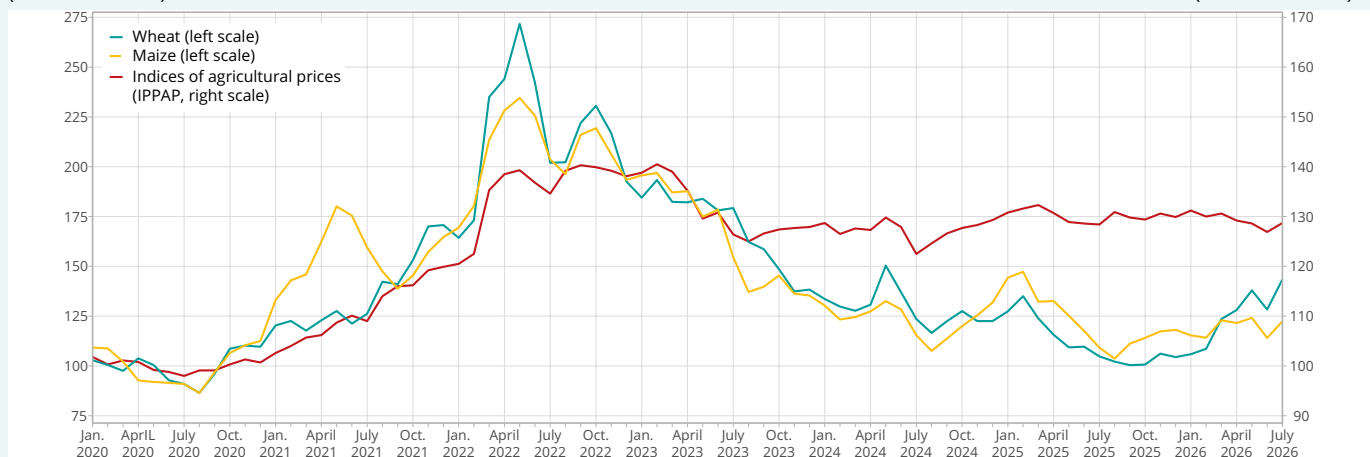
1 point in Q2 and a decrease of 1 point in Q3. Thus, the impact on the annual activity of the electricity production sector is expected to be zero, but its growth is expected to be affected on a quarter-by-quarter basis (with an upward effect of 1 point on the sector's growth in Q2, a downward effect of 2 points in Q3, and then an upward effect of 1 point again in Q4).

In the construction sector, the effects of the heatwave are likely to be felt most severely in civil engineering works

Construction is a sector in which physical labour is particularly dependent on weather conditions. In its business tendency surveys, INSEE polls several thousand companies in the construction sector (monthly) and the civil engineering sector (quarterly) on the occurrence of

► 7. Agricultural producer prices (IPPAP) and global cereal prices since 2020

(base 100 in 2020)



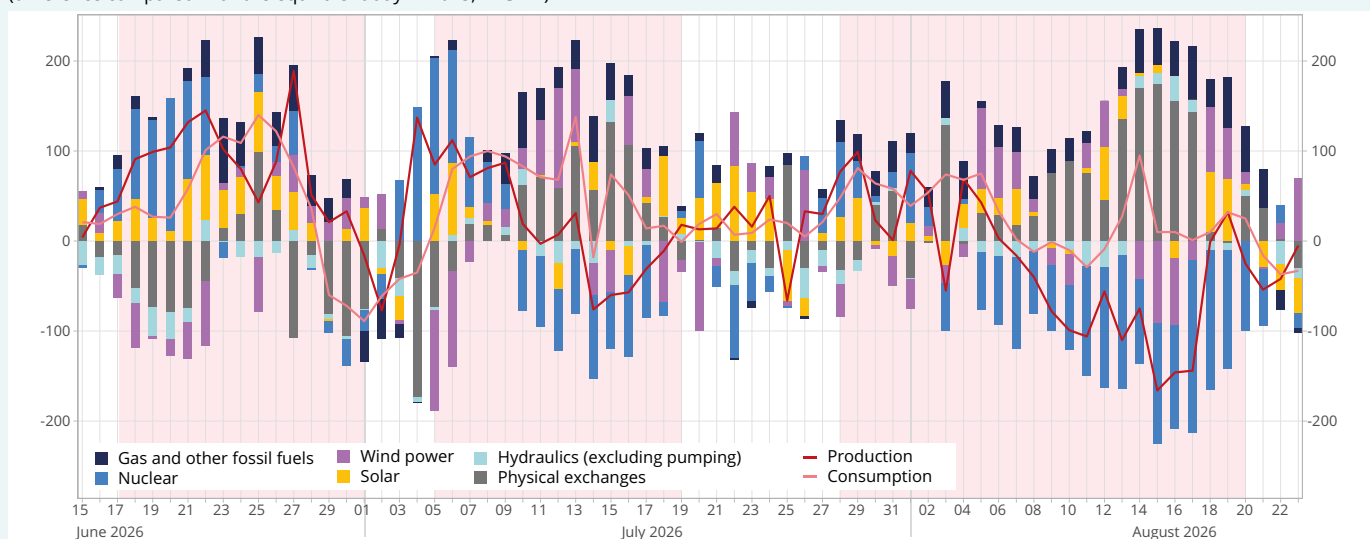
Last point: July 2026.

How to read it: in July 2026, the price of wheat is 43.4% above its 2020 average level.

Source: INSEE, Agreste.

► 8. Production, consumption, and contributions of different sources to daily electricity consumption in France over the summer of 2026

(difference compared with the equivalent day in 2025, in GWh)



Note: the sum of the different contributions is equal to consumption, the sum of the different contributions excluding physical exchanges is equal to production. The contribution of physical exchanges to consumption therefore corresponds to the difference between consumption and production: a positive contribution of physical exchanges to consumption corresponds to a situation where consumption exceeds production.

How to read it: electricity production and consumption exceeded those of Monday 23 June 2025 by 145 GWh and 101 GWh respectively. Nuclear production was higher by 87 GWh, while physical exchanges contributed less to consumption, amounting to -44 GWh.

Source : RTE, INSEE calculations.

weather conditions deemed unfavourable to business activity (► [Figure 9](#)).

In building, the proportion of companies reporting adverse weather conditions affecting activity reached 8.8% in July and 6.5% in August, among the highest levels recorded in over 20 years. In civil engineering too, the proportion of companies identifying adverse weather conditions as a factor limiting their production increased, rising from 20% in April to 33% in July. Furthermore, according to data from the ► [FNTP, 2026](#), the number of non-working hours in civil engineering due to weather-related unemployment reached an unprecedented level for the month of June in 2026, four times higher than the average recorded between 1998 and 2025.

Econometric modelling (► [Method box](#)) confirms that, over the past 20 years, heatwaves have had a significantly negative impact on production in civil engineering in the quarter in which they occur. Given their scale, the 2026 heatwaves are expected to reduce growth in the civil engineering sector by 2 points in Q3 and to boost growth by the same amount at the end of the year. Conversely, no significant impact on output in the building sector has been identified over the long term.

Industrial production in France appears, on the whole, to be relatively unaffected by the heatwaves, whilst the drying up of the Rhine is likely to cause it to fall in Germany

In other sectors of activity, modelling is being carried out to ascertain whether heatwaves have, in the past, been accompanied by a significant change in activity (► [Method box](#)). This exercise aims solely to identify short-term effects, not medium-term ones. Furthermore, by definition, the modelling assumes a relatively linear relationship between the number of heatwave days and the effect on

activity. If threshold effects exist, this type of tool is unable to detect them.

Apart from the civil engineering sector, the impact appears to be generally insignificant. In particular, manufacturing output in France does not appear to have been significantly affected by heatwaves in the past. In both business tendency surveys and branch surveys, certain industrial enterprises reported stoppages or reductions in activity during summer 2026 due to weather conditions, either directly (excessively high workshop temperatures) or indirectly (environmental pressure restrictions, shortage of agricultural inputs, etc.). In order to ensure reliable monitoring, a question comparable to that asked in the construction and civil engineering sectors will be introduced in the monthly business tendency survey for industry in 2027.

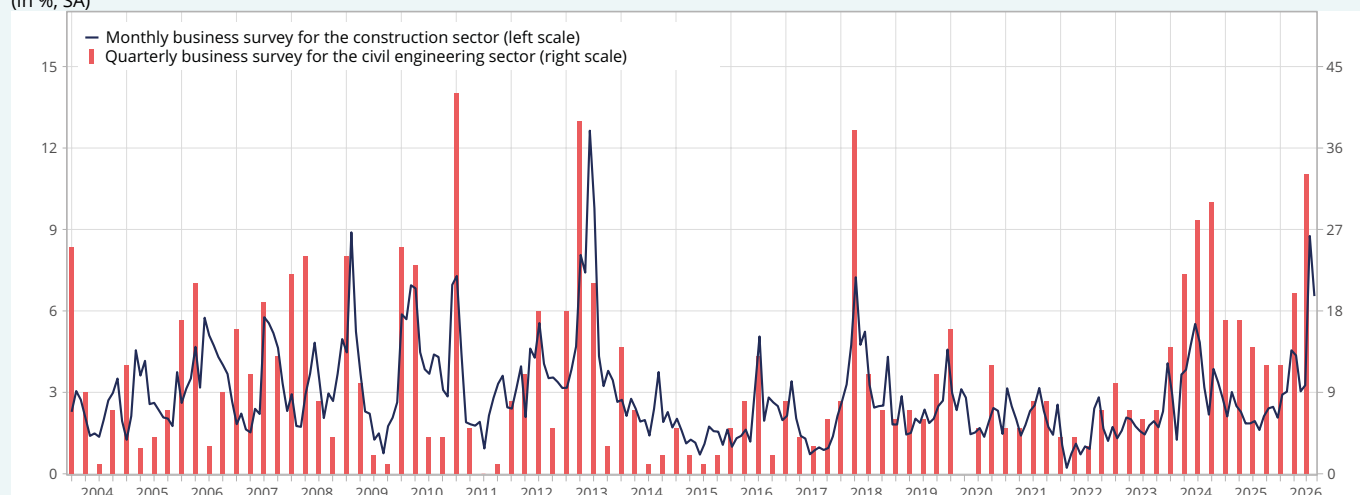
While no systematic macroeconomic impact has been detected over the long term for industrial production in France, the situation is different in Germany, where ► [Kiel institut, 2020](#) showed that the drying up of the Rhine in 2018 had a negative effect on manufacturing production. The Rhine is Germany's most important inland waterway and plays a major role in the transport of numerous industrial products, which are often upstream in the production chain. A month of low water levels on the Rhine therefore reduces industrial production in Germany by around 1%, all other things being equal.

For households, the heatwaves have altered purchasing behaviour but have not affected overall consumption

The same modelling is applied to the various components of household consumption. All things taken into account, the heatwaves have had no positive or negative effect on overall consumption (► [Method box](#)). However, certain

► 9. Proportion of enterprises reporting that weather conditions have been an obstacle to their activity in the building and civil engineering sectors since 2004

(in %, SA)



Last point: August 2026 for monthly survey of building, Q2 2026 (published in July) for quarterly survey of public works.

Source: INSEE survey of building and public work.

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items appear to have reacted. The heatwaves of summer 2026 led to an increase in purchases of household appliances in June and July, corresponding to household expenditure on fans and air-conditioners (► **Figure 10**). Furthermore, as was the case last year, household food consumption was boosted in June and July by purchases of refreshing products, such as beverages and dairy products, including ice cream, while, conversely, it was adversely affected by a decline in meat consumption. Over the long term, however, the systematic effects of the heatwaves on household consumption are more difficult to highlight. While they tend to boost spending in the restaurant sector, they have a negative impact on furniture purchases; they have no effect on hotel stays, transport expenditure or spending on recreational services (► **Method Box**).

The fires led to a marked increase in the number of employees on short-time working in the South-West

The heatwaves also contributed to the spread of wildfires in France in 2026. Nearly 100,000 hectares are estimated to have burned. The previous record, set in 2022, stood at 60,000 hectares. In particular, the fire that broke out in Saumos on 22 July burned 42,000 hectares and came dangerously close to the urban area of Bordeaux, with several municipalities in the metropolitan area evacuated. Many enterprises were forced to temporarily halt their activities. According to data from the Ministry of Labour, more than 45,000 employees were covered by a request for prior authorisation for short-time working for the week from 27 July to 2 August on the grounds of “disaster” or “other exceptional event” (three times higher than the average from January to June), 60% of whom were in Nouvelle-Aquitaine (► **Figure 11**). Exceptional support measures were introduced by decree to assist

enterprises with fewer than 250 employees whose premises are located in evacuated or cordoned-off areas in municipalities in Gironde, Landes or Var.⁵ The exact number of employees actually placed on short-time work is not yet known, but these initial data suggest that around 0.1% of private sector employees may have been prevented from working at the end of July 2026.

Ultimately, the impact of the 2026 heatwaves is expected to be -0.1 points on annual growth, without prejudging any potential medium-term impacts.

Overall, the three heatwave episodes of 2026 are expected to have an impact on annual French growth of around -0.1 points of GDP, largely through a decline in agricultural production. However, this analysis examines only the effects of the heatwaves on the short-term activity of certain sectors of the French economy for which initial data is available. In certain other sectors, the effects of the heatwaves may only be measured once the data becomes available. Furthermore, beyond the simple cyclical effects described here, rising temperatures are likely to have medium- and long-term economic effects on activity. The economic literature does indeed emphasise long-term effects (► **Nordhaus, 1992** and ► **Bilal, 2004**) or medium-term effects (► **Usman and al., 2024**) through a decline in capital stock or the crowding out of productive investment by adaptation expenditure. Such effects are more diffuse and therefore more difficult to detect and to link directly to climate effects, but they cannot be ruled out, and in any case, are not covered by the analysis carried out here. Furthermore, this analysis focuses solely on the impacts on flows (the wealth generated as recorded by GDP) and not on assets, which may be partially destroyed or damaged by heatwaves (fires, shrink-swell of clay soils, etc.). ●

⁵ Listed in the annex to [Decree No. 2026-776 of 14 August 2026 establishing exceptional aid for enterprises with fewer than two hundred and fifty employees that have suffered the consequences of the fires and have been subject to evacuation or restriction measures](#) (in french).

► 10. Household consumption expenditure on household appliances since 2018 (chained volume, 2020 €m)



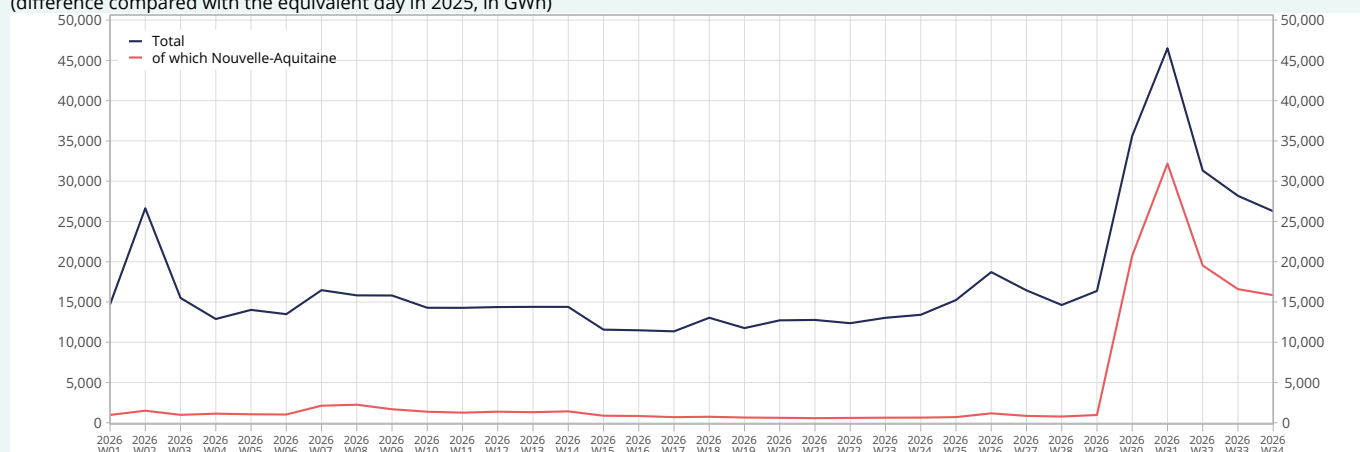
Last point: Q2 2026.

How to read it: in Q2 2026, household expenditure on household appliances reached €3.3 billion (chained volumes at 2020 prices).

Source: INSEE.

► 11. Number of employees covered by a request for prior authorisation for short-time working due to disaster/ adverse weather or other exceptional circumstances per week in 2026

(difference compared with the equivalent day in 2025, in GWh)



Note: the number of employees actually placed on short-time work may differ from that shown above. On the one hand, enterprises have 30 days to submit their request for prior authorisation; on the other hand, these requests are subject to approval and the actual number of people for whom compensation is claimed may be lower than or equal to the number covered by a request for prior authorisation. This is therefore an indicative figure.

How to read it: for the week 31 (from 27 July to 2 August), according to the data available as of 26 August 2026, 46,500 employees were affected by the submission of a request for prior authorisation for short-time working on the grounds of “disaster” or “other exceptional event”, including 32,200 in Nouvelle-Aquitaine.

Source : SI-APART (data available as at 26 August 2026), DARES-DGEFP.

Method box

To estimate the effects of heatwaves in the past, models are estimated for most macroeconomic variables available at monthly frequency, in the following form:

$$\Delta \ln(Y_t) = \sum_{i=1}^n a_i \Delta \ln(Y_{t-i}) + \sum_{i=0}^3 b_i \Delta V_{t-i}$$

Where Y_t is the variable of interest for month t , and V_t is the proportion of days in the month experiencing a heatwave (according to the definition used in the analysis).

The national temperature indicator from which the variable V_t is derived is calculated as the average of the temperatures recorded daily at 22 meteorological stations representative of the former administrative regions (prior to the 2016 territorial reform), weighted by their population. This indicator treats all heatwaves identically once the threshold is exceeded, regardless of their intensity.

Lags are retained in order to eliminate autocorrelation in the residuals. The variables of interest are all first-order integrated (in the sense of standard stationarity tests).

These models are estimated for the following seasonally adjusted variables (from 2000 or 2005, depending on data availability):

- Manufacturing output index;
- Industrial production index in electricity production and distribution;
- Turnover index for civil engineering;
- Turnover index for specialised construction;
- Consumption of transport services;
- Consumption of food services;
- Consumption of goods (broken down to level A17 of the classification);
- Overnight stays in hotels;
- Consumption of recreational services;
- Prices of fresh produce;
- Prices of fresh vegetables.

Heatwaves have a significantly negative impact on turnover in civil engineering and the consumption of other manufactured goods (C5), particularly furniture, and a very slightly positive impact on the consumption of food services. They have a significantly positive impact on the prices of fresh vegetables. The variable relating to heatwaves is not significant in other cases. Only the regressions for which the variable V_t is significant are reported below.

Prices of fresh vegetables

The monthly variation (seasonally adjusted, in %) in the price of fresh vegetables is regressed against its monthly variations over the previous three months and the difference between the proportion of heatwave days in the previous month and that in the month before that. The relationship with heatwaves is **significant** and **positive**; moving from a month without a heatwave to a month characterised entirely by heatwaves increases the price of fresh produce by 4 percentage points two months later, all other things being equal.

$$\Delta CPI_{fresh\ vegetables\ m} = \frac{0.54}{(0.00)} - \frac{0.16}{(0.05)} \times \Delta CPI_{fresh\ vegetables\ m-1} - \frac{0.24}{(0.05)} \times \Delta CPI_{fresh\ vegetables\ m-2} - \frac{0.20}{(0.04)} \times \Delta CPI_{fresh\ vegetables\ m-3} + \frac{4.07}{(1.89)} \times \Delta V_{m-2}$$

$$R^2 = 0.12$$

Estimation period: 1996-2026.

Production index in food services

The change (in %) in food service production is regressed against its change over the previous two months, the change in the temperature severity index (DJU) and the difference between the proportion of heatwave days during the month in question and that during the previous month. The relationship with heatwaves is **significant** and **positive**; moving from a month without a heatwave to a month characterised entirely by heatwaves increases production in food services by 3 percentage points, all other things being equal.

$$\Delta Prod_m^{Food\ service} = \frac{0.51}{(0.13)} - \frac{0.47}{(0.06)} \times \Delta Prod_{m-1}^{Food\ service} - \frac{0.19}{(0.06)} \times \Delta Prod_{m-2}^{Food\ service} + \frac{3.01}{(1.11)} \times \Delta V_m - \frac{0.01}{(0.00)} \times \Delta DJU + \epsilon_a$$

$$R^2 = 0.26$$

Estimation period: 2005-2026.

Consumption of other industrial products (C5)

The change (in %) in consumption of other industrial products (C5) is regressed against its change over the previous four months and the difference between the proportion of heatwave days during the month in question and that during the previous month. The relationship with heatwaves is **significant** and **negative**; moving from a month without a heatwave to a month characterised entirely by heatwaves reduces consumption of other industrial products by 1.7 percentage points in the current month and by 1.5 percentage points one month later, all other things being equal. The presence of a significant coefficient for the same lagged variable may be linked to delays in the reporting of invoices by certain vendors, who may declare sales in a month subsequent to that in which they were made.

$$\Delta Conso_m^{C5} = -\frac{0.71}{(0.06)} \times \Delta Conso_{m-1}^{C5} - \frac{0.51}{(0.07)} \times \Delta Conso_{m-2}^{C5} - \frac{0.35}{(0.07)} \times \Delta Conso_{m-3}^{C5} - \frac{0.12}{(0.06)} \times \Delta Conso_{m-4}^{C5} - \frac{1.7}{(0.8)} \times \Delta V_m - \frac{1.5}{(0.8)} \times \Delta V_{m-1} + \epsilon_a$$

$$R^2 = 0.36$$

Estimation period: 2003-2026.



Turnover index (ICA) in civil engineering

The change (in %) in the ICA for civil engineering (code 42 at level A88 of the NAF) is regressed on its change over the previous two months and the difference (ΔV_m) between the share of heatwave days during the current month (V_m) and that during the previous month (V_{m-1}), at lag orders 2 and 3. The relationship with heatwaves is **significant** and **negative**; moving from a month without a heatwave to a month characterised entirely by heatwaves reduces the growth rate of the ICA in civil engineering by 4 percentage points two months later and by 3.5 percentage points three months later, all other things being equal.

$$\Delta ICA_m^{42} = \underset{(0.2)}{0.4} - \underset{(0.06)}{0.34} \times \Delta ICA_{m-1}^{42} - \underset{(0.06)}{0.11} \times \Delta ICA_{m-2}^{42} - \underset{(1.7)}{4.0} \times \Delta V_{m-2} - \underset{(1.7)}{3.5} \times \Delta V_{m-3} + \epsilon_a$$

R^2 adjusted = 0.11

Estimation period: 1999-2026.

The Breusch-Godfrey test does not reject the null hypothesis of no autocorrelation at the 10% threshold. ●

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Economic outlook

Statistical appendix

► 1. Goods and services: sources and uses at chain-linked previous year prices, in quarterly and annual changes

(quarterly and annual changes in %, seasonally and working-day adjusted SA-WDA data)

	2024				2025				2026				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross domestic product	0.2	0.2	0.4	0.0	0.2	0.2	0.4	0.3	-0.2	0.0	0.1	0.2	1.4	0.9	0.4
Imports	-0.5	0.5	0.3	1.1	0.7	1.1	1.0	-0.5	-0.6	1.1	0.8	0.6	-0.7	3.0	1.2
Total resources	0.0	0.3	0.3	0.2	0.3	0.3	0.7	0.2	-0.2	0.3	0.2	0.3	0.7	1.3	0.8
Household consumption expenditure	0.3	-0.1	0.8	0.0	0.0	0.1	0.1	0.2	-0.3	0.3	0.3	0.0	0.7	0.5	0.3
General government consumption expenditure*	0.5	0.1	0.2	0.1	-0.1	0.2	0.4	0.3	0.3	0.4	0.4	0.2	1.4	0.6	1.3
of which individual general government expenditure	0.3	0.1	0.3	0.3	0.1	0.4	0.6	0.2	0.3	0.6	0.4	0.2	1.1	1.2	1.4
of which collective general government expenditure	0.9	0.2	0.0	-0.2	-0.3	-0.2	0.2	0.4	0.3	0.0	0.4	0.2	1.9	-0.3	1.0
Gross fixed capital formation (GFCF)	-0.7	0.4	-0.9	0.1	0.3	0.5	0.7	0.1	-0.8	-0.3	-0.4	0.0	-1.1	0.7	-0.6
of which Non-financial enterprises (NFE)	-0.5	0.6	-1.2	0.2	0.2	0.4	1.0	-0.3	-0.5	0.1	-0.6	0.0	-0.3	0.7	-0.3
of which Households	-3.5	-2.7	-1.4	0.7	0.5	0.1	0.5	0.6	-1.6	-0.4	0.0	-0.2	-10.0	0.1	-1.3
of which General government	1.6	2.5	0.3	-0.4	0.9	1.4	0.5	0.3	-1.4	-1.1	-0.6	0.1	5.2	2.7	-1.7
Exports	0.7	1.5	-1.0	1.7	-0.5	0.1	2.8	1.0	-3.0	2.9	1.2	1.0	3.0	2.4	2.2
Contributions (in points)															
Domestic demand excluding inventory**	0.1	0.0	0.3	0.1	0.0	0.2	0.3	0.2	-0.3	0.2	0.2	0.1	0.5	0.5	0.3
Changes in inventories**	-0.2	-0.2	0.6	-0.3	0.6	0.4	-0.5	-0.5	0.9	-0.7	-0.3	0.1	-0.4	0.6	-0.3
Foreign trade	0.3	0.4	-0.5	0.2	-0.4	-0.3	0.6	0.6	-0.9	0.6	0.1	0.1	1.3	-0.2	0.3

■ 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 Q3 2026, exports would increase by 1.2% compared to Q2 2026; the contribution of foreign trade to quarterly GDP growth would be around +0.2 points.

Source: INSEE.

► 2. Goods and services: resources-uses balance – evolution of chain-linked price indices

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

	2024				2025				2026				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross domestic product	0.4	-0.1	0.9	0.0	0.4	0.0	0.3	0.4	0.3	0.4	0.9	0.5	2.0	1.1	1.6
Imports	-0.2	0.8	-1.2	0.4	0.7	-2.0	-0.3	-0.5	1.4	3.5	0.1	0.9	-1.0	-1.2	3.3
Total resources	0.2	0.4	0.2	0.5	0.6	-0.5	0.1	-0.1	0.7	1.6	0.6	0.7	0.7	0.8	2.3
Household consumption expenditure	0.8	-0.3	0.4	-0.3	0.6	0.1	0.4	0.2	0.6	1.0	0.6	0.6	2.2	0.8	2.2
General government consumption expenditure*	-0.2	0.5	0.3	0.4	0.5	0.1	0.2	0.1	0.2	0.4	0.3	0.4	2.1	1.4	1.0
Gross fixed capital formation (GFCF)	0.3	0.1	0.3	0.3	0.6	0.1	0.2	0.3	0.5	0.9	0.6	0.5	1.0	1.2	2.0
of which Non-financial enterprises (NFE)	0.5	0.2	0.2	0.4	0.7	-0.1	0.1	0.3	0.5	0.8	0.5	0.5	1.6	1.2	1.8
of which Households	0.2	0.0	0.4	-0.1	0.4	0.9	0.3	0.0	0.3	0.8	0.9	0.5	-0.3	1.5	2.0
Exports	0.1	-0.1	0.0	0.8	-0.1	-2.0	-0.2	0.2	0.9	2.5	1.3	0.7	-0.8	-1.1	3.2
Domestic final demand excluding stocks**	0.4	0.0	0.4	0.0	0.6	0.1	0.3	0.2	0.5	0.8	0.5	0.5	1.9	1.1	1.8
Employees excluding stocks	0.3	0.4	0.1	0.5	0.5	-0.4	0.1	-0.1	0.7	1.6	0.7	0.7	0.6	0.8	2.4

■ Forecast.

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

** Inventory change includes net acquisitions of valuables

How to read it: in Q3 2026, the GDP deflator will increase by 0.9% compared with Q2 2026. Its annual average change would be 1.6% in 2026, compared with 2025.

Source: INSEE.

► 3. Quarterly changes in economic activity by branch

(quarterly changes in %, SA-WDA data)

Branch	weight in %	2024				2025				2026				2024	2025	2026
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Agriculture, forestry and fishing	1.4	-6.4	-3.9	-0.5	2.9	4.7	3.5	0.6	-1.3	-3.7	-3.1	-2.5	3.1	-13.0	8.5	-6.2
Industry	14.0	0.3	0.7	0.5	-0.4	0.3	-0.3	1.1	0.0	0.2	0.2	-0.4	0.4	5.4	0.7	0.8
Manufacturing industry	11.4	1.1	0.1	0.1	-0.2	0.5	0.2	0.5	-0.3	0.5	0.3	-0.6	0.5	4.2	0.8	0.7
Manufacture of food products, beverages and tobacco-based products	1.9	5.5	1.0	1.6	-0.3	0.8	-3.0	-1.5	0.7	1.3	0.4	-0.2		8.5	-1.2	
Coke and refined petroleum	0.1	-10.4	4.7	0.7	10.7	15.3	0.0	17.9	2.2	5.9	-1.5	1.4		6.0	38.2	
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	1.4	0.3	0.1	0.3	0.2	0.5	0.3	-0.2	-0.4	0.2	-0.1	0.2		0.5	0.9	
Manufacture of transport equipment	1.6	-2.5	-0.6	-0.2	1.3	2.5	6.4	2.5	-0.9	1.2	0.3	-2.2		3.4	9.3	
Manufacture of other industrial products	6.3	1.3	-0.1	-0.4	-0.9	-0.2	-0.4	0.4	-0.4	0.3	0.3	-0.4		3.8	-1.3	
Extractive industries, energy, water, waste treatment and decontamination	2.6	-4.4	2.4	1.7	-0.9	-0.6	-2.8	4.0	1.1	-1.1	0.0	0.4	-0.2	9.5	0.3	1.1
Construction	5.5	-0.2	-0.3	-0.1	-0.8	-0.3	0.3	0.3	0.2	-1.9	-0.6	-0.4	0.0	-0.1	-0.6	-2.2
Mainly market services	57.6	0.4	0.3	0.6	-0.1	0.2	0.3	0.4	0.4	0.0	0.1	0.2	0.2	1.6	1.1	0.7
Trade; repair of automobiles and motorcycles	9.6	0.7	-0.3	-0.6	0.6	-0.2	0.6	0.6	-0.1	-0.8	-0.2	-0.2		0.6	0.6	
Transport and storage	4.7	-1.3	-0.2	1.7	1.2	-0.2	0.2	-1.1	1.1	-0.2	-0.3	0.2		-0.2	1.4	
Financial and insurance activities	3.1	1.5	1.0	0.5	0.7	0.0	-0.5	0.1	0.0	-0.6	-0.7	0.2		2.2	0.7	
Real estate activities	14.5	0.0	-0.1	0.1	0.2	0.3	0.4	0.4	0.3	0.1	0.3	0.2		-0.1	1.1	
Accommodation and catering	2.6	2.9	2.2	2.1	0.5	-0.1	1.6	-0.4	0.2	-0.5	0.1	0.2		7.0	3.0	
Information and communication	5.5	-0.1	0.4	1.2	0.0	0.3	0.5	1.6	0.2	0.4	-0.2	0.6		2.1	2.3	
Scientific and technical activities; administrative and support services	14.4	0.6	0.8	0.4	-0.6	0.5	0.2	0.7	0.8	0.4	0.3	0.6		3.0	1.2	
Other service activities	3.1	1.4	0.4	4.6	-3.9	-0.3	-0.7	0.1	-0.3	0.3	0.7	-0.2		3.9	-1.5	
Mainly non-market services	21.5	0.5	0.4	0.3	0.1	0.0	0.0	0.2	0.1	0.3	0.3	0.2	0.1	1.5	0.5	0.9
Total VA	100.0	0.4	0.3	0.5	-0.1	0.2	0.2	0.5	0.2	-0.1	0.1	0.0	0.2	1.8	0.9	0.5

■ Forecast.

How to read it: in Q3 2026, the value added of the manufacture of transport equipment branch is expected to increase by 0.6% compared with Q2 2026.**Source:** INSEE.

► 4. Change in total employment

(in thousand, SA, at the end of the period)

	Evolution over a quarter												Evolution over a year		
	2024				2025				2026				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Payroll employment	38	-6	32	-41	-11	12	-18	-32	1	-23	-14	-15	22	-48	-52
	0.1%	0.0%	0.1%	-0.2%	0.0%	0.0%	-0.1%	-0.1%	0.0%	-0.1%	-0.1%	-0.1%	0.1%	-0.2%	-0.2%
By sector of activity															
Agriculture	0	-1	7	-4	0	3	-15	16	-5	-8	-2	-2	2	4	-18
Industry	6	5	2	-1	-3	-9	-4	-5	-4	-3	-4	-3	12	-21	-14
Construction	-5	-8	-7	-7	-6	-5	-3	-5	-7	-7	-8	-7	-27	-19	-29
Commercial tertiary sector	22	-25	8	-21	-10	21	-16	-11	4	-9	-5	-3	-16	-16	-13
of which temporary workers	-4	-18	-8	-15	-3	2	-5	0	-1	-7	2	2	-45	-5	-4
of which, excluding temporary workers	26	-7	16	-5	-8	19	-11	-11	5	-2	-7	-5	30	-11	-9
Tertiary non-trading	15	22	23	-9	9	2	19	-27	13	3	5	0	51	2	21
By type of employer															
Private	28	-21	19	-27	-18	6	-37	-12	-8	-24	-19	-15	-1	-62	-66
including work-study programmes	10	0	0	6	-1	-2	-34	-5	-4	-6	-30	-14	16	-42	-53
of which, excluding work-study students	18	-21	18	-33	-18	8	-3	-7	-4	-18	11	-2	-17	-19	-13
Public	10	15	13	-15	7	6	19	-20	8	1	5	0	23	13	14
Self-employment	33	19	16	28	16	25	28	22	36	34	15	10	96	90	95
All employment	71	13	48	-13	5	37	10	-10	37	10	1	-5	118	42	43
	0.2%	0.0%	0.2%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.4%	0.1%	0.1%

■ Forecast.

Note: in this table, temporary workers are included in the commercial services sector.**How to read it:** in Q2 2026, employment remained virtually unchanged (-0.1%).**Scope:** France (excluding Mayotte).**Source:** INSEE.

Economic outlook

► 5. Changes in employment, unemployment and the active population

(change in quarterly and annual averages in thousands, seasonally adjusted data)

	2024				2025				2026				2023	2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Employment (1)	73	42	30	17	-4	21	24	0	13	23	6	-2	276	163	41	40
<i>reminder: employment at the end of the period</i>	71	13	48	-13	5	37	10	-10	37	10	1	-5	247	118	42	43
Unemployment (2)	-24	-44	33	-32	57	35	71	64	62	57	44	29	158	-67	226	191
Active population= (1) + (2)	49	-2	63	-15	53	56	95	64	75	80	49	27	434	96	267	231
<i>Adjusted trend labour force (a)</i>	69	69	68	68	63	57	51	45	48	48	40	25	219	274	216	159
<i>Downturn effect (b)</i>	7	4	3	2	0	2	2	0	1	2	1	0	28	16	4	4
<i>Effect of work-study schemes on youth activity levels (c)</i>	12	8	4	6	11	8	-5	10	-2	-3	9	2	37	30	25	6
<i>Residual (d)</i>	-39	-83	-12	-91	-21	-12	46	9	28	33	0	0	150	-224	22	62
Variation in unemployment rate	-0.1	-0.1	0.0	0.0	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.1	0.3	-0.2	0.6	0.6
Unemployment rate	7.5	7.4	7.4	7.4	7.5	7.6	7.8	8.0	8.1	8.3	8.5	8.6				

■ Forecast.

(a) Trend based on adjusted forecasts for the active population in 2022, integrating the effect of the 2023 pension reform and the 2023 reform to unemployment benefits.

(b) This downturn effect reflects the fact that new workers enter the labour market when the employment outlook improves.

(c) Effect based on DARES numbers for the stock of work-study contracts, INSEE calculations.

(d) In 2020 and 2021, the residual concealed the immediate impact of the Covid crisis on activity levels.

Note: In this case employment corresponds to total employment (salaried and non-salaried), measured as a quarterly average.

How to read it: between Q1 2026 and Q2 2026, employment increased by 23,000 persons on average, unemployment increased by 57,000 and the labour force by 80,000. The unemployment rate increased (+0.2 points) to 8.3%, representing a rise of 0.7 points year-on-year.

Scope: France (excluding Mayotte), except for the level and change in the unemployment rate (scope: France), persons aged 15 or over.

Source: INSEE, Employment survey, Quarterly Employment Estimates.

► 6. Consumer prices

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

CPI groups* (2026 weightings)	July 2026	August 2026	September 2026	October 2026	November 2026	December 2026	Annual average	
							2025	2026
Food (14.9%)	1.0	1.1	1.3	1.4	1.3	1.4	1.2	1.4
<i>Fresh food (1.7%)</i>	3.8	5.8	6.4	6.5	5.2	4.1	1.0	3.7
<i>Others fresh food (13.0%)</i>	0.6	0.5	0.6	0.8	0.8	1.0	1.2	1.0
Tabacco (1.7%)	3.3	3.3	3.3	3.3	3.2	3.2	4.3	3.2
Manufactured products (23.9%)	-0.7	-0.4	-0.2	0.0	0.2	0.3	-0.2	-0.4
<i>Clothing and footwear (3.3%)</i>	-2.9	-1.4	-0.8	-0.4	-0.1	0.2	0.7	-0.7
<i>Medical products (4.0%)</i>	-2.2	-2.2	-2.1	-2.0	-1.8	-1.7	-1.7	-2.4
<i>Other manufactured products (16.7%)</i>	-0.1	0.2	0.3	0.5	0.7	0.8	-0.1	0.1
Energy (7.6%)	12.6	16.7	17.3	18.1	16.2	17.6	-5.6	11.3
<i>Oil products (3.7%)</i>	20.7	28.7	28.3	27.6	23.1	25.7	-4.4	20.4
<i>Nontoil products (3.9%)</i>	5.0	5.5	6.9	9.1	9.7	10.0	-6.7	2.6
Services (51.9%)	2.2	2.0	2.0	2.1	2.1	2.3	2.3	2.0
<i>Rent-water (8.3%)</i>	1.9	1.9	2.0	1.9	1.5	1.6	2.6	1.8
<i>Health services (7.8%)</i>	0.2	0.4	0.4	0.5	0.4	0.5	1.7	0.2
<i>Transport (3.0%)</i>	1.2	1.8	2.7	3.2	4.5	5.0	0.5	2.1
<i>Communications (1.9%)</i>	10.7	10.1	6.2	5.3	7.7	7.6	-8.7	5.6
<i>Other services (30.8%)</i>	2.5	2.1	2.2	2.2	2.2	2.3	3.1	2.2
<i>of which accommodation and catering (9.4%)</i>	3.9	2.4	3.2	3.2	3.1	3.1	2.4	3.0
<i>of which social security (3.4%)</i>	2.8	3.1	3.4	3.4	3.3	3.4	4.1	2.6
<i>of which insurance (3.1%)</i>	2.3	3.7	3.8	3.9	3.8	5.0	8.3	4.0
All (100%)	2.1	2.4	2.6	2.7	2.7	2.9	0.9	2.1
<i>All excluding energy (92.4%)</i>	1.2	1.2	1.4	1.4	1.5	1.6	1.5	1.3
<i>All excluding tabacco (98.3%)</i>	2.1	2.4	2.6	2.7	2.7	2.8	0.9	2.0
Core inflation (61.6%)	1.3	1.2	1.3	1.4	1.6	1.7	1.2	1.2
HICP**	2.4	2.7	2.9	3.0	2.9	3.1	0.9	2.3

■ Provisionnal.

■ Forecast.

* Consumer price index (CPI).

** harmonised index of consumer prices (HICP).

How to read it: in August 2026, consumer prices increased by +2.4% year-on-year, according to the provisional estimate. The annual change in food prices is +1.1%

Source: INSEE.

► 7. Changes in the average wage per capita (SMPT) and the basic monthly wage (SMB)

(changes in %, SA data)

	Quarterly change								Annual change								Average annual change		
	2025				2026				2025				2026						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026
Average wage per capita (SMPT)																			
in non-agricultural market branches	0.6	0.5	0.6	0.3	0.6	0.4	0.6	0.8	2.0	2.0	2.2	1.9	1.9	1.8	1.9	2.4	2.5	2.0	2.0
Basic monthly wage (SMB)	0.5	0.4	0.4	0.4	0.5	0.6	0.6	0.6	2.2	2.1	2.0	1.7	1.7	1.9	2.1	2.3	2.9	2.0	2.0
SMPT in general government (GG)																	3.4	0.6	1.2
Real SMPT* in non-agricultural market branches	0.1	0.3	0.2	0.2	-0.1	-0.5	0.1	0.2	0.5	0.8	0.8	0.8	0.7	-0.1	-0.3	-0.3	0.2	0.7	0.0
Real SMPT* in general government																	1.1	-0.7	-0.8

■ Forecast.

* in terms of the consumer price index excluding financial intermediation services indirectly measured (FISIM).

Source: DARES, INSEE.

► 8. Components of household gross disposable income

(quarterly and annual changes in %)

	Quarterly changes												Annual changes		
	2024				2025				2026				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross disposable income	1.6	0.4	1.2	-0.2	-0.4	0.3	0.0	0.5	0.5	0.5	0.6	0.8	4.9	0.5	1.8
<i>gross disposable income excluding FISIM</i>	<i>1.6</i>	<i>1.0</i>	<i>1.0</i>	<i>0.3</i>	<i>-0.5</i>	<i>0.3</i>	<i>-0.1</i>	<i>0.4</i>	<i>0.5</i>	<i>0.4</i>	<i>0.5</i>	<i>0.7</i>	<i>5.1</i>	<i>0.8</i>	<i>1.5</i>
Earned income (68%)	0.4	0.7	0.5	0.4	0.4	0.5	0.3	0.3	0.3	0.3	0.5	0.7	2.9	1.9	1.5
<i>of which Gross wages and salaries (61%)</i>	<i>0.5</i>	<i>0.7</i>	<i>0.6</i>	<i>0.5</i>	<i>0.3</i>	<i>0.5</i>	<i>0.3</i>	<i>0.3</i>	<i>0.4</i>	<i>0.3</i>	<i>0.5</i>	<i>0.6</i>	<i>3.2</i>	<i>1.8</i>	<i>1.5</i>
<i>of which SMNA payroll (43%)</i>	<i>0.8</i>	<i>0.5</i>	<i>0.3</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.3</i>	<i>0.3</i>	<i>0.4</i>	<i>0.3</i>	<i>0.5</i>	<i>0.7</i>	<i>2.7</i>	<i>1.7</i>	<i>1.6</i>
<i>of which GOS of sole proprietors* (7%)</i>	<i>-0.2</i>	<i>-0.1</i>	<i>0.4</i>	<i>0.1</i>	<i>1.1</i>	<i>1.0</i>	<i>1.0</i>	<i>0.6</i>	<i>-0.1</i>	<i>-0.5</i>	<i>0.5</i>	<i>0.8</i>	<i>0.6</i>	<i>2.8</i>	<i>1.2</i>
Social benefits in cash and other transfers (34%)	3.1	0.8	1.0	0.6	1.0	0.6	0.3	0.5	0.6	0.4	0.8	1.0	6.0	2.9	2.3
GOS of "pure" households (23%)	2.9	-1.0	1.3	-2.9	-1.5	-0.9	-0.3	1.1	0.8	1.7	1.6	1.3	6.4	-3.9	3.7
<i>wealth income excluding FISIM</i>	<i>3.2</i>	<i>1.7</i>	<i>0.4</i>	<i>-0.7</i>	<i>-2.0</i>	<i>-0.9</i>	<i>-0.7</i>	<i>0.5</i>	<i>1.0</i>	<i>1.5</i>	<i>0.9</i>	<i>0.9</i>	<i>7.2</i>	<i>-2.8</i>	<i>2.7</i>
<i>of which Property income excluding FISIM</i>	<i>7.1</i>	<i>2.7</i>	<i>-0.1</i>	<i>-2.4</i>	<i>-6.7</i>	<i>-4.6</i>	<i>-3.8</i>	<i>-0.5</i>	<i>2.5</i>	<i>2.0</i>	<i>2.3</i>	<i>1.6</i>	<i>15.9</i>	<i>-12.8</i>	<i>2.0</i>
<i>of which EBE of pure households excluding FISIM</i>	<i>1.2</i>	<i>1.1</i>	<i>0.6</i>	<i>0.2</i>	<i>0.6</i>	<i>1.1</i>	<i>0.8</i>	<i>1.0</i>	<i>0.3</i>	<i>1.3</i>	<i>0.3</i>	<i>0.5</i>	<i>2.9</i>	<i>2.8</i>	<i>3.1</i>
Social contributions and taxes (-24%)	1.8	0.5	-0.8	0.1	2.8	0.2	1.1	0.7	0.5	0.9	1.5	1.4	2.9	3.5	3.4
Household consumer prices**	0.8	-0.3	0.4	-0.3	0.6	0.1	0.4	0.2	0.6	1.0	0.6	0.6	2.2	0.8	2.2
<i>Household consumer prices excluding FISIM</i>	<i>0.8</i>	<i>0.5</i>	<i>0.1</i>	<i>0.4</i>	<i>0.5</i>	<i>0.2</i>	<i>0.3</i>	<i>0.1</i>	<i>0.6</i>	<i>0.9</i>	<i>0.5</i>	<i>0.5</i>	<i>2.2</i>	<i>1.3</i>	<i>2.0</i>
Purchasing power of gross disposable income	0.8	0.7	0.8	0.1	-1.0	0.1	-0.4	0.3	-0.1	-0.5	0.0	0.1	2.7	-0.4	-0.4
Household purchasing power by consumption	0.7	0.5	0.7	0.0	-1.1	0.1	-0.4	0.2	-0.2	-0.6	-0.1	0.1	2.2	-0.7	-0.7

■ Forecast.

* The Gross Operating Surplus (GOS) of sole proprietors is the balance of the operating account of sole proprietor-ships.

Note: the figures in brackets show the structure of the year 2024.

How to read it: household disposable income (excluding Sifim) rose by 0.4% in Q2 2026 compared with the Q1 2026. It is expected to rise by 0.5% in Q3 2026.

Source: INSEE.

Economic outlook

► 9. Estimated and projected quarterly household consumption

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

Products	weight ⁽¹⁾	2024				2025				2026				2024	2025	2026
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
All goods	44%	0.4	-0.8	0.5	0.2	-0.2	-0.2	0.1	0.6	-0.7	0.3	0.6	-0.1	-0.5	0.0	0.3
Food goods	17%	0.3	-2.1	0.9	0.6	-0.5	1.3	-0.9	0.4	-0.8	0.0	0.1	0.0	-1.5	0.5	-0.6
Agricultural products	3%	-0.5	-1.9	0.6	0.2	1.4	0.4	0.0	2.2	-0.3	-1.0	-1.0	0.0	-2.4	2.2	0.2
Food product	14%	0.5	-2.2	1.0	0.7	-0.8	1.4	-1.1	0.0	-0.8	0.2	0.3	0.0	-1.4	0.1	-0.7
Coke and refined petroleum	4%	1.5	-0.2	0.3	-0.5	0.1	1.2	-2.5	0.8	-2.6	-3.5	-0.5	-0.5	-0.1	-0.4	-5.9
Other industrial products	19%	0.0	-0.4	-0.1	0.2	-0.8	-0.3	0.7	0.7	0.3	1.5	0.7	-0.2	-0.2	-0.5	2.5
Capital goods	3%	0.8	0.6	0.9	-1.2	1.1	0.1	2.2	1.3	0.3	2.8	0.0	-1.5	0.8	2.3	4.1
Transport equipment	5%	-2.4	0.6	-1.8	2.4	-3.5	-0.1	1.2	0.7	0.9	2.3	2.0	0.0	-0.2	-1.8	4.8
Other industrial products	11%	0.9	-1.1	0.5	-0.4	-0.1	-0.5	0.1	0.6	0.0	0.8	0.2	0.0	-0.4	-0.6	1.0
Energy, water, waste	5%	1.5	2.1	1.1	-0.4	2.3	-5.1	3.2	0.5	-2.3	-0.4	3.0	0.0	1.5	0.9	-0.5
All services	57%	0.4	0.4	1.2	-0.3	0.3	0.4	0.2	0.2	0.1	0.2	0.1	0.1	1.9	1.2	0.7
Construction	2%	-0.1	-0.3	-0.5	-0.5	-0.5	-0.5	-0.5	-0.2	0.4	0.1	-0.1	0.2	-0.5	-1.8	-0.1
Trade (2)	0%	-2.4	0.6	-0.6	-1.7	0.3	0.1	-0.2	1.0	0.3	0.1	0.1	0.1	-3.3	-0.9	1.2
Market services excluding trade	46%	0.5	0.3	1.4	-0.3	0.4	0.5	0.2	0.3	0.0	0.2	0.1	0.1	1.9	1.5	0.7
Transport	3%	2.2	0.4	1.3	-0.2	0.7	1.1	-0.1	1.1	-0.8	0.0	0.5	0.0	5.5	2.3	0.4
Accommodation and food	9%	1.0	0.6	1.1	0.3	0.0	2.3	-0.5	0.2	-0.6	0.0	0.1	0.0	2.4	2.5	-0.1
Information-communication	4%	0.2	-0.5	1.0	2.1	-0.1	-0.1	0.8	-0.4	-0.1	-1.2	-0.3	0.0	1.1	2.1	-1.0
Financial services	8%	-0.5	-0.3	-0.1	0.0	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-0.7	0.3	0.4
Real estate services	19%	0.3	0.4	0.4	0.3	0.4	0.4	0.2	0.4	0.3	0.3	0.3	0.3	1.3	1.3	1.3
Business services	3%	0.3	0.2	1.9	0.2	1.8	-1.2	1.9	0.9	0.5	-0.7	0.1	0.0	3.5	3.2	1.4
Household services	4%	1.3	0.6	9.8	-7.4	0.5	-0.3	0.7	-0.6	0.5	1.7	-0.5	-0.5	5.5	-0.5	1.3
Non-market services	5%	-0.3	1.5	0.3	0.0	0.0	-0.5	0.2	0.0	0.7	0.4	0.2	0.6	3.3	0.3	1.2
Total consumption in France	101%	0.4	-0.1	0.9	-0.1	0.1	0.2	0.2	0.4	-0.2	0.2	0.3	0.0	0.9	0.7	0.5
Territorial correction	-1%	12.4	1.8	4.9	-7.7	11.7	7.9	5.0	9.5	6.5	-3.4	1.1	1.1	15.1	20.4	16.6
Imports of tourism services		-0.4	-1.0	2.3	3.4	1.2	-0.6	-0.5	0.3	0.2	-0.5	0.4	0.4	4.2	3.9	-0.1
Exports of tourism services		2.3	-0.4	2.9	0.7	3.5	1.4	0.9	2.7	1.9	-1.3	0.6	0.6	6.5	7.7	4.2
Total consumption of residents	100%	0.3	-0.1	0.8	0.0	0.0	0.1	0.1	0.2	-0.3	0.3	0.3	0.0	0.7	0.5	0.3

■ 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.

How to read it: household consumption rose by 0.3% in Q2 2026.

Source: INSEE.

► 10. Consumption, purchasing power, savings ratio and household investment

(quarterly and annual variations, in %, seasonally adjusted data - SA)

	2024				2025				2026				2024*	2025*	2026*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Consumption :															
quarterly variations	0.3	-0.1	0.8	0.0	0.0	0.1	0.1	0.2	-0.3	0.3	0.3	0.0	0.7	0.5	0.3
Purchasing power :															
quarterly variations	0.8	0.7	0.8	0.1	-1.0	0.1	-0.4	0.3	-0.1	-0.5	0.0	0.1	2.7	-0.4	-0.4
Savings rate :															
in % of gross disposable income	18.0	18.7	18.7	18.7	18.0	18.0	17.7	17.7	17.9	17.2	16.9	17.0	18.5	17.8	17.3
Investissement :															
quarterly variations	-3.5	-2.7	-1.4	0.7	0.5	0.1	0.5	0.6	-1.6	-0.4	0.0	-0.2	-10.0	0.1	-1.3

■ Forecast.

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

Source: INSEE.

► 11. Decomposition of margin rate of non-financial corporations (NFC)

(margin rate in % of NFC value added, changes and contributions in points)

	2024				2025				2026				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Margin rate	32.8	32.2	33.2	33.0	32.5	32.0	32.4	32.5	31.5	31.5	31.8	31.8	32.8	32.4	31.6
Variation in margin rate*	-0.9	-0.6	1.0	-0.3	-0.4	-0.5	0.4	0.2	-1.0	-0.1	0.3	0.0	-0.1	-0.4	-0.7
Productivity (+)	0.0	0.0	0.2	0.0	0.4	0.3	0.5	0.3	0.0	0.1	-0.1	0.1	0.7	1.1	0.6
Real cost of labour per capita** (-)	-0.1	0.0	-0.2	-0.1	-0.2	-0.3	0.0	-0.4	-0.2	0.3	0.0	-0.1	-0.3	-0.7	-0.5
of which real wages per head**(-)	0.0	0.0	-0.1	-0.1	0.0	-0.3	0.0	-0.3	0.0	0.3	0.0	-0.2	0.0	-0.5	-0.1
of which employer's contribution rate (-)	-0.2	-0.1	-0.1	0.1	-0.1	0.0	0.0	-0.1	-0.2	0.0	0.0	0.0	-0.3	-0.2	-0.3
Ratio of price of value added to consumer prices**(+)	-0.8	-0.6	0.8	-0.3	-0.6	-0.6	-0.1	0.3	-0.6	-0.5	0.5	0.0	-0.6	-1.0	-0.8
Others elements	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.0	-0.2	0.0	0.0	0.0	0.1	0.1	-0.1

■ Forecast

* the variation indicated here is the result of a difference calculated before rounding.

Note: the margin rate (MR) measures the share of value added that remunerates the capital.

This variation can be broken down additionally into:

- changes in productivity (Y/L), where Y is value added and L is employment, and in the ratio of the price of value added to consumer prices, or terms of trade (P_{VA}/P_C), which have a positive effect;
- changes in the real cost of labour (W/P_C , where W represents the cost of labour per capita), which have a negative effect on the margin rate.
- other factors: these are mainly taxes on production net of subsidies, including the Solidarity Fund.

This breakdown can be synthesised in the equation:

$$TM = \frac{GOS}{VA} \approx 1 - \frac{WL}{Y P_{VA}} + \text{other factors} = 1 - \frac{L}{Y} \frac{W}{IPC} \frac{IPC}{P_{VA}} + \text{other factors}$$

How to read it: in Q2 2026, the NFC margin rate stands at 31.5%, down 0.1 points on the previous quarter. The change in the average real wage per employee contributed to this decline by 0.3 points.

Source: INSEE.

► 12. Investment by institutional sector and by product

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

	2024				2025				2026				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Non-financial enterprises	-0.5	0.6	-1.2	0.2	0.2	0.4	1.0	-0.3	-0.5	0.1	-0.6	0.0	-0.3	0.7	-0.3
Goods	-1.0	-0.5	-3.5	-0.1	1.2	1.1	0.8	-1.7	-0.2	0.6	-2.2	-0.6	-3.4	0.0	-1.5
Construction	0.5	0.3	0.1	-1.2	-2.1	-0.7	0.2	0.7	-2.0	0.4	-0.2	0.2	0.6	-3.2	-1.4
Services	-0.8	2.1	0.0	1.5	1.1	0.5	1.8	0.4	0.3	-0.6	0.6	0.3	2.1	4.3	1.6
Households	-3.5	-2.7	-1.4	0.7	0.5	0.1	0.5	0.6	-1.6	-0.4	0.0	-0.2	-10.0	0.1	-1.3
Construction	-3.3	-3.9	-1.6	-1.1	-0.6	-0.5	0.6	0.1	-2.2	-0.1	0.3	0.1	-10.6	-3.3	-1.9
Services	-4.4	1.8	-0.5	6.9	4.4	1.9	0.3	2.3	0.1	-1.2	-1.0	-1.0	-8.0	12.2	0.7
General government (GG)	1.6	2.5	0.3	-0.4	0.9	1.4	0.5	0.3	-1.4	-1.1	-0.6	0.1	5.2	2.7	-1.7
Total	-0.7	0.4	-0.9	0.1	0.3	0.5	0.7	0.1	-0.8	-0.3	-0.4	0.0	-1.1	0.7	-0.6

■ Forecast.

How to read it: total investment by non-financial companies rose by 0.1% in Q2 2026.

Source: INSEE.

► 13. Foreign trade (imports and exports)

(variations in %; volumes chained to previous year's price, contributions in points)

	2024				2025				2026				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Total exports	0.7	1.5	-1.0	1.7	-0.5	0.1	2.8	1.0	-3.0	2.9	1.2	1.0	3.0	2.4	2.2
Manufactured products	0.9	1.6	-3.2	3.2	-1.6	-0.1	4.6	1.0	-5.3	4.5	1.8	1.3	0.8	1.9	2.1
Total Imports	-0.5	0.5	0.3	1.1	0.7	1.1	1.0	-0.5	-0.6	1.1	0.8	0.6	-0.7	3.0	1.2
Manufactured products	0.4	-0.1	-0.1	0.6	0.3	1.8	1.5	-1.0	-1.1	1.6	0.9	0.7	-1.7	2.5	1.1

■ Forecast.

How to read it: in Q2 2026, French exports rose by 2.9%.

Source: INSEE.

Economic outlook

► 14. International environment

(levels; quarterly changes –annual changes for the last three columns– in %)

	2024				Quarterly change in %								Annual change in %		
					2025				2026						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026
Euro-dollar exchange rate	1.09	1.08	1.10	1.07	1.05	1.13	1.17	1.16	1.17	1.16	1.15	1.16	1.08	1.13	1.16
Brent crude oil barrel (in dollars)	82.9	84.7	80.0	74.6	75.9	67.8	68.8	63.1	78.1	96.6	87.1	90.0	80.5	68.8	88.0
Barrel of Brent (in euros)	76.3	78.7	72.8	69.9	72.1	59.8	58.9	54.2	66.7	83.1	75.6	77.6	74.4	61.0	75.8
World trade	0.6	2.2	0.1	0.3	1.5	0.5	0.3	0.3	1.3	0.6	1.0	0.8	2.9	3.0	2.9
Imports by advanced economies	0.4	1.7	0.8	0.4	2.8	-1.2	0.2	0.2	1.5	1.4	0.9	0.7	2.4	3.1	3.1
Imports by emerging economies	1.0	3.4	-1.3	0.2	-1.5	4.5	0.5	0.6	0.7	-1.2	1.2	1.0	4.0	2.6	2.5
World demand for French products	0.5	1.6	0.2	0.8	1.8	-0.3	0.3	0.5	1.0	0.7	0.9	0.7	1.8	2.9	2.7
Gross domestic product (changes)															
France	0.2	0.2	0.4	0.0	0.2	0.2	0.4	0.3	-0.2	0.0	0.1	0.2	1.4	0.9	0.4
Germany	0.2	-0.1	0.1	0.2	0.1	0.0	0.0	0.3	0.4	0.3	0.1	0.3	0.0	0.3	1.0
Italy	0.1	0.2	0.0	0.1	0.3	0.0	0.2	0.3	0.3	0.2	0.2	0.1	0.6	0.7	0.9
Spain	1.1	0.9	0.8	0.8	0.5	0.7	0.6	0.8	0.6	0.7	0.6	0.5	3.5	2.8	2.6
Euro area (four major economies)	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.4	0.3	0.3	0.2	0.3	1.0	0.9	1.1
United Kingdom	0.7	0.6	0.2	0.4	0.6	0.2	0.1	0.1	0.6	0.4	0.3	0.0	1.0	1.3	1.2
United States	0.2	0.9	0.8	0.5	-0.2	0.9	1.1	0.1	0.5	0.4	0.6	0.4	2.8	2.1	2.1
China	1.3	1.0	1.4	1.6	1.1	1.2	1.1	1.1	1.3	0.9	1.0	1.0	5.0	5.1	4.5

■ Forecast.

Source: S&P Global, Commodity Research Bureau, OCDE, CEPII, INSEE, Destatis, Istat, INE, ONS, BEA, NBSC, INSEE calculations.

► 15. Overview: four major economies in the euro area

(changes in %, contributions in points)

Germany	2024				Quarterly change in %								Annual change in %		
					2025				2026				en %		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026
GDP	0.2	-0.1	0.1	0.2	0.1	0.0	0.0	0.3	0.4	0.3	0.1	0.3	0.0	0.3	1.0
Private consumption (53%)	1.1	0.2	0.3	0.8	0.6	-0.1	-0.1	1.0	-0.6	0.1	0.1	0.1	1.4	1.4	0.2
Investment (20%)	0.6	-1.6	-0.3	0.5	0.3	-1.1	0.2	1.2	-1.3	-0.2	0.6	0.6	-2.0	-0.4	-0.3
Public consumption (23%)	1.2	1.7	1.1	0.2	-0.7	0.8	0.8	1.2	0.9	0.1	0.3	0.3	3.9	1.7	2.7
Exports (42%)	-1.2	0.6	-1.4	-0.6	1.5	-1.2	-0.7	-0.1	2.4	2.0	0.5	0.7	-1.5	-0.8	3.5
Imports (-40%)	-0.5	1.4	0.8	0.2	1.6	0.6	-0.2	0.5	0.5	1.5	0.6	0.8	-0.4	3.0	2.6
Contributions															
Domestic demand excl. inventories	1.0	0.1	0.3	0.5	0.2	-0.1	0.2	1.0	-0.4	0.1	0.2	0.2	1.1	1.1	0.7
Changes in inventories	-0.4	0.0	0.7	0.0	-0.1	0.8	0.0	-0.5	0.1	0.1	-0.1	0.1	-0.6	0.7	-0.1
Foreign trade	-0.4	-0.3	-0.9	-0.3	0.0	-0.7	-0.2	-0.2	0.7	0.2	0.0	0.0	-0.5	-1.5	0.4

■ Forecast.

Note: the percentages in brackets represent the share of gross domestic product (GDP) in value terms in 2025.

Source: Destatis, INSEE forecast.

(changes in %, contributions in points)

Italy	2024				Quarterly change in %								Annual change in %		
					2025				2026				in %		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026
GDP	0.1	0.2	0.0	0.1	0.3	0.0	0.2	0.3	0.3	0.2	0.2	0.1	0.6	0.7	0.9
Private consumption (58%)	1.4	0.3	0.2	0.5	0.1	0.3	0.3	0.1	0.5	0.4	0.1	0.0	1.2	1.1	1.2
Investment (23%)	-2.9	-1.1	-1.9	2.2	1.4	1.6	1.2	0.9	0.8	0.3	0.5	0.5	-3.5	3.8	3.2
Public consumption (18%)	-0.1	0.7	0.2	0.3	-0.3	0.3	0.3	0.2	0.0	-0.1	0.0	0.0	1.5	0.6	0.2
Exports (34%)	-1.4	-1.5	-0.1	-0.2	2.5	-1.8	2.3	-1.0	2.3	0.8	0.7	0.5	-1.1	1.4	3.3
Imports (-33%)	-0.7	0.4	1.2	-0.1	1.9	-0.1	2.1	1.5	0.0	1.7	0.7	0.5	-1.8	3.9	3.9
Contributions															
Domestic demand excl. inventories	0.1	0.0	-0.2	0.8	0.3	0.6	0.5	0.3	0.5	0.3	0.2	0.1	0.2	1.5	1.4
Changes in inventories	0.3	0.8	0.7	-0.6	-0.2	0.0	-0.4	0.8	-0.9	0.2	0.0	0.0	0.2	-0.1	-0.3
Foreign trade	-0.4	-0.6	-0.4	0.0	0.2	-0.6	0.1	-0.8	0.8	-0.3	0.0	0.0	0.2	-0.8	-0.2

■ Forecast.

Note: the percentages in brackets represent the share of gross domestic product (GDP) in value terms in 2025.

Source: Istat, INSEE forecast.

(changes in %, contributions in points)

Spain	2024				Quarterly change in %								Annual change		
					2025				2026				in %		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026
GDP	1.1	0.9	0.8	0.8	0.5	0.7	0.6	0.8	0.6	0.7	0.6	0.5	3.5	2.8	2.6
Private consumption (56%)	0.5	1.2	1.2	0.9	0.5	0.8	0.9	0.9	0.7	0.7	0.6	0.5	3.1	3.4	3.0
Investment (19%)	1.5	0.5	-0.6	3.6	1.0	0.8	2.1	2.1	0.3	0.4	0.7	0.6	3.6	5.8	4.0
Public consumption (20%)	0.6	0.0	1.6	0.1	0.6	0.2	1.4	0.2	0.6	0.3	0.4	0.4	2.9	2.4	2.1
Exports (37%)	2.2	0.6	0.3	0.1	2.3	1.3	-0.7	0.7	-0.6	0.8	0.8	0.6	3.2	3.6	1.2
Imports (-33%)	1.3	0.6	1.2	1.2	2.2	1.7	1.4	1.2	-0.9	0.6	0.9	0.7	2.9	6.2	2.1
Contributions															
Domestic demand excl. inventories	0.7	0.8	0.9	1.2	0.6	0.6	1.2	1.0	0.6	0.5	0.6	0.5	3.0	3.5	2.9
Changes in inventories	0.1	0.1	0.2	0.0	-0.2	0.2	0.1	-0.1	-0.1	0.0	0.0	0.0	0.4	0.3	0.1
Foreign trade	0.3	0.0	-0.3	-0.4	0.1	-0.1	-0.7	-0.1	0.1	0.1	0.0	0.0	0.1	-1.0	-0.3

■ Forecast.

Note: the percentages in brackets represent the share of gross domestic product (GDP) in value terms in 2025.

Source: INE, INSEE forecast.

(changes in %, contributions in points)

Four major economies in the euro area	2024				Quarterly change in %								Annual change		
					2025				2026				in %		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026
GDP	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.4	0.3	0.3	0.2	0.3	1.0	0.9	1.1
Private consumption	0.9	0.3	0.6	0.5	0.3	0.1	0.2	0.6	-0.1	0.3	0.2	0.1	1.4	1.4	0.9
Investment	-0.4	-0.7	-0.8	1.1	0.6	0.1	0.8	1.0	-0.5	0.0	0.3	0.4	-1.3	1.6	0.9
Public consumption	0.7	0.8	0.8	0.2	-0.3	0.5	0.7	0.6	0.6	0.2	0.3	0.2	2.6	1.3	1.8
Exports	-0.3	0.4	-0.8	0.1	1.3	-0.6	0.7	0.1	0.6	1.8	0.8	0.7	0.3	1.0	2.8
Imports	-0.3	0.9	0.8	0.5	1.5	0.8	0.7	0.5	0.0	1.3	0.7	0.7	-0.3	3.6	2.4
Contributions															
Domestic demand excl. inventories	0.5	0.2	0.3	0.6	0.2	0.2	0.4	0.7	0.0	0.2	0.3	0.2	1.0	1.4	1.0
Changes in inventories	-0.1	0.1	0.6	-0.2	0.0	0.5	-0.2	-0.2	0.1	-0.1	-0.1	0.0	-0.2	0.3	-0.2
Foreign trade	-0.1	-0.1	-0.6	-0.1	0.0	-0.5	0.0	-0.1	0.2	0.2	0.0	0.0	0.2	-0.8	0.2

■ Forecast.

Note: the percentages in brackets represent the share of gross domestic product (GDP) in value terms in 2025.

Source: Eurostat, Destatis, Istat, INE, INSEE forecast.

► 16. Overview: United Kingdom

(changes in %, contributions in points)

	2024				2025				2026				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
GDP (100%)	0.7	0.6	0.2	0.4	0.6	0.2	0.1	0.1	0.6	0.4	0.3	0.0	1.0	1.3	1.2
Private consumption (58%)	0.3	-0.1	0.6	0.3	0.2	0.1	0.1	0.1	0.6	0.3	0.3	0.0	-0.1	0.9	1.1
Gross fixed capital formation (23%)	1.3	0.1	1.2	0.2	2.6	0.1	1.2	-0.1	0.4	1.2	0.6	0.6	1.8	4.0	2.3
Public consumption (23%)	-0.1	1.1	0.8	1.0	-0.2	1.2	0.3	0.1	1.2	-0.3	0.7	0.4	2.3	2.2	1.9
Exports (34%)	2.7	1.4	1.1	0.4	0.8	-1.2	1.5	0.1	0.2	0.5	0.5	0.3	1.3	1.9	1.4
Imports (-33%)	-1.3	5.5	-2.3	3.8	0.5	0.3	0.4	0.5	1.4	0.5	0.7	0.5	2.7	4.1	3.0
Contributions															
Domestic demand excluding inventories	0.4	0.2	0.8	0.5	0.5	0.4	0.4	0.1	0.7	0.3	0.4	0.2	0.7	1.7	1.4
Changes in inventories	-1.0	1.8	-1.7	1.1	-0.1	0.3	-0.6	0.1	0.3	0.1	0.0	0.0	0.8	0.4	0.4
Foreign trade	1.3	-1.4	1.1	-1.1	0.1	-0.5	0.3	-0.1	-0.4	0.0	-0.1	-0.1	-0.5	-0.8	-0.6

■ Forecast.

Note: the percentages in brackets represent the share of gross domestic product (GDP) in value terms in 2025.

Source: ONS, INSEE calculations.

► 17. Overview: United States

(changes in %, contributions in points)

	2024				2025				2026				2024	2025	2026
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
GDP (100%)	0.2	0.9	0.8	0.5	-0.2	0.9	1.1	0.1	0.5	0.4	0.6	0.4	2.8	2.1	2.1
Private consumption (58%)	0.4	1.0	1.0	1.0	0.2	0.6	0.9	0.5	0.1	0.9	0.4	0.3	2.9	2.6	2.0
Gross fixed capital formation (23%)	0.7	0.4	0.4	-0.5	1.7	1.1	0.2	0.4	1.6	1.7	1.1	1.1	3.0	2.7	4.4
Public consumption (18%)	0.6	0.8	1.3	0.8	-0.2	0.0	0.6	-1.4	1.1	-0.2	0.5	0.5	3.8	1.1	0.5
Exports (34%)	1.1	0.2	2.2	-0.2	0.0	-0.5	2.3	-0.8	2.6	1.1	0.0	0.6	3.6	1.6	4.1
Imports (-33%)	1.7	2.0	2.4	0.0	8.4	-8.3	-1.1	-0.2	2.8	3.0	1.0	0.8	5.8	2.7	2.8
Contributions															
Domestic demand excluding inventories	0.5	0.9	1.0	0.7	0.4	0.6	0.7	0.1	0.6	0.8	0.6	0.5	3.2	2.4	2.2
Changes in inventories	-0.2	0.3	0.0	-0.2	0.7	-0.9	0.0	0.0	0.1	-0.2	0.2	0.0	0.0	-0.1	-0.2
Foreign trade	-0.1	-0.3	-0.1	0.0	-1.2	1.2	0.4	-0.1	-0.1	-0.3	-0.1	-0.1	-0.4	-0.2	0.1

■ Forecast.

Note: the percentages in brackets represent the share of gross domestic product (GDP) in value terms in 2025

Source: BEA, INSEE calculations.