

French industrial output continues its rebound

French industrial production rebounded sharply in December. The worst appears to be over for the sector, and its recovery is set to continue into 2024



A brighter start to 2024

French industrial production rebounded sharply in December, rising by 1.1% over the month, following on from November's increase (+0.5% over the month). The data are also good in the manufacturing industry sub-sector, where production is up by 1.2% over the month (after +0.2% in November). The manufacture of transport equipment, industrial products and agri-foodstuffs all rose sharply in December. On the other hand, production fell in the equipment goods manufacturing branch. All in all, between the end of 2022 and the end of 2023, French manufacturing output rose by 0.3%.

From these figures, we can conclude that the French industrial sector continues to recover. After a very complicated 2023 overall, the end of the year was a little better and suggests that 2024 is beginning under better conditions. The worst is probably over.

In fact, all the indicators already published for January suggest that the recovery in industry should continue in the first quarter. In the surveys, industrial companies are slightly more confident about the future and more optimistic about their production in the coming months. In

addition, order books have started to rebound, albeit still at very low levels. Demand no longer seems to be weakening. There are therefore signs of a sustained rebound in the industrial sector, and we can expect production to grow slightly faster in 2024 than in 2023. However, this rebound is likely to be gradual and not continuous over the course of the year, as external shocks such as blockades, strikes or geopolitical events could temporarily limit industrial output.

GDP growth to remain weak

While the rebound is already visible in the industrial sector, this is not necessarily the case in other sectors. As a result, the better industrial performance will not be enough to produce dynamic GDP growth in the first quarter of 2024, and growth is likely to remain close to 0%. For the year as a whole, even if we expect a gradual recovery in other sectors from spring onwards, the very low starting point means that we are only forecasting 0.5% GDP growth in 2024 (compared with 0.8% in 2023). This is a much lower figure than the government's – likely unattainable – forecasts.

Author

Charlotte de Montpellier

Senior Economist, France and Switzerland

charlotte.de.montpellier@ing.com

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