High Savings: Could Interest Rates Explain It More Than Uncertainty?

The French households are saving more than before the health crisis—and this trend is growing stronger. This behavior contrasts with purchasing power trends and developments seen elsewhere in the eurozone. While economic and political uncertainty is often cited, high interest rates also play a key role in this sustained saving.

An atypical post-Covid path… Uniquely French. Since 2020, the French household savings rate has experienced unprecedented fluctuations. After a phase of forced saving linked to Covid, consumption partially rebounded, but the savings rate remained sustainably higher. In 2025, this trend strengthens: in the first quarter, the savings rate reached 18.6% of gross disposable income, compared to about 14% before the pandemic.

Whereas Italy and Spain saw a normalization of their post-Covid savings rates—reflecting purchasing power constraints pushing households to dip into their reserves—France and Germany stand out with persistently high savings levels. However, this similarity ends in 2024, with the German savings rate declining while the French household rate rises again. This recent divergence highlights a dynamic specific to France.

The classic explanation: economic and political uncertainties. The economic situation of French households appears relatively more favorable than elsewhere in the euro area, with inflation remaining lower and purchasing power gains significantly higher.

Yet confidence surveys show the French are more pessimistic. The INSEE notes in its September Economic Brief this "gap between individual perceptions and actually measured aggregates." Uncertainty—whether political, economic, or geopolitical—is a plausible explanation: households worry about the future and delay spending. But this view should not overshadow another powerful driver of saving: high interest rates.

The Underestimated Explanation: High Rates Driving Savings Up.
Interest rates remain high in France and contribute to elevated savings through several channels:

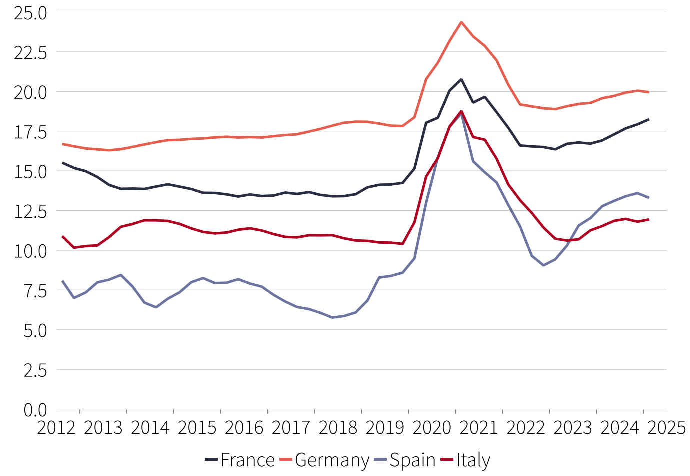
- Nature of income: A significant share of purchasing power gains comes from asset income, boosted by rates. This income is often automatically reinvested, especially by wealthier households with a strong saving propensity.

- Credit drying up: Rising rates have slowed credit access, pushing households to keep a higher precautionary savings buffer due to lack of external financing.

- Trade-offs: More attractive returns encourage shifting toward saving rather than consumption.

In conclusion, the high savings of the French are not only a reaction to uncertainty but also a rational behavior. The context of sustainably high long-term French interest rates would maintain this trend, continuing to weigh on consumption and thus growth prospects.

SAVINGS RATE
(as % of gross disposable income)



Sources: Société Générale Investment Solutions, Macrobond, OECD 2025 Q1

FRENCH 10-year long-term interest rates
(as %)

Sources: Société Générale Investment Solutions, Macrobond, Macrobond 11/09/2025

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SOCIETE GENERALE
Private Banking

OUR MACRO COMMENTS

Events of the week

EURO ZONE

The ECB focuses on its medium-term inflation target

The ECB Governing Council decided this Thursday to keep its three key interest rates unchanged, with the deposit facility rate stable at 2% since June. This decision comes in a context of a gradual recovery in activity and confirmed disinflation.

The ECB's new economic projections anticipate overall inflation of 2.1% in 2025, followed by 1.7% in 2026 and 1.9% in 2029. On the growth front, the euro area economy is expected to grow by 1.2% in 2025, an upward revision from the 0.9% forecast made in June.

The ECB highlights in its communication the resilience of the European economy, while specifying that "the risks to economic growth have become more balanced." Nevertheless, it does not commit to a precise medium-term rate path, indicating that its future decisions will depend on inflation developments. For now, the disinflationary process observed in recent quarters is considered over, and the ECB believes it is "well positioned" to stabilize inflation around 2% in the medium term.

UNITED STATES

Toward the start of an interest rate cut cycle by the Fed

This Thursday, the Consumer Price Index (CPI) for August was published, just days before the Fed's upcoming interest rate decision. Inflation continues to rise: overall inflation increased by 2.9% year-on-year, while core inflation rose by 3.11% over the same period.

These figures notably show a strong rise in durable goods prices (+1.9% year-on-year), now well above pre-Covid levels. This increase reflects the pass-through of higher costs for businesses, particularly related to the rise in U.S. tariffs. However, these changes were already anticipated by the market and do not alter current outlooks. In the labor market, weekly jobless claims reached 263,000 in early September, a peak since October 2021, exceeding expectations and causing concern.

These indicators should lead the Fed to consider further rate cuts but could halt quickly if inflation continues to rise.

EVENTS IN THE COMING MONTHS

- September 17: Fed monetary policy meeting
- September 18: BoE monetary policy meeting
- October 4: election of Japan new prime minister
- October 15: french budget proposal
- October : Plenum of the Communist Party of China

Source: Macrobond, September 12, 2025. The colors in the 'Actual' column correspond to the difference from the forecast

KEY EVENTS OF THE WEEK

Monday

China	- Industrial production AUG - Retail sales AUG

Tuesday

Germany	Economic sentiment Index SEP
United States	Retail sales AUG

Wednesday

United Kingdom	Inflation rate AUG
United States	Fed interest rate decision

Thursday

United Kingdom	BoE interest rate decision

Friday

Japan	- Inflation rate AUG - BoK interest rate decision

MARKET PERFORMANCES

Interbank rates

%	10/09/2025	12/08/2025	12/06/2025	01/01/2024	12/09/2024
US SOFR	4,370	4,34	4,30	5,34	5,34
Euro area €ster	1,922	1,92	1,92	3,88	3,66
UK SONIA	3,967	3,97	4,21	5,19	4,95
Switzerland SARON	-0,037	-0,04	0,20	1,70	1,21
Japan TONAR	0,477	0,48	0,48	-0,04	0,23

10Y Government rates

%	11/09/2025	12/08/2025	12/06/2025	01/01/2024	12/09/2024
US Treasuries	4,01	4,29	4,36	3,88	3,68
France OAT	3,38	3,41	3,19	2,55	2,85
Germany Bund	2,64	2,74	2,48	2,02	2,15
Italy BTP	3,47	3,53	3,40	3,70	3,47
Spain Bonos	3,22	3,30	3,08	2,98	2,96
Switzerland	0,25	0,27	0,27	0,66	0,41
UK Gilts	4,62	4,62	4,48	3,60	3,78
Japan JGB	1,56	1,49	1,45	0,62	0,87

Credit

%	11/09/2025	12/08/2025	12/06/2025	01/01/2024	12/09/2024
United States IG	4,72	4,96	5,14	5,06	4,72
United States HY	6,60	6,98	7,36	7,59	7,24
Europe IG	3,30	3,30	3,30	3,72	3,55
Europe HY	5,28	5,24	5,49	6,80	6,34
Emerging FX	5,65	5,78	6,11	6,77	6,19

Equity indices

11/09/2025 vs	-1w	-1m	-3m	01/01/2024	-1y
World	1,56	2,746	8,712	36,61	21,32
United States	1,64	2,690	9,666	39,81	21,85
Euro area	1,45	0,580	1,698	27,67	19,63
France	1,86	0,585	0,895	10,53	9,37
Germany	0,08	-2,041	-1,700	36,05	26,12
United Kingdom	0,93	1,931	5,042	26,69	15,99
Japan	1,41	2,607	13,157	37,62	24,98
Emerging	2,27	4,380	10,618	36,55	25,06
China USD	2,87	8,767	15,635	62,54	62,47
India USD	1,01	1,969	-2,282	14,95	-6,88
Latin America USD	1,60	6,292	9,406	3,12	21,62

Foreign exchange rates

	11/09/2025	12/08/2025	12/06/2025	01/01/2024	12/09/2024
EUR/USD	1,17	1,17	1,16	1,11	1,10
GBP/USD	1,36	1,35	1,36	1,27	1,31
EUR/CHF	0,93	0,94	0,94	0,93	0,94
USD/JPY	147,26	148,09	143,82	141,03	142,50
USD/CNY	7,12	7,19	7,19	7,08	7,12

Commodity prices

	11/09/2025	12/08/2025	12/06/2025	01/01/2024	12/09/2024
Brent, USD/BL	66	66	70	77	72
Copper, USD/Metric ton	9 926	9 662	9 779	8 476	9 116
Gold, USD/Troy oz	3 634	3 348	3 387	2 063	2 559
Silver, USD/Troy oz	41	38	36	24	29
Palladium, USD/Troy oz	1 185	1 142	1 055	1 136	1 031
Platinium, USD/Troy oz	1 392	1 336	1 258	1 000	966

Source : Bloomberg on 12 September 2025, 1W = 1 week change, 3M = 3 month change, 12M = 12 mont change, YTD = year to date change, Equities; total return in local currency . Government bonds = 10 year returns. Figures are rounded..

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