
## France is not without its strengths

*The rise in French sovereign interest rates and in particular the widening of the gap with German rates are reviving questions about the trajectory of public finances. In a context marked by slower growth, high debt and persistent deficits, the markets are more demanding of the French signature. This development marks the return to the forefront of budgetary sustainability issues. However, the current situation is significantly different from that of the economies that were at the heart of the eurozone crisis in the early 2010s. While France's fiscal challenges are real, the economy also has several resilience factors that deserve to be recalled.*

**Growing tensions over the French debt.** The return of persistently higher interest rates is changing the environment in which public finances operate. For more than a decade, the low cost of financing has allowed governments to take on debt at a lower cost. The rate hike of recent years, which has accelerated again in recent weeks, automatically leads to an increase in the interest burden. This development comes at a time when France continues to post a high public deficit. In a context of relatively weak growth, investors are more concerned about the country's ability to stabilise and then reduce its debt. The recent widening of the risk premium compared to Germany (to 110 basis points) reflects a questioning of the credibility of the French fiscal trajectory.

**Shock absorbers that distinguish the French situation**. However, these tensions should not hide a key difference between today's France and the economies that had gone through the sovereign crises of the early 2010s, At the time , several countries on the periphery of the euro area had large public and external deficits, making them highly dependent on international financing. When these capital flows came to a halt, the adjustments were particularly violent. France does not currently have this type of external vulnerability. Its current account deficit remains limited and the economy does not depend heavily on short-term foreign financing to ensure its functioning. This characteristic reduces the risk of a "sudden stop", i.e. a sudden halt in capital flows that could cause a financial crisis. The abundance of domestic savings is another factor of resilience. French households maintain a high savings rate, providing the economy with a large pool of financing. This ability to mobilize abundant national savings distinguishes France from many economies that have experienced financing difficulties in the past. Finally, the financial system now appears to be robust, thanks in particular to the regulatory and prudential reinforcements implemented for more than a decade.

**An environment that reinforces the need for fiscal adjustment**. The presence of these shock absorbers does not mean that France can ignore its imbalances.

Persistently higher rates imply a gradual increase in the debt burden, reducing fiscal room for manoeuvre. An increasing share of public resources is therefore expected to be devoted to financing past commitments rather than to investment or policies to support growth. In this context, budgetary choices are becoming more constrained and trade-offs more delicate. Markets could also continue to demand higher remuneration as long as there is no lasting improvement in public accounts. The most likely scenario is therefore not that of a financial crisis comparable to those observed in some European countries fifteen years ago. Rather, the main risk is that growth will be held back for a long time by the rise in the cost of debt and by the efforts needed to restore public finances

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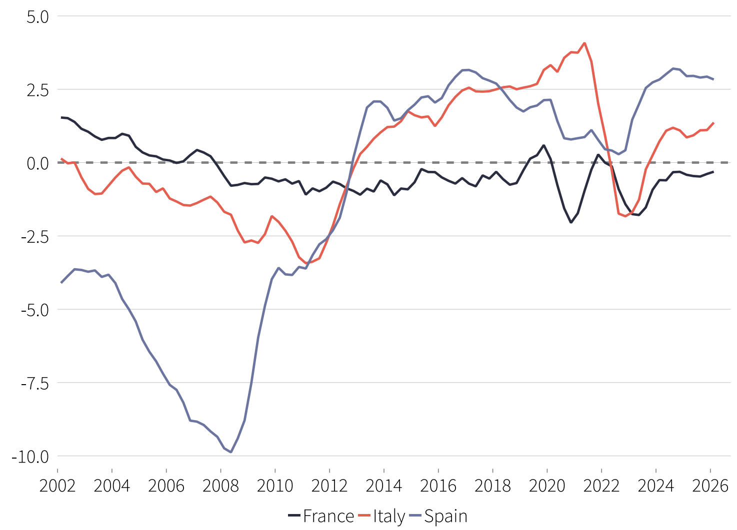
### CURRENT ACCOUNT BALANCE

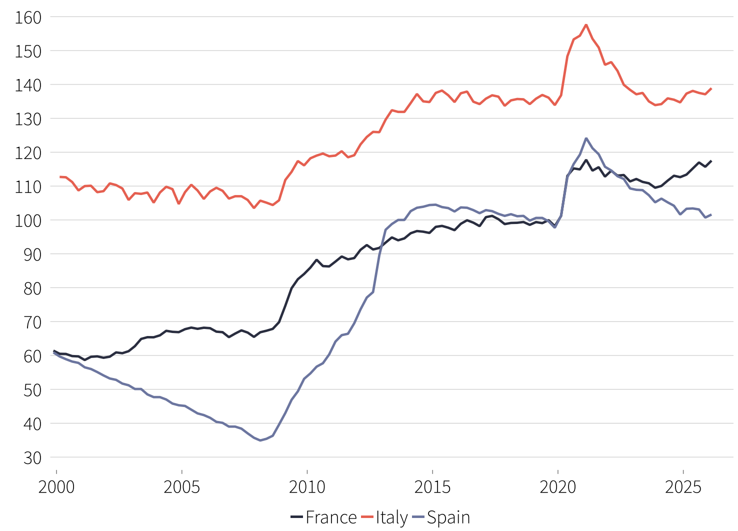
% of GDP




Sources: Société Générale Investment Solutions, Macrobond, Eurostat 2026 Q1

### GENERAL GOVERNMENT DEBT

% of GDP




Sources: Société Générale Investment Solutions, Macrobond, Banque de France 2026 Q1

# OUR MACRO COMMENTS

## Events of the week

### ACTIVITY SURVEYS WITH ROBUST GROWTH

The S&P PMI surveys for September confirm the dynamism of activity in the main developed economies despite the various supply shocks. Indeed, in the euro zone, the composite PMI accelerated to a level of 53, with manufacturing sub-components and services expanding significantly. By country, the PMIs also showed a clear improvement in Germany, with the composite PMI accelerating towards a level of 54, reflecting the increase in the services sub-component. The French composite PMI also improved to 51, also supported by services. In the United States, the S&P PMI data suggest a strong acceleration in the economy, with the composite PMI rising to a level of 58. While the components of activity remain very positive, the price components also remain at high levels in both the manufacturing and services sectors. This good survey data contributed to the rise in sovereign yields during the week and to the rise in expectations of monetary tightening by central banks

### OECD NOTES RESILIENCE IN ACTIVITY AND INFLATION

In line with the resilience of activity in recent months, the OECD has revised upwards its growth forecasts for the main developed and emerging economies. Indeed, the institution now forecasts global growth at 2.9% in 2026 and growth that will remain as dynamic in 2027. Growth in the United States and the euro area is expected to remain resilient, with 2% and 1% estimated by the OECD respectively. Growth is expected to continue to benefit from investments related to AI, which supports the recovery of the industrial sector at a global level, but also from the various support plans at the country level. The OECD also considers in its scenario a gradual normalisation of energy supply. In parallel with the resilience of activity, inflation in the main economies is also expected to remain above central bank targets, with core inflation only gradually slowing from 2.7% in 2026 to 2.7% in 2027.

### EVENTS ANDKEY FIGURES TO COME

| | |
|---|---|
| **Tuesday** | |
| **Eurozone** | Economic activity surveys September |
| **Spain** | September inflation |
| **United States** | JOLTS survey August |
| **Wednesday** | |
| **China** | September Composite PMI |
| **France** | September inflation |
| **Germany** | September inflation |
| **United States** | Monthly Household Accounts August<br>August PCE inflation<br>August trade balance |
| **Thursday** | |
| **United States** | ISM Manufacturing PMI September |
| **Vendredi** | |
| **Eurozone** | September Inflation Rate |
| **United States** | September labour survey |

*Source: Macrobond, September 25, 2026. The colors in the 'Actual' column correspond to the difference from the forecast*

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# MARKET PERFORMANCES

## Interbank rates

| % | 23/09/2026 | 25/08/2026 | 25/06/2026 | 01/01/2024 | 25/09/2025 |
|---|---|---|---|---|---|
| US SOFR | 3,690 | 3,65 | 3,63 | 5,34 | 4,34 |
| Euro area €ster | 2,439 | 2,19 | 2,18 | 3,88 | 1,93 |
| UK SONIA | 3,731 | 3,73 | 3,73 | 5,19 | 3,97 |
| Switzerland SARON | -0,039 | -0,05 | -0,04 | 1,70 | -0,04 |
| Japan TONAR | 0,977 | 0,98 | 0,98 | -0,04 | 0,48 |

## 10Y Government rates

| % | 24/09/2026 | 25/08/2026 | 25/06/2026 | 01/01/2024 | 25/09/2025 |
|---|---|---|---|---|---|
| US Treasuries | 5,18 | 4,64 | 4,40 | 3,88 | 4,18 |
| France OAT | 4,70 | 4,06 | 3,59 | 2,55 | 3,53 |
| Germany Bund | 3,59 | 3,21 | 2,86 | 2,02 | 2,77 |
| Italy BTP | 4,56 | 4,02 | 3,64 | 3,70 | 3,63 |
| Spain Bonos | 4,07 | 3,66 | 3,29 | 2,98 | 3,33 |
| Switzerland | 0,62 | 0,44 | 0,31 | 0,66 | 0,23 |
| UK Gilts | 5,37 | 5,07 | 4,78 | 3,60 | 4,75 |
| Japan JGB | 2,95 | 2,86 | 2,64 | 0,62 | 1,63 |

## Credit

| % | 24/09/2026 | 25/08/2026 | 25/06/2026 | 01/01/2024 | 25/09/2025 |
|---|---|---|---|---|---|
| United States IG | 5,95 | 5,39 | 5,16 | 5,06 | 4,85 |
| United States HY | 8,05 | 7,21 | 7,22 | 7,59 | 6,72 |
| Europe IG | 4,46 | 3,92 | 3,63 | 3,72 | 3,35 |
| Europe HY | 6,58 | 5,96 | 5,68 | 6,80 | 5,16 |
| Emerging FX | 6,41 | 5,87 | 5,76 | 6,77 | 5,68 |

## Equity indices

| 24/09/2026 vs | -1w | -1m | -3m | 01/01/2024 | -1y |
|---|---|---|---|---|---|
| World | 0,53 | -0,369 | 2,495 | 64,56 | 19,21 |
| United States | 0,63 | -0,008 | 4,182 | 64,95 | 16,75 |
| Euro area | 0,41 | -2,569 | -0,591 | 52,09 | 18,07 |
| France | 0,35 | -4,065 | -3,357 | 18,62 | 6,70 |
| Germany | -0,23 | -3,683 | 1,010 | 45,27 | 7,09 |
| United Kingdom | 0,04 | -2,100 | 2,473 | 49,67 | 19,05 |
| Japan | -0,30 | -0,410 | -0,146 | 83,15 | 32,32 |
| Emerging | 1,04 | 1,644 | -2,606 | 82,84 | 30,65 |
| China USD | 0,17 | -2,862 | 4,095 | 39,41 | -15,03 |
| India USD | -1,36 | -4,969 | -3,434 | 4,73 | -9,35 |
| Latin America USD | -0,82 | -0,703 | 4,518 | 30,05 | 22,29 |

## Foreign exchange rates

| | 24/09/2026 | 25/08/2026 | 25/06/2026 | 01/01/2024 | 25/09/2025 |
|---|---|---|---|---|---|
| EUR/USD | 1,14 | 1,17 | 1,14 | 1,11 | 1,17 |
| GBP/USD | 1,32 | 1,36 | 1,32 | 1,27 | 1,33 |
| EUR/CHF | 0,94 | 0,94 | 0,92 | 0,93 | 0,93 |
| USD/JPY | 158,93 | 159,26 | 161,63 | 141,03 | 149,67 |
| USD/CNY | 6,71 | 6,72 | 6,79 | 7,08 | 7,13 |

## Commodity prices

| | 24/09/2026 | 25/08/2026 | 25/06/2026 | 01/01/2024 | 25/09/2025 |
|---|---|---|---|---|---|
| Brent, USD/BL | 107 | 86 | 75 | 77 | 69 |
| Copper, USD/Metric ton | 14 765 | 14 425 | 13 194 | 8 476 | 10 312 |
| Gold, USD/Troy oz | 4 274 | 4 659 | 4 027 | 2 063 | 3 749 |
| Silver, USD/Troy oz | 64 | 69 | 58 | 24 | 45 |
| Palladium, USD/Troy oz | 1 282 | 1 334 | 1 203 | 1 123 | 1 247 |
| Platinium, USD/Troy oz | 1 763 | 1 852 | 1 602 | 1 008 | 1 506 |

*Source : Bloomberg on 25 September 2026, 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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