

By BAG

SAVING TELEGRAM

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FRAME ECONOMIC

FROM PARIS SAVING TELNO 56 OF 14 OCTOBER 1986

TO FCO

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FRANCE : ECONOMIC REPORT FOR SEPTEMBER 1986

SUMMARY

1. There are continuing signs of at least a partial improvement in the French economy. There have been better monthly trade figures, industrial production continues to increase, the retail trade is prospering and the annual rate of inflation remains low. The chief black spot is the continued rise of unemployment.
2. There was a foreign trade surplus in August for the second month running, following poor monthly figures earlier in the year, but the performance of manufactured goods is still well below par.
3. Industrial production continues to increase and industrialists are optimistic. The French rate of increase in unit labour costs is now the lowest of the G-5 countries.
4. The volume of sales in the retail trade in the summer was not far from a peak reached in 1979 and well above the average for the last three years.
5. The annual rate of inflation remained at 2.0% in August but the figures show that if energy and public sector tariffs were excluded the rate would be significantly higher.
6. Unemployment continues to rise and reached 2.49 million s.a. in August.