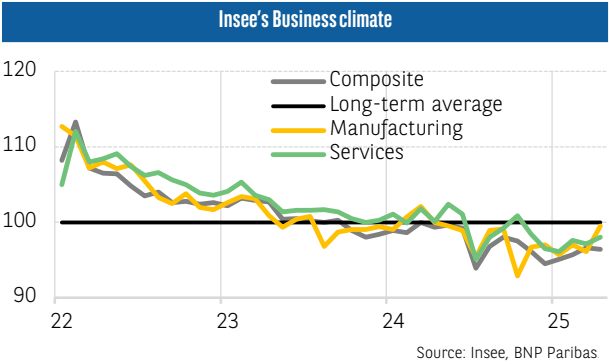
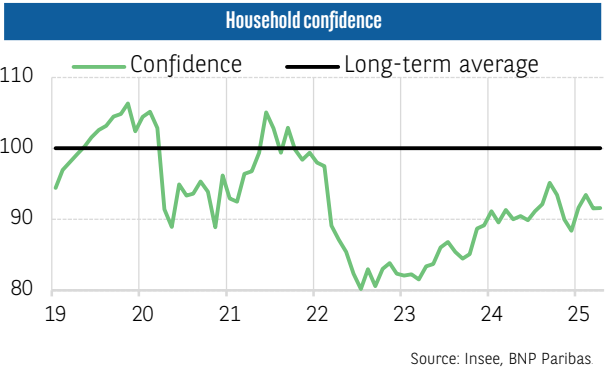


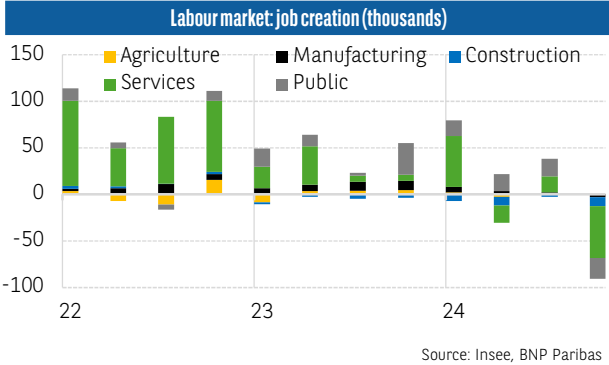
# France: A Slight Improvement



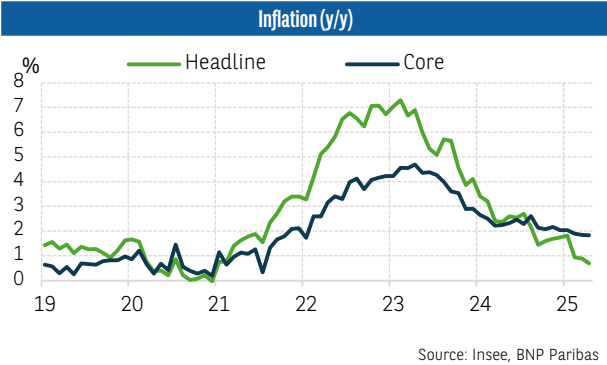
**Mixed business climate.** A slight deterioration was noticeable in April (from 97 to 96), due to a decline in retail sales and a deterioration in construction activity to a new low. The manufacturing index benefited from a rebound in production, particularly in the aeronautics industry. Despite a slight improvement, the services index remains below its long-term average.



**Gloomy outlook for households.** Household confidence was stable at 92 in April. Its rebound has stalled since the second half of 2024. While households are more aware of disinflation, fears about unemployment and future living standards remain relatively high and are preventing a more pronounced rebound.



**Moderate deterioration in the labor market.** After job losses and a sharp increase in the number of people registered with France Travail (+4% q/q) in Q4, the employment climate reached a low of 93 in February. The data has since improved: the employment climate rebounded to 97 in April and the number of people registered with France Travail rose moderately in Q1 (+0.8% q/q on a comparable basis, excluding RSA receivers).



**Disinflation increasingly pronounced.** Harmonized inflation fell to 0.8% y/y in April 2025, dragged down by lower electricity and fuel prices. Core inflation remains above its pre-COVID level (but below 2%), due to services, where disinflation is more gradual but ongoing.

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	0.3	0.4	-0.1	0.3	0.1	0.1	0.2	0.2	1.1	0.6	1.1

See the Nowcast methodology [Contact-Tarik Rharrab](#).

\* Q1 2025 preliminary estimation

Source: Refinitiv, BNP Paribas

**Growth may not increase in the second quarter.** Growth reached 0.1% q/q in Q1 2025, after -0.1% in Q4 2024 (+0.1% excluding the OG effect), a more moderate pace than previously (0.2% q/q on average, excluding the OG effect between Q1 and Q3 2024). Public consumption, which was affected in Q1 by the late implementation of the budget, should provide more support for growth in Q2. Our forecast reflects this (+0.2% q/q), but our nowcast for Q2 (+0.1% q/q) highlights the existence of a downside risk.

Stéphane Colliac (completed on May 2, 2025)