

## France: A third lockdown and a worsened outlook

Just one year after the first lockdown, part of France is going into lockdown for the third time. This worsens the economic outlook for the second quarter of 2021 and further delays the start of the recovery



### A third lockdown for one-third of the population

The French Prime Minister announced this evening a third lockdown for the regions of France most affected by the coronavirus: the Ile-de-France region, which includes Paris, the Hauts-de-France region (north of the country), the departments of Alpes-Maritime (Mediterranean coast), Seine-et-Marne and Eure (close to Paris). The third lockdown implies, for a period of 4 weeks, a closure of shops considered as non-essential, a ban on travel between regions, a drastic limitation on the movement of people authorised only with a certificate, and teleworking at least 4 days out of 5. As in the November lockdown, schools will remain open.

This third lockdown will affect 33% of the French metropolitan population. In addition, the regions that will be placed under lockdown again this Friday evening represent almost 40% of French GDP. As a result, the new lockdown will have a significant impact on economic activity and further deteriorate France's economic outlook for the first part of 2021.

## Worsened outlook

After a fourth quarter marked by a second lockdown in November and a decline in GDP of 1.4% quarter-on-quarter, the first quarter of 2021 is likely to be synonymous once again with very weak economic activity. Since the beginning of the year, the restrictions on activity were already very strong: 6:00pm curfew, closure of bars, restaurants, cultural and leisure venues, ski lifts and large shopping centres, as well as weekend lockdowns in two areas of the country since the end of February. The new restrictions that will come into force on 20 March will further weigh on economic activity in the first quarter. As a result, we expect quarterly GDP growth to be close to 0% in the first quarter. This implies that GDP will still be 5% below its pre-crisis level at the end of 1Q.

---

*We expect quarterly GDP growth to be close to 0% in 1Q21, which implies 5% below its pre-crisis level*

---

Obviously, the new lockdown will also weigh on the economy in 2Q as it is expected to last until at least mid-April. Moreover, the current slow pace of the vaccination campaign leaves little hope for a full lifting of the restrictions after the end of the 4-week lockdown. As of 17 March, only 8.63% of the population had received at least one dose of the coronavirus vaccine. The resumption of vaccination with AstraZeneca from 19 March, after the suspension decided at the beginning of the week, could allow the campaign to accelerate slightly. But the temporary suspension is likely to have had a severe impact on the already low confidence in the AstraZeneca vaccine and in the overall vaccination campaign, severely limiting the potential for the campaign to accelerate. The government's promise that 10 million French people (15.1% of the population) will have received a first dose of vaccine by mid-April looks increasingly difficult to achieve. In this context, no timetable for easing measures can be envisaged yet. It will probably take until the end of 2Q for the lifting of restrictive measures to allow a real recovery in household consumption. Therefore, due to the third lockdown, GDP growth in 2Q is likely to be lower than previously expected, although it will probably be positive. We now expect 5.2% growth for the whole of the year.

### Author

#### Charlotte de Montpellier

Senior Economist, France and Switzerland

[charlotte.de.montpellier@ing.com](mailto:charlotte.de.montpellier@ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.