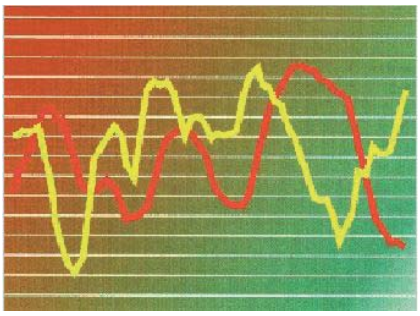
INSEE CONJONCTURE

CONJONCTURE IN FRANCE



OCTOBER 2019

International risks are growing but French growth holds firm

H1 2019 was marked by a fairly significant deterioration in the international economic environment, due to a combination of several factors. Beyond the fact that some of the major advanced economies are on the verge of full employment, which limits their growth potential, protectionist pressures are gradually materialising and weakening world trade. In particular, Chinese and German growth have slowed down significantly, although a clear distinction between cyclical and more structural reasons cannot be made at this stage. The direct impact of customs duty hikes has been exacerbated by uncertainties surrounding the outcome of trade negotiations. These uncertainties have been compounded by doubts over Brexit but also about the orientation of economic policies in Italy, Spain, Germany and the United States, and may be giving rise to a wait-and-see attitude, particularly with regard to corporate investment.

In this context, monetary policies are once again very accommodating but have limited room for manoeuvre, while fiscal policies are propping up domestic demand in many advanced economies, albeit to varying extents. Business climates are currently more favourable in "non-tradable" sectors (services, construction and trade) than in industry. Despite these stimuli, growth forecasts for most of France's economic partners are being revised downwards through to the end of 2019. In particular, economic activity looks likely to remain sluggish in Germany and Italy. Eurozone GDP is expected to grow by 0.2% in both Q3 and Q4, and by 1.2% as an annual average in 2019 (after +1.9% in 2018).

However, the macroeconomic scenario for France remains virtually unchanged since the June 2019 Conjoncture in France report (with projected growth of +0.3% each quarter through to the end of the year, and +1.3% as an annual average in 2019 after +1.7% in 2018). This resilience is mainly driven by domestic demand: as in other countries, corporate investment is benefiting from favourable conditions, most notably low interest rates, while government investment is being boosted by municipal electoral cycle. Private consumption is also benefiting – albeit gradually, given that the savings ratio remains high – from the return of household confidence in line with dynamic purchasing power (+2.3% forecast in 2019). Looking beyond the fiscal stimulus measures, this dynamism is also reflected in employment (more than 250,000 net job creations forecast in 2019). The unemployment rate is therefore expected to keep falling by around 0.1 percentage points per quarter and should stand at 8.3% by the end of the year.

However, there are many international uncertainties that could impact this scenario, especially negatively. For the time being, French foreign trade does not appear to have suffered inordinately from the protectionist pressures, and exports are expected to be boosted by strong aeronautical and shipbuilding deliveries at the end of the year. However, foreign trade could come under greater strain if German domestic demand were to wane, for example. In addition, our scenario is based on the conventional assumption of an "orderly" Brexit. At this stage, it is difficult to quantify the short-term effects of a possible no-deal Brexit on 31 October, particularly in view of the disruptions this could cause to certain enterprises' supply chains. ■

Insee

European trade is treading a delicate path between two major risks

Brexit-related expectations are disrupting trade flows

Disruptions associated with Brexit were the main source of trade fluctuations in H1 2019: the massive imports and stockpiling by British firms seen in Q1 were followed by an equally substantial opposite movement in Q2, with a sharp drop in imports and significant destocking. Meanwhile, there were substantial but more moderate variations in the trade flows of the United Kingdom's partners.

World trade is suffering from successive protectionist shocks

The effects of these shocks have been compounded by the impacts of the escalation of protectionist measures forcefully implemented by the United States. In addition to the direct effect on their bilateral trade flows with China, these pressures have contributed to a more general slowdown in world trade over the past few quarters. As a consequence, world trade stagnated in H1 2019 (–0.1% in Q2 after +0.2% in Q1). Over 2019 as a whole, world trade – undermined by customs duty hikes and the economic slowdown underway – is likely to grow three times more slowly than last year (+1.4% after +4.5%). For the advanced economies, gross domestic product (GDP) is expected to grow by only+1.7% in 2019 after +2.3% in 2018.

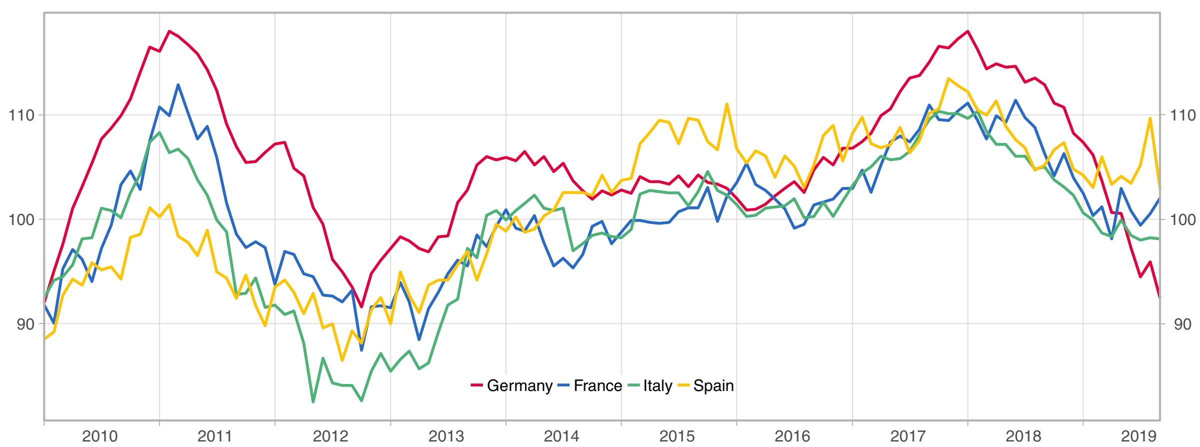
French activity is holding up slightly better than that of its main neighbours

Growth in Germany is more sluggish than in France and is much less dynamic than in Spain

These international shocks have had a more negative impact on economic activity in Germany than in France. Indeed, growth in Germany stagnated in the spring (–0.1% after +0.4%), with the weakening of international trade and the slowdown in corporate investment hitting industry much harder than services. While Spanish GDP has maintained sustained growth (+0.4% after +0.5% in Q1), Italian economic growth has remained almost non-existent for more than a year (0.0% in Q2 after +0.1% in Q1). In France, economic activity continued to grow by 0.3% per quarter (in Q2 as in Q1, and as it has for the past year or so). Output was brisker in market services (+0.7% after +0.5% in the first quarter) and in construction (+0.5% after +0.7%) than in manufacturing (–0.4% after +0.5%).

1 - Morale in German industry has deteriorated sharply

industry confidence indicator, last point: September 2019



Source: European Commission, DG ECFIN

Increasingly accommodating monetary policy is driving long-term rates further into negative territory

The Fed and the ECB have lowered their base rates

While the Federal Reserve (Fed) cut US base rates by a quarter of a point in July and again in September, the European Central Bank (ECB) extended its highly accommodating monetary policy in September, among other things by lowering the deposit rate and resuming its bond purchases as of November 2019 for a total of €20 billion per month. As a result, Eurozone sovereign yields entered negative territory (in the spring for the German ten-year yield and in the summer for the French yield). This decrease in European yields, combined with slower growth than in the United States, contributed to weakening the exchange rate of the euro against the dollar, which dropped to $1.10 in September (hypothetical rate retained in Q4 2019). In the context of a global economic slowdown, the price of a barrel of Brent crude oil fell below $60 during the summer before bouncing back to above $65 in mid-September, following the attacks on Saudi oil infrastructure.

Beyond one-off shocks, the trade slowdown has affected all the main economies

Most of the major economies have slowed down in 2019

In the United States, economic activity is expected to slow down in 2019 (+2.3% after +2.9% in 2018), due to another negative contribution by foreign trade (–0.3 point). The effects of the 2018 tax stimulus are fading, leading to a slowdown in household consumption (+2.6% after +3.0%) and private investment (+1.2% after +4.6%). In China, the activity indicators are pointing towards another deceleration and exports are likely to slow significantly compared to last year (+2.0% after +6.6%). The slowdown is also affecting other major economies: industrial output is flagging in Brazil, the VAT increase in Russia has penalised consumption, Turkey has not yet fully emerged from crisis and Argentina remains in a slump, while Central and Eastern European countries are suffering from the slowdown that is affecting their European partners. Finally, activity in Japan is expected to be disrupted in H2 2019 by the two-point rise in the consumption tax in October.

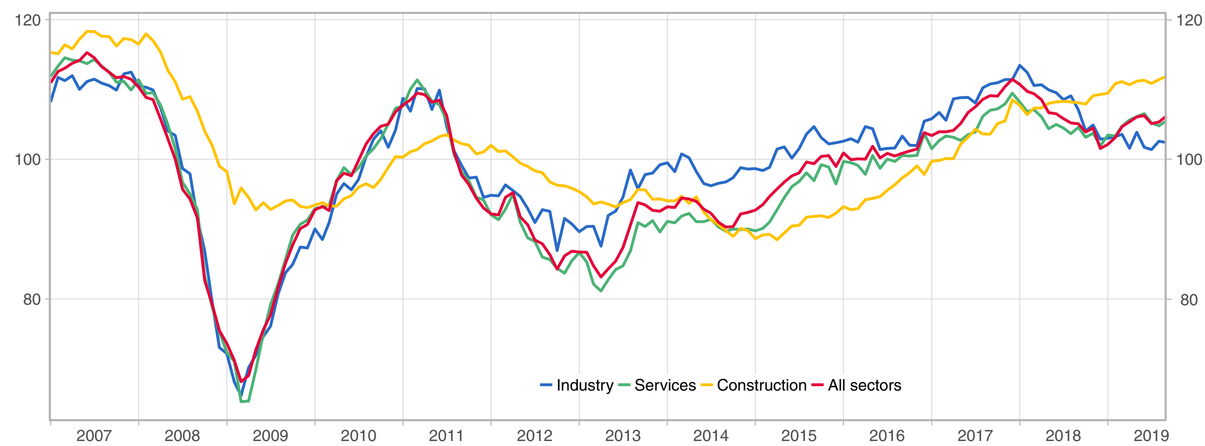
Brexit remains the major unknown factor in Europe

The German short-term outlook continues to deteriorate

While the morale of business managers in industry has reached favourable levels in Spain and France, it is much worse in Italy and especially in Germany (*Graph 1*). With its industrial output hit particularly hard, and due to declining consumer confidence, Germany's growth would not exceed +0.1% per quarter

2 - In France, the business climate in industry remains favourable, although it is lower than that in services

synthetic indicator in points; last point: September 2019



Source: INSEE, business surveys

through to the end of the year. Italian growth is also likely to be very sluggish (+0.1% per quarter), while the Spanish economy should remain buoyant (+0.6% per quarter). The buoyancy of purchasing power in Germany, as among its main Eurozone partners, is unlikely to be sufficient to compensate for the gloomy industrial climate.

In the event of a no-deal Brexit, the decline in trade with the United Kingdom is expected to take its toll on European economies

On top of the world trade slowdown, Brexit is a major source of uncertainty in the current economic outlook. Given the lack of visibility concerning the outcome of the negotiations, the scenario envisaged here involves the United Kingdom maintaining – at least temporarily – access to the Single European Market (either by signing an agreement or by postponing, or even cancelling, Brexit), which does not imply that this scenario is more probable than any of the many other possible outcomes. Under this assumption, British growth is likely to be weak in H2 2019 with another stockpiling tendency and an increase in imports in the summer in anticipation of Brexit, followed by a downturn in trade at the end of the year. If the United Kingdom were to leave the Union without a deal on 31 October, the downturn in foreign trade would be much more pronounced for European countries: this would have a particularly strong impact on British growth, especially due to the disruption of certain production processes, while also – but to a much lesser extent – affecting the growth of its close continental partners.

Once again, French exports should hold firm to the end of the year, on the strength of aeronautical and shipbuilding deliveries

French exports, which are expected to accelerate at the end of the year, are likely to grow at a slightly faster rate than world demand

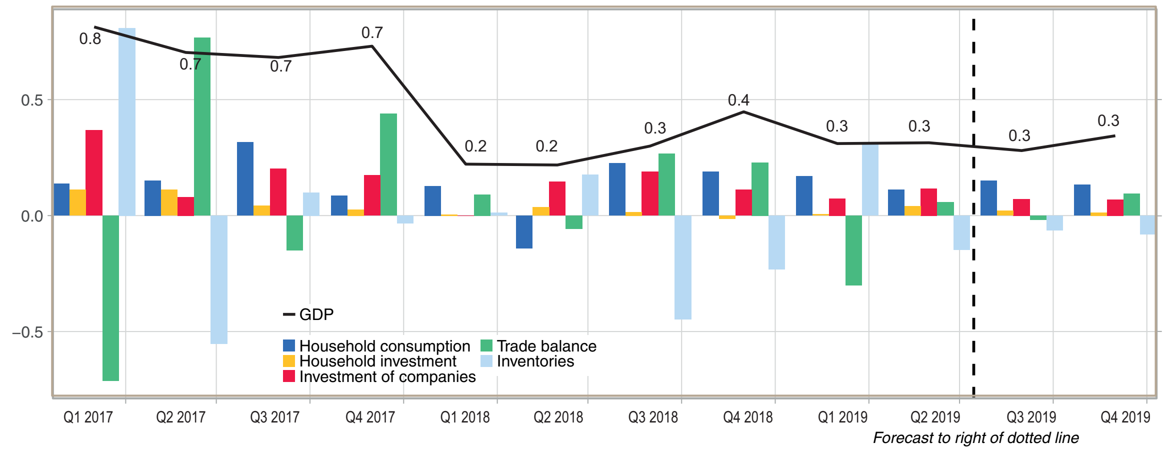
Exports did not recover in Q2 2019 (0.0% after +0.1%), after a dynamic end to 2018. Although they do not appear to have increased during the summer, French deliveries should pick up again at the end of the year (+1.3%) in line with newly buoyant aeronautical and shipbuilding deliveries. As an annual average, French exports are expected to increase by 2.3%, faster than world demand for French goods (+1.9% in 2019). As for most major countries, this rate is expected to reflect a fairly sharp slowdown compared to 2018 (+3.5%) and 2017 (+4.0%).

Foreign trade should make a neutral contribution to growth in 2019

After coming to a standstill in the spring, imports are likely to stagnate during the summer (+0.1% after –0.2%), before returning to growth of +1.0% in the autumn, mainly as a result of buoyant exports. All in all, the contribution of foreign trade to GDP growth is likely to be nil again in 2019, after being clearly positive during the previous year (+0.7 points).

3 - Consumption is expected to remain the main French growth driver

quarterly changes in GDP in % and main contributions of demand in percentage points



Source: INSEE

French growth is expected to continue at the same pace as in previous quarters

Business climates are stabilising at higher levels in construction and services than in industry

After reaching a low of 102 points at the end of 2018 (*Graph 2*), the business climate in France has climbed several points and stabilised at a favourable level over the past few months, at around 106 points. The climate in services has followed the same pattern as the indicator for the entire economy, whereas the indicator for industry has remained slightly below this level since the beginning of the year (102 points in September) and the climate in the building industry is still at a particularly high level (112).

Growth in output should mainly be driven by services and construction

Reflecting these sectoral business climate differences, output in H2 looks set to be brisker in market services (+0.6% per quarter) than in industry where it is likely to stagnate. In construction, civil engineering is expected to account for the buoyancy of output in H2 (around +0.5% per quarter), as during previous quarters. Indeed, public works are likely to benefit once again from infrastructure projects in the Ile-de-France region and the forthcoming municipal elections. French GDP is therefore expected to grow at the same rate as in previous quarters (+0.3% per quarter) and should stand at +1.3% in 2019 after +1.7% in 2018 (*Graph 3*).

Employment should continue to grow sufficiently to keep driving unemployment down

Nearly 100,000 jobs are expected to be created in H2

In H1 2019, total employment grew particularly strongly (+166,000), with non-temporary payroll employment in services and construction contributing significantly to this increase. This buoyancy is likely to wane slightly in H2 (+98,000 jobs). In 2019, the subsidised employment scheme should have almost no impact on the overall trend, in contrast to 2018 and 2017. As a result of these job creations, the unemployment rate is expected to continue to fall by around 0.1 points per quarter, from 8.5% in the spring to 8.3% at the end of the year.

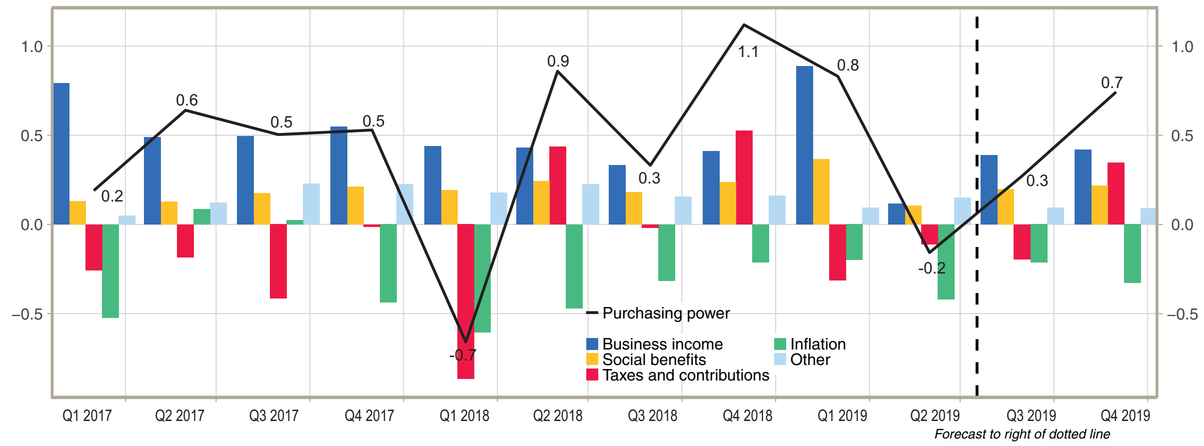
Household purchasing power looks set to accelerate in 2019

Core inflation is expected to remain at around 1.0% through to the end of the year

Core inflation rose to +1.0% over the summer and is expected to remain at this level through to the end of the year. Due to food prices in particular – driven up once again by the summer drought – overall prices are likely to rise slightly through to the end of 2019, with the increase expected to reach +1.3% in December year on year.

4 - Purchasing power should pick up at the end of the year with the second wave of housing tax reductions

quarterly changes in purchasing power in % and contributions in points



Source: INSEE

The housing tax reduction should sustain household purchasing power in Q4

In H1 2019, the household income profile was marked by public policy measures targeting earned income (especially the one-off bonus to boost purchasing power) and social benefits (especially the activity bonus), in addition to taxes and contributions (exemption from taxes and social contributions payable by employees on overtime, and reductions in general social security contributions for certain categories of households, *Graph 4*). In Q4, the second wave of housing tax reductions should contribute to a significant acceleration of incomes. In addition, the average wage per capita looks likely to increase by 0.5% per quarter in H2. In this way, household purchasing power is expected to grow by 2.3% in 2019 (or 1.8% per consumption unit) – a significantly higher rate than in 2018 (+1.2%, or 0.7% per c.u.).

Household consumption is expected to grow at a steady pace

Household consumption should increase by 0.3% per quarter in H2, maintaining the trend established at the start of the year. This consumption is expected to grow at a steadier rate than household income. All in all, over the year, household income is likely to grow by 1.1% in 2019, accelerating marginally compared to 2018 (+0.9%). The savings ratio is fluctuating in the short term according to changes in income. Over the year, it looks set to increase by nearly one point (15.1% as an annual average in 2019 after 14.2% in 2018).

While remaining vigorous, corporate investment should slow down due to a less buoyant context

Supply-side constraints are easing while demand-side pressures are re-emerging

Corporate investment is likely to slow slightly in H2 (+0.5% per quarter after +0.6% in Q1 and +0.9% in Q2). Indeed, the production capacity utilisation rate in industry is declining after peaking at the beginning of 2018, as are supply-side pressures. At the same time, since the start of 2019 entrepreneurs have been reporting a resurgence of demand-side difficulties, which had become less prevalent in previous years. Sectoral differences in buoyancy are expected to continue: investment in services is likely to remain brisk (+1.0% per quarter in H2) while investment in manufactured goods should remain stable.

Government investment should be brisk through to 2020

In this year preceding the municipal elections, government investment is likely to be driven by local government. Therefore, it is expected to accelerate to +3.8% in 2019, after +2.4% in 2018 and +0.5% in 2017. Lastly, the household investment growth rate looks set to be maintained: the buoyancy of real estate transactions, generating investments in services, should compensate for the relatively low number of recent housing starts.

Brexit and protectionism still top the list of economic risks

At global level, the consequences of the ongoing escalation of protectionist measures continue to hold back activity

The uncertainties associated with this scenario are mainly generated by international developments. Despite the stimuli provided by monetary and fiscal policy measures, the negative impacts of successive increases in US and Chinese customs barriers and uncertainties concerning the negotiations between these countries could have a greater impact on world trade.

Closer to home, Brexit poses a significant risk to European activity

In Europe, Brexit remains the greatest uncertainty. If it were to occur in a sudden and disorderly manner, it could have a more severe impact on both British and European activity, by disrupting production processes but also via the behaviours of the agents involved.

The outlook becomes gloomier in Germany

Industrial prospects in Europe's leading economy have deteriorated significantly and consumer confidence is now suffering. There is now a risk that after foreign trade, German domestic demand will, in turn, deteriorate: Germany's main partners – including France – could then be affected. ■

STATISTICAL APPENDIX

Goods and services: sources and uses at chain-linked previous year prices

billion euros and percentage changes from previous period; working-day and seasonally adjusted data

	2017				2018				2019				2017	2018	2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Gross domestic product (GDP)	**556.3**	**560.2**	**564.0**	**568.1**	**569.4**	**570.6**	**572.3**	**574.9**	**576.7**	**578.5**	**580.1**	**582.1**	**2249**	**2287**	**2317**
% change	0.8	0.7	0.7	0.7	0.2	0.2	0.3	0.4	0.3	0.3	0.3	0.3	2.4	1.7	1.3
Imports	186.5	186.3	188.8	189.9	188.7	190.2	189.8	191.7	193.8	193.4	193.6	195.6	751.5	760.4	776.4
% change	2.1	–0.1	1.3	0.6	–0.6	0.8	–0.2	1.0	1.1	–0.2	0.1	1.0	4.1	1.2	2.1
Total ressources	1191	1200	1211	1221	1221	1225	1230	1237	1244	1248	1251	1257	4823	4913	5001
% change	1.1	0.8	0.9	0.9	0.0	0.3	0.4	0.6	0.6	0.3	0.3	0.5	3.2	1.9	1.8
Household consumption expenditure	292.5	293.3	295.1	295.6	296.3	295.5	296.8	297.9	298.8	299.5	300.4	301.1	1176	1186	1200
% change	0.3	0.3	0.6	0.2	0.2	–0.3	0.4	0.4	0.3	0.2	0.3	0.3	1.6	0.9	1.1
General government consumption expenditures[1]	141.4	142.1	142.8	143.1	143.1	143.3	143.5	144.1	144.2	144.7	145.2	145.6	569.4	574.1	579.7
% change	0.2	0.5	0.5	0.2	0.0	0.2	0.1	0.5	0.0	0.4	0.3	0.3	1.5	0.8	1.0
which: General government individual consumption expenditure	*88.2*	*88.4*	*88.8*	*89.0*	*88.9*	*89.1*	*89.3*	*89.7*	*89.6*	*90.0*	*90.3*	*90.7*	*354.4*	*357.0*	*360.5*
% change	*0.6*	*0.3*	*0.5*	*0.2*	*–0.1*	*0.2*	*0.2*	*0.4*	*–0.1*	*0.4*	*0.4*	*0.4*	*1.7*	*0.7*	*1.0*
General government collective consumption expenditure	*45.7*	*46.1*	*46.4*	*46.5*	*46.6*	*46.6*	*46.5*	*46.8*	*46.9*	*47.0*	*47.1*	*47.2*	*184.8*	*186.4*	*188.1*
% change	*–0.5*	*0.9*	*0.6*	*0.2*	*0.1*	*0.1*	*–0.1*	*0.6*	*0.2*	*0.2*	*0.1*	*0.1*	*1.1*	*0.9*	*0.9*
Gross fixed capital formation (GFCF)	125.5	126.8	128.3	129.4	129.4	130.5	131.8	132.6	133.3	134.5	135.3	136.0	510.0	524.3	538.9
% change	2.4	1.0	1.2	0.8	0.0	0.9	1.0	0.6	0.5	0.9	0.6	0.5	5.0	2.8	2.8
which: Non-financial entreprises[2]	*70.5*	*71.0*	*72.1*	*73.1*	*73.1*	*74.0*	*75.0*	*75.7*	*76.1*	*76.8*	*77.2*	*77.6*	*286.7*	*297.8*	*307.7*
% change	*3.0*	*0.6*	*1.6*	*1.4*	*0.0*	*1.1*	*1.5*	*0.9*	*0.6*	*0.9*	*0.5*	*0.5*	*5.0*	*3.9*	*3.3*
Household	*29.0*	*29.6*	*29.8*	*30.0*	*30.0*	*30.2*	*30.3*	*30.2*	*30.3*	*30.5*	*30.6*	*30.7*	*118.4*	*120.7*	*122.0*
% change	*2.2*	*2.1*	*0.8*	*0.5*	*0.1*	*0.7*	*0.3*	*–0.2*	*0.1*	*0.8*	*0.4*	*0.2*	*6.6*	*2.0*	*1.1*
Government	*19.0*	*19.0*	*19.1*	*19.1*	*19.3*	*19.4*	*19.6*	*19.8*	*20.0*	*20.2*	*20.4*	*20.5*	*76.3*	*78.1*	*81.0*
% change	*–0.1*	*0.0*	*0.8*	*0.0*	*0.6*	*0.9*	*0.9*	*1.1*	*0.8*	*1.0*	*0.9*	*0.8*	*0.5*	*2.4*	*3.8*
Exports	171.9	176.0	177.5	181.1	180.4	181.6	182.7	186.0	186.3	186.2	186.4	188.8	706.4	730.8	747.7
% change	–0.2	2.4	0.9	2.0	–0.4	0.7	0.6	1.8	0.1	0.0	0.1	1.3	4.0	3.5	2.3
Contributions (in GDP points)															
Domestic demand excl. inventory changes[3]	0.7	0.5	0.7	0.3	0.1	0.1	0.5	0.4	0.3	0.4	0.4	0.3	2.3	1.3	1.5
Inventory changes[3]	0.8	–0.5	0.1	0.0	0.0	0.2	–0.4	–0.2	0.3	–0.2	–0.1	–0.1	0.2	–0.3	–0.2
Net foreign trade	–0.7	0.8	–0.1	0.4	0.1	–0.1	0.3	0.2	–0.3	0.1	0.0	0.1	–0.1	0.7	0.0

Manufactured goods: sources and uses at chan-linked previous year prices

percentage changes from previous period; working-day and seasonally adjusted data

	2017				2018				2019				2017	2018	2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Output of the branches of activity	0.3	1.0	0.9	1.4	–1.5	0.1	0.5	0.2	0.5	–0.4	–0.1	0.0	2.4	0.6	0.5
Value added	0.4	0.5	0.6	1.2	–1.3	0.1	0.1	0.2	0.4	–0.2	–0.3	0.0	1.4	0.1	0.3
Intermediate consumption	0.3	1.2	1.0	1.5	–1.5	0.0	0.7	0.2	0.5	–0.5	0.0	0.0	2.9	0.8	0.5
Imports	3.7	–0.2	2.7	0.3	–0.5	2.1	–1.2	1.7	1.1	0.4	–0.3	1.0	5.4	2.5	2.7
Taxes on products excluding subsidies	0.7	0.3	0.1	–0.3	–0.4	0.4	0.0	–0.4	0.5	–0.2	0.5	0.2	1.5	–0.2	0.5
Trade and transport margins	0.9	1.1	0.8	1.0	0.1	0.1	0.2	0.1	0.5	0.2	0.7	0.4	3.1	1.7	1.3
Total ressources	1.3	0.6	1.3	0.9	–0.7	0.7	–0.1	0.5	0.6	–0.1	0.0	0.4	3.2	1.5	1.2
Intermédiate uses	0.9	0.9	1.1	1.3	–0.8	0.4	0.5	0.6	0.6	0.2	0.1	0.2	3.5	1.6	1.6
Household consumption expenditure	0.4	0.4	0.7	–0.3	–0.2	–0.1	–0.1	–0.1	0.0	–0.5	0.8	0.2	1.9	–0.1	0.0
General government individual consumption expenditure	0.7	0.9	1.2	–0.2	0.7	0.8	0.6	2.2	–1.8	1.3	0.9	0.9	4.0	2.9	2.0
Gross fixed capidal formation (GFCF)	1.7	–0.5	1.6	1.9	–1.7	1.5	1.4	–0.3	1.6	0.9	–0.1	0.0	1.4	2.1	3.1
Non-financial enterprises [2]	2.9	0.1	2.1	2.1	–2.3	1.4	1.5	–0.5	1.8	1.0	–0.1	0.0	3.1	2.0	3.3
Other	–5.0	–3.6	–1.6	0.7	1.8	1.8	0.9	0.5	–0.2	0.1	0.2	0.3	–8.4	2.5	1.3
Contribution of inventory changes to manufactured production[3]	*2.3*	*–1.4*	*0.7*	*–0.5*	*0.2*	*0.9*	*–1.5*	*–0.9*	*0.5*	*–0.3*	*–0.5*	*–0.4*	*–0.1*	*–0.6*	*–1.3*
Exports	–0.9	3.2	1.2	2.5	–1.2	0.4	1.2	2.4	0.3	0.1	0.0	1.4	4.9	3.6	3.3
Domestic demand excluding inventory changes[3]	0.8	0.6	1.0	0.7	–0.6	0.3	0.4	0.3	0.4	0.0	0.4	0.2	2.7	1.1	1.1

Forecast

1. Includes consumption expenditures by non-profit institutions serving housholds (NPISHs)
2. Including unincorporated enterprises
3. Inventory changes include acquisitions net of sales of valuables

Situation of households

percentage changes from previous period and rates in %

	2017				2018				2019				2017	2018	2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Total employment*	99	92	53	99	49	15	50	68	106	59	49	49	343	183	264
Non-agricultural market sector employment*	76	83	59	106	41	28	41	57	100	42	37	37	323	167	215
ILO unemployment rate France**	9.6	9.5	9.6	8.9	9.2	9.1	9.1	8.8	8.7	8.5	8.4	8.3	8.9	8.8	8.3
Consumer price index***	1.1	0.7	1.0	1.2	1.6	2.0	2.2	1.6	1.1	1.2	0.9	1.3	1.0	1.8	1.1
Core inflation***	0.4	0.4	0.5	0.6	0.9	0.8	0.7	0.7	0.5	0.9	0.9	0.9	0.5	0.8	0.7
Real gross disposable income (GDI)	0.2	0.6	0.5	0.5	–0.7	0.9	0.3	1.1	0.8	–0.2	0.3	0.7	1.4	1.2	2.3
Saving ratio	13.6	13.9	13.8	14.1	13.3	14.3	14.2	14.8	15.3	14.9	14.9	15.3	13.8	14.2	15.1

Forecast
* Changes in thousands, end of period
** For annual data. unemployment rate is that of the last quarter of the year
*** Year-on-year change on the last month of the quarter and annual averages

Main ratios: non financial corporate sector

en %

	2017				2018				2019				2017	2018	2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Margin ratio (GOS/VA*)	31.6	32.0	31.9	31.6	31.4	31.0	31.1	31.5	32.6	33.1	33.0	32.9	31.8	31.2	32.9
TInvestment rate (GFCF**/VA)	23.6	23.5	23.7	23.8	23.8	24.1	24.4	24.4	24.2	24.4	24.4	24.8	23.7	24.1	24.5
Self-financing ratio (cash earnings) (Savings/GFCF**)	98.7	100.0	99.4	94.8	95.5	93.1	94.9	91.5	99.2	100.9	99.8	97.0	98.2	93.7	99.2

Forecast
* Gross operating surplus/Value added
** Gross fixed capital formation

International environment

levels, percentage changes from previous period

	2017				2018				2019				2017	2018	2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Euro-dollar exchange rate	1.06	1.10	1.17	1.18	1.23	1.19	1.16	1.14	1.14	1.12	1.11	1.10	1.13	1.18	1.12
Barrel of Brent oil (in dollars)	54.7	50.9	52.2	61.5	66.8	74.4	75.2	67.4	63.2	68.9	62.7	65.0	54.8	71.0	64.9
World trade	**1.9**	**1.4**	**0.8**	**2.2**	**0.8**	**0.8**	**1.0**	**0.2**	**0.2**	**–0.1**	**0.9**	**–0.1**	**6.0**	**4.5**	**1.4**
Imports of advanced economies	1.9	1.1	0.9	1.8	0.4	0.6	0.6	1.0	1.0	–0.5	1.2	–0.2	5.3	3.5	2.2
Imports of emerging ecoonomies	1.8	2.1	0.8	3.2	1.8	1.2	1.7	–1.4	–0.8	0.7	0.2	0.1	7.5	6.5	–0.1
World demand for French products	**1.9**	**1.4**	**0.9**	**1.9**	**0.4**	**0.8**	**0.8**	**0.6**	**0.8**	**–0.6**	**1.0**	**0.0**	**5.7**	**3.8**	**1.9**
Gross domestic product of advanced economies	**0.6**	**0.6**	**0.8**	**0.7**	**0.5**	**0.6**	**0.4**	**0.3**	**0.5**	**0.4**	**0.4**	**0.2**	**2.5**	**2.3**	**1.7**
United-States	*0.6*	*0.5*	*0.8*	*0.9*	*0.6*	*0.9*	*0.7*	*0.3*	*0.8*	*0.5*	*0.6*	*0.3*	*2.4*	*2.9*	*2.3*
Japan	*0.8*	*0.4*	*0.7*	*0.3*	*–0.1*	*0.5*	*–0.5*	*0.4*	*0.5*	*0.3*	*0.5*	*–0.3*	*1.9*	*0.8*	*1.2*
United Kingdom	*0.6*	*0.3*	*0.3*	*0.4*	*0.1*	*0.5*	*0.6*	*0.3*	*0.6*	*–0.2*	*0.4*	*0.0*	*1.9*	*1.4*	*1.3*
Eurozone	0.7	0.7	0.8	0.8	0.3	0.4	0.2	0.3	0.4	0.2	0.2	0.2	2.7	1.9	1.2
Germany	*1.2*	*0.6*	*0.9*	*0.7*	*0.1*	*0.4*	*–0.1*	*0.2*	*0.4*	*–0.1*	*0.0*	*0.1*	*2.8*	*1.5*	*0.6*
Spain	*0.8*	*1.0*	*0.5*	*0.7*	*0.5*	*0.5*	*0.5*	*0.6*	*0.5*	*0.4*	*0.6*	*0.6*	*2.9*	*2.4*	*2.1*
Italy	*0.6*	*0.4*	*0.4*	*0.4*	*0.2*	*0.0*	*–0.1*	*–0.1*	*0.1*	*0.0*	*0.1*	*0.1*	*1.8*	*0.7*	*0.1*
Consumer prices in Eurozone*	1.8	1.5	1.4	1.4	1.3	1.7	2.1	1.9	1.4	1.4	1.2	1.3	1.4	1.9	1.3
ILO unemployment rate in the Eurozone	9.5	9.1	9.0	8.7	8.5	8.3	8.0	7.9	7.8	7.6	7.5	7.5	9.1	8.2	7.6

Forecast
* Year-on-year change on the last month of the quarter and annual average

This document disponible is available on the INSEE website http://www.insee.fr *Completed on 30 September 2019*

Senior editors: J. Pouget, F. Tallet **Sub-editor: F. Hillaireau** **Layout: S. Clément, N. Lépine** **Translator: Hancock Hutton**

PTC 1910 ISSN : 1253-1316 ISBN : 978-2-11-151246-7

INSTITUT NATIONAL DE LA STATISTIQUE ET DES ÉTUDES ÉCONOMIQUES
Head office: 88 avenue Verdier – CS 70058 –92541 MONTROUGE CEDEX – FRANCE
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IMPRIMERIE JOUVE – PARIS