



AUTUMN 2007 ECONOMIC OUTLOOK FOR FRANCE: ANSWERS FROM MEDEF

MAIN FORECAST

| | 2007 | 2008 | 2009 |
|--------------------------|------|------|------|
| Real GDP growth | 1.8 | 2.0 | na |
| Consumer price inflation | 1.6 | 2.0 | na |
| Unemployment rate | 8.1 | 7.8 | na |
| Employment growth | 0.9 | 0.4 | na |

Components of aggregate demand

| Annual % change | 2007 | 2008 | 2009 |
|--|------|------|------|
| Private consumption | 2.0 | 2.5 | na |
| Public consumption | 1.6 | 1.4 | na |
| Investment (Gross fixed capital formation) | 3.0 | 2.1 | na |
| Exports | 3.3 | 3.9 | na |
| Imports | 4.2 | 4.1 | na |

ECONOMIC SENTIMENT

| | | | | | |
|---|--|---|--|--------------------------------------|-------------------------------|
| Question 1 Trend in business climate over the next 6 months | Positive Services | Negative | Unchanged Industry | | |
| Question 2 Trend in profitability over the next 6 months | Positive | Negative | Unchanged Industry Services | | |
| Question 3 Investment intentions over the next 6 months (compared to the last 12 months) | Increase (faster pace) | Increase (slower pace) Industry | Unchanged Services | decrease (slower pace) | decrease (faster pace) |
| Question 4 Driving force behind investment decisions in the next six months | Replacement Up | Extension Same | Rationalisation Up | Innovation Up | |
| Question 5 Trend in consumer confidence over the next 6 months | Positive | Negative | Unchanged yes | | |
| Question 6 Overall trend in employment | Industry: past 6 months Down | Industry: next 6 months Down | Services: past 6 months Up | Services: next 6 months Up | |
| Question 7 Compared to 6 months ago, SME's cost/access to capital for business development will be... | Higher / more difficult Cost Access | Same | Lower / less difficult | | |
| Question 8 Effect of financial market turmoil on assessment of financing conditions for next 6 months ... | to a large extent | to some extent yes | not at all | | |

MAIN RISKS

| | | | | |
|--|--------------------------------|--|--|--------------------------------|
| Question 9 Above which EUR/USD level will the national economy be significantly hurt ? | Dollar per euro 1.20 | | Question 10 Where will the EUR/USD stand in April 2008 ? | Dollar per euro 1.30 |
|--|--------------------------------|--|--|--------------------------------|

POLICY MIX

| | | | | | |
|--|--|---|---|---|---|
| Question 11 Progress towards medium-term budgetary objective? | Excellent | Satisfactory | Neither satisfactory nor unsatisfactory | Unsatisfactory yes | deteriorating |
| Question 12 Monetary policy is... | Tight, appropriate for the euro area | Tight yes | Appropriate | Loose | Loose, appropriate for the euro area |
| Question 13 Focus on elements of the ECB analysis underlying its current policy stance is... | Robust growth and above-target inflation excessive | Downside risks to growth insufficient | Risks to price stability from high oil prices excessive | Risks from money supply and credit growth excessive | Risks of euro appreciation insufficient |
| Question 14 Consistency between the fiscal and the monetary policies | Adequate | Inadequate yes | | | |