

# France: Sous le soleil exactement\*

\* France: Exactly under the sun

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France

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# France: Growth is back

Growth is set to post its best figure in 2017 (+1.7%) since 2011. Nominal growth as well (+2.6%)

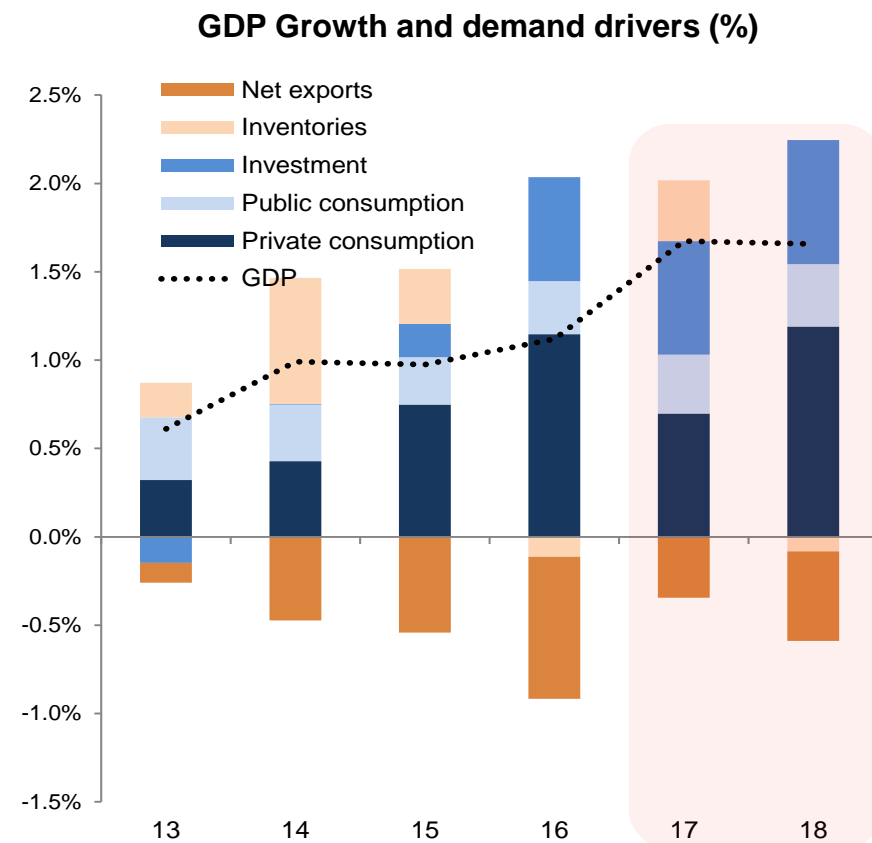
Key indicators	2015	2016	2017	2018
<b>GDP</b>	1.0	1.1	1.7	1.7
Consumer spending	1.4	2.1	1.3	2.1
Public spending	1.1	1.2	1.4	1.5
Investment	0.9	2.7	2.9	3.2
Stocks	*	0.3	-0.1	0.3
Exports	4.0	1.9	3.6	4.4
Imports	5.5	4.2	4.3	5.5
<b>Net exports</b>	*	-0.5	-0.3	-0.5
<b>Current account</b>	**	-9.6	-19.6	-33.5
Current account (% of GDP)		-0.4	-0.9	-1.5
<b>Unemployment rate</b>	10.4	10.1	9.5	8.9
<b>Inflation</b>	0.0	0.2	0.9	1.3
<b>General government balance</b>	**	-78.7	-75.8	-74.6
General government balance (% of GDP)		-3.6	-3.4	-3.3
<b>Public debt (% of GDP)</b>	95.6	96.3	96.5	96.4
Nominal GDP	**	2194	2227	2285

Change other the period, unless otherwise indicated \* contribution to GDP growth

\*\*euro billions

Sources: IHS, Euler Hermes

Investment is back: corporate investment in machinery as well as household investment in (residential) construction



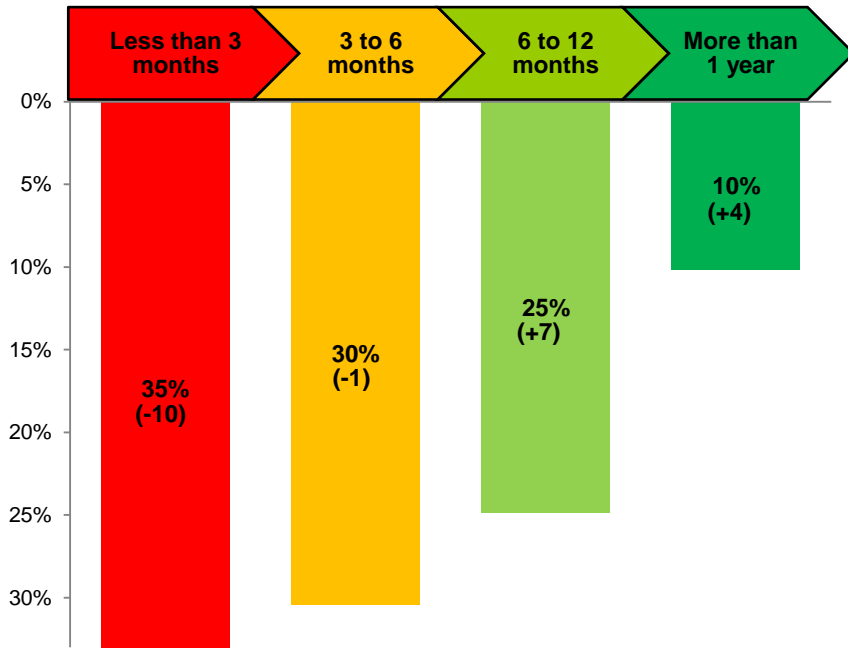
Sources: IHS, Euler Hermes

# Corporate sentiment: Visibility to drive investment growth

EH Investment Barometer, backlog of orders: 1/3 of corporates have more than 6 months of visibility (+11 pp compared to 2015)

Considering your backlog of orders, what is your visibility?

(.) evolution in pp since the 2015's barometer

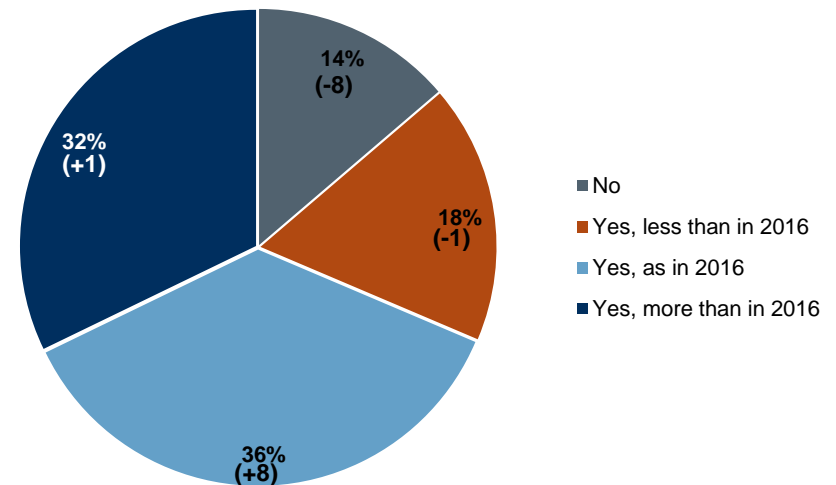


**Average visibility of corporates** improved and reached **6.4 months** (it was 5-months in the 2015's Barometer)

EH Investment Barometer: 68% of corporates want to invest equally or more in 2017 (it was 58.6% two-years ago).

Do you expect to make more investment in 2017?

(.) evolution in pp since the 2015's barometer

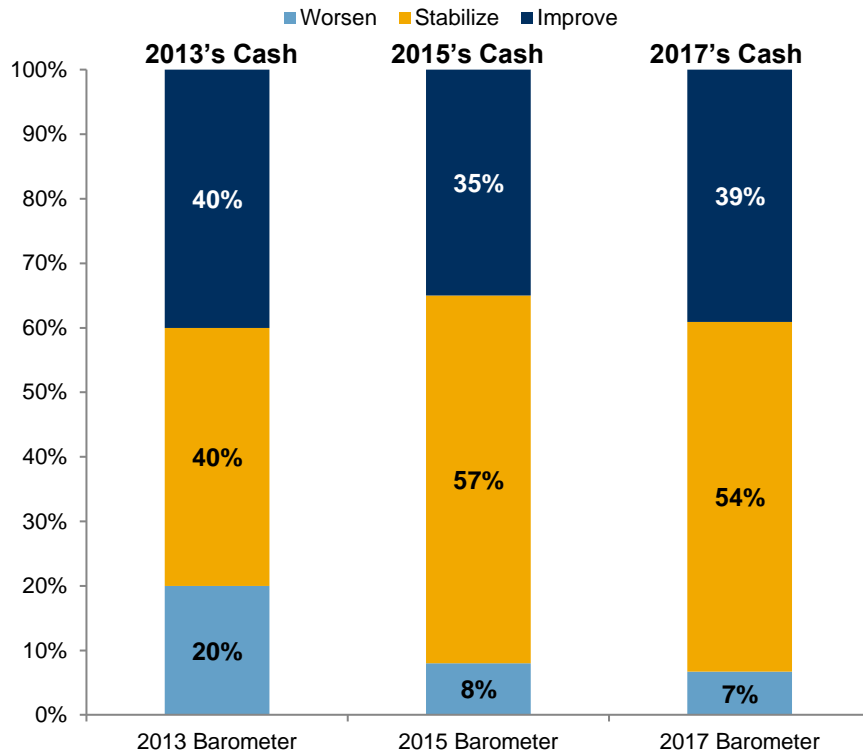


Sectors? **43%** of corporates in the **Consumer goods** sector plan more investment in 2017. It's only **19%** in the **transport** sector.

# Corporate sentiment: Notorious, more money less problems

**EH Investment Barometer: Cash positions are set to improve in 2017 at the better pace in history (39-7=32pp).**

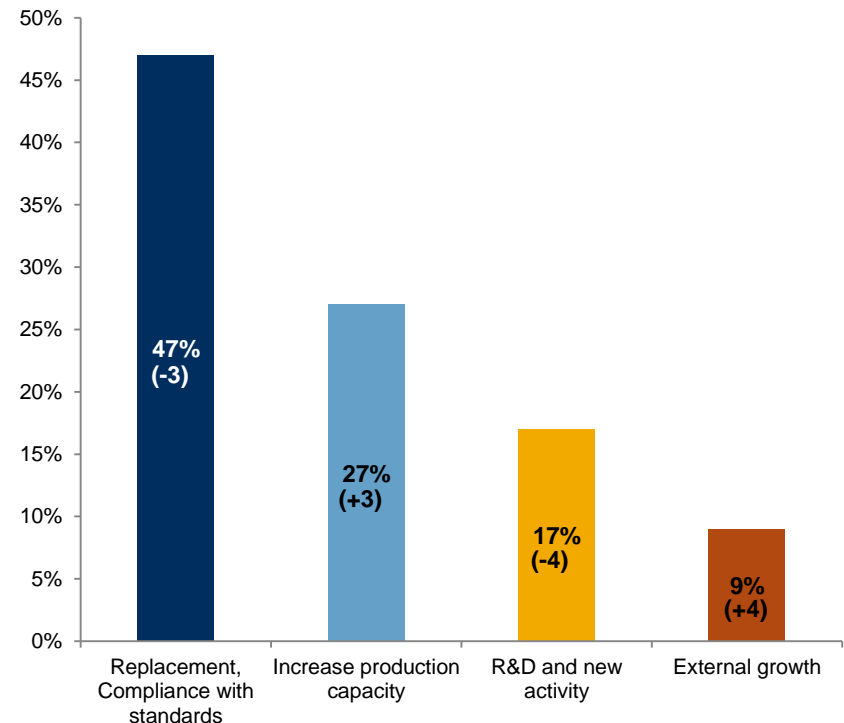
**Acknowledging for your activity during the 1st quarter, what are your cash expectations for 2017 as a whole?**



**EH Investment Barometer: 53% of corporates set to turn offensive. Services (65%) and consumer goods (63%) are the leading sectors**

**What will be the purpose of your investments in 2017?**

(.) evolution in pp since the 2015's barometer

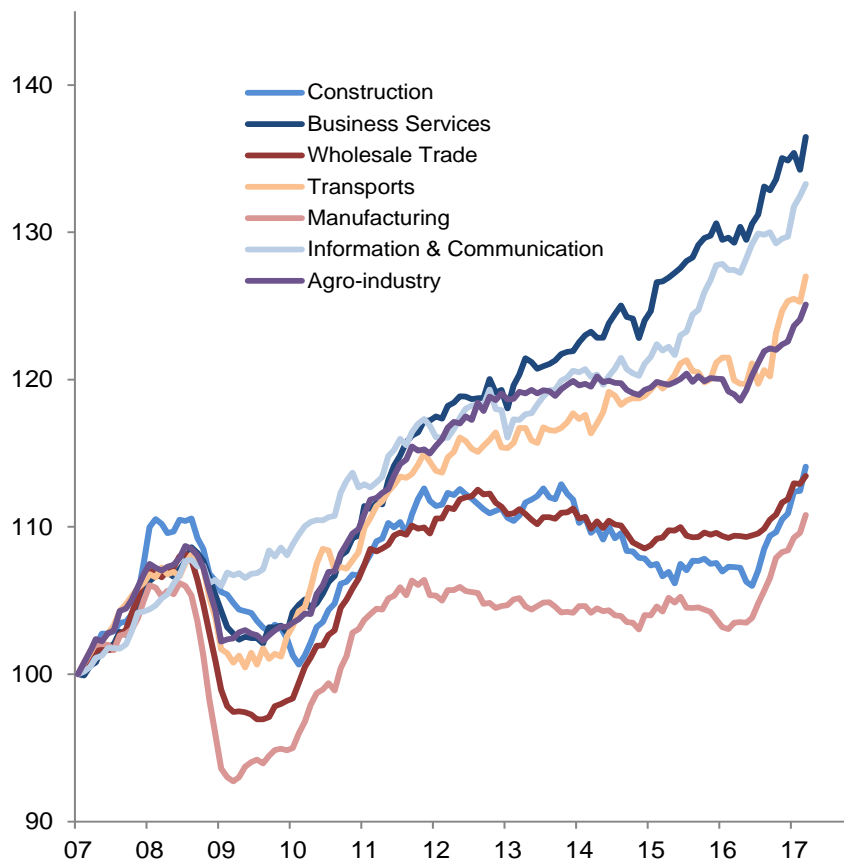


# Corporate landscape : More cash rich, more confident and eager to spend more (really!)

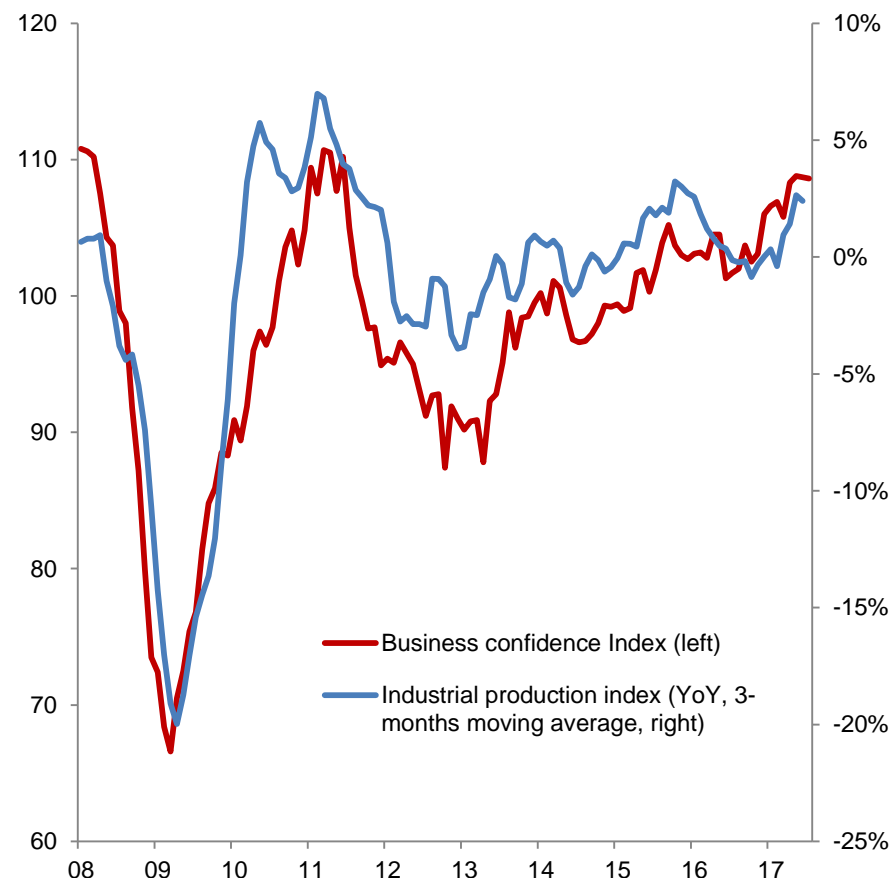
Turnovers are back to growth in every sectors (in May, +7.1% y/y in Manufacturing, +6.3% in Construction)

Good business climate and industrial production pushed the capacity utilization ratio higher, giving the right incentive to invest.

**Turnovers, by sector**



**Business climate vs. industrial production**

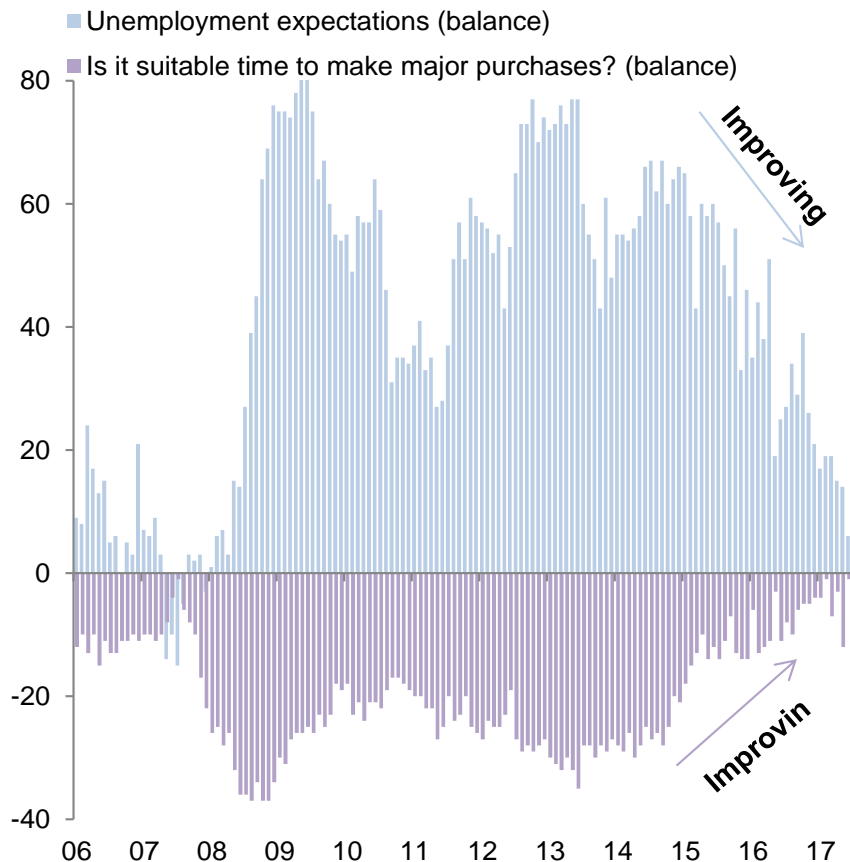


# Consumer confidence does not mean private consumption

Household confidence is good: priority to investment and durable goods (long-term spending prioritized)...

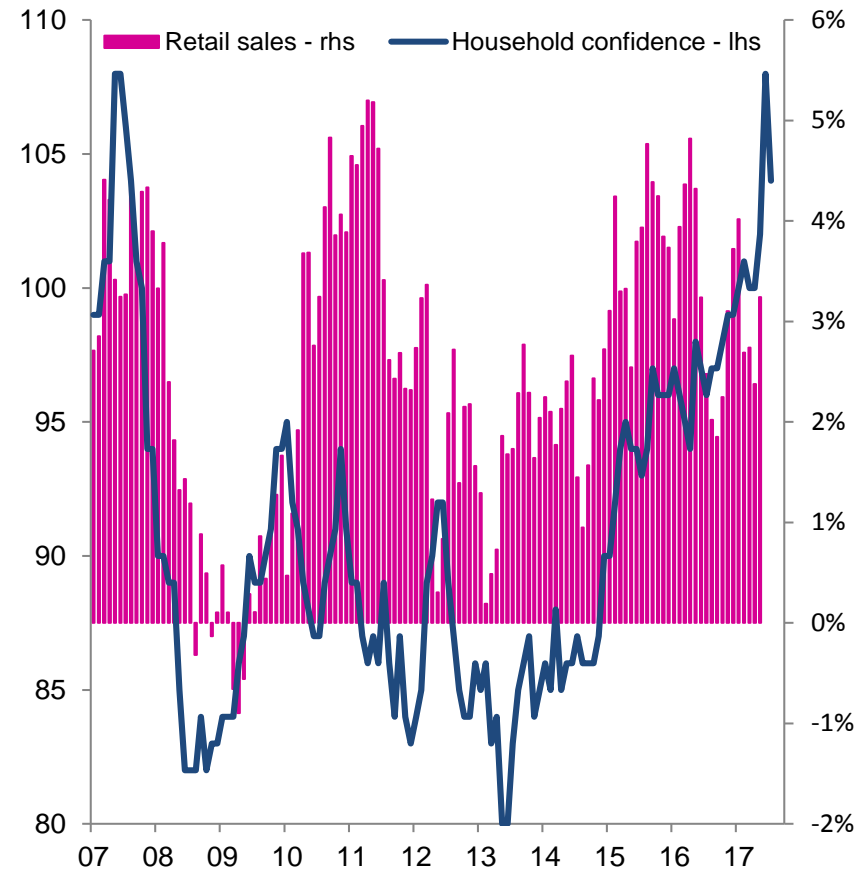
...as a result, overall consumption growth weakened despite good consumer confidence.

**Consumer confidence, details**



Sources: IHS, Euler Hermes

**Consumer confidence vs Retail sales growth (Y/Y)**



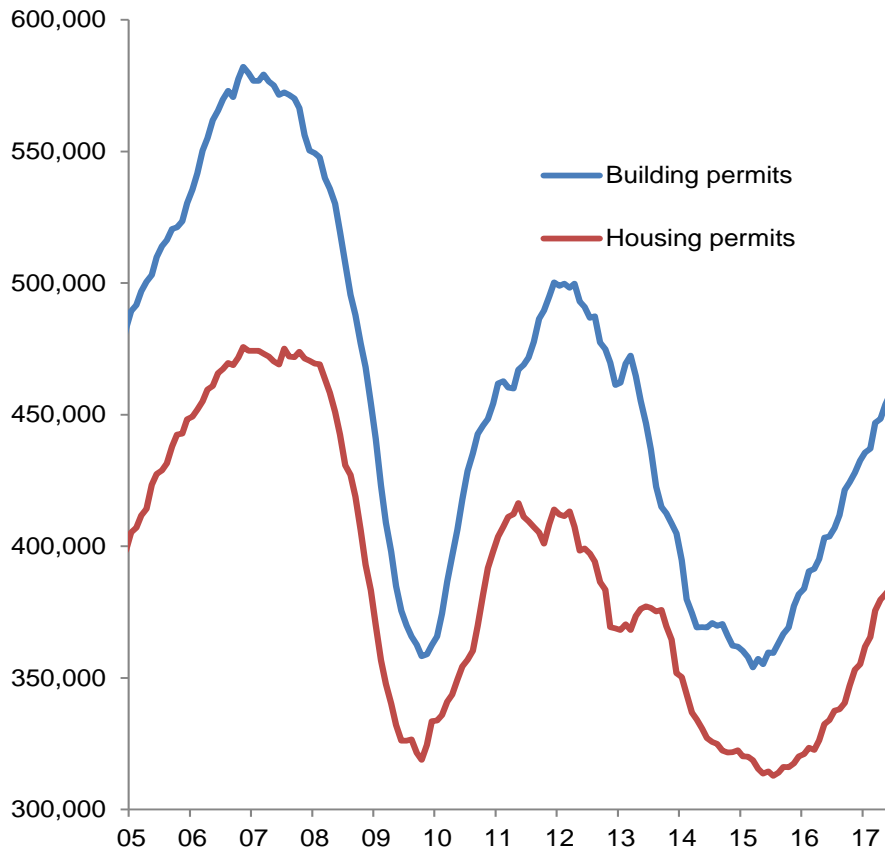
Sources: IHS, Euler Hermes

# Households: Long-term spending is a priority

Household residential investment is supporting building permits, brightening output expectations of the sector...

### Building permits and housing starts

*12 months rolling sum*

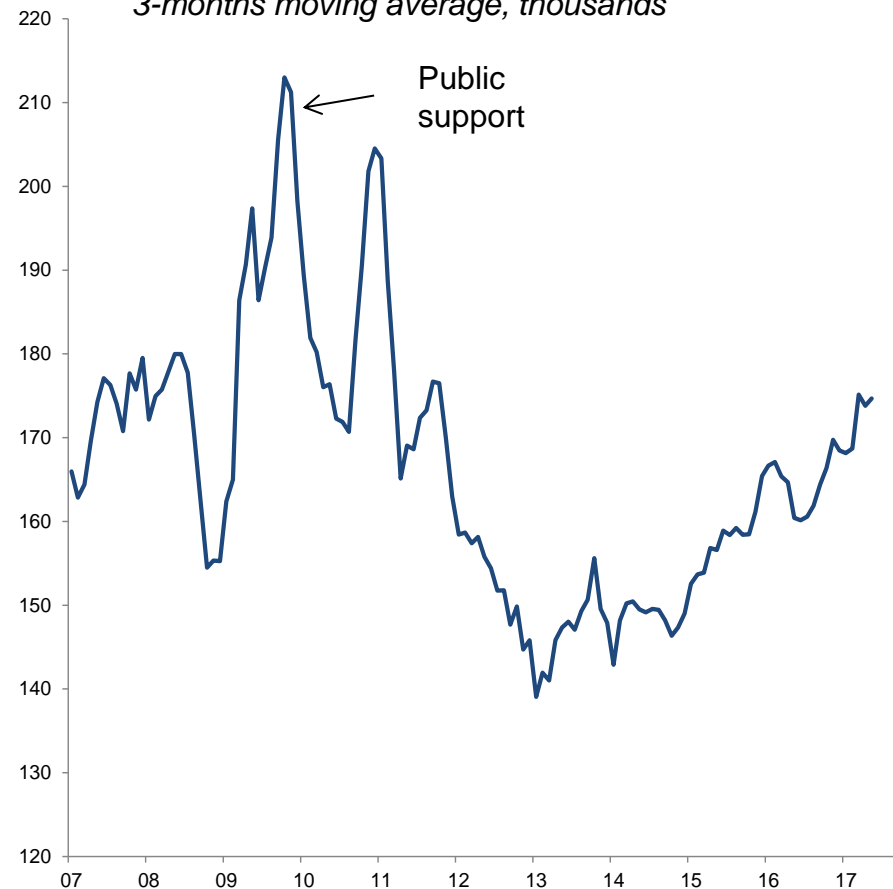


Sources: IHS, Euler Hermes

...the automotive sector is benefitting from a stable demand: New car registrations are expected to be up by +3% in 2017.

### New car registrations

*3-months moving average, thousands*



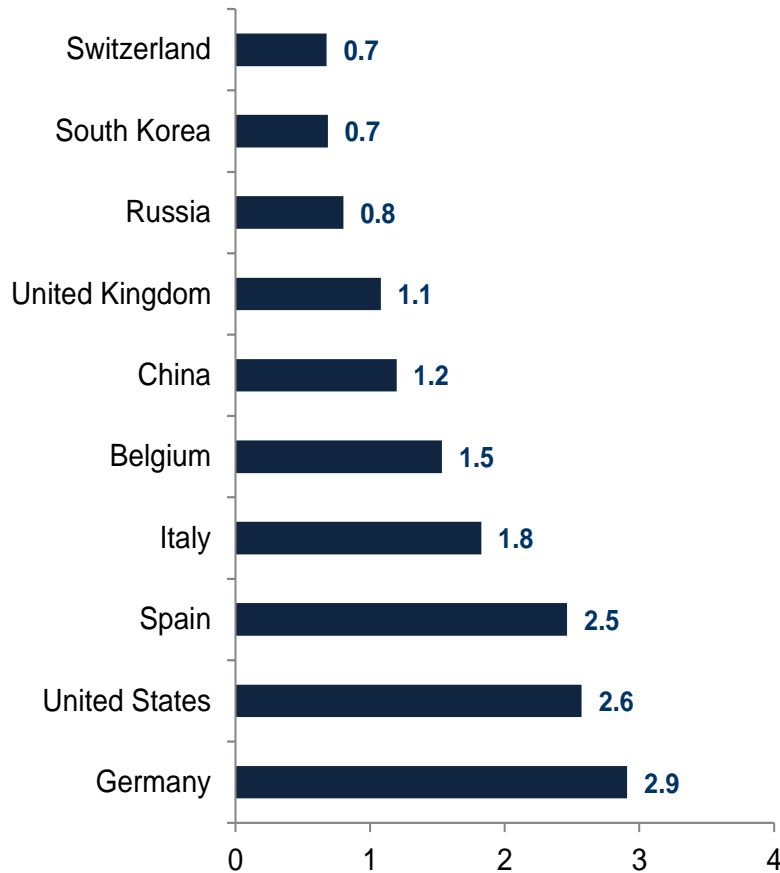
Sources: IHS, Euler Hermes

# Exports gains in 2017: EUR 25bn to make, mainly in key economies

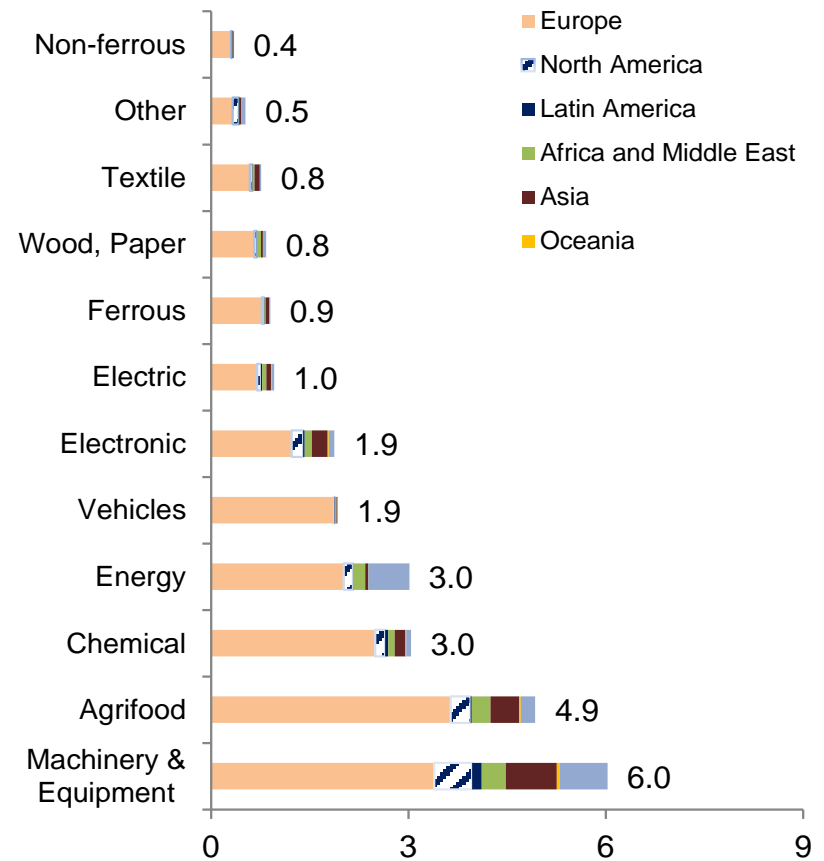
In 2017, *big is beautiful*: the US, China and Russia are back in the top ten.

Machinery & Equipment +6bn will stay the main sector. Agrifood strikes back (+4,9bn).

**Export gains in 2017 per country, EUR bn**



**Exports gains in 2017 per sector, EUR bn**



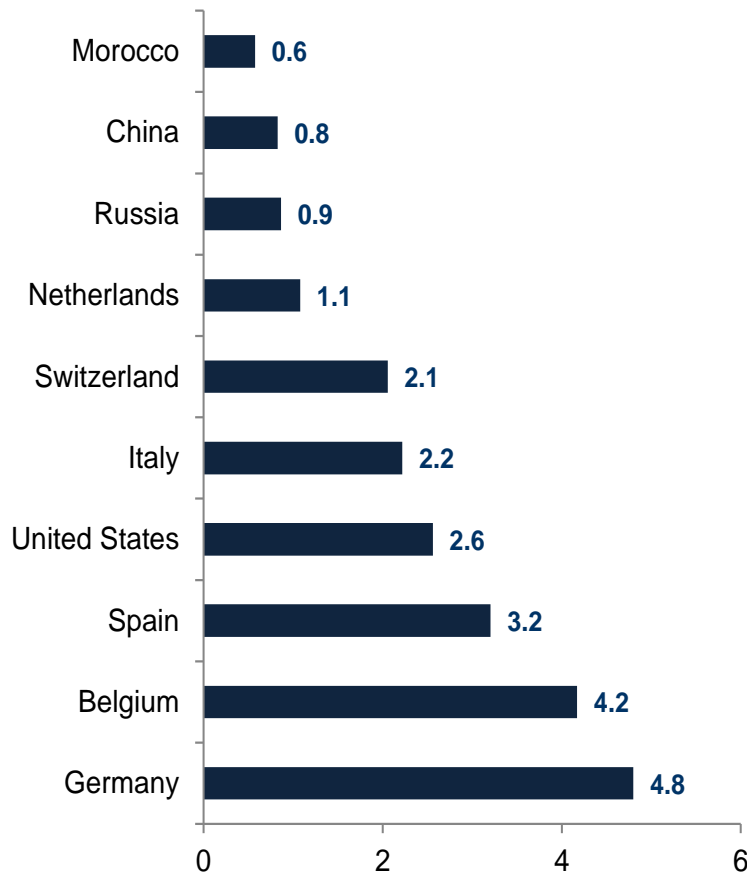


# Export gains in 2018: EUR 29bn to make, mainly in Europe

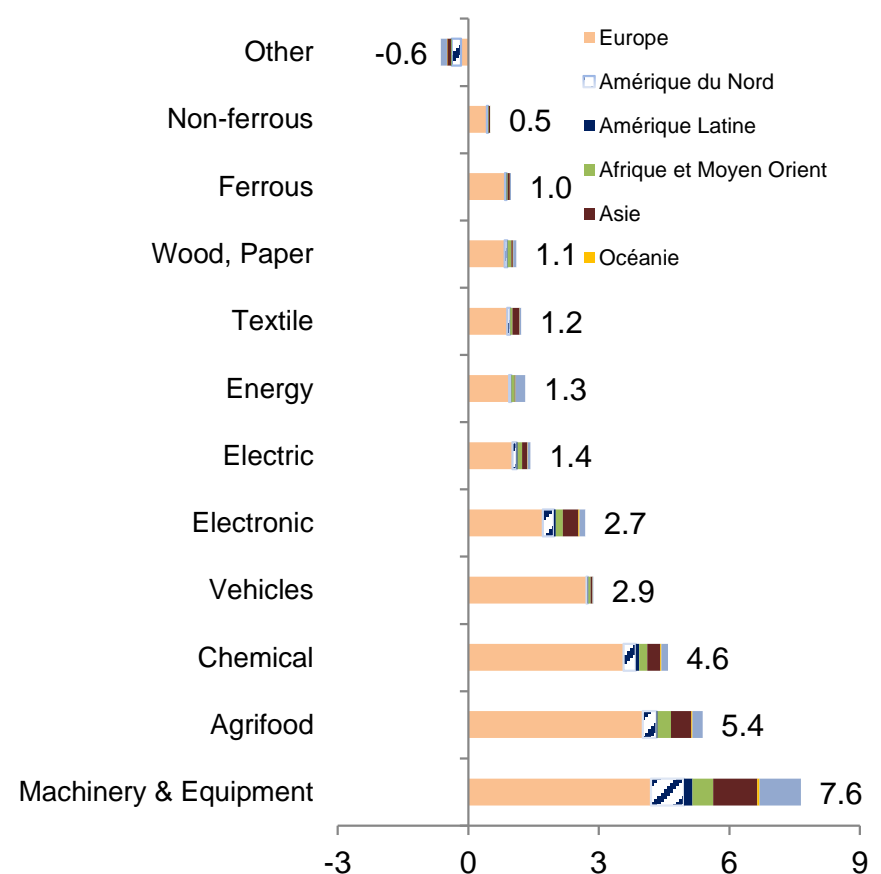
Growth is back in Europe: it will be the main destination for new French exports in 2018.

The top 3 sector will stay the same.

**Export gains in 2018 per country, EUR bn**



**Exports gains in 2018 per sector, EUR bn**



# Thank you for your attention !

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