

19th mars 2025

Quarterly business survey
of inflation expectations • 1st quarter 2025

Business leaders' inflation expectations one year and 3-5 years ahead
were stable at 2%

Business perception and expectations of inflation in France (consumer prices)

Our quarterly survey of inflation expectations (defined here as the increase in the consumer prices index – CPI), which is a new module of the Banque de France's Business Survey, was carried out between 26 February and 5 March . In the first quarter of 2025, median inflation as perceived by business leaders was 2%, i.e. higher than the consumer price index (CPI) (0.8% in February) and the harmonised index (HICP) (0.9% in February). Their median one-year and medium-term (3-5 years) expectations also stood at 2%, in line with the price stability objective.

Table 1: Business perceptions and expectations of the annual inflation rate (median, %)

	2024-Q2	2024-Q3	2024-Q4	2025-Q1
Current Perceived Inflation	3.0	2.5	2.0	2.0
1-year forward inflation expectations	2.5	2.1	2.0	2.0
3-5 year forward inflation expectations	2.0	2.0	2.0	2.0

In the first quarter of 2025, median inflation as perceived by business leaders was stable compared with the previous quarter, as were expectations for one year ahead. Median medium term inflation expectations – three to five years ahead – were also stable at 2%. The mode of distribution of inflation expectations also stood at 2% (38% in the first quarter of 2025), but fell by 6 percentage points (pp) compared with the previous quarter. At the same time, expectations of 1% or less rose by 2 pp (9% in the first quarter of 2025), as did those of 3% or more (6 pp, to 29% in the first quarter of 2025).

Chart 1: Change in annual inflation rate perceptions and expectations (median, %)

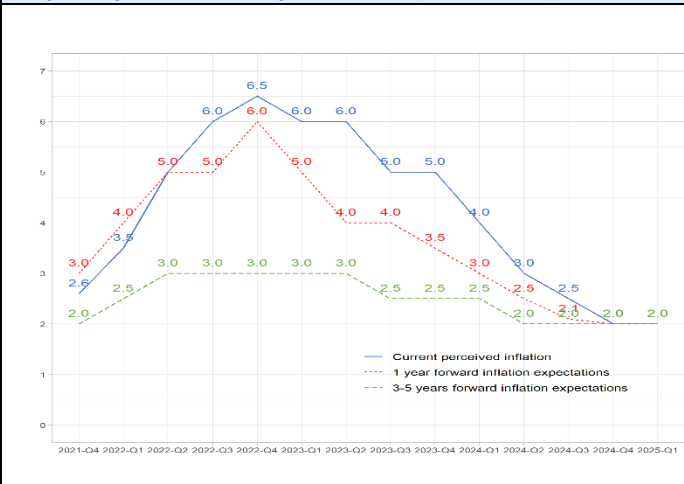
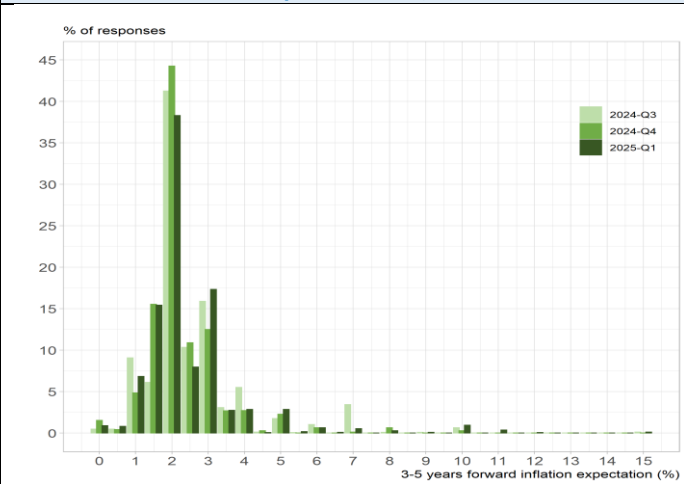
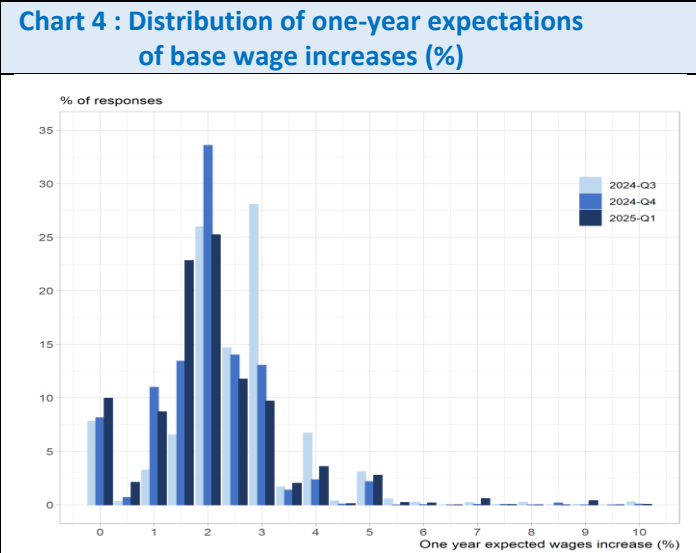
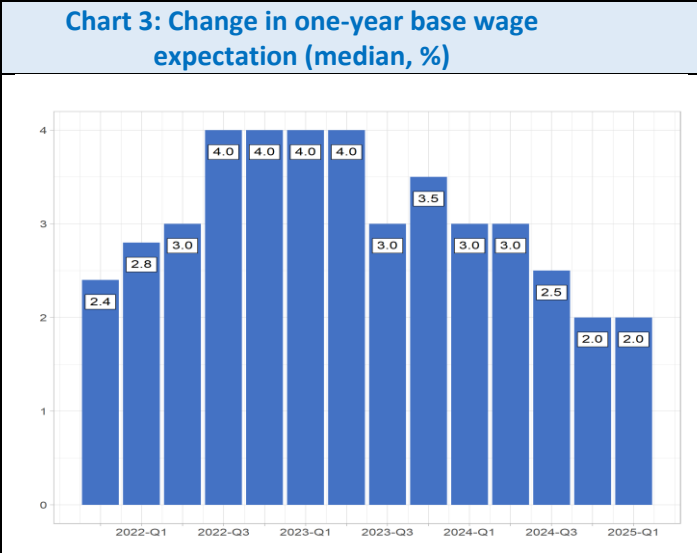


Chart 2: Distribution of three to five-year inflation expectations (%)



Base wage growth expected by business leaders

Business leaders expect base wages in their firms to grow by a median of 2% over the next year, like the previous quarter. The distribution of responses shifted towards lower expectations: accordingly, expectations of less than 2% increased by 11 pp (44% compared with 33% in the previous quarter).



Methodology

This survey was carried out between 26 February to 5 March on a representative sample of 1,700 business leaders. The survey covers three major market sectors of the economy and firms of all sizes from every region of metropolitan France. The opinions of business leaders are obtained by telephone during the monthly interview conducted for the Monthly Business Survey and each business leader is questioned only once a year with regard to this module. Business leaders are asked four questions:

- 1 - As a percentage, what, in your opinion, is the actual rate of inflation in France?
- 2 - As a percentage, what, in your opinion, will the rate of inflation be in one year in France?
- 3 - As a percentage, what, in your opinion, will the rate of inflation be in three to five years in France?
- 4 - As a percentage, how, in your opinion, will the base wage (before tax, excluding bonuses) change in your firm over the coming 12 months?

Note that the base wage corresponds to gross salary before the deduction of social security contributions and payment of social security benefits. Bonuses and overtime are not included.

The data are trimmed at the 99th centile. To calculate the results, the replies are weighted based on the average number of employees and the relative importance of each firm within its sector, then by the respective weights of the professional branches in terms of value added at the aggregate level.

