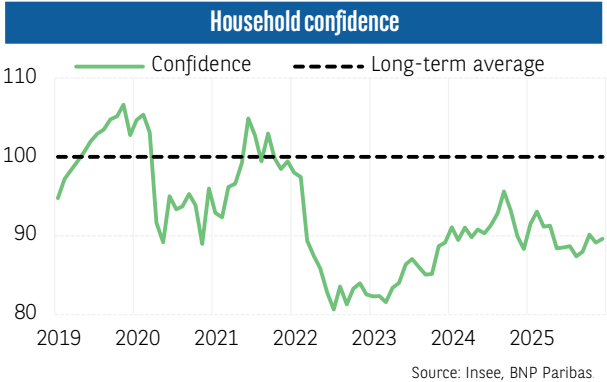
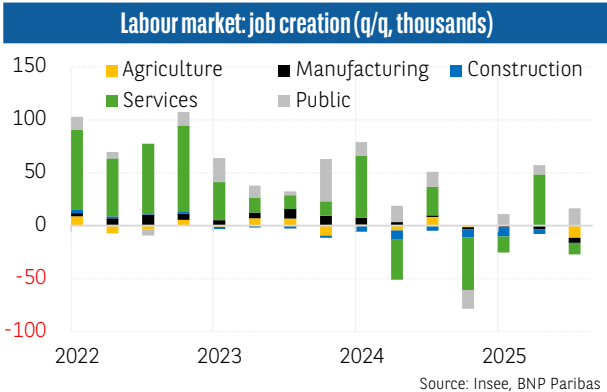


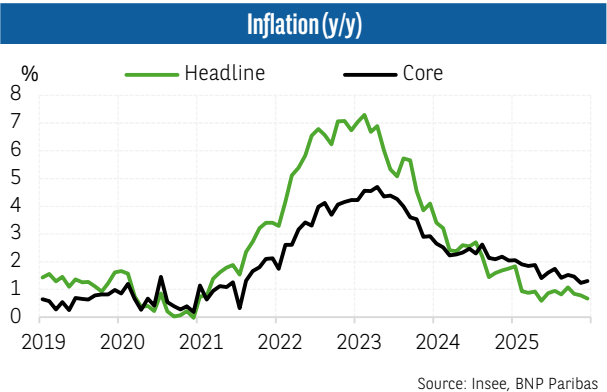
The business climate is back to the levels seen prior to the June 2024 dissolution of the National Assembly. It initially improved in industry (driven by the rebound in aeronautics production) and is now improving in services as well, particularly business services. These rebounds are due to the easing of political uncertainty at the end of 2025. They are also driven by lower supply constraints in the aeronautics industry and by the recovery in business investment (AI- and defence-related equipment and services).



Household confidence continues to improve, albeit moderately. The decline in the balance of opinions on unemployment fears (from +59 in May 2025 to +45 in December 2025) only partially offsets its increase between September 2024 and May 2025 (from +27 to +59). While this improvement is expected to continue, it is not yet fully reflected in households' willingness to buy. Major purchase intentions improved to their highest level in four months in December 2025 (-27) but stand at a level corresponding to their annual average.



The labour market remains resilient. Job creation has decreased since Q1 2024. However, despite a deterioration in apprenticeships and continued job losses in temporary work and construction, employment is proving more resilient than households had feared. The rise in the unemployment rate remains limited (7.7% in Q3 2025, +0.3 pp y/y) and the employment rate (although down slightly in Q3) is close to historic highs.



Disinflation continues. 2025 saw core inflation fall below 2%, while lower electricity prices led to a decline in energy prices. These trends are expected to continue in 2026, with favourable base effects in services (medical consultations and insurance), while the decline in electricity prices (-5% in February) should keep energy prices in negative territory.

GDP growth q/q: actual, carry-over and forecasts											
ACTUAL	OBSERVED			NOWCAST	FORECAST (q/q)		ANNUAL FORECASTS (y/y)				
Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q4 2025	Q1 2026	Q2 2026	2024 (observed)	2025	2026	2027
0.2	0.1	0.3	0.5	0.3	0.1	0.2	0.3	1.1	0.8	1.1	1.3

See the Nowcast methodology [Contact: Tarik Rharrab](#) Source: Refinitiv, BNP Paribas

Our nowcast suggests continued growth momentum in Q4 2025 (+0.3% q/q). Our forecast (+0.1% q/q) incorporates the risk of a backlash after strong growth acceleration in Q3 (+0.5% q/q). Business surveys (INSEE and Banque de France) and industrial production conversely suggest that momentum, driven mainly by aeronautics and defence, has strengthened further. In 2026, GDP growth is expected to accelerate compared to 2025, benefitting from a rebound in household consumption after near stagnation in 2025. Considering the growth outlook, corporate investment lending would continue to rise at a relatively steady pace over the coming months. Mortgage loans to households would remain roughly flat, while consumer-credit lending would retain a moderate degree of dynamism.

Stéphane Colliac and Thomas Humblot (completed on 21 January,2026)