

Consumer prices

After plateauing for almost a year at around +6%, year-on-year consumer prices in France have dropped sharply since the spring, mainly because of the slowdown in the prices of petroleum products and food products (► [Figure 1](#)). The year-on-year difference is still relatively high, however, because prices were so buoyant last year (+3.4% in November according to the provisional estimate). The annual average for inflation is expected to be +4.9% in 2023, after +5.2% in 2022 (► [Figure 2](#)).

The advance indicators (production prices, ► [Figure 4](#), balances of opinion in the business tendency surveys, ► [Figure 5](#)) suggest that this slowdown will be maintained over the coming months, although it may not necessarily be continuous. In June 2024, assuming that the price of a barrel of Brent remains constant over the forecasting period at €75, then inflation would be +2.6% year-on-year. This uneven trend slowdown would be partly the result of “base effects”, especially given the buoyancy in consumer prices in early 2023 (► [Figure 3](#)).

Assuming that the price of Brent crude remains stable at €75 a barrel, and considering the exit of price limitation measures from the 2022 year-on-year figures, notably the varying discounts at the pump, the contribution of energy to headline inflation is likely to remain modest. Based on this assumption, petroleum product prices should remain stable until the end of the forecasting period (► [Focus Rising prices at the pump since 2022 reflect crude oil price trends as well as the increase in refining costs and the cost of fuel transport and distribution](#)). Regulated electricity prices are expected to rise in February 2024.

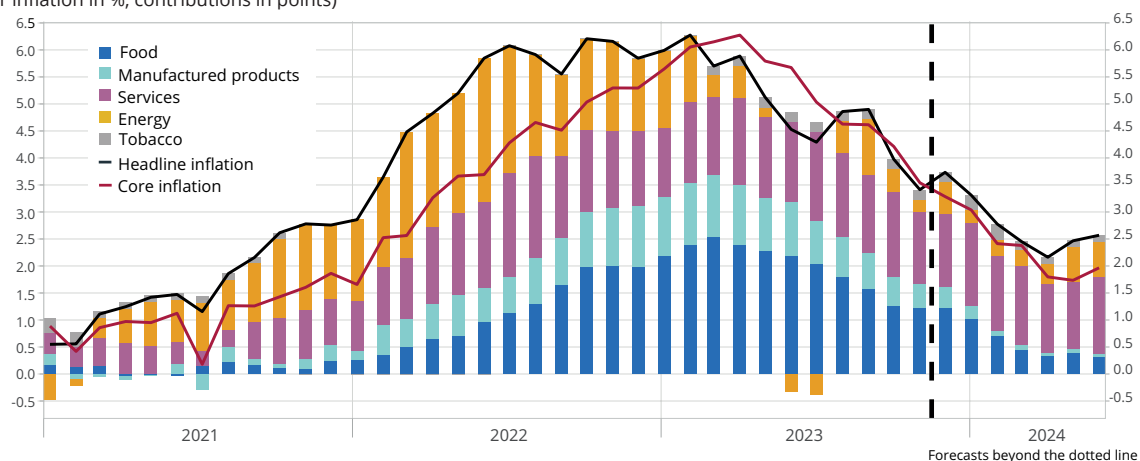
Food was the main contributor to headline inflation between September 2022 and September 2023. Since April, the prices of food products have slowed significantly and this trend is expected to continue throughout the forecasting period, in the wake of the decline in producer prices in the agrifood industries. However, it should be borne in mind that current trade negotiations may affect this trajectory, in either direction. Changes in the prices of fresh produce are expected to follow the same seasonality that we saw before the pandemic. All in all, food inflation is expected to decrease substantially throughout the forecasting period, dropping from +7.6% year-on-year in November 2023 to about +1.9% in June 2024, which is the smallest year-on-year change since January 2022.

Consumer prices of manufactured goods should also continue to slow, with their year-on-year change dropping from +1.9% in November 2023 to +0.3% in June 2024. Production prices in industry (excluding agrifood and energy) have in fact remained relatively stable in recent months, having previously increased significantly. In addition, in the tendency survey in industry, the balance of opinion on expected change in selling prices has been on the decline for several months.

Services account for about half of the consumer basket used to measure the consumer price index, and they are expected to be the foremost contributors to headline inflation, representing around 1.5 points throughout the forecasting period. The year-on-year increase in the price of services is likely to vary between around +2.5% and +3.5%. This relative stability

► 1. Headline inflation and contributions by item

(year-on-year inflation in %, contributions in points)



Note: for November 2023, headline inflation is a provisional estimate, while core inflation is a forecast.

How to read it: in November 2023, according to the provisional estimate, headline inflation is expected to be +3.4%, with food prices contributing +1.2 points and services contributing +1.3 points.

Source: INSEE.

in inflation in services is expected to come firstly from the slower transmission of input prices (► **Focus Consumer prices for services, mainly determined by the cost of labour, are expected to remain buoyant in 2024 but without picking up further**). In addition, the weight of payroll is greater in services and wage increases are likely to remain relatively sustained throughout the forecasting period (► **Sheet: Wages**).

Lastly, tobacco prices are expected to increase by 4.7% over the month of January 2024, as the tax on tobacco is indexed to inflation. Year-on-year, tobacco prices are expected to increase by 14.8% in January 2024 before slowing to +6.0% in June 2024 as a result of the base effect.

Like headline inflation, core inflation is expected to fall back by June 2024, reaching +2.0% year-on-year, against +3.5% in November 2023. The reason for this decline is that most items included in the core price index, especially food (excluding fresh produce) have themselves declined. ●

► 2. Headline inflation, past and forecast

(change in %, contributions in points)

CPI groups* (2023 weightings)	Oct. 2023		Nov. 2023		Dec. 2023		Jan. 2024		March 2024		June 2024		Annual averages	
	yoy	cyoy	yoy	cyoy	yoy	cyoy	yoy	cyoy	yoy	cyoy	yoy	cyoy	2022	2023
Food (16.2%)	7,8	1,3	7,6	1,2	7,5	1,2	6,2	1,0	2,7	0,4	1,9	0,3	6,8	11,8
fresh food (2.4%)	1,1	0,0	6,6	0,2	9,9	0,2	9,2	0,2	-0,1	0,0	6,0	0,1	7,7	9,6
excluding fresh food (13.9%)	9,1	1,3	7,8	1,1	7,1	1,0	5,7	0,8	3,2	0,5	1,2	0,2	6,6	12,2
Tabacco (1.9%)	9,9	0,2	9,8	0,2	9,8	0,2	14,8	0,3	8,0	0,1	6,0	0,1	0,1	8,0
Manufactured products (23.2%)	2,2	0,5	1,9	0,4	1,7	0,4	1,2	0,3	0,4	0,1	0,3	0,1	3,0	3,5
clothing and footwear (3.4%)	1,9	0,1	1,8	0,1	1,8	0,1	1,8	0,1	1,8	0,1	1,8	0,1	2,7	2,6
medical products (3.8%)	-0,9	0,0	-0,8	0,0	-0,9	0,0	-0,8	0,0	-1,4	-0,1	-1,1	0,0	-1,2	-0,7
other manufactured products (16.0%)	3,0	0,5	2,5	0,4	2,3	0,4	1,5	0,2	0,5	0,1	0,3	0,0	4,1	4,7
Energy (8.6%)	5,2	0,4	3,1	0,2	6,9	0,6	2,8	0,3	3,5	0,3	7,9	0,7	23,1	5,7
oil products (4.3%)	1,8	0,1	-1,3	-0,1	2,3	0,1	-4,6	-0,2	-3,7	-0,2	2,2	0,1	29,0	-1,6
Services (50.1%)	3,2	1,6	2,7	1,3	2,7	1,3	3,0	1,5	2,9	1,5	3,0	1,5	3,0	2,9
rent-water and household refuse collection (7.4%)	2,7	0,2	2,6	0,2	2,8	0,2	2,8	0,2	2,5	0,2	2,5	0,2	2,0	2,8
health services (6.4%)	-0,4	0,0	-0,3	0,0	0,3	0,0	0,9	0,1	0,9	0,1	0,7	0,0	-0,1	-0,3
transport (3.0%)	5,4	0,1	-1,4	-0,1	-2,1	-0,1	0,9	0,0	2,5	0,1	3,7	0,1	10,4	5,9
communications (2.1%)	-4,7	-0,1	-5,3	-0,1	-5,3	-0,1	-5,1	-0,1	-5,7	-0,1	-3,0	-0,1	0,6	-3,8
other services (31.2%)	4,4	1,4	4,3	1,3	4,1	1,3	4,3	1,3	4,1	1,3	3,8	1,2	3,7	3,9
All (100%)	4,0	4,0	3,4	3,4	3,7	3,7	3,3	3,3	2,4	2,4	2,6	2,6	5,2	4,9
All excluding energy (91.4%)	3,9	3,5	3,5	3,2	3,4	3,1	3,4	3,1	2,3	2,1	2,1	1,9	3,6	4,8
All excluding tabacco (98.2%)	3,9	3,8	3,3	3,2	3,6	3,6	3,1	3,0	2,3	2,3	2,5	2,5	5,3	4,8
Core inflation** (60.6%)	4,2	2,5	3,5	2,1	3,3	1,9	3,0	1,8	2,4	1,4	2,0	1,2	3,9	5,1

■ Provisional.
■ Forecast.

yoy: year-on-year; **cyoy**: contribution to the year-on-year value of the overall index.

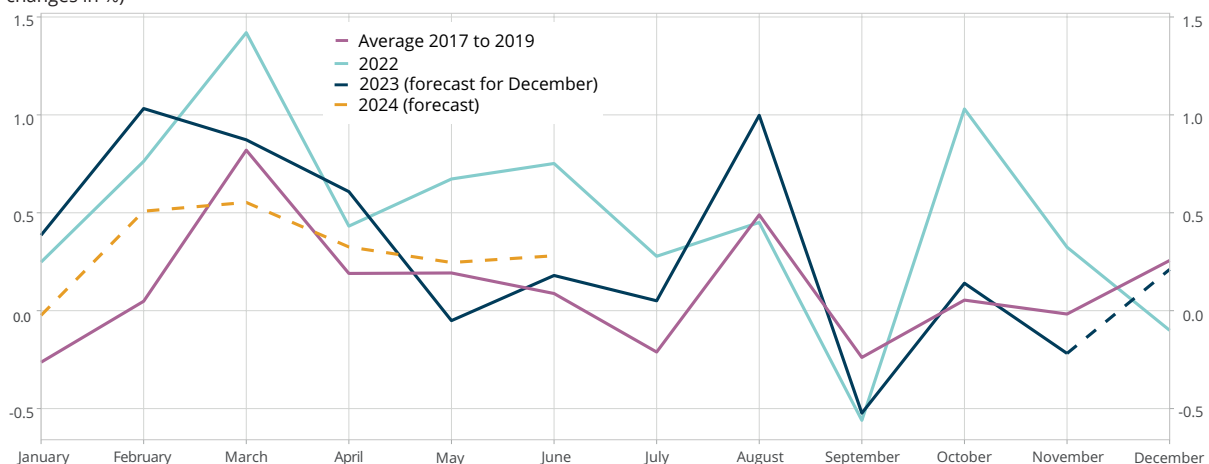
* Consumer price index (CPI).

** Index excluding public tariffs and products with volatile prices, corrected for tax measures.

Source: INSEE.

► 3. Monthly variations in headline inflation from 2022 to 2024 and the 2017-201 average

(monthly changes in %)



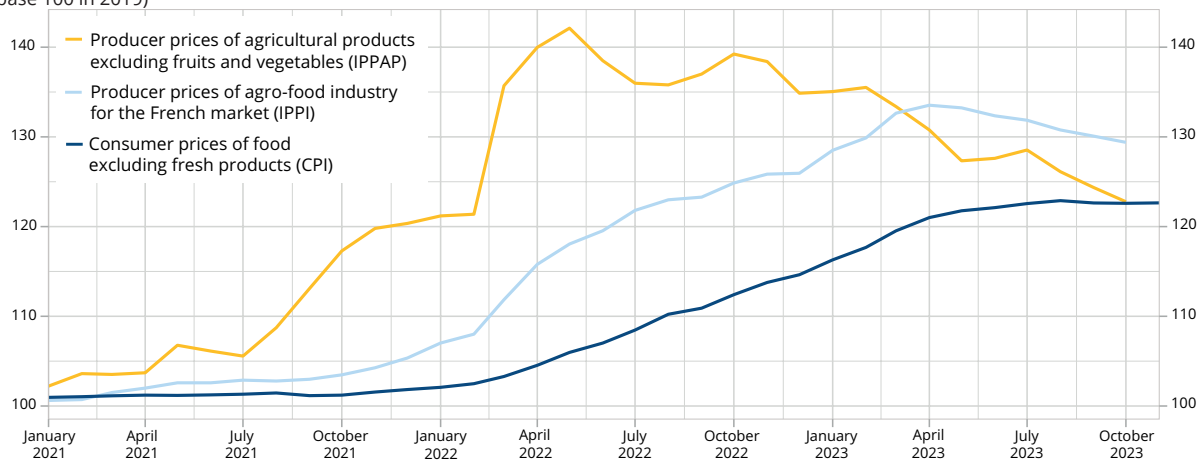
How to read it: compared to the previous month, consumer prices are expected to remain stable (-0.0%) in January 2024. They increased by 0.4% in January 2023, by 0.2% in January 2022 and fell by 0.3% on average between 2017 and 2019.

Source: INSEE.

French economic outlook

► 4. Variation in prices along the food production chain

(in level, base 100 in 2019)



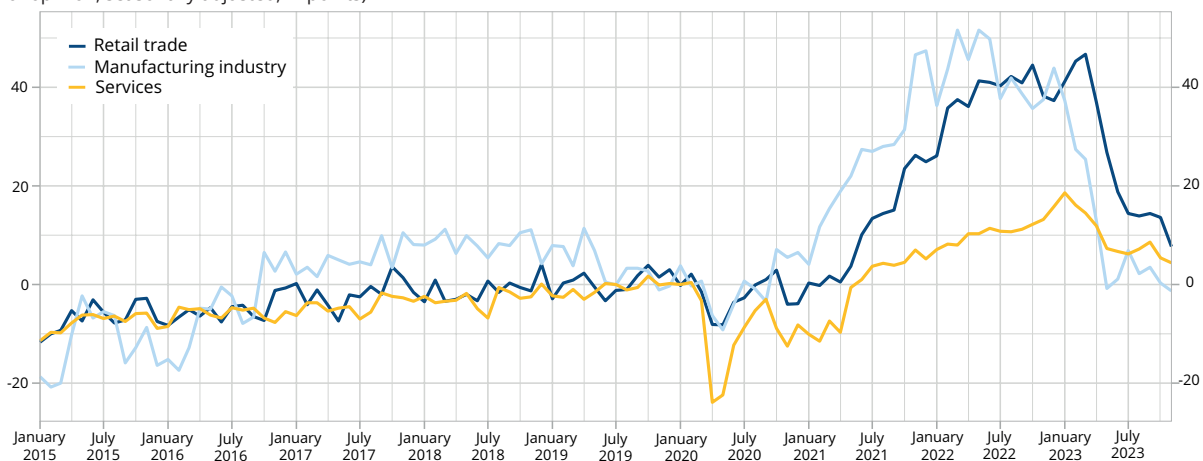
Last point: October 2023 for IPPAP and IPPI, November 2023 for the CPI.

How to read it: in October 2023, compared to their 2019 average, consumer prices of food products excluding fresh produce increased by 22.6%, agrifood industry producer prices for the French market by 29.3% and agricultural producer prices (excluding fruit and vegetables) by 22.8%.

Source: IPPAP, IPPI, CPI, INSEE.

► 5. Balances of opinion on variations in selling prices over the next 3 months

(balances of opinion, seasonally adjusted, in points)



Last point: November 2023.

How to read it: in November 2023, the balance of opinion on variations in selling prices was -1.3 in the manufacturing industry, +4.4 in services and +7.7 in retail trade.

Source: monthly business surveys, INSEE.