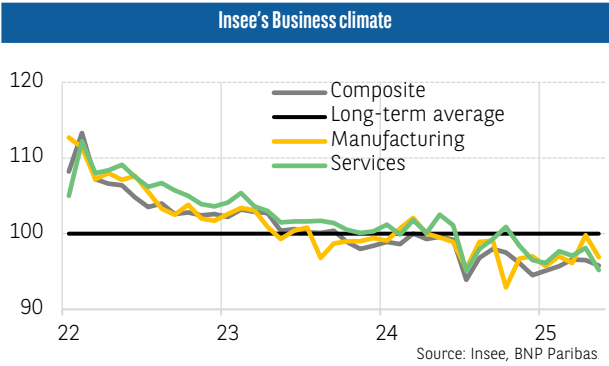
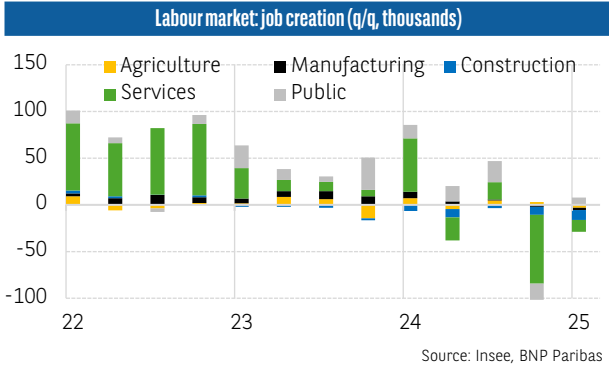


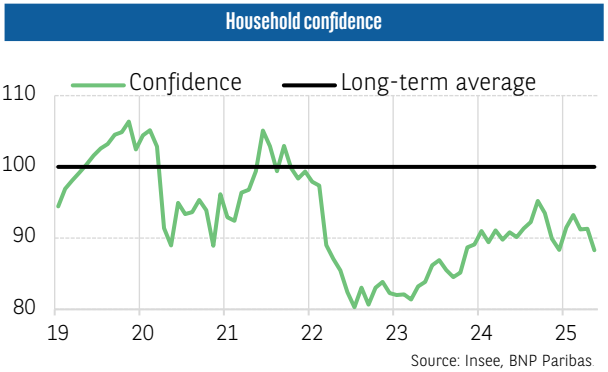
# France: Decline in private sector confidence



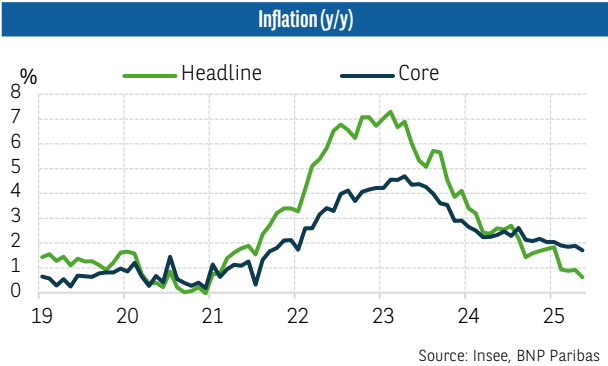
**Business climate slightly down.** The deterioration was slight in May (from 97 to 96). The more pronounced decline in industry and services was offset by a slight improvement in construction and retail trade. The composite index remained in a corridor between 95 and 98 over the last three quarters, consistent with a weak, but positive growth.



**Moderate deterioration in the labor market.** Payroll employment contracted by 0.1% q/q (-0.3% y/y) in the first quarter of 2025, with job losses particularly in services and construction. However, the unemployment rate remained moderate (7.4%) in Q1 2025, at the same level as in Q3 2023 and Q3 2024. The employment climate, which has been slightly below its historical average (100) since October 2024 (95 in May), points to a continued moderate pace of job losses in the coming months.



**Household confidence deteriorated significantly** to 88 in May, compared with 91 in April. The balance of opinion on past living standards is hovering around 20 points below its historical average (around -30 points for the outlook, -5 points over one month and -11 points over three months). The balance of opinion on the outlook for unemployment rose further (+61 in May versus +33 on historical average, +9 points over one month).



**Disinflation increasingly pronounced.** Harmonized inflation fell to 0.6% y/y in May 2025, dragged down by lower energy prices. Core inflation remains above its pre-COVID level but is below 2%, due to services, where more gradual disinflation accelerated in May.

GDP growth q/q: actual, carry-over and forecasts											
Actual				Carry-over	Actual	Nowcast	Forecast		Annual forecasts (y/y)		
Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q4 2024	Q1 2025	Q2 2025	Q2 2025	Q3 2025	2024 (observed)	2025	2026
0,1	0,2	0,4	-0,1	0,2	0,1	0,2	0,2	0,2	1,1	0,6	1,1

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

**A slight improvement in growth in Q2 2025?** Growth reached 0.1% q/q in Q1 2025, weighed down by weaker household consumption and exports. Our nowcast suggests a slight acceleration to 0.2% q/q in Q2. This would be supported by a rebound in exports (aeronautics) and public consumption, which was penalized in Q1 by the late adoption of the budget.

Stéphane Colliac (completed on June 3, 2025)