

AUTUMN 2008 ECONOMIC OUTLOOK FOR FRANCE: ANSWERS FROM MEDEF

MAIN FORECAST

| | 2008 | 2009 |
|--------------------------|------|------|
| Real GDP growth | 0.7 | 0.1 |
| Consumer price inflation | 3.1 | 2.0 |
| Unemployment rate | 7.3 | 7.8 |
| Employment growth | 0.6 | -0.7 |

Components of aggregate demand

| Annual % change | 2008 | 2009 |
|--|------|------|
| Private consumption | 0.7 | 0.4 |
| Public consumption | 1.4 | 1.6 |
| Investment (Gross fixed capital formation) | 0.6 | -1.3 |
| Exports | 2.1 | 0.7 |
| Imports | 1.9 | 0.9 |

ECONOMIC SENTIMENT

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

POLICY MIX

| | Not necessary, situation is satisfactory | Excellent | Satisfactory | Neither satisfactory nor unsatisfactory | Unsatisfactory | Deteriorating |
|---|---|--------------------------|---------------------|--|---|----------------------|
| <i>Progress towards medium-term budgetary objective is...</i> | | | | | | yes |
| <i>Monetary policy is...</i> | Tight, appropriate for the euro area | Tight yes | Appropriate | Loose | Loose, appropriate for the euro area | |
| <i>Consistency between fiscal and monetary policies</i> | Adequate | Inadequate yes | | | | |