



# COUNTRY REPORT FRANCE

September 28, 2023

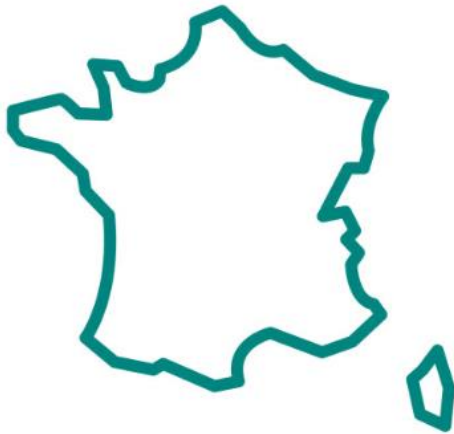


# 1. Economic environment

Tense and uncertain

## The economic context

The economic backdrop remains the same: economic growth is slowed by inflation and rising interest rates, but the prospect of a general recession is gradually receding.



- GDP growth: still suffocated by inflation and rising interest rates
  - ❑ +2.5% in 2022
  - ❑ +1.0% in 2023
  - ❑ +1.2% in 2024
- Consumer prices: further disinflation
  - ❑ +5.9% in 2022
  - ❑ +5.6% in 2023
  - ❑ +2.7% in 2024
- Highlights
  - ❑ Unemployment at an all-time low
  - ❑ Increase in corporate margins in Q2-2023
  - ❑ Business climate resilient, but now below long-term average
  - ❑ Household confidence very low, tendency to save rather than buy durable goods

## Economic growth forecasts for Europe in 2023 and 2024

In the summer, the European Commission revised its forecasts downwards for the EU in 2023 and 2024, but raised its 2023 forecast for France (+1% vs. +0.7% in the spring edition).

	2020	2021	2022	2023p	2024p	GDP 2024 -Index base 100 in 2019
<b>European Union</b>	<b>-6,4</b>	<b>5,2</b>	<b>3,4</b>	<b>0,8</b>	<b>1,4</b>	<b>104,7</b>
Germany	-4,6	2,9	1,8	-0,4	1,1	101,6
Austria	-6,7	4,5	5,0	0,4	1,6	104,4
Belgium	-5,7	6,2	3,2	1,2	1,4	106,1
Bulgaria	-4,4	4,2	3,4	1,5	2,4	107,1
Cyprus	-5,2	5,5	5,6	2,3	2,7	110,9
Croatia	-8,1	10,2	6,2	1,6	2,3	111,8
Denmark	-2,1	4,7	3,8	0,3	1,5	108,4
Spain	-10,8	5,1	5,5	2,2	1,9	102,8
Estonia	-3,0	8,3	-1,3	-0,4	3,1	106,5
Finland	-2,8	3,5	2,1	0,2	1,4	104,4
France	<b>-7,9</b>	<b>7,0</b>	<b>2,5</b>	<b>1,0</b>	<b>1,2</b>	<b>103,3</b>
Greece	-9,0	8,3	5,9	2,4	1,9	108,9
Hungary	-4,7	7,1	4,6	0,5	2,8	110,3
Ireland	5,9	13,5	12,0	5,5	5,0	149,1
Italy	-8,9	6,6	3,7	0,9	0,8	103,0
Latvia	-3,6	4,5	2,8	1,4	2,8	107,9
Lithuania	-0,1	5,0	1,9	0,5	2,7	110,3
Luxembourg	-1,8	6,9	1,5	1,6	2,4	110,9
Malta	-7,0	9,4	6,9	3,9	4,1	117,6
Netherlands	-3,8	5,0	4,3	0,5	1,0	108,7
Poland	-2,5	5,9	5,1	0,5	2,7	112,2
Portugal	-8,4	4,9	6,7	2,4	1,8	106,8
Slovakia	-4,4	3,0	1,7	1,7	2,1	104,0
Czech Republic	-5,8	3,3	2,5	0,2	2,6	102,5
Romania	-3,9	5,9	4,7	3,2	3,5	113,8
Slovenia	-4,2	8,1	5,4	1,2	2,2	112,9
Sweden	-2,9	4,8	2,6	-0,5	1,1	105,0

Unit: %, annual change in real GDP; source: European Commission

EU 27 average: +0.8%

Taux de croissance annuel moyen du PIB en volume de 2019 à 2024

- Pays hors de l'UE
- Croissance inférieure à +0,5%
- Croissance entre +0,5% et +0,9%
- Croissance entre +1% et +1,9%
- Croissance de +2% ou +



## Consumer price inflation forecasts for Europe in 2023 and 2024

The disinflation trend has begun in Europe. Despite this, the European Commission forecasts that inflation will still average over 3% a year in the EU in 2024 (2.7% in France).

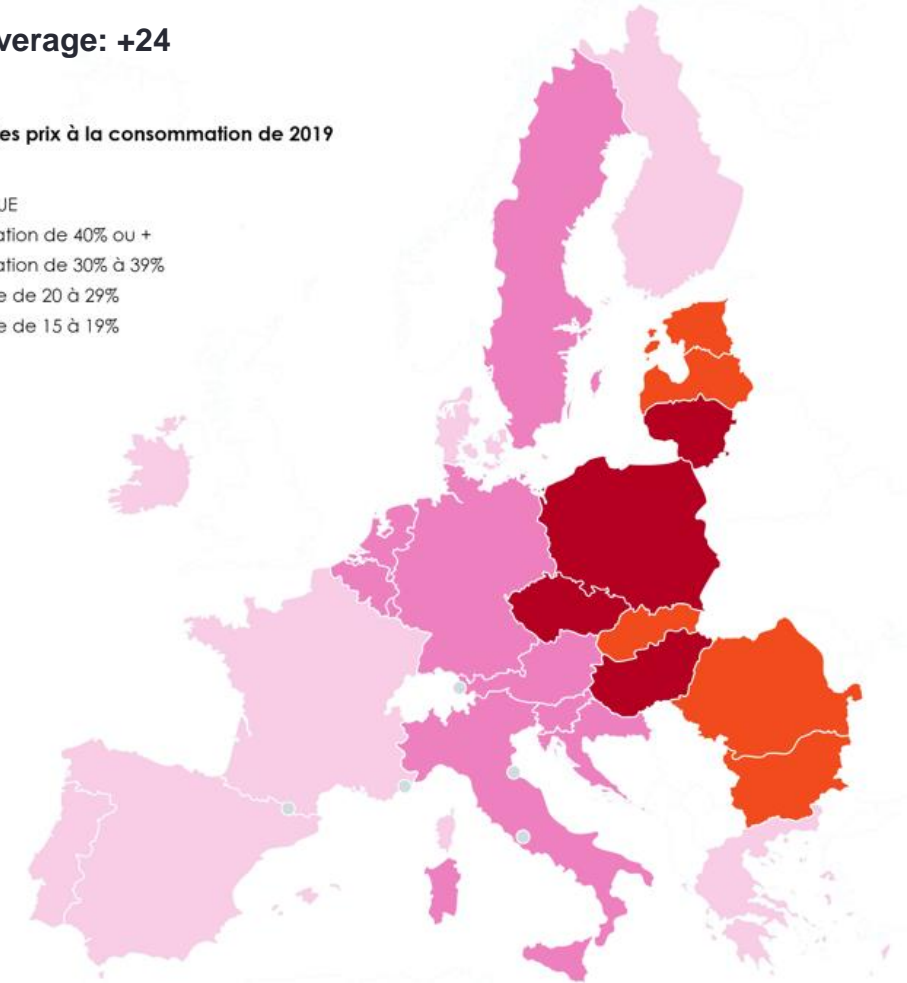
	2020	2021	2022	2023p	2024p	Price increases from 2019 to 2024
<b>European Union</b>	<b>0,3</b>	<b>2,9</b>	<b>9,2</b>	<b>6,5</b>	<b>3,2</b>	<b>24%</b>
Germany	0,5	3,2	8,7	6,4	2,8	23%
Austria	1,4	2,8	8,6	7,1	3,8	26%
Belgium	0,7	3,2	10,3	3,4	3,5	23%
Bulgaria	1,7	2,8	13,0	9,4	4,2	35%
Cyprus	-0,6	2,3	8,1	3,8	2,5	17%
Croatia	0,2	2,7	10,7	6,9	2,2	24%
Denmark	0,4	1,9	8,5	4,3	2,5	19%
Spain	-0,3	3,1	8,3	4,0	2,7	19%
Estonia	-0,4	4,5	19,4	9,2	2,8	39%
Finland	0,3	2,1	7,2	4,8	2,1	17%
<b>France</b>	<b>0,5</b>	<b>2,1</b>	<b>5,9</b>	<b>5,6</b>	<b>2,7</b>	<b>18%</b>
Greece	-1,2	0,6	9,3	4,2	2,4	16%
Hungary	3,3	5,1	15,3	16,4	4,0	52%
Ireland	-0,3	2,4	8,1	4,6	2,6	18%
Italy	-0,1	1,9	8,7	5,9	2,9	21%
Latvia	0,2	3,2	17,2	9,3	1,7	35%
Lithuania	1,2	4,7	18,9	9,2	2,2	41%
Luxembourg	0,8	3,5	8,2	3,2	2,6	20%
Malta	0,6	0,7	6,1	5,4	2,8	17%
Netherlands	1,3	2,8	11,6	4,7	3,0	25%
Poland	3,4	5,2	13,1	11,4	6,1	45%
Portugal	0,0	0,9	8,1	5,1	2,7	18%
Slovakia	1,9	2,8	12,1	10,9	5,7	38%
Czech Republic	3,2	3,3	14,8	11,9	3,4	42%
Romania	2,6	4,1	12,0	9,7	4,6	37%
Slovenia	-0,1	2,0	9,3	7,0	3,8	24%
Sweden	0,5	2,2	8,1	6,0	1,9	20%

Unit: %, annual change in consumer prices; source: European Commission

EU 27 average: +24

Croissance des prix à la consommation de 2019 à 2024

- Pays hors UE
- Augmentation de 40% ou +
- Augmentation de 30% à 39%
- Croissance de 20 à 29%
- Croissance de 15 à 19%



### **3. Agricultural conditions**

Not favorable to investment, except in the livestock sector

## Business conditions by agricultural sector

The situation is not good in viticulture, and is mixed in field crops; but it is favorable in livestock farming, particularly in the pork and poultry sectors.

### Arable crops : Always a scissor effect on margins



- Field crop harvests are looking good. Yields are good and above the five-year average, except for rapeseed, which suffered from a lack of sunshine in spring.
- After rebounding in July, prices fell again in August on the back of an upturn in world grain production forecasts (2023 is expected to be the second-biggest harvest ever). However, cereal stocks, particularly wheat stocks, are low. This factor may lead to an upturn in prices in the coming weeks;
- Margins remain under pressure in field crops, with costs rising much faster than revenues.

### Animal production : Remunerative prices offset lower volumes



- The fall in beef production continued and intensified in July. After 7 months of activity, the drop reached 3% for large cattle, 5% for pigs and 8% for sheep/goats. The same is true for milk, with milk collection down 2%;
- Prices remain at high levels, offsetting the fall in volumes. Since the beginning of the year, income growth (price x volume) has been strong in the pig and poultry sectors, sustained in the beef and dairy sectors, and satisfactory in the sheep sector;
- In all these sectors, the rise in supply costs is significantly lower than the increase in revenues, leading to an expected recovery in margins and earnings in 2023.

### Viticulture : Falling sales, prices and margins

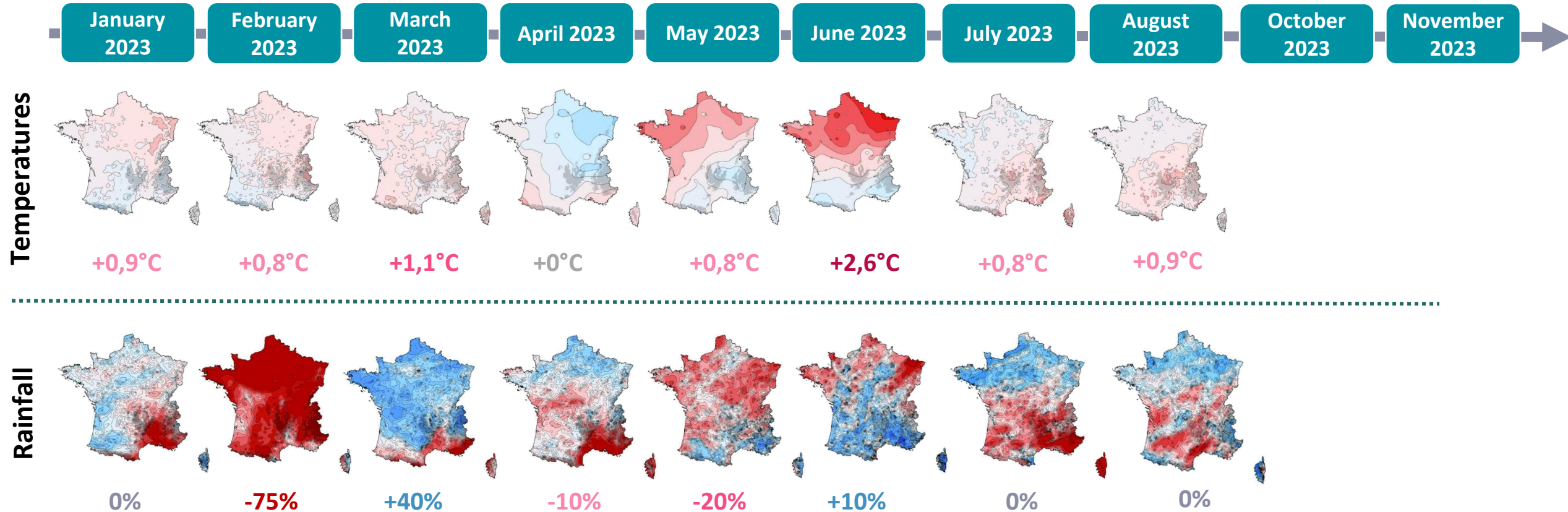


- The French wine industry has had a difficult year both in France and abroad: sales volumes have fallen by 5% in supermarkets since the beginning of the year. Export sales are down 7%, with double-digit declines in the USA, Germany and China;
- At the same time, producer selling prices are contracting significantly: -7% on average since January; -13% for PDO wines;
- The wine industry, like that of field crops, is facing a scissor effect on its margins, with costs rising while revenues fall;
- On a positive note, the 2023 wine harvest is expected to be between 44 and 47 Mhl, slightly above its five-year average.

Source: Axema, based on France Agrimer, Agreste

# Climatology in France

So far, the weather has not been too bad for agriculture, except in a few regions (especially around the Mediterranean).

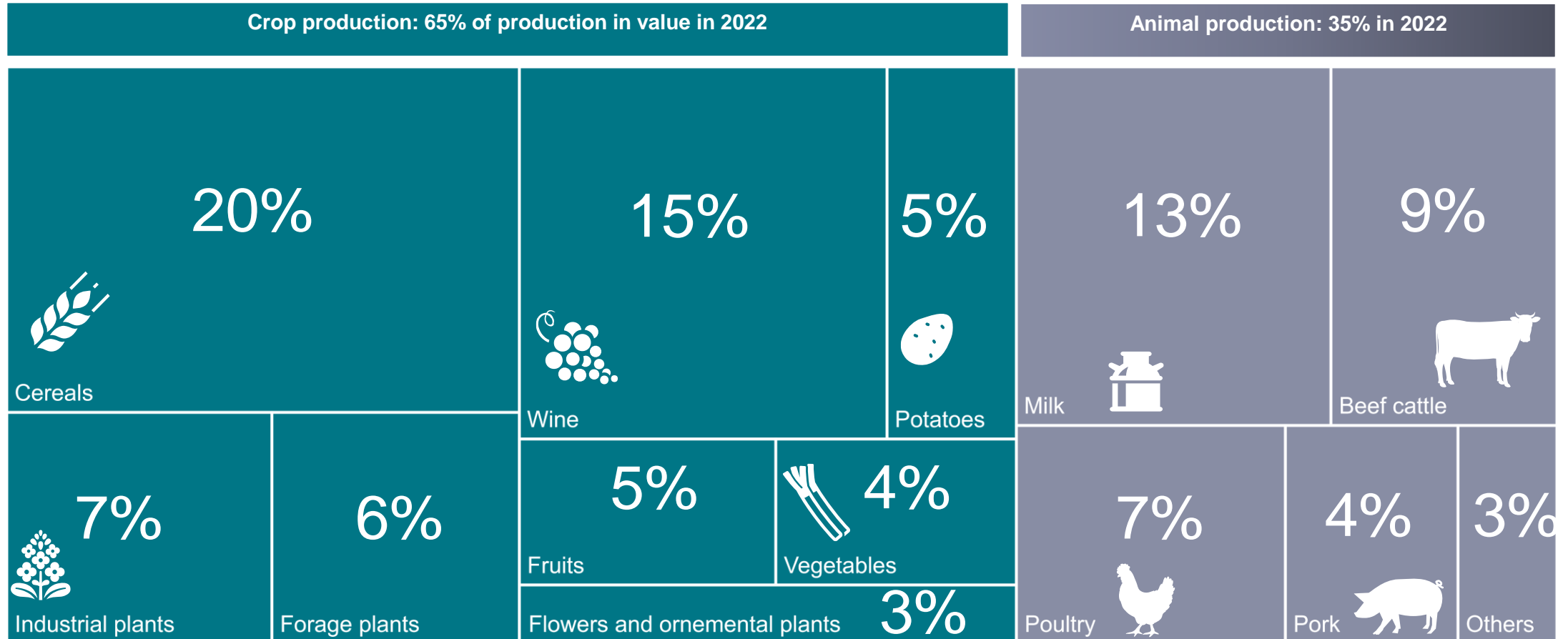


Units: deviation in degrees Celsius and in % from average temperature and rainfall for the period 1991-2020  
Source: Météo France, seasonal and monthly climate reports



## The breakdown of French agricultural production by product in 2022

The production of agricultural goods (excluding services) was divided into 65% crop production and 35% animal production in 2022



Unit: %, share of total production of agricultural goods (excluding services)  
Source: Insee, Agriculture Account

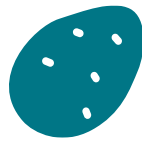
## Forecast: farm income in 2023

French agricultural production is set to remain stable in value terms in 2023, under the effect of two opposing forces: declining income from field crops and rising income from livestock.



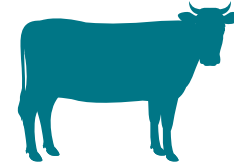
### Wheat tendre ↓

2023 production: 35.1MT  
Yield +3% vs. 2022 ↗  
January-August sales price €249/tonne  
-27% compared with January-August 2022 ↓



### Potatoes ↑

2023 production: 8.7 MT  
Yield +8% vs. 2022 ↗  
January-August sales prices  
+25% compared with January-August 2022 ↑



### Large cattle ↗

2023 production: 1.165 MT  
Change -3% vs 2022 ↘  
January-August sales price €5.16/kg  
+9% compared with January-August 2022 ↗



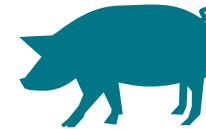
### Corn ↓

2023 production: 11.5 MT  
Yield +18% vs 2022 ↑  
January-August sales price 246 €/tonne  
-19% compared with January-August 2022 ↓



### Wine ↘

2023 production: 45.5 Mhl  
Change +0% vs 2022 →  
January-August sales prices  
-7% compared with January-August 2022 ↘



### Pigs ↑

2023 production: 2.035 MT  
Change -6% vs 2022 ↘  
January-August sales price €2.34/kg  
+42% compared with January-August 2022 ↑



### Rapeseed ↓

2023 production: 4.3 MT  
Yield -13% vs 2022 ↓  
Sales price January-August 469 €/tonne  
-41% compared with January-August 2022 ↓



### Cow's milk ↗

2023 production: 22,833 million liters  
Change -2% vs 2022 ↘  
January-August sales price €0.46/litre  
+11% compared with January-August 2022 ↑



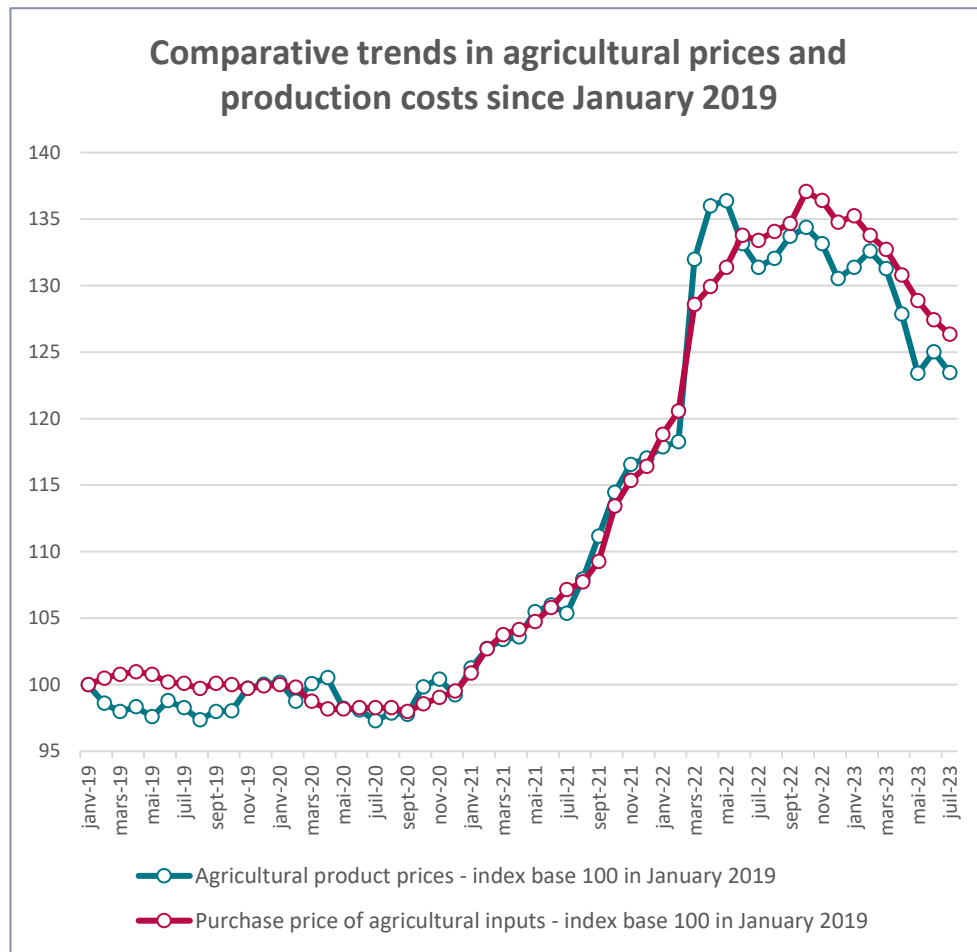
### Poultry ↑

Poultry production 2023: 1.505 MT →  
Egg production: 15.5 billion units →  
January-August sales prices  
+20% compared with January-August 2022 ↑

Unit: %, change compared to 2022 or compared to the average over the last five years: Source: Agreste

# Comparative trends in sales prices and supply costs by agricultural sector

## Field crop and winegrowing sectors hit by margin squeeze since start of year



Unit: index, base 100 in January 2019  
Source : Agreste

Agricultural sector	PRICE Jan-July 2023 vs Jan-July 2022	SUPPLY COSTS Jan-July 2023 vs Jan-July 2022	Differential
Arable crops	-19,7%	+0,8%	— — —
Viticulture	-7,3%	+3,3%	— —
Milk	+11,1%	+4,2%	+ +
Beef cattle	+9,1%	+2,2%	+ +
Pigs	+37,5%	+7,1%	+ + +
Poultry	+15,1%	+7,0%	+ +
Vegetables	+24,3%	+4,0%	+ + +
<b>Set</b>	<b>-1,1%</b>	<b>+2,1%</b>	—

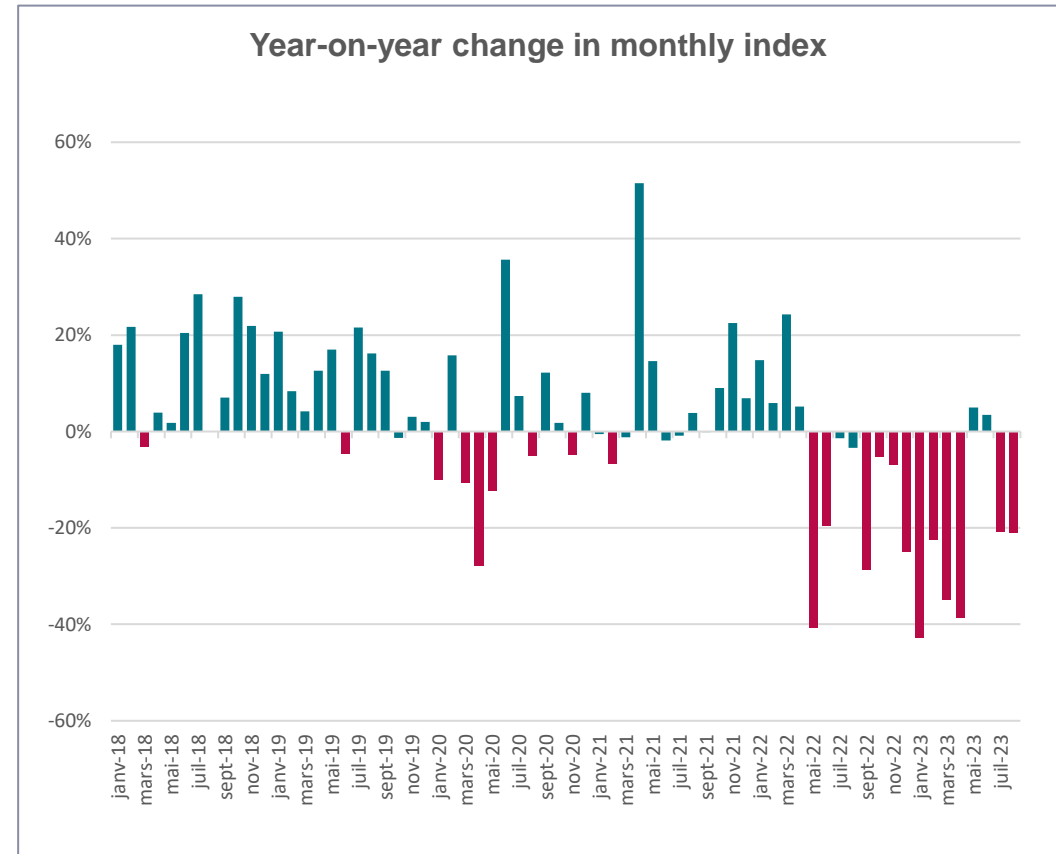
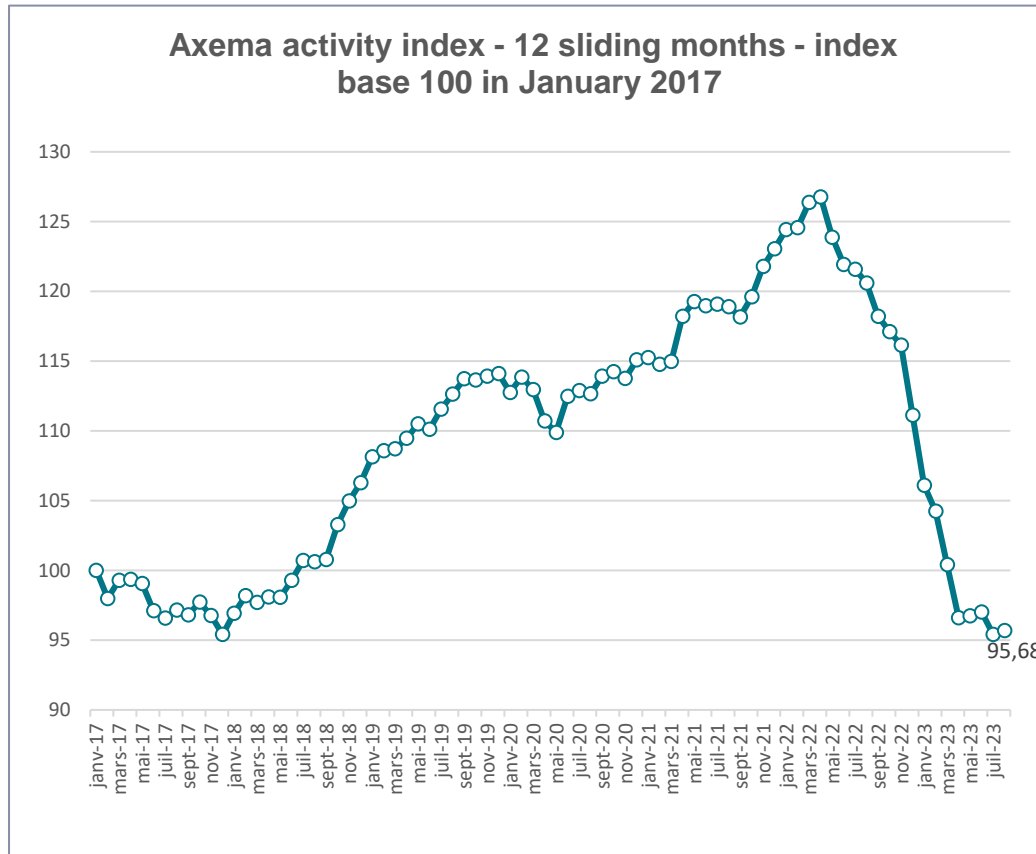
Unit: %, year-on-year growth  
Source: Agreste - Axema calculations

## 4. Agro-equipment market conditions

Continuing dichotomy between market trends (up sharply) and order intake (down sharply)

## Axema activity index (monthly index representing order intake in volume)

Orders plunged by -21% in 1<sup>er</sup> half 2023 (-25% in Q1 and -16% in Q2). After rebounds in May and June, the Axema activity index fell back in July and August to its lowest level since December 2017.



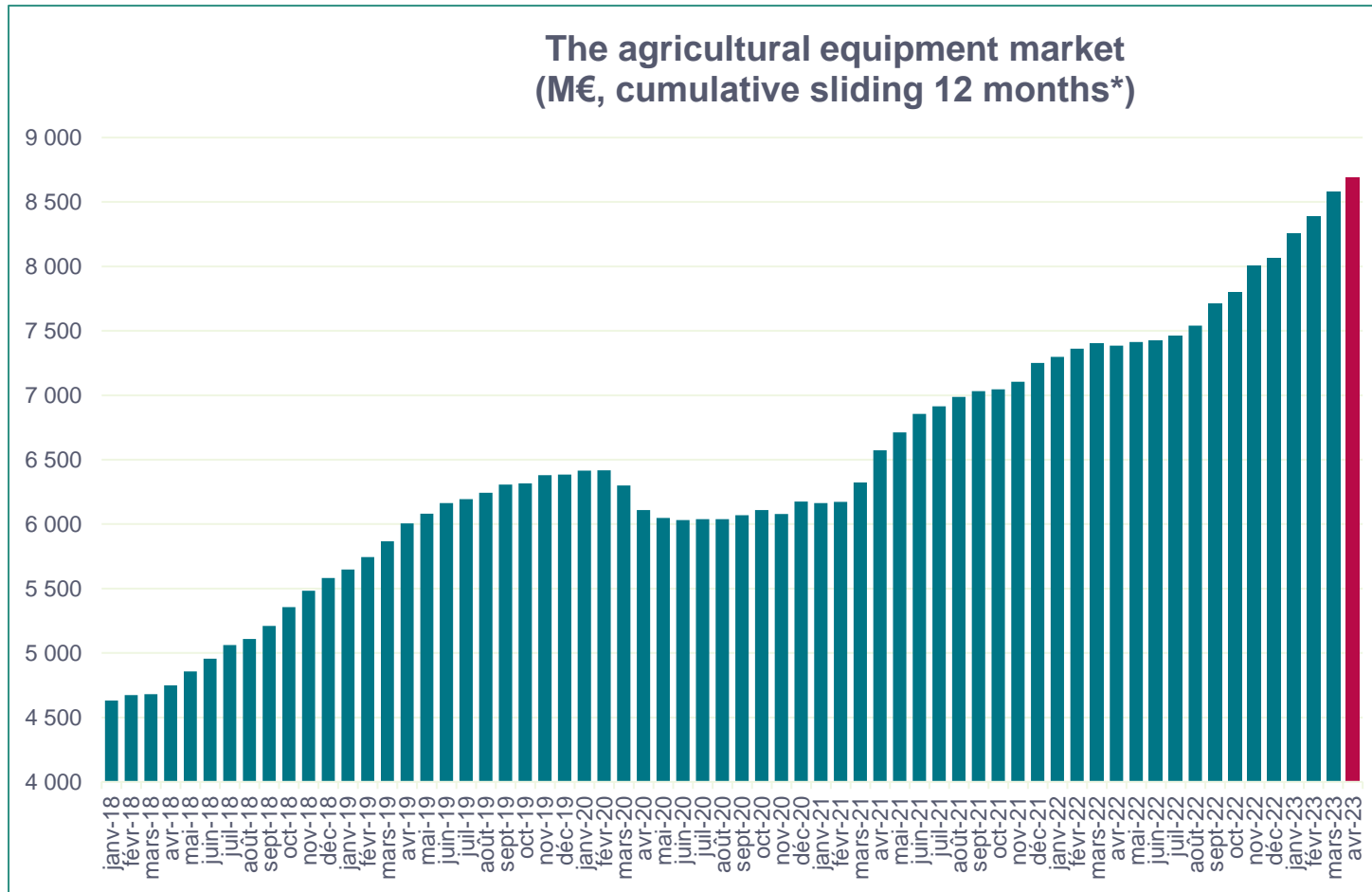
The Axema activity index (monthly) is based on monthly statistical declarations made by the association's member companies for the following equipment: tractors, telescopic loaders, combine harvesters, self-propelled forage harvesters, round and square balers, haymaking equipment and tipplers. The indicators reported are expressed in terms of volume, and in most cases relate to sales to the network (orders). For tipplers, the indicator used is the number of registrations.

Axema's quarterly index (not shown here) - which is more comprehensive - includes, in addition to the product families listed above, green space equipment, grape harvesting machines, spraying equipment, soil preparation, sowing and fertilization equipment, dairy equipment and greenhouses.

Units: activity index, base 100 in January 2017; %, annual variation on monthly data; source: Axema

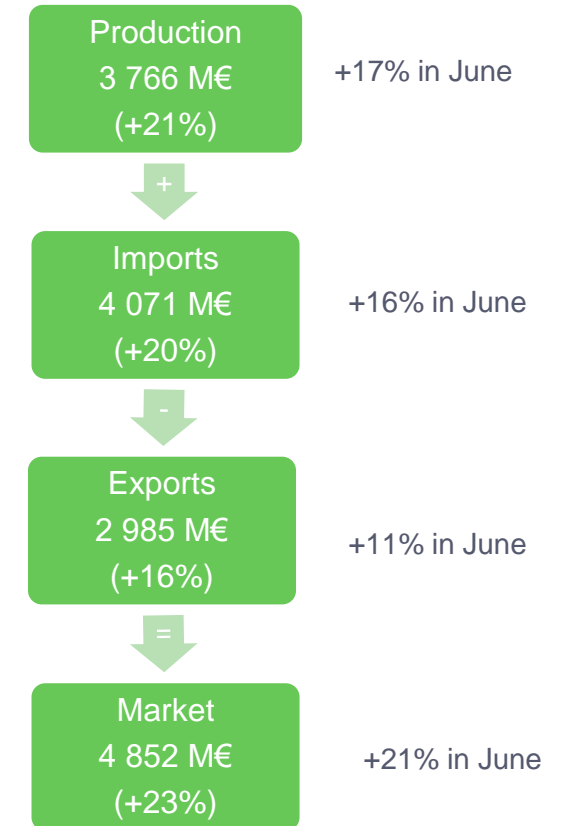
## New agricultural equipment market in France (billings)

At the end of the first six months of the year, the AE market remains very buoyant (23% compared to the same period in 2022), despite a sharp drop in orders.



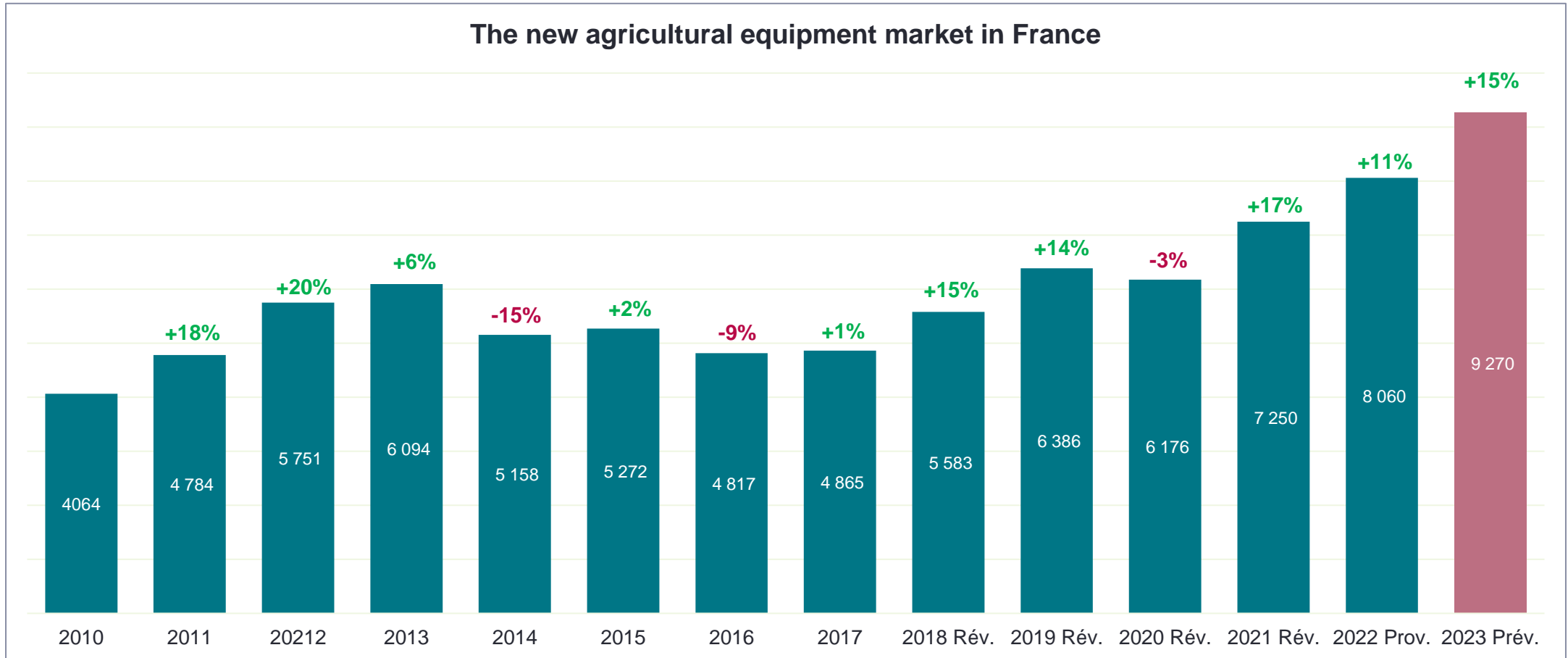
(\*) In January 2023, data correspond to sales over the last 12 months, i.e. from May 2022 to April 2023.  
Unit: million euros; Axema based on INSEE and Douanes

## Trends in the agricultural equipment market January-June 2023



## Estimated 2023

Further strong growth in 2023, inherited from the 2022 order book. The market will break the 9-billion-euro barrier for the first time.

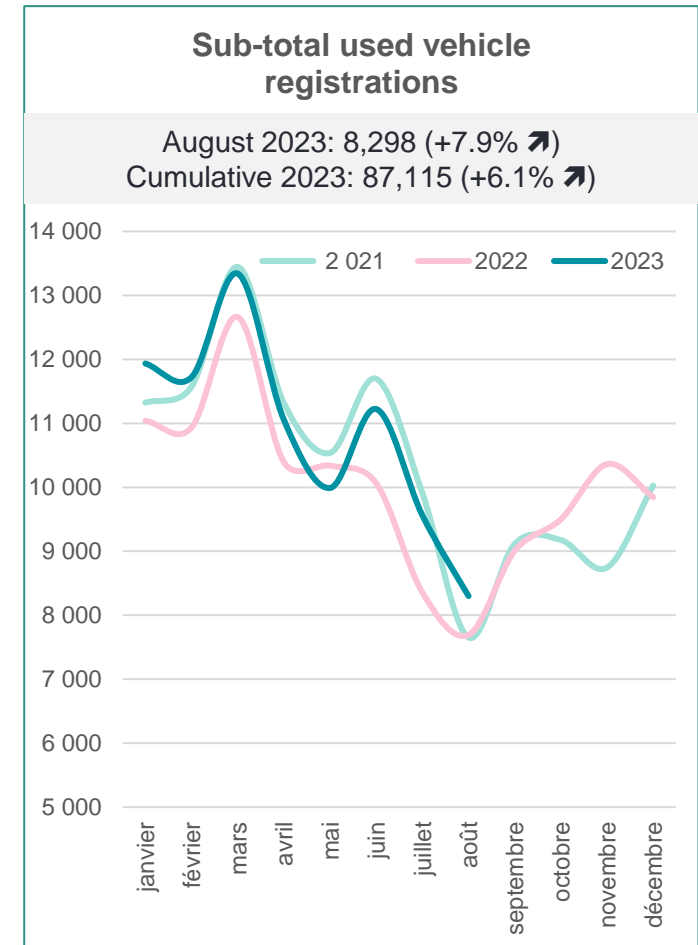
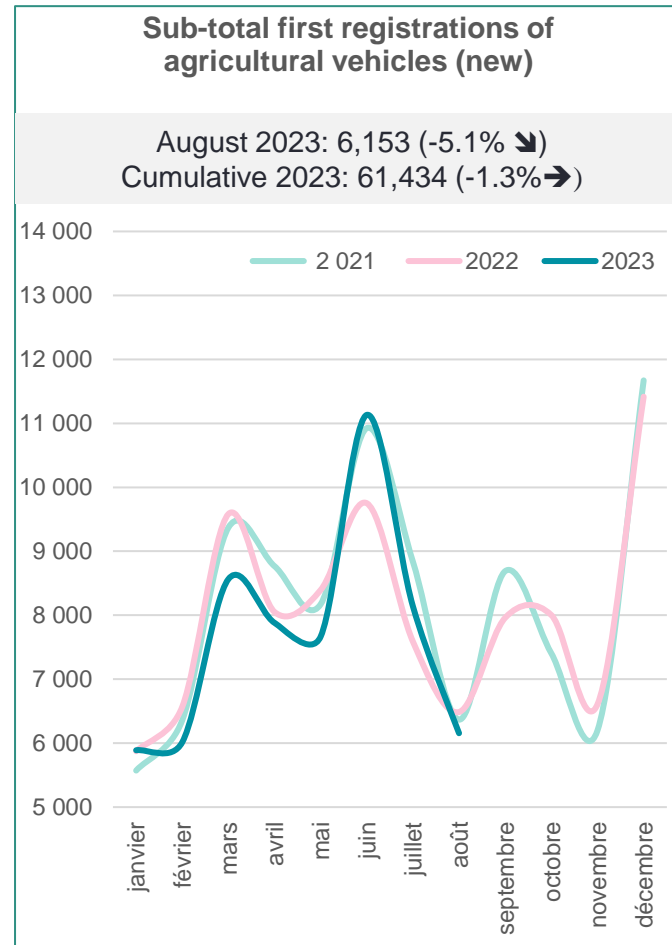
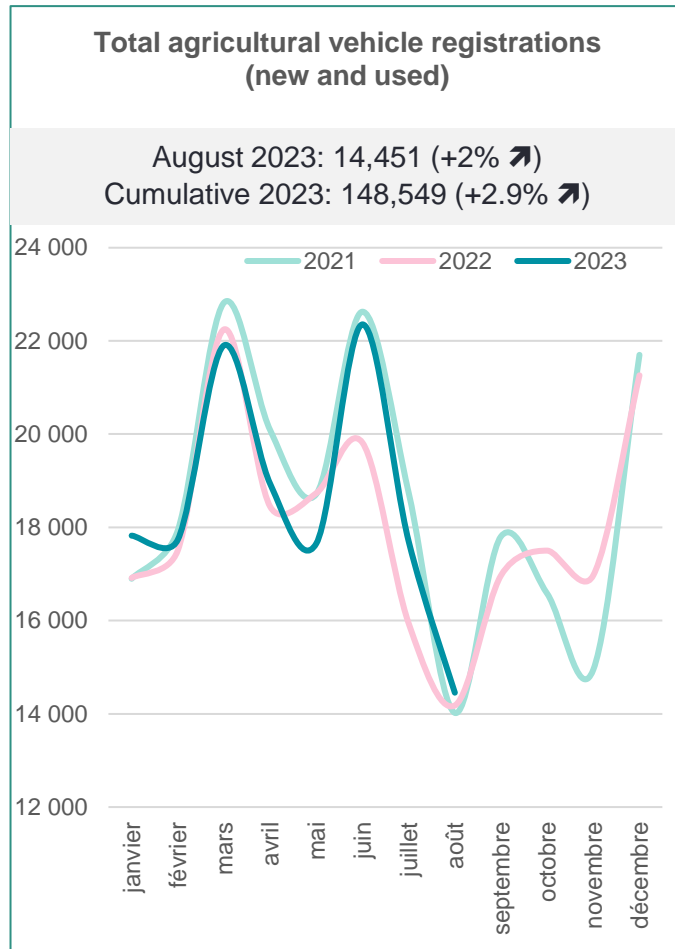


Rev: revised data; Prov: provisional data; Forecast: forecast; Units: million euros; %, annual variation in value.

Source: Axema (series excluding greenhouses and telescopic forklifts)

## Agricultural vehicle registrations in France (1/2)

After a good July, the rate of growth in registrations slowed in August, both on the new-build segment (-5.1%, after +7.3% in July) and on the existing-build segment (+7.9% after +14.4% in July).



Unit: number of registrations - Source: SIV-DIVA (data from ANTS-Ministère de l'Intérieur), latest data available August 2023



## First registrations of agricultural vehicles in France (2/2)

Strong growth for field sprayers and mixers. Standard tractor registrations up +8%.



**Standard tractors**  
13 914  
+8,1%



**Tractors for vineyards and orchards**  
1 932  
-17,1%

**Green spaces tractors**

4 222  
+0,1%



**Telescopic loaders**  
3 119  
+5,2%



**Agricultural tippers**  
3 072  
-8,2%



**Betailières**  
523  
+1,9%



**Forage trays**  
1 370  
-10,4%



**Manure spreaders**  
705  
-18,5%



**Slurry tankers**  
482  
-13,2%



**Trailed mixers**  
621  
+18,3%



**Round balers**  
2 091  
-22,4%



**Trailed sprayers**  
903  
+30,0%



**Combines**  
1 135  
+9,1%



**Self-propelled sprayers**  
234  
+30,4%



**Self-propelled forage harvesters**  
162  
-27,7%



**Machines harvesting**  
262  
-22,9%

Unit: number of registrations during the period January-August 2023 and %, year-on-year growth compared with the same period in 2022; source: SIV-DIVA



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