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EcoBrief

France: Mixed growth performance

The French economy recorded GDP growth of 0.2% q/q in Q1, split between factors of resilience and weakness. Exports and corporate investment led the way, while household investment fell again and household consumption stagnated. This performance emphasises the dynamism of transport equipment, which supported exports and avoided a further drop in household consumption.

French GDP growth stood at 0.2% q/q in Q1, while the figure for Q4 was revised from 0.1% to 0% q/q. Exports were the main factor in this growth (+1.1% q/q in Q1), supported by the marked increase in transport equipment (+9.5% q/q). The contribution of foreign trade to growth even reached +0.6 percentage points, due to a drop in imports (in particular thanks to the drop in imports of petroleum products which had been exceptionally high in Q4 due to the strikes at the refineries).

Corporate investment remains the other strong link. Its growth was, of course, moderate (+0.1% q/q), but from a high level as evidenced by an annual shift of 4.6% and a level of 8.7% higher than before Covid (2019 Q4).

Conversely, household investment is the weak link in French growth. With a further downturn of 1.4% q/q in Q1, it saw a 4th consecutive quarter of decline, which reached 4.1% y/y. The rise in interest rates accentuated this downturn, which had already partially begun in previous months.

At the same time, household consumption did not eventually fall further (after a 1% q/q drop in Q4). The inflationary shock continued to bite, through a further drop in the consumption of agri-food products, offset however by a rebound in energy, water and waste consumption, as well as transport equipment.

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