

France Business Forecast Report Q1 2011

<https://marketpublishers.com/r/F9E207245A3EN.html>

Date: January 2011

Pages: 39

Price: US\$ 1,195.00 (Single User License)

ID: F9E207245A3EN

Abstracts

Includes 3 FREE quarterly updates

France: Consumer To Stutter In 2011 The impressive recovery posted by France during 2010 – driven by a resilient consumer – is unlikely to be carried through into 2011 in our view. Stalling consumer confidence and impending fiscal cuts will start to weigh on household spending, while unemployment is set to remain above pre-crisis levels, particularly among the under- 25s. Tighter fiscal policy and ongoing spare capacity will also limit fixed investment growth. On the political side, we expect pension reform to continue to provoke strong union opposition and caution that this, in line with over-optimistic office growth forecasts, to ensure that the government fails to meet its fiscal deficit targets. As a result, we expect political ructions to continue, and see potential for further tension within the ruling UMP party.

We do not expect French President Nicolas Sarkozy's cabinet reshuffle to result in a major shift in policy direction, with most of the key ministers in government remaining in their posts. The government is likely to remain focused on tackling the fiscal deficit and continued economic reforms, although we maintain that the appetite for further austerity will be tempered by the president's dire approval ratings as the 2012 presidential election approaches. We have revised up our forecast for French growth in 2011 to 1.4%, from 1.0% previously, following the ongoing strong showing for private consumption in Q310. Moreover, given the scale of public opposition to an increase in the retirement age, and President Nicolas Sarkozy's dire poll ratings, we expect further fiscal consolidation to be limited in 2011, with government spending set to add to growth.

That said, we maintain that French private household consumption growth will not return to pre-crisis levels, impinging on its ability to support the weaker eurozone recovery over the medium term. We hold to our core view that while the outlook for the French

banking sector is hardly stellar, it is far better positioned than those in most other eurozone states, and as a result should be able to provide some measure of support to the ongoing economic recovery. Indeed, with relatively little exposure to Greece and Ireland (as a percentage of French GDP), and having pursued largely prudent lending practices in the run up to the global financial crisis, the ability of the French banking sector to extend credit to the real economy remains relatively strong. That said, hefty exposure to Spain and particularly Italy will cause major headaches in the event of further eurozone sovereign debt contagion.

Contents

Executive Summary

France: Consumer To Stutter In 2011

CHAPTER 1: POLITICAL OUTLOOK

SWOT Analysis

BMI Political Risk Ratings

Domestic Politics

Cabinet Reshuffle: Plus Ça Change

We do not expect French President Nicolas Sarkozy's cabinet reshuffle to result in a major shift in policy direction, with most of the key ministers in government remaining in their posts.

Table: Political Overview

Long-Term Political Outlook

A Tumultuous Decade Could Lie Ahead

We expect several dynamics to come to the forefront of France's political scene in the coming decade.

CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis

BMI Economic Risk Ratings

Economic Activity

Still Looking To The Consumer

We have revised up our forecast for French growth in 2011 to 1.4%, from 1.0% previously, following the ongoing strong showing for private consumption in Q310.

Table: Economic Activity

Balance Of Payments

C/A Deficit Contraction On Course

We continue to expect a gradual narrowing of the French current account deficit as a percentage of GDP through the medium term.

Table: Current Account

Monetary Policy

EC B Enhanced Credit Support To Last Into Q211: Implications

The December 2 decision by the European Central Bank to reaffirm its commitment to unlimited liquidity support through Q111 alongside stepped up interventions in European bond markets, reinforces our view that monetary tightening is not on the table

for 2011.

Table: Monetary Policy

Fiscal Policy

Fiscal Consolidation Continues To Face Key Obstacles

While we have slightly revised down our 2010 and 2011 French fiscal deficit forecasts on the back of new austerity measures, we hold to our core view that the government's shortfall targets are unlikely to be met.

Table: EC B Enhanced Credit Support – Selected Tools

Table: Fiscal Policy

Banking Sector

Standing Above The Eurozone Melee

We hold to our core view that while the outlook for the French banking sector is hardly stellar, it is far better positioned than those in most other eurozone states, and as a result should be able to provide some measure of support to the ongoing economic recovery.

CHAPTER 3: 10-YEAR FORECAST

The French Economy to 2020

Staying As Eurozone's Consumption Engine

The French economy over the next decade will be characterised by weak growth, as both the private and public sectors focus on paying down debt accumulated during the past decade.

TABLE: Long-Term Macroeconomic Forecasts

CHAPTER 4: BUSINESS ENVIRONMENT

SWOT Analysis

BMI Business Environment Risk Ratings

Business Environment Outlook

Institutions

Table: BMI Business And Operation Risk Ratings

Infrastructure

Table: BMI Legal Framework Rating

Market Orientation

Table: Labour Force Quality

Operational Risk

Table: Trade And Investment Ratings

CHAPTER 5: KEY SECTORS

Agribusiness

Executive Summary

Table: France Wheat Production, Consumption & Trade, 2010-2015

Table: France Corn Production, Consumption & Trade, 2010-2015

Table: France Barley Production, Consumption & Trade, 2010-2015

Table: France Poultry Production & Consumption, 2010-2015

Table: France Pork Production & Consumption, 2010-2015

Table: France Beef & Veal Production, Consumption & Trade, 2010-2015

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

Global Outlook

Continued Divergence Between Developed And Emerging World

Table: Global Assumptions

Table: Global & Regional Real GDP Growth % CHG Y-O-Y

Table: BMI Versus Bloomberg Consensus . 38

I would like to order

Product name: France Business Forecast Report Q1 2011

Product link: <https://marketpublishers.com/r/F9E207245A3EN.html>

Price: US\$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/F9E207245A3EN.html>