France economic outlook

« Whatever it costs » too much

Charles-Henri Colombier

Stockholm AIECE meeting

21-22 May 2026

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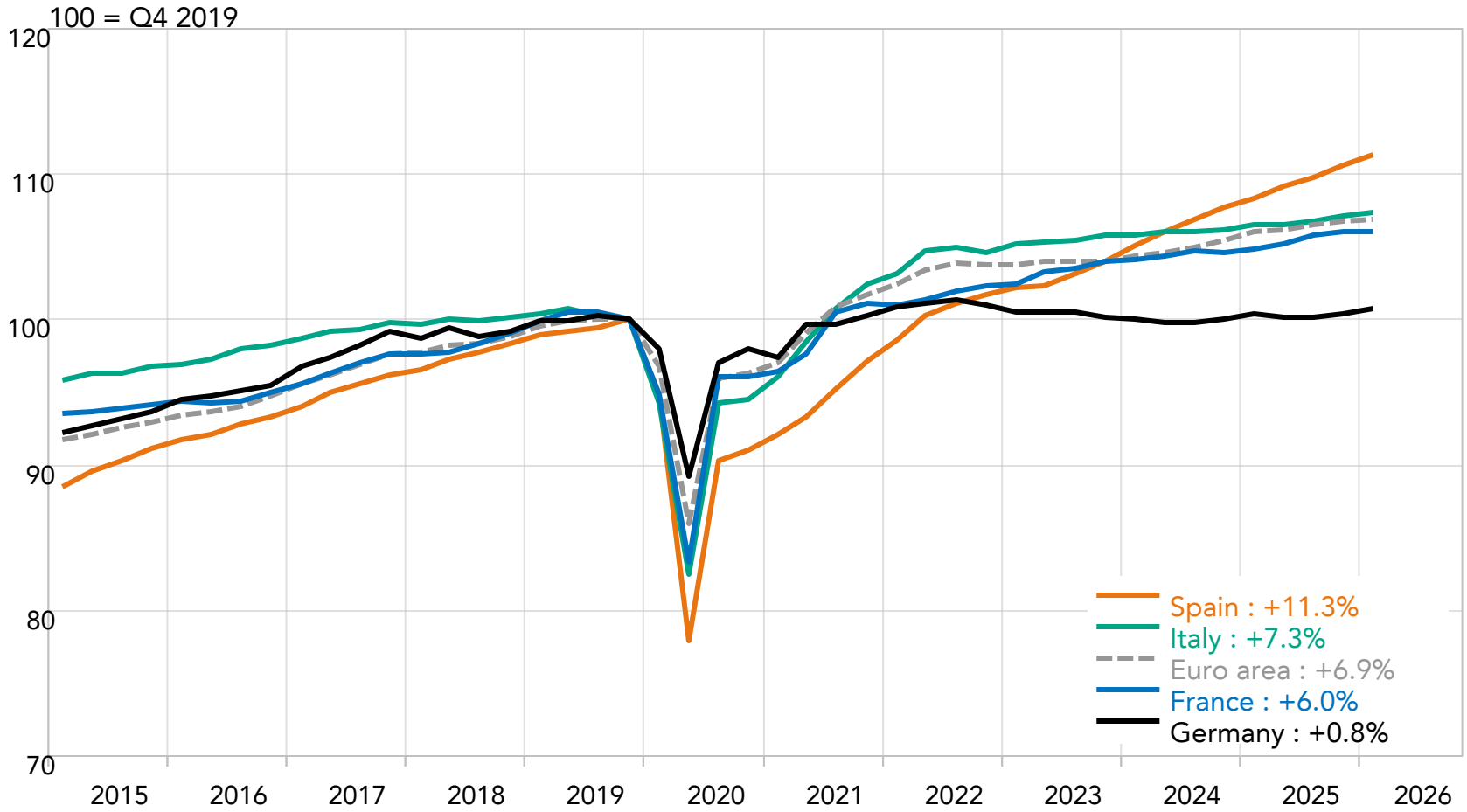
France's growth performance has almost been on par with the euro area average since 2019

Real GDP evolution since Q4 2019



Source : national accounts, Rexecode calculations

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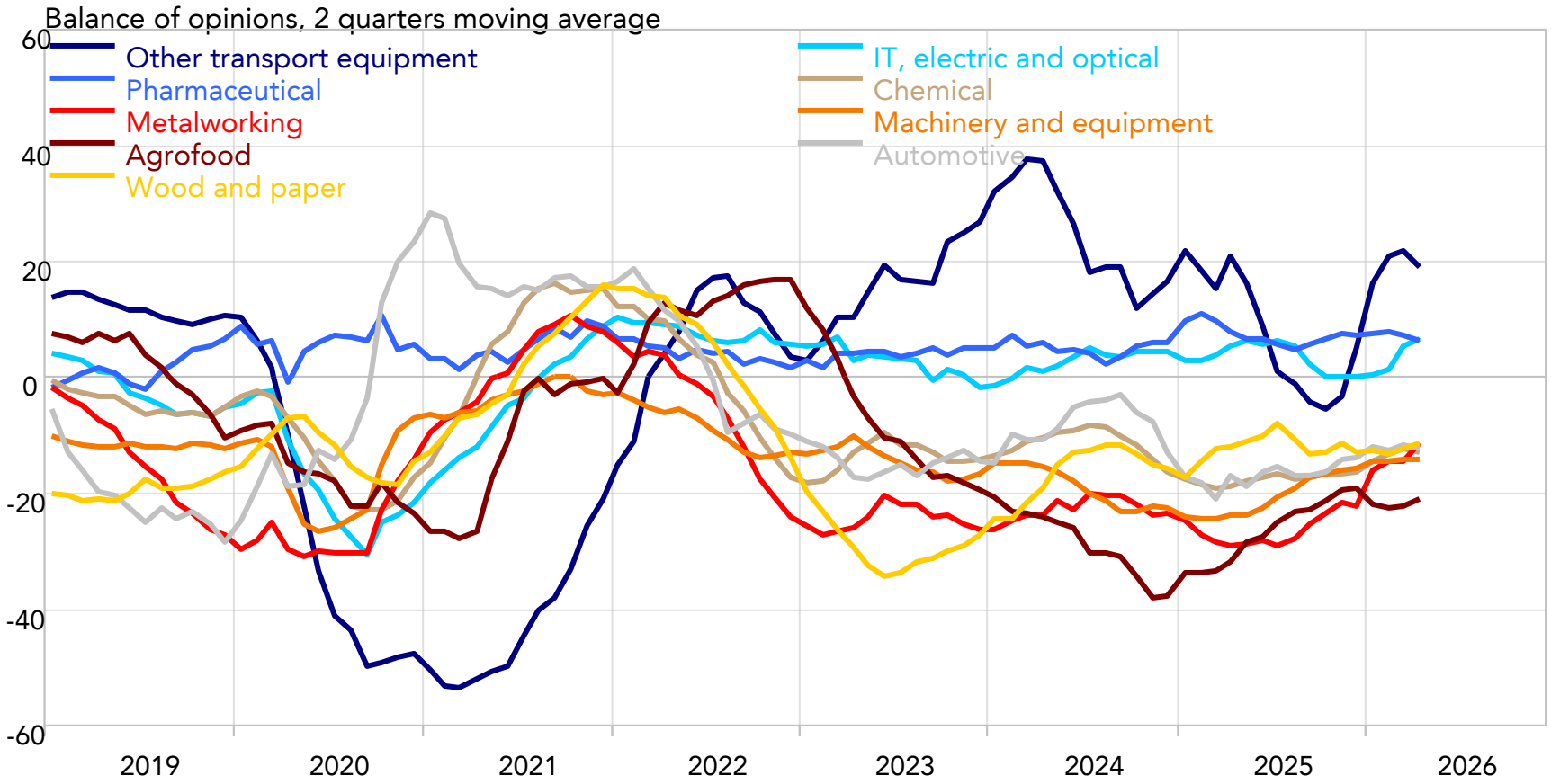
On the supply-side, a 2-speed economy

France

Industry business climate by subsector



Source : DG ECFIN, Rexecode

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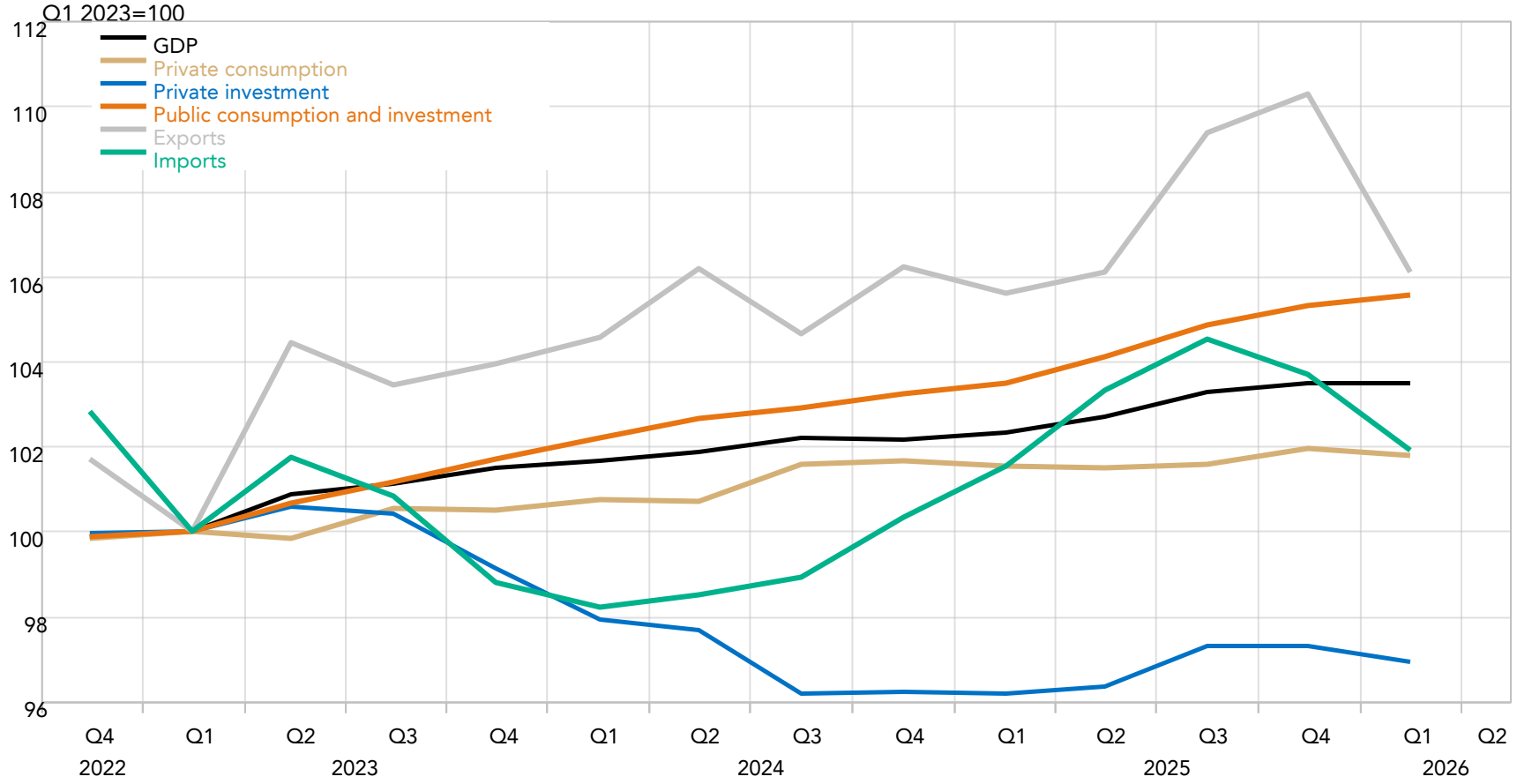
On the demand side, the French growth cocktail over the past 3 years has mainly rested on exports and… public spending

France

Real GDP and main components of final demand



Source : Insee, comptes nationaux trimestriels

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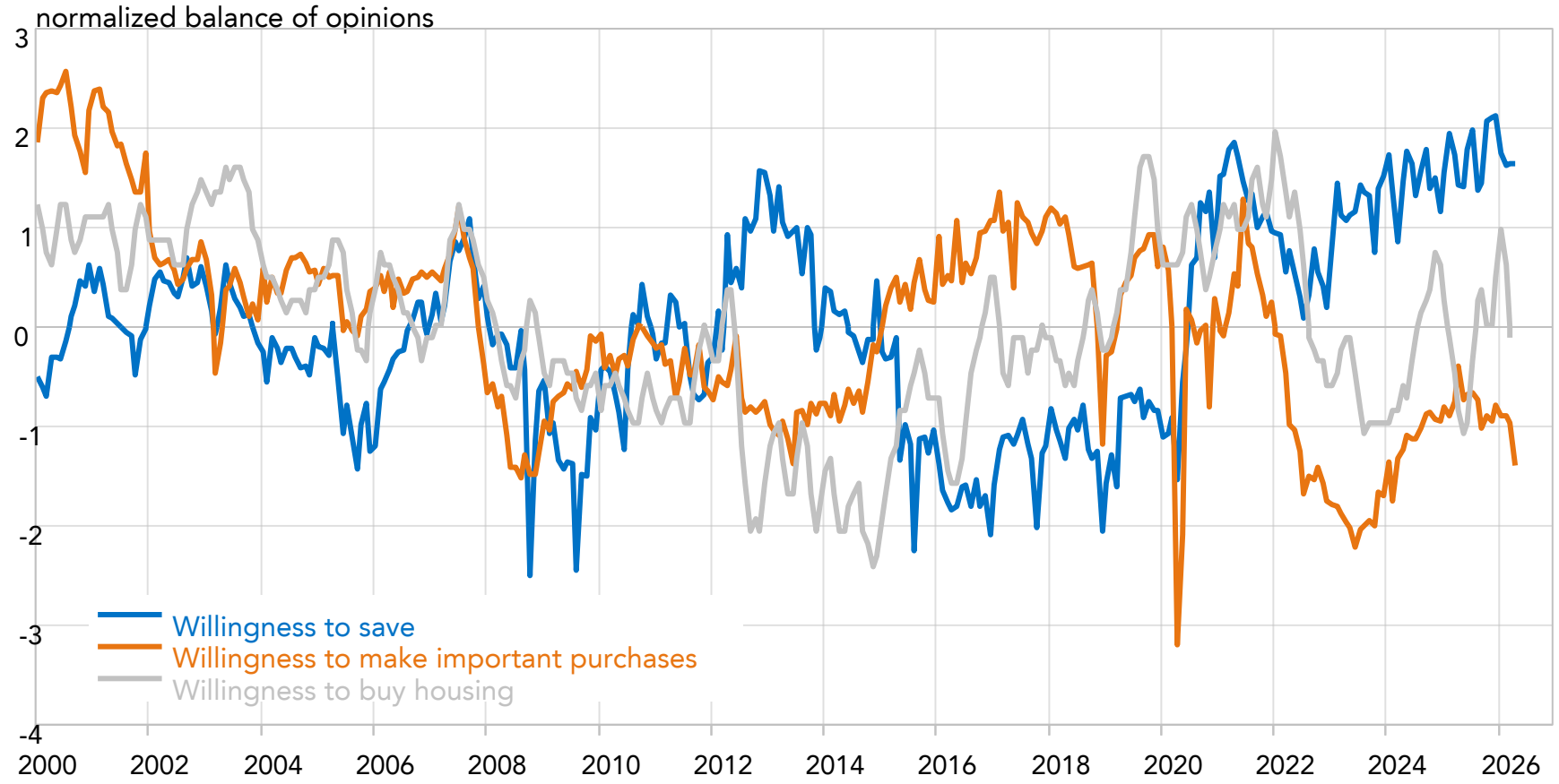
Consumption: even before the Iranian energy crisis, households' willingness to consume was nowhere near their willingness to save

France : consumer survey

Saving vs major purchase intentions



Source : Insee

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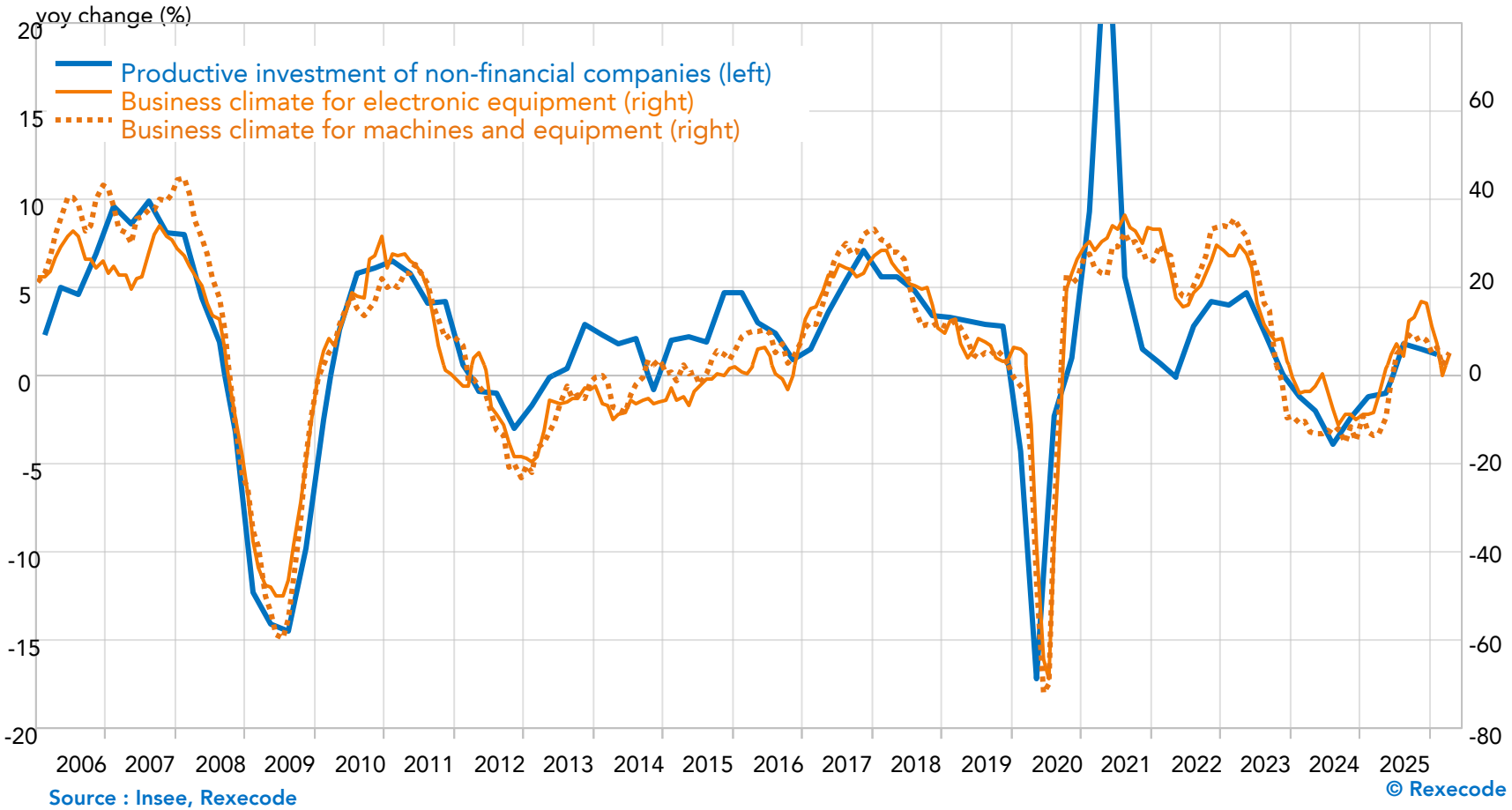
Business investment: the improvement of forward indicators and outlook is hit by the Iranian crisis

France

Productive investment and foward indicators



Source : Insee, Rexecode

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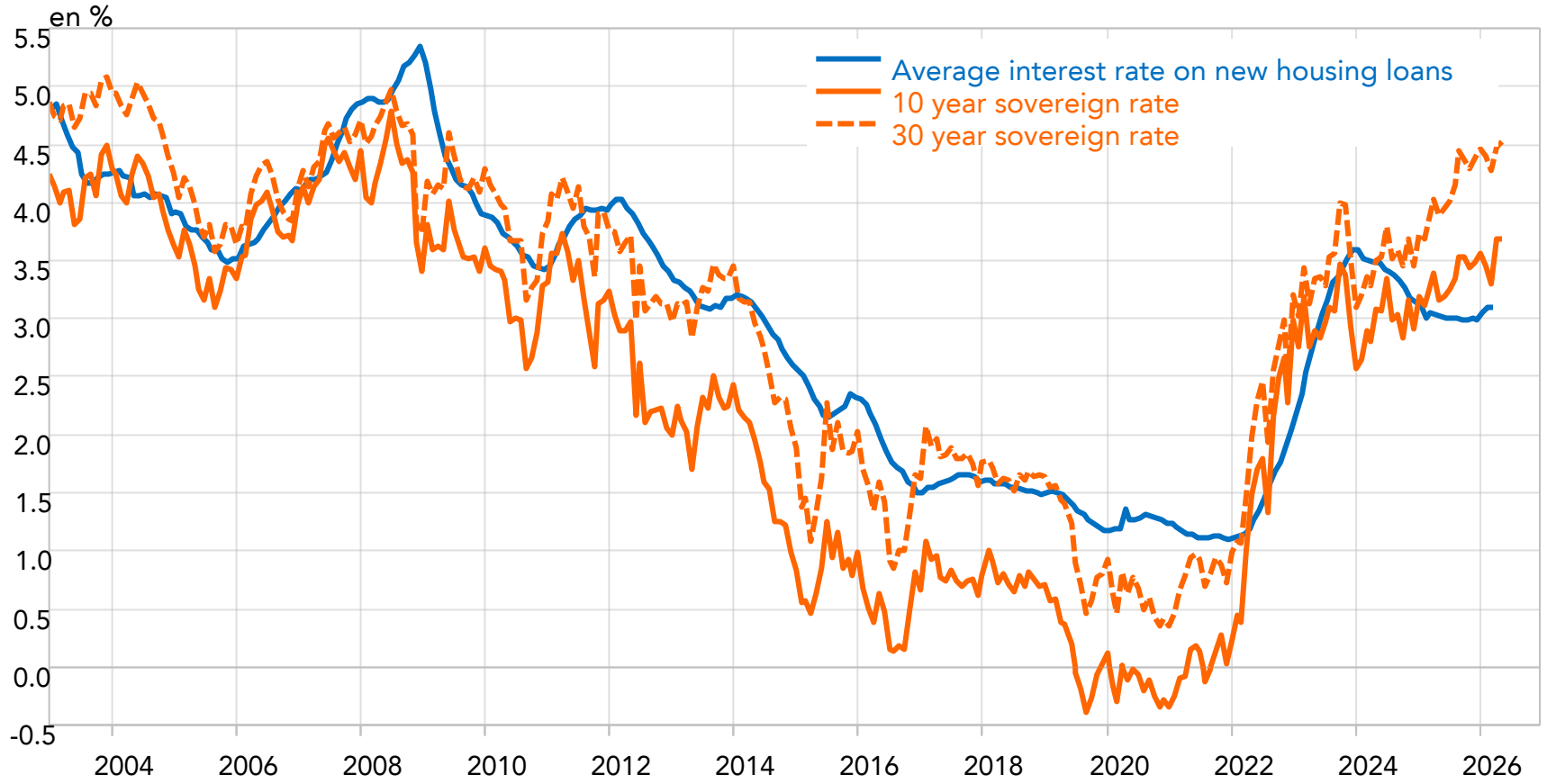
Construction: the expected recovery is threatened by the likely rise in housing loan rates

France

Real estate and sovereign interest rates



Source : ECB, Refinitiv

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Foreign trade: France has become the 2nd largest exporter of defense equipment in the world, but this owes little to the European market

Top 3 suppliers of the largest European importers of defense equipment (2020-2024)

	% des volumes d'importations mondiales d'armes	Principaux fournisseurs			
		USA	Corée du Sud	Italie	Autres
Pologne	2,4%	45%	42%	3,5%	9,5%
		USA	Italie	Finlande	Autres
Pays-Bas	1,8 %	97%	0,7%	0,6%	1,7%
		France	USA	R-U	Autres
Grèce	1,3 %	64%	19%	7,5%	9,5%
		USA	Allemagne	R-U	Autres
Italie	1,1 %	94%	2%	1,5%	2,5%
		USA	Suisse	Allemagne	Autres
Danemark	0,9 %	79%	7,6%	7,2%	6,2%
		USA	Norvège	Suisse	Autres
Roumanie	0,8 %	61%	15%	8,4%	15,6%
		USA	Israel	Suède	Autres
Allemagne	0,7 %	70%	13%	5,1%	11,9%
		Espagne	USA	Allemagne	Autres
Belgique	0,7 %	49%	43%	8,1%	0%
		Allemagne	USA	Norvège	Autres
Hongrie	0,7 %	51%	17%	11%	21%

Source: SIPRI

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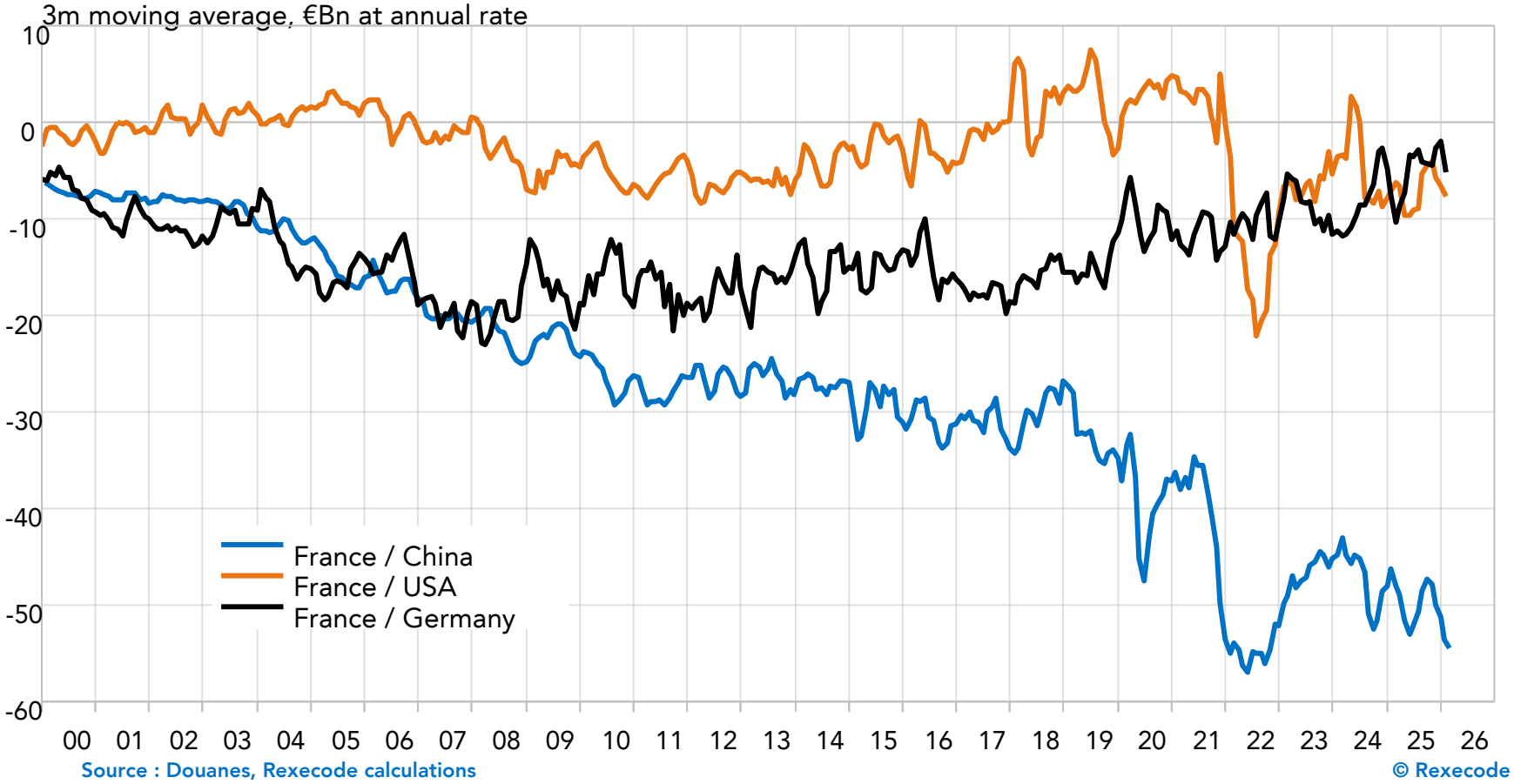
Foreign trade: almost a bilateral trade surplus with Germany, but a massive bilateral trade deficit with China

France

Bilateral trade balance for goods



Source : Douanes, Rexecode calculations

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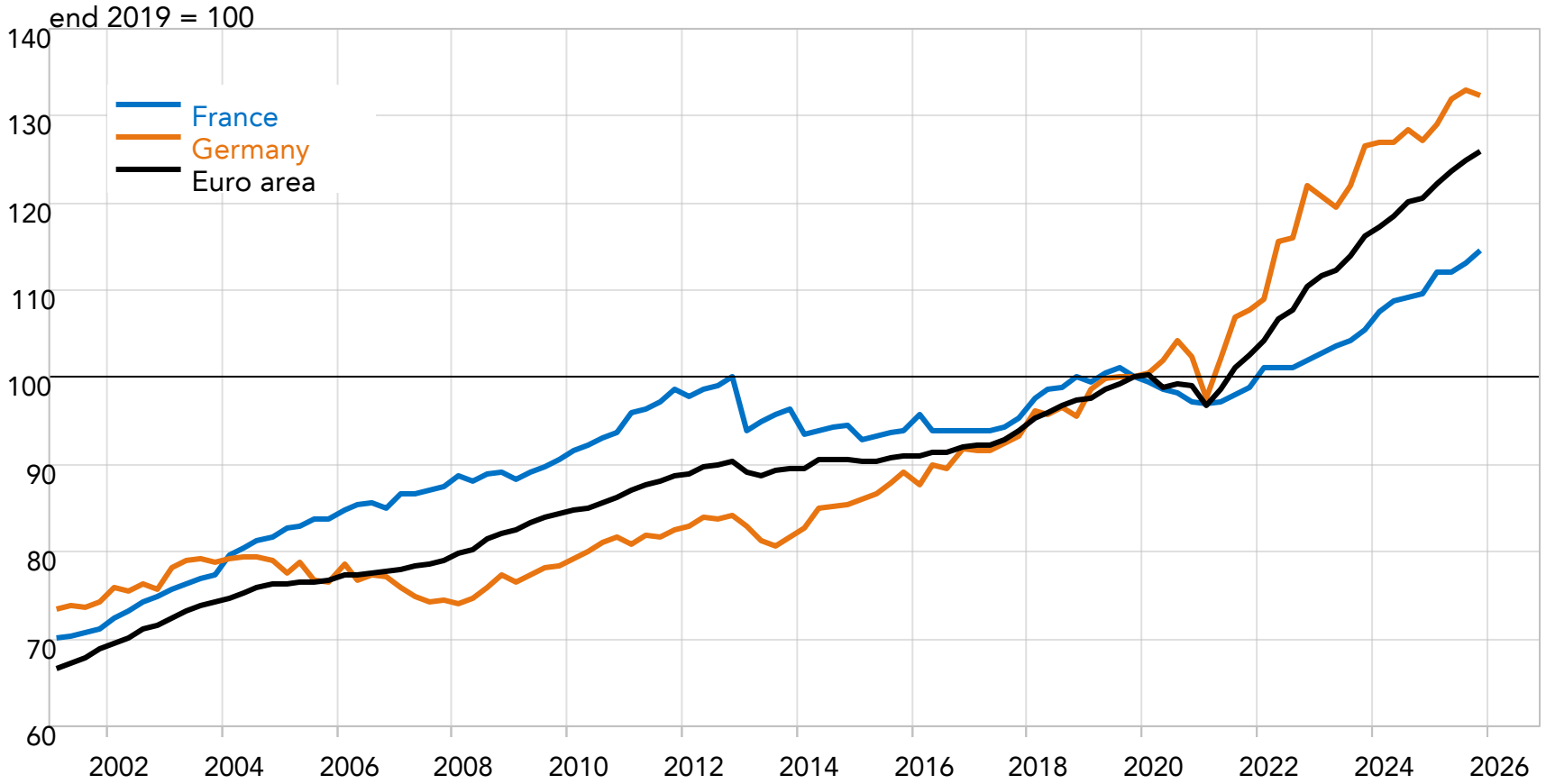
Within the euro area, France's labour cost competitiveness has in fact significantly improved

Europe

Hourly labour cost in business activities



Sources : Insee, Eurostat, calculs, Rexecode

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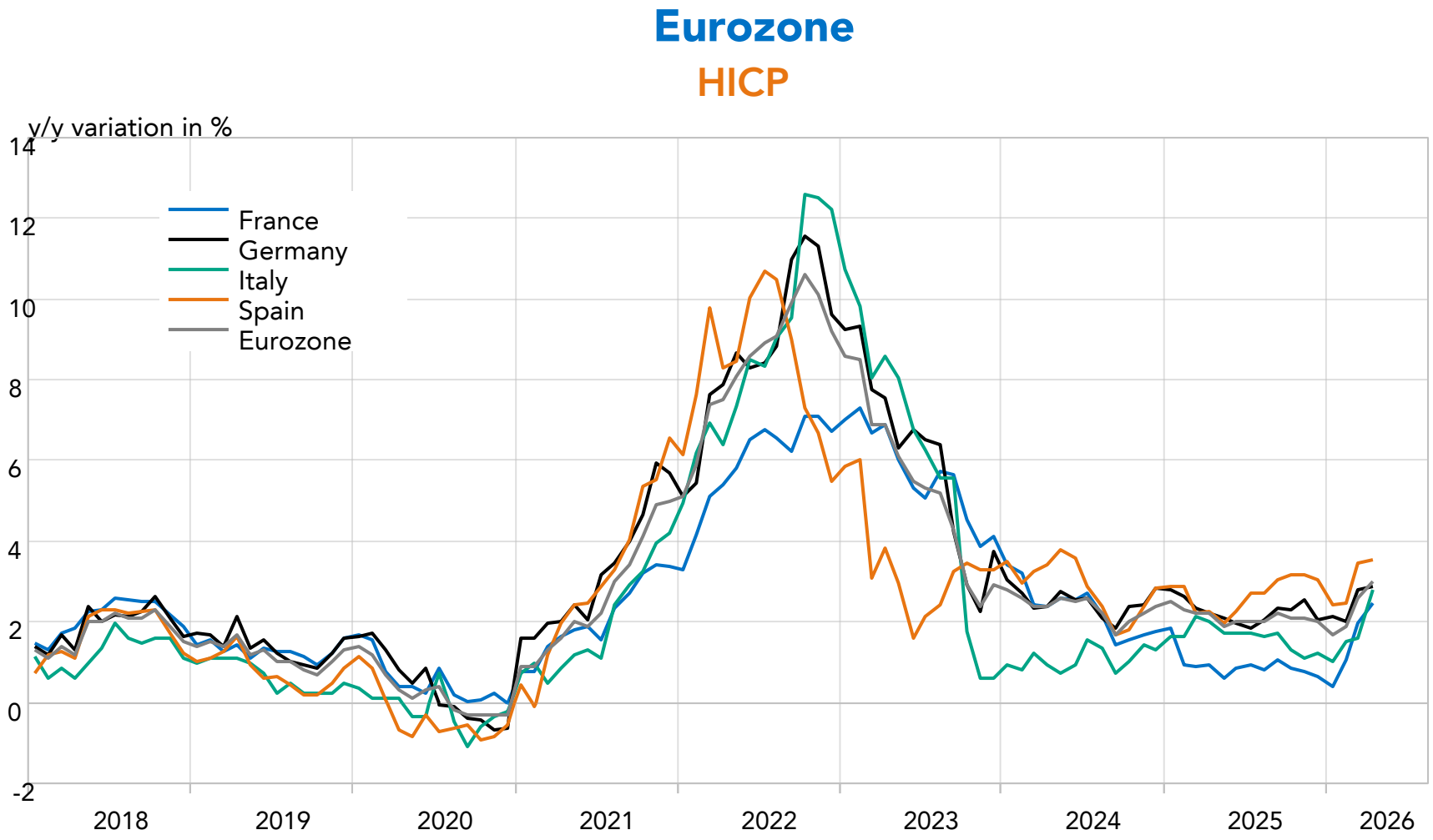
France has benefited from lower-than-average inflation since the start of the Ukrainian crisis



Source : Eurostat

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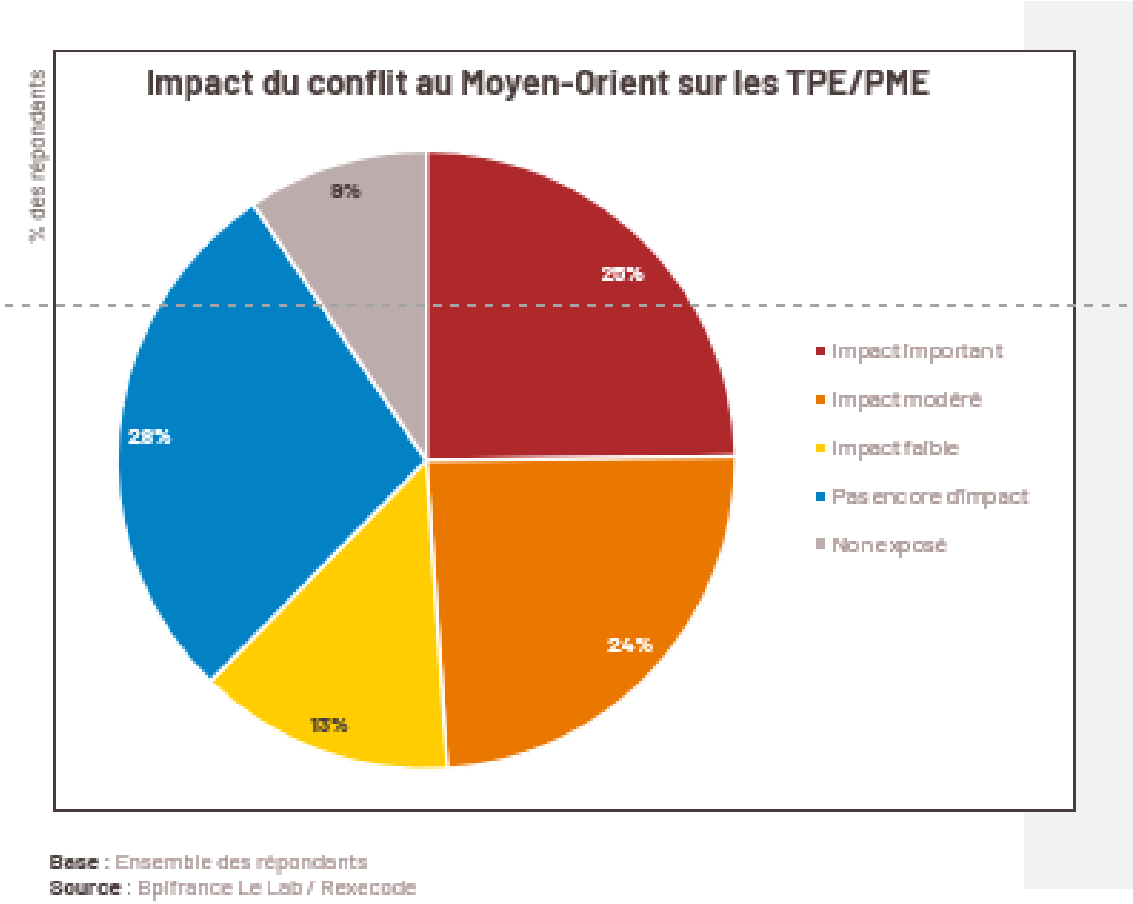
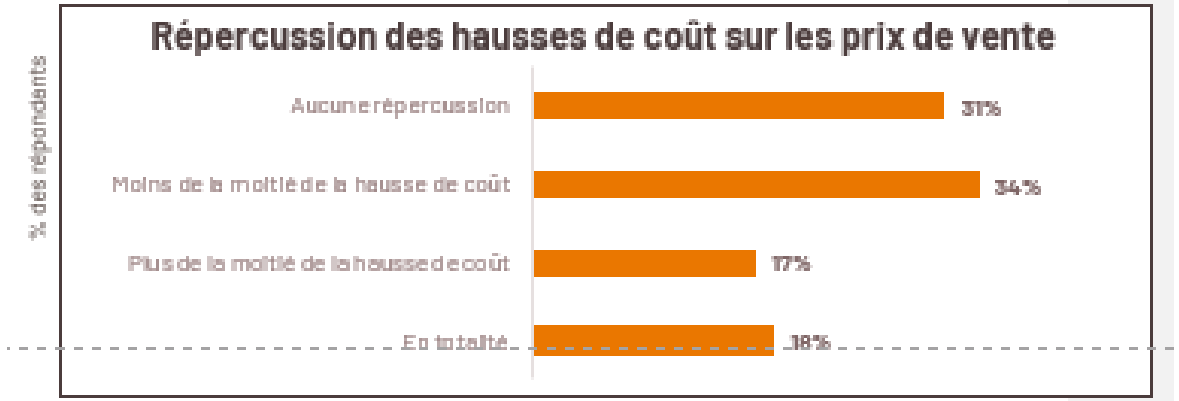
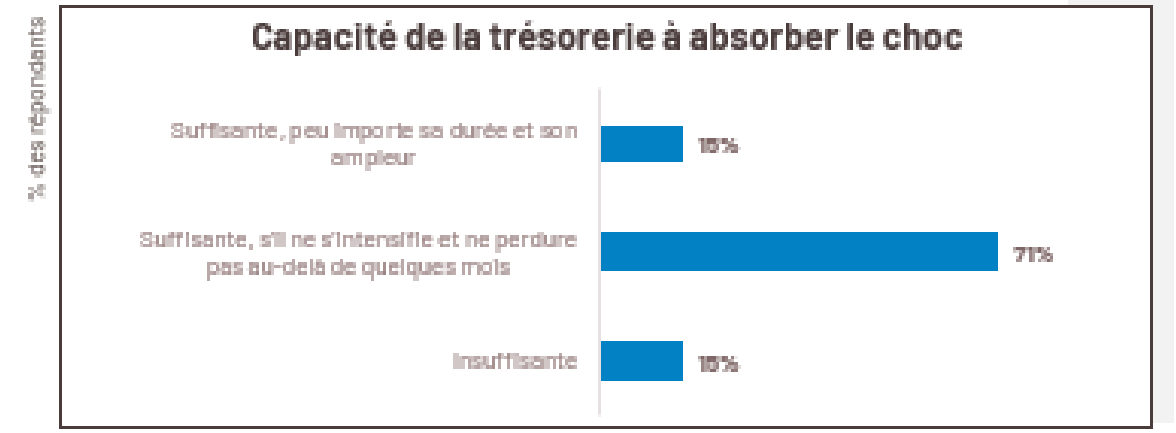
Recent surveys suggest a significant impact of the Iranian crisis for SMEs, both in terms of activity and prices



Base : Ensemble des répondants
Source : Bpifrance Le Lab / Rexecode



Base : Répondants impactés par le conflit à travers une hausse des coûts (énergétiques ou non)
Source : Bpifrance Le Lab / Rexecode



Base : Répondants exposés au conflit (déjà impactés ou qui pourraient l'être)
Source : Bpifrance Le Lab / Rexecode

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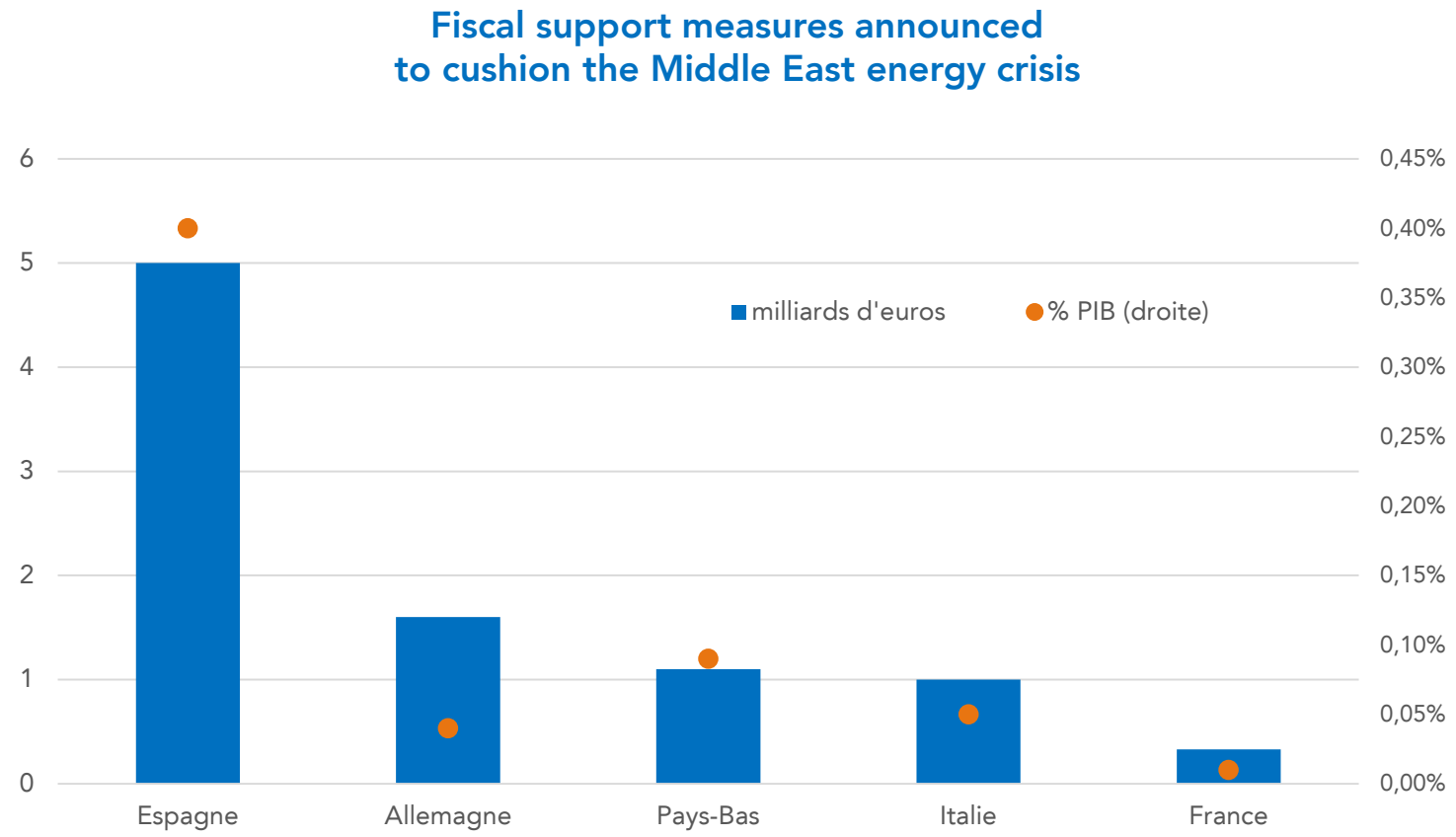
However, only minimal fiscal support to be expected given the situation of public finances: no more « whatever it costs »



Source : Institut J. Delors, Rexecode

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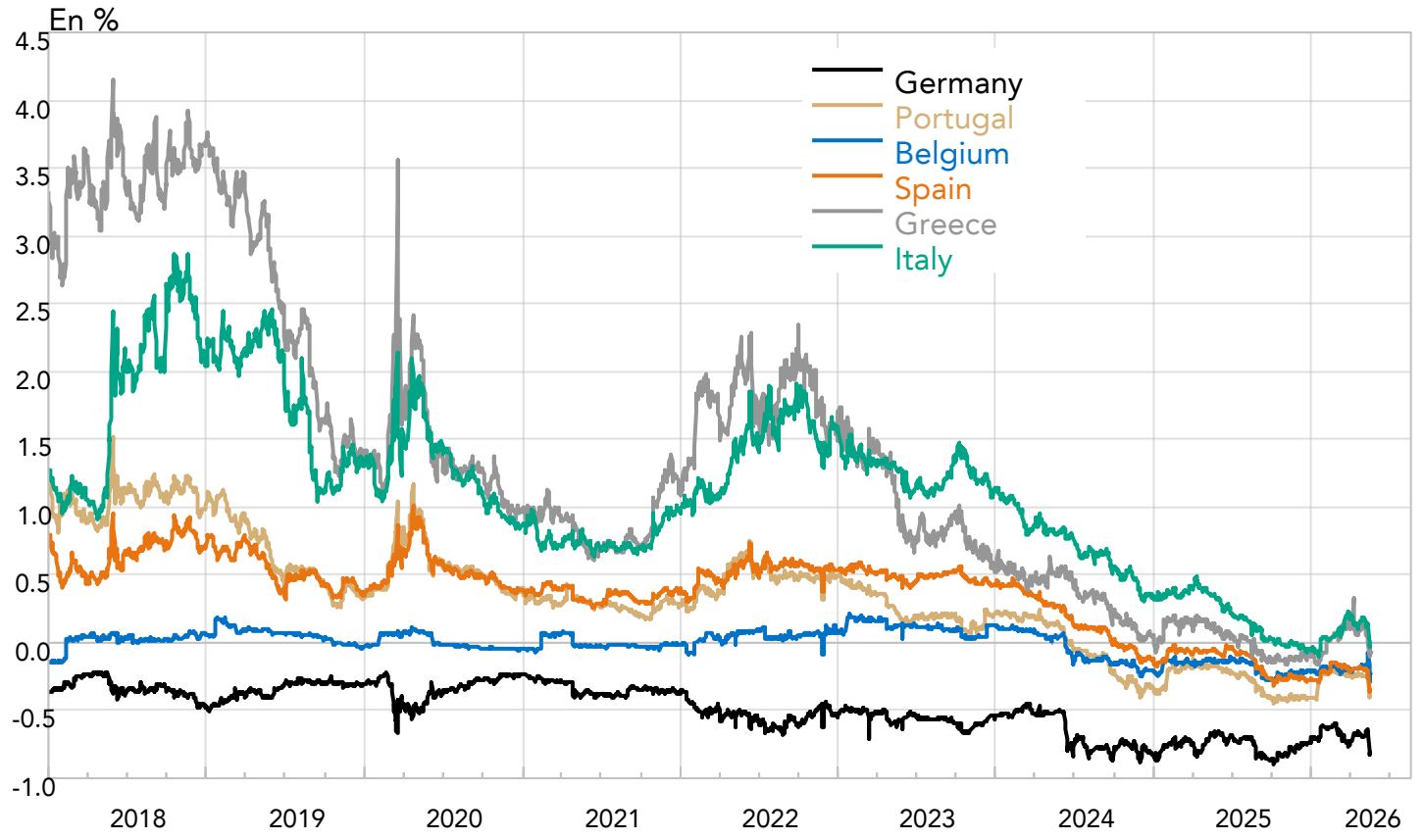
France's sovereign rates have been downgraded in the European hierarchy and now similar to Italy's

10-year sovereign bond rates

Difference with France



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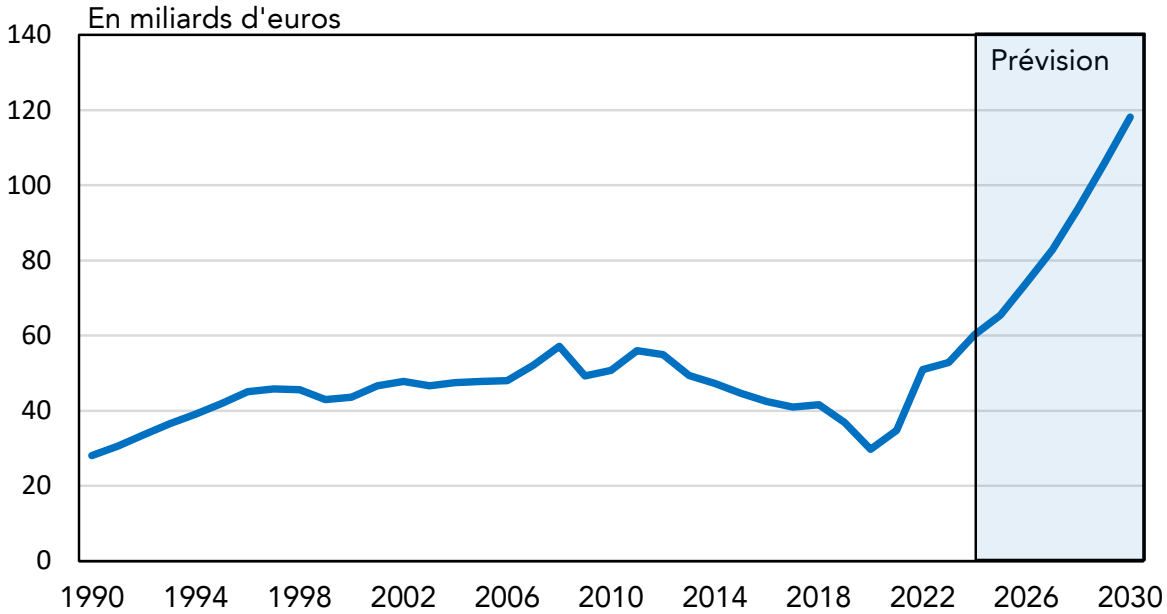
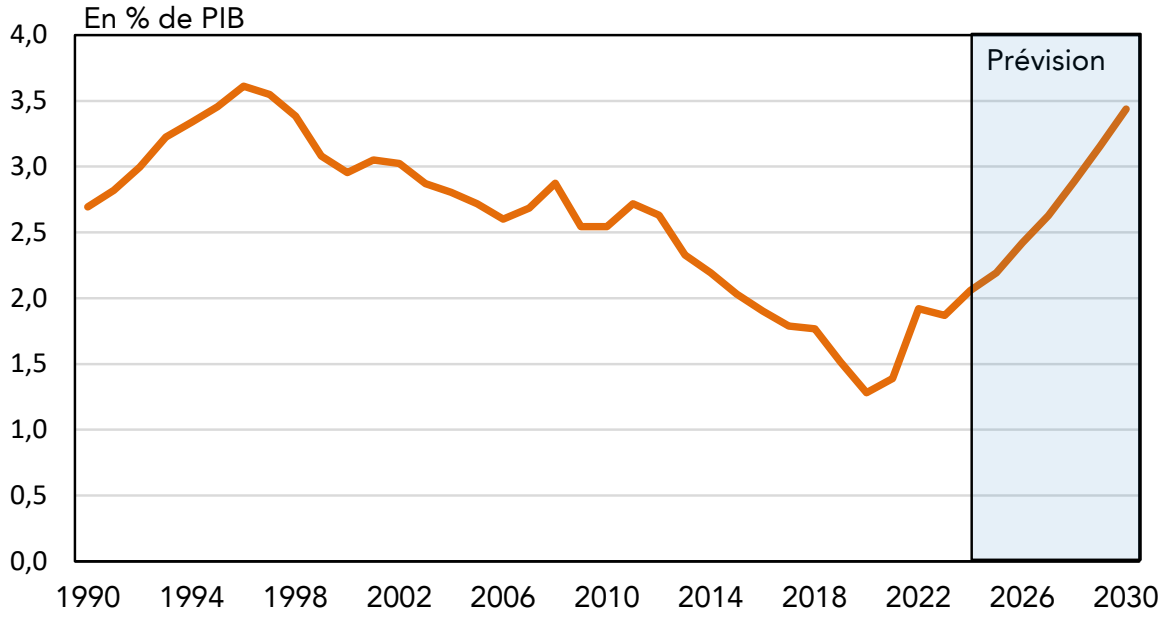
The public debt ratio will hardly be stabilized and the almost-certain increase in the interest burden does not help

France
Charge d'intérêt sur la dette publique



Sources : Insee, calculs Rexecode

France
Charge d'intérêt sur la dette publique



Sources : Insee, calculs Rexecode

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Thank you for your attention!

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Our latest forecast for France from March
Updated forecast now at 0.7% for 2026

Évolution en %	2024	2025	2026	2027	2028	2029	2030
PIB en volume	1,1	0,9	0,9	0,8	1,3	1,2	1,0
Consommation des ménages	1,0	0,5	0,6	0,7	1,4	1,2	1,0
Investissement des entreprises	-2,4	0,2	0,7	0,8	1,7	1,6	1,4
Population 15-64 ans (millions)	42,3	42,4	42,4	42,4	42,3	42,3	42,2
Taux d'emploi (% des 15-64 ans)	68,9	68,7	68,4	68,3	68,5	68,9	69,2
Emploi salarié (Branches Marchandes Non Agricoles)	0,2	-0,2	-0,2	-0,2	0,4	0,7	0,7
Taux de chômage (au sens du BIT)	7,4	7,7	8,2	8,4	8,1	7,8	7,6
Prix à la consommation	2,0	0,9	1,8	2,1	1,9	1,7	1,6
Salaires mensuel de base	3,0	2,1	1,7	2,2	2,4	2,2	2,1
Pouvoir d'achat du RDB des ménages	2,7	0,2	-0,3	0,3	0,8	0,8	0,6
Taux d'épargne brute des ménages (% du RDB)	18,2	18,3	17,5	17,2	16,7	16,4	16,1
Taux de marge des sociétés non financières (% de la VA)	32,2	31,5	31,4	32,0	32,3	32,3	32,1
Solde budgétaire (% du PIB)	-5,8	-5,1	-4,9	-4,7	-4,6	-4,4	-4,1
Dette publique (% du PIB)	112,6	115,5	117,6	118,9	119,9	120,9	122,1
Taux souverain à 10 ans	2,9	3,3	3,6	3,6	3,4	3,1	2,9

Source : Rexecode - Perspectives économiques (25 mars 2026)

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