

## SPRING 2008 ECONOMIC OUTLOOK FOR FRANCE: ANSWERS FROM MEDEF

### MAIN FORECAST

	2007	2008	2009
Real GDP growth	1.9	1.7	1.4
Consumer price inflation	1.5	2.3	1.9
Unemployment rate	8.0	7.3	7.1
Employment growth	1.1	0.6	0.3

### Components of aggregate demand

Annual % change	2007	2008	2009
Private consumption	2.1	1.9	1.8
Public consumption	1.4	1.3	1.4
Investment (Gross fixed capital formation)	4.0	2.5	1.8
Exports	2.7	2.6	3.4
Imports	3.6	2.3	4.0

### ECONOMIC SENTIMENT

	Positive	Negative	Unchanged		
<b>Trend in business climate over the next 6 months</b>		Industry	Services		
<b>Trend in profitability over the next 6 months</b>	Positive	Negative	Unchanged		
		Industry	Services		
<b>Investment intentions over the next 6 months</b>	Increase (faster pace)	Increase (slower pace)	Unchanged	Decrease (slower pace)	Decrease (faster pace)
	Services		Industry		
<b>Driving force behind investment decisions in the next 6 months</b>	Replacement	Extension	Rationalisation	Innovation	
	Up	Same	Up	Up	
<b>Trend in consumer confidence over the next 6 months</b>	Positive	Negative	Unchanged		
	yes				
<b>Overall trend in employment</b>	Industry: past 6 months	Industry: next 6 months	Services: past 6 months	Services: next 6 months	
	Down	Down	Up	Up	
<b>Over the next 6 months, cost/access to finance will be...</b>	Higher / more difficult	Same	Lower / less difficult		
	Cost				
	Access				
	to a large extent	to some extent	to a limited extent	not at all	
<b>Financial market turmoil has affected companies' investment decisions negatively ...</b>			yes		

### EXCHANGE RATE DEVELOPMENTS

	Dollar per euro
Where will the EUR/USD stand in October 2008 ?	1.45

### POLICY MIX

	Not necessary, situation is satisfactory	Excellent	Satisfactory	Neither satisfactory nor unsatisfactory	Unsatisfactory	Deteriorating
<b>Progress towards medium-term budgetary objective is...</b>					yes	
<b>Monetary policy is...</b>	Tight, appropriate for the euro area	Tight	Appropriate	Loose	Loose, appropriate for the euro area	
		yes				
<b>Focus on elements of the ECB analysis underlying its current policy stance is...</b>	Above-target inflation	Downside risks to growth over medium term	Inflation pressures from high oil and commodity prices	Upside risks to wage inflation	Risks related to credit market turbulences	Risks of further euro appreciation
	excessive	insufficient	excessive	excessive	appropriate	insufficient
<b>Consistency between fiscal and monetary policies</b>	Adequate	Inadequate				
	yes					