

Consumer prices

After plateauing for almost a year at around +6% in 2022, year-on-year consumer prices in France have dropped sharply since spring 2023 (► [Figure 1](#)), due mainly to the slowdown in the prices of food products and manufactured goods. Inflation reached virtual stability between March and May 2024, fluctuating between +2.2% and +2.3% year-on-year (► [Figure 2](#)). It fell slightly in June 2024, to +2.1% according to the provisional estimate: this small decline was driven by the drop in petroleum product prices in June and by a smaller contribution from food inflation, while inflation in services remained relatively dynamic (+2.8% in June, the same as in May).

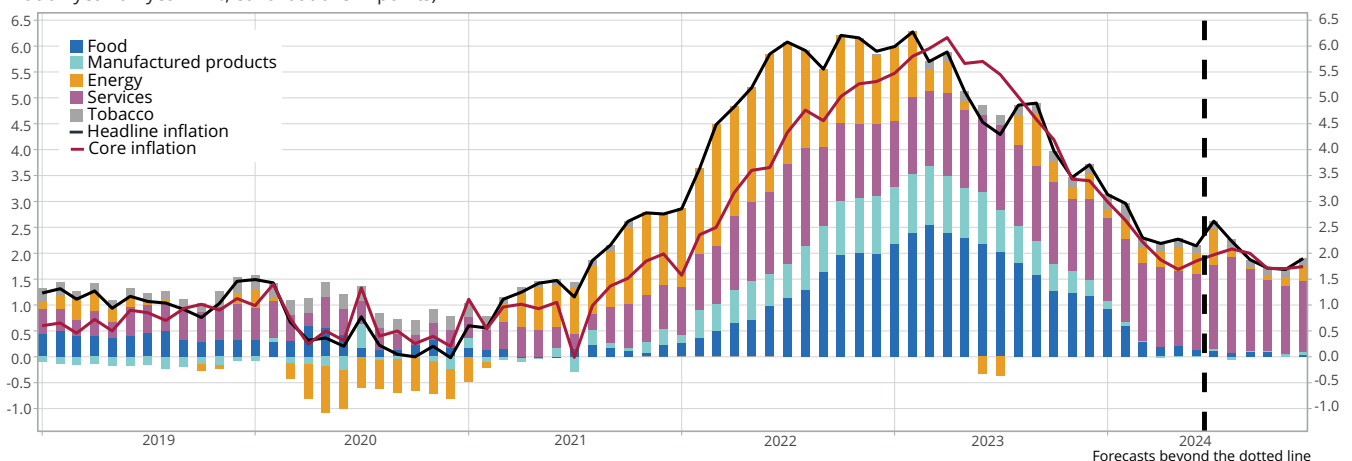
The advance indicators (producer prices, ► [Figure 3](#), business tendency survey balances of opinion, ► [Figure 4](#)) suggest that the variation in consumer prices of food and manufactured products from month to month is likely to continue to even out until the end of the year: food inflation, which stood at +0.8% year-on-year in June, is expected to continue to fall, whereas inflation in manufactured products is barely expected to increase. Thus, assuming that the price of a barrel of Brent crude remains frozen over the forecasting period at €79, inflation looks set to drop below +2% in the autumn and should reach +1.9% year-on-year in December 2024. However, it is expected to see an upturn this summer, due to the base effect on energy and one-off increases in the price of transport services (► [Figure 5](#)) during the Olympic and Paralympic Games in Paris. As an annual average, the increase in consumer prices is expected to be +2.2% in 2024, after +4.9% in 2023.

Energy inflation is likely to fall, dropping from +4.8% year-on-year in June to +3.4% in December, assuming that the price of Brent remains stable over the forecasting period at €79, despite experiencing a bumpy ride during this time. It is then expected to increase significantly in July (+8.6%) due to the increase in the gas distribution tariff (ATRD), before falling back sharply in August 2024 (+2.5%), as a result of “exiting from the year-on-year figures”: energy prices had in fact been particularly dynamic in August 2023 due to the increase in regulated electricity tariffs (+10%) and fuel prices, linked to world oil prices. These “base effects” on petroleum products are expected to continue to affect the energy inflation profile throughout the latter part of the year: it is likely to fall again in September to +0.5% as a result of the increases in September 2023 then will probably increase a little in the last quarter, due to the decline observed a year earlier.

Food inflation is expected to continue the decline that began in spring 2023, dropping from +0.8% year-on-year in June 2024 to +0.3% in December. Food prices, excluding fresh produce, are likely to remain virtually stable over the forecasting period: their variation month by month is expected to even out in relation to the inflationary surge of 2022 and 2023, in the wake of the decline and the current stabilisation of agrifood industry producer prices (► [Figure 3](#)). Thus inflation over one year for these products is expected to continue to decline, from +0.6% in June to 0.0% in December. This would therefore be the first time since 2017 that food prices excluding fresh produce have not increased year-on-year. Meanwhile, prices of fresh food are expected to follow the usual seasonality, after a period of sharp price rises in 2022 and 2023.

► 1. Headline inflation and contributions by item

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



How to read it: in July 2024, headline inflation was 2.1%. Food contributed +0.1 points, while services contributed +1.5 points.

Source: INSEE.

French economic outlook

Inflation of manufactured products is expected to increase only very slightly over the forecasting period, reaching +0.3% year-on-year in December after 0.0% in June. Producer prices in industry (excluding agrifood and energy) fell back slightly in 2023 before increasing a little in early 2024. The prices of imported industrial commodities and the cost of freight have been on the rise again since spring 2024, but are still well below levels seen in 2022. According to the business survey in industry, the balance of opinion on expected variations in selling prices fell back considerably in 2023 and in June 2024 was at its long-term average.

Services represent about half of the consumer price index basket, and since October 2023 they have once again become the foremost contributors to headline inflation and are expected to remain so until the end of 2024. Service companies are delaying passing on their increases in costs, particularly wages, and thus they are gradually rebuilding their margins. In the June 2024 tendency survey in services, the balance relating to price variations is still higher than its long-term average. After settling at +2.8% year-on-year in June, inflation in services is expected to remain steady throughout the forecast period, due to the persistence of high unit wage costs (► **Focus** Margin rate and ► **Wages sheet**). However, it is likely to experience a short-lived increase from July to September, reaching +3.5% in August, then falling back in the autumn as an after-effect: during the Olympic and Paralympic Games in Paris, fares on the Ile-de-France transport system will be increased. Lastly, in December, inflation in services is also expected to be driven upwards by the increase during this month in the basic consultation rate for general practitioner doctors from €26.50 to €30, which is likely to contribute +0.1 points to headline inflation. Thus, inflation in services is expected to be +2.6% year-on-year in December.

Finally, tobacco inflation reached +8.7% year-on-year in June and looks set to stabilise in the absence of further increases over the forecasting period.

Core inflation is expected to follow the same profile as headline inflation although in a much more moderate manner: having reached +1.7% year-on-year in May, it is likely to increase in the summer (+2.0% in July), then fall back in the autumn, finally reaching +1.7% year-on-year in December. The small scale of these movements compared to the overall index is due to the fact that most of the products affected by significant forecasting variations are not included in the core price index: this is the case for energy and fresh food, and also for rail transport. As an annual average, the increase in the core price index is expected to reach +2.0% in 2024, after +5.1% in 2023. ●

► 2. Headline inflation, past and forecast

(change in %, contributions in points)

CPI groups* (2023 weightings)	May 2024		June 2024		July 2024		August 2024		December 2024		Annual averages	
	yoy	cyoy	yoy	cyoy	yoy	cyoy	yoy	cyoy	yoy	cyoy	2023	2024
Food (15.1%)	1.3	0.2	0.8	0.1	0.8	0.1	0.5	0.1	0.3	0.0	11.8	1.4
including: fresh food (1.9%)	3.5	0.1	2.1	0.1	4.4	0.1	3.6	0.1	1.8	0.0	9.6	2.4
excluding: fresh food (13.2%)	0.9	0.1	0.6	0.1	0.2	0.0	0.0	0.0	0.0	0.0	12.2	1.2
Tabacco (1.8%)	8.7	0.2	8.7	0.2	8.7	0.2	8.7	0.2	8.7	0.2	8.0	10.3
Manufactured products (23.2%)	0.0	0.0	0.0	0.0	0.1	0.0	-0.2	-0.1	0.3	0.1	3.5	0.1
including: clothing and footwear (3.4%)	0.6	0.0	0.6	0.0	0.6	0.0	0.6	0.0	1.3	0.0	2.5	0.7
medical products (4.0%)	-1.2	0.0	-1.1	0.0	-1.0	0.0	-0.9	0.0	-1.0	0.0	-0.7	-1.1
other manufactured products (15.8%)	0.2	0.0	0.1	0.0	0.3	0.1	-0.2	0.0	0.4	0.1	4.7	0.3
Energy (8.3%)	5.7	0.5	4.8	0.4	8.6	0.7	2.5	0.2	3.4	0.3	5.6	3.5
including: oil products (4.3%)	2.9	0.1	0.5	0.0	1.5	0.1	-5.4	-0.2	-0.8	0.0	-1.7	-2.8
Services (51.6%)	2.8	1.4	2.8	1.5	3.0	1.6	3.5	1.8	2.6	1.4	3.0	3.0
including: rent-water (8.0%)	2.7	0.2	2.7	0.2	2.8	0.2	2.8	0.2	2.6	0.2	2.8	2.8
health services (6.2%)	1.6	0.1	0.9	0.1	0.8	0.1	0.9	0.1	1.7	0.1	-0.2	1.1
transport (2.9%)	0.2	0.0	0.4	0.0	3.6	0.1	8.4	0.3	0.3	0.0	6.3	2.1
communications (2.0%)	-6.8	-0.1	-5.0	-0.1	-3.1	-0.1	-3.1	-0.1	-2.3	0.0	-3.6	-4.1
other services (32.5%)	3.9	1.3	4.0	1.3	3.9	1.3	4.1	1.4	3.4	1.1	3.9	3.9
All (100%)	2.3	2.3	2.1	2.1	2.6	2.6	2.2	2.2	1.9	1.9	4.9	2.2
All excluding energy (91.7%)	2.0	1.8	1.9	1.7	2.1	1.9	2.2	2.0	1.8	1.6	4.8	2.1
All excluding tabacco (98.2%)	2.2	2.1	2.0	2.0	2.5	2.5	2.1	2.1	1.8	1.7	4.8	2.1
Core inflation** (62.7%)	1.7	1.0	1.8	1.1	2.0	1.2	2.1	1.3	1.7	1.1	5.1	2.0

■ Provisional estimate.

■ Forecast.

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

* Consumer price index (CPI).

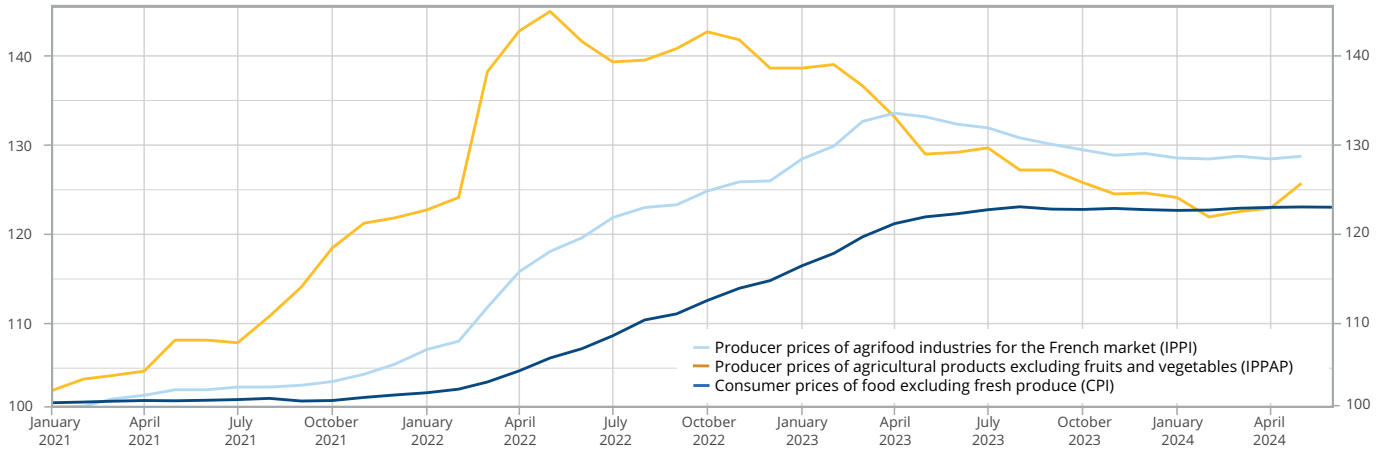
** Index excluding public tariffs and products with volatile prices, corrected for tax measures.

Note: the table shows the provisional CPI for June, published on June 28, 2024.

Source: INSEE.

►3. Variation in prices along the food production chain

(in level, base 100 in 2019)



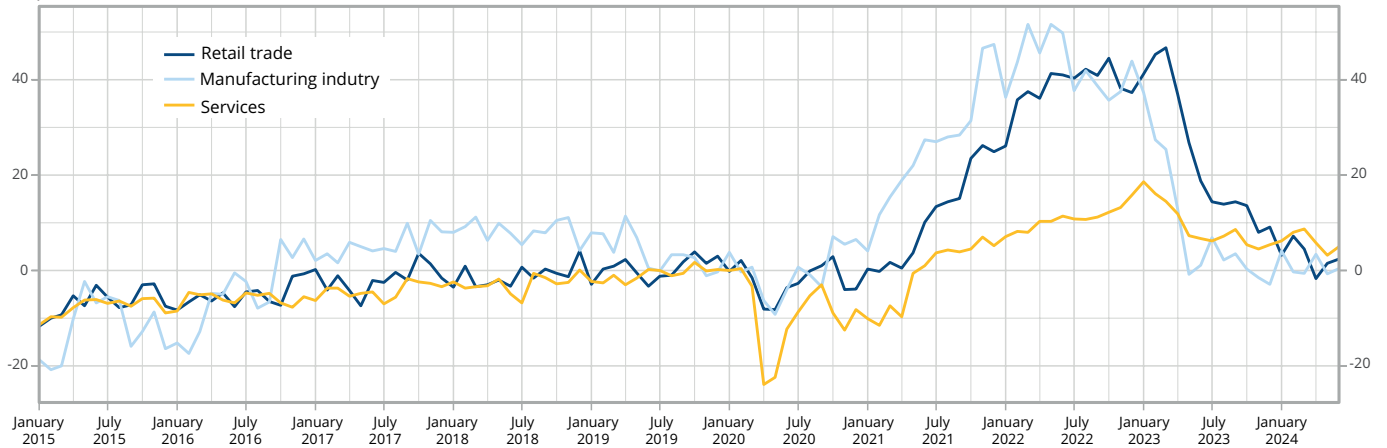
Last point: May 2024 for IPPAP and IPPPI, June 2024 for CPI

How to read it: in June 2024, consumer food prices excluding fresh produce were 23% above their 2019 average, agrifood industry producer prices for the French market were 29% above and agricultural producer prices (excluding fruit and vegetables) were 26% above.

Source: IPPAP, IPPPI, CPI, INSEE.

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

(in points, CVS)



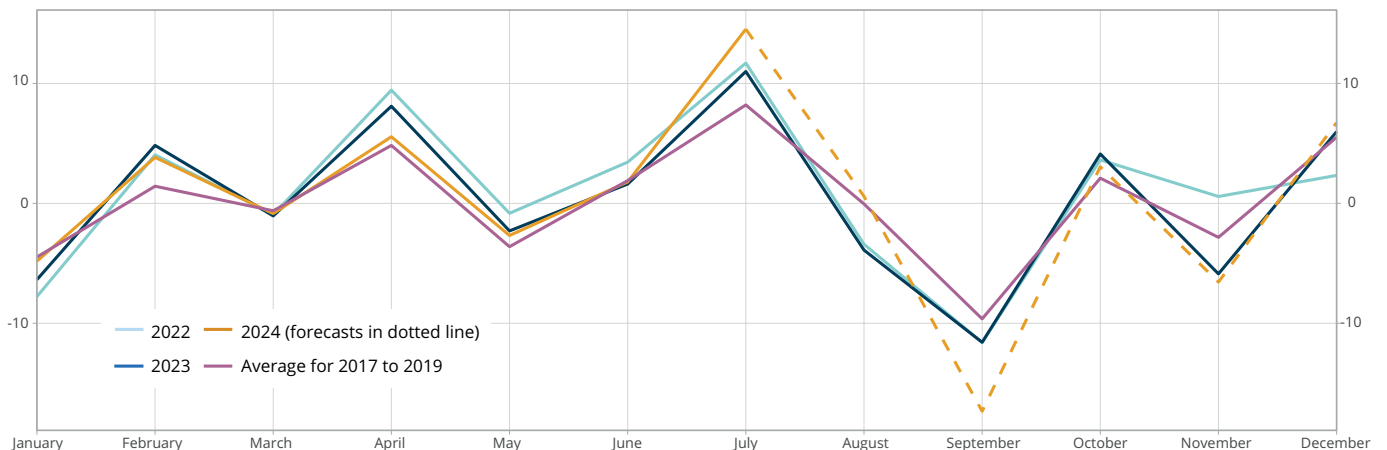
Last point: June 2024.

How to read it: in June 2024, the balance of opinion on sales price trends was +0.4% in manufacturing, +5% in services and +2.4% in retail in retail trade.

Source: INSEE, monthly business surveys.

►5. Monthly variations in transport services from 2022 to 2024 and the 2017-2019 average

(evolution in %)



How to read it: in June 2024, consumer prices for transportation services increased by 1.8% on the previous month. They had risen 1.6% in June 2023, 3.4% in May 2022 and 3.4% in June on average 2017-2019.

Source: INSEE.