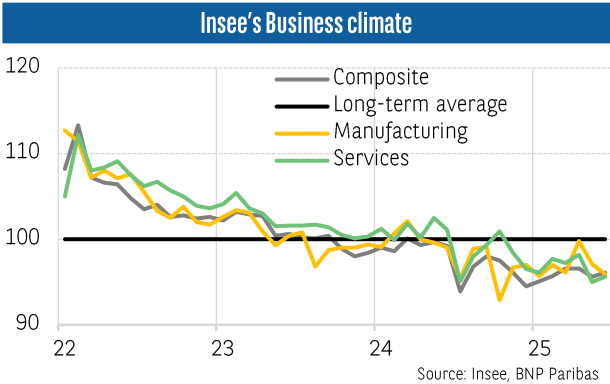
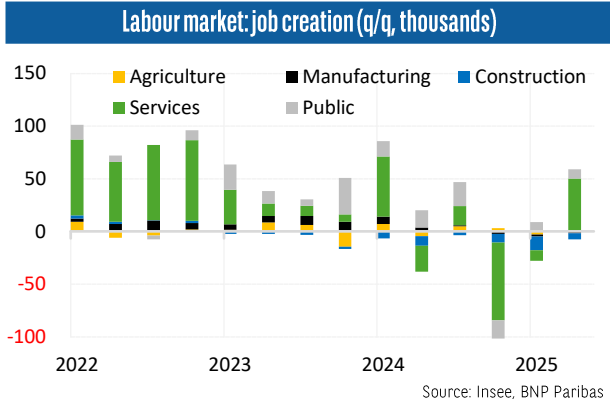


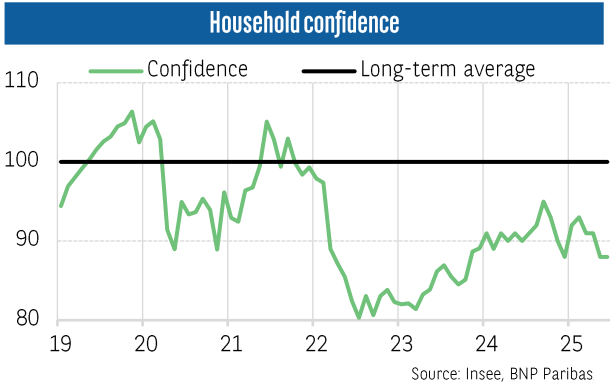
France: towards a new quarter with 0.3% growth?



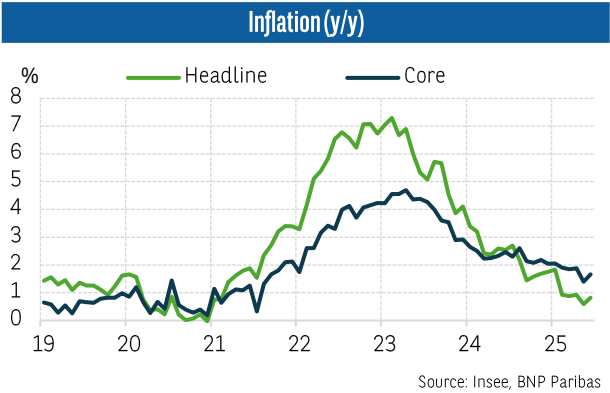
The improvement in certain sectors is not spreading to others. The composite business climate has been stable for five months, at 96. Several sectors benefited from an improvement in Q2, including aeronautics, information and communication, and construction (to a lesser extent). These sectors continue to outperform in Q3, but without this spreading to other sectors; they should therefore continue to support growth in Q3. However, growth is vulnerable to a slowdown in these sectors in the absence of other drivers.



Labor market resilience. Net payroll employment rose 0.2% q/q in Q2, supported by growth in hiring (which had declined in the previous two quarters). The unemployment rate remained stable at 7.5% in Q2. However, the deterioration in the employment climate to 93 in September could signal a new period of cooling (against a backdrop of political uncertainty). Nevertheless, the unemployment rate is expected to remain well below 8% according to our forecasts.



Household confidence at a two-year low, at 87 in September, as in August. The balances of opinion on past living standards (25 points below its historical average), future living standards (35 points below) and the outlook for unemployment (22 points above) are stable at a low level. The opportunity to make major purchases fell to -31 in September (-4 points m/m).



Moderate inflation, with some divergence. Harmonized inflation has been close to 1% y/y since February 2025 (1.1% in September) and is expected to remain so until the end of the year. Core inflation is well below 2% (1.5% y/y in September), but inflation in services remains above 2%. Energy and goods inflation are negative (moderately so for the latter). Food inflation has rebounded (1.7% y/y in September, compared with 0% in December 2024).

GDP growth q/q: actual, carry-over and forecasts											
Actual			Carry-over	Actual		Nowcast	Forecast		Annual forecasts (y/y)		
Q2 2024	Q3 2024	Q4 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q3 2025	Q4 2025	2024 (observed)	2025	2026
0.2	0.4	-0.1	0.3	0.1	0.3	0.3	0.2	0.3	1.1	0.7	1.1

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

Will Q3 growth confirm the upturn seen in Q2? The rebound in growth in Q2 was driven by aeronautics and agricultural production, as well as household investment. These sectors continue to benefit from favourable conditions in Q3, as suggested by our nowcast, which points to growth of 0.3% q/q in Q3 (as in Q2). **Credit developments:** Growth in outstanding corporation investment loans increased slightly in July, while outstanding treasury loans continued to decline, mainly due to corporations repaying state-guaranteed loans (PGE). Outstanding loans to households for house purchase continued to recover, while loans for consumption remained vigorous.

Stéphane Colliac and Thomas Humblot (completed on October 3, 2025)

