ECONOMIC CONJUNCTURE

Annual Summary 2025

A stabilised economy, but lacking fresh momentum

April 2026

Agence de la Martinique

After the end of 2024 was marked by social unrest, Martinique's economy began a gradual recovery, with the business climate indicator (BCI) moving back above its long-term average at the beginning of the year. This return to equilibrium was subsequently consolidated, as reflected in the 5-point increase in the average BCI over the year, although no real momentum appears to have emerged, in a context where uncertainty remains significant for business leaders.

In addition, business activity gradually recovered over the year, but without truly suggesting that it had entered a growth phase. According to business leaders surveyed in the economic conditions survey, the annual change in turnover in the market sector was reportedly zero, in median terms. The employment market was subdued and still appeared to bear the scars of the end of 2024. Investment showed no real momentum, while household consumption held up, supported by lower inflation and financing costs.

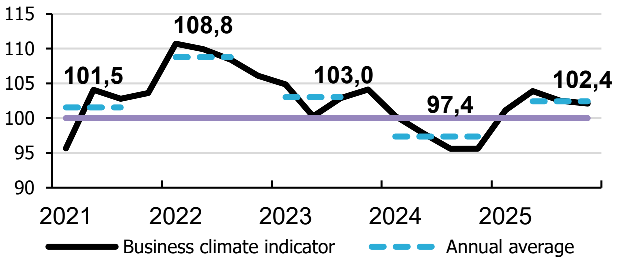
The situation across sectors of activity remained mixed: the primary sector and construction and public works remained weakened, while tourism was supported by dynamic cruise activity. The level of business failure in Martinique, which is on an upward trend, is a point to watch.

A lacklustre year

A timid improvement in the BCI in 2025

In 2025, the BCI gradually recovered after a final quarter of 2024, marked by the movement against the high cost of living. It averaged 102.4, up 5 points compared with 2024, reflecting a return to normal in the business climate.

Business climate indicator
(100 = long term average)



Source : IEDOM economic conditions survey © IEDOM

However, business leaders are pessimistic for the beginning of 2026 and do not expect a rebound in activity in the short term.

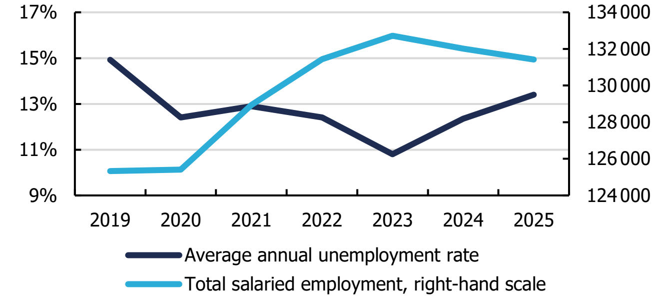
Employment and labour markets under pressure

The employment market continued to show signs of fragility in 2025. Salaried employment fell by 0.4% year-on-year, with the decline in private-sector employment continuing (-0.7% year-on-year and -1.7% since the high point reached in mid-2023). This annual decline represented a loss of 580 jobs in the private sector.

Reflecting the limited momentum in economic activity in 2025, the number of temporary workers also fell by 6.5% on average over the year, i.e. around 170 fewer temporary workers. This finding is corroborated by the decline in the volume of paid hours worked by employees, down 0.9% on average over 2025.

At the same time, the labour market also showed signs of strain, with the unemployment rate rising to 13.4% in 2025, compared with 12.4% in 2024 and 10.8% in 2023. According to INSEE, the number of people registered with France Travail, excluding RSA recipients and young people in pathways, increased by 1.7% for category A and by 1.6% for categories A, B and C between the fourth quarters of 2024 and 2025[1].

Changes in the labour and employment market



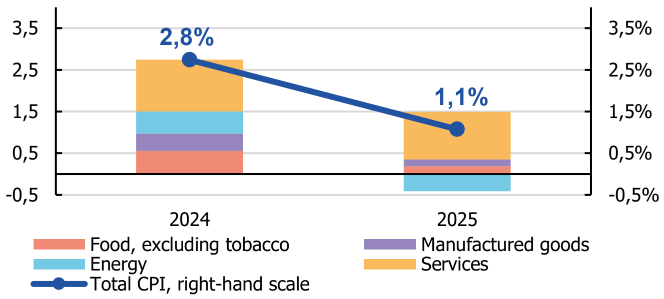
Source : Insee ©IEDOM

Inflation moderated and stabilised

After falling sharply at the beginning of the year, inflation remained stable in 2025, averaging +1.1% over the year, a marked decline compared with 2024 (+2.8% on average). It stood slightly above the level recorded for France (+0.9% on average over the year). As in 2024, services remained the main driver: service prices rose by 2.6% on average. By contrast, energy prices fell on average compared with 2024 (-4.8%), making a negative contribution to inflation of -0.4 percentage points. Food and manufactured goods each made a more modest contribution, of +0.2 percentage points.

In year-on-year terms at end-December, inflation stood at 1.0%. According to the latest Banque de France projections[2], inflation could peak at 2.5% in an adverse scenario, and up to 3.3% in a severely adverse scenario, due to the surge in hydrocarbon prices following the outbreak of the conflict in Iran at the end of February 2026.

Contribution of components, in percentage points, to average annual inflation (%)



Source : Insee ©IEDOM

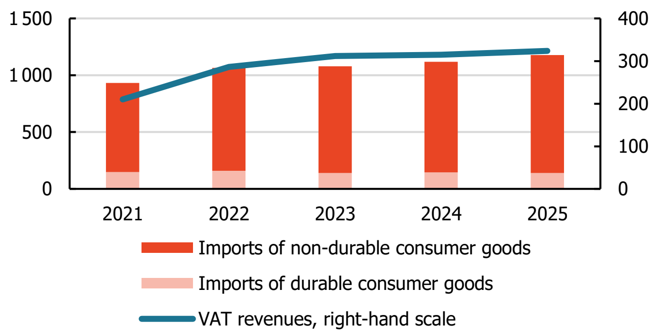
Following the protests against the high cost of living and the agreement protocol signed at the end of 2024 aimed at lowering the prices of 69 families of everyday consumer products, representing 6,000 references, a new overall assessment was carried out at end-October 2025[3]. It reported an average price decrease of 10.5% for 54 product families for which octroi de mer and VAT had been set at zero, and 6.6% for the other product families benefiting only from VAT being set at zero. Overall, 92% of the references among the 54 product families mentioned above are said to have seen their prices fall since the beginning of 2025.

At the same time, the food price index rose by 0.7% between the implementation of the protocol in October 2024 and December 2025, compared with 2.4% in Guadeloupe, which did not benefit from this protocol.

Consumption appears to be holding up

In 2025, household consumption showed slight momentum. This assessment is based mainly on VAT revenues, which increased by 3.0% over the year, and on the rise in imports of non-durable consumer goods, up 6.9% in value terms. However, this trend should be interpreted with caution, as it follows a difficult end to 2024 in a context of social unrest against the high cost of living, and could instead reflect a stock rebuilding effect. Moreover, several indicators remained poorly oriented: imports of durable consumer goods and registrations of private vehicles fell by 4.4% and 1.0% respectively compared with 2024. While the decline in vehicle registrations contrasts with the 4.2% increase in household consumer loans between 2024 and 2025, it may reflect a price effect, with vehicles becoming more expensive to purchase.

Imports of consumer goods and tax revenues
(in millions of euros)



Source : Douanes ©IEDOM

The end of the year was marked by a loss of momentum in current consumption, visible both in imports of non-durable consumer goods, down 4.4% seasonally adjusted compared with the previous quarter, and in VAT revenues, down 3.3%. This was also accompanied by greater vulnerability among some Martinican households, with a sharp increase in the total number of applications filed with the over-indebtedness commission in 2025, up 28.6% compared with 2024. This increase was partly attributable to greater visibility of the scheme.

[1] In the absence of the decree on sanctions applicable to people registered with France Travail in the event of failure to meet their obligations, which entered into force in June 2025, and of the changes in update rules that occurred in the first half of 2025.

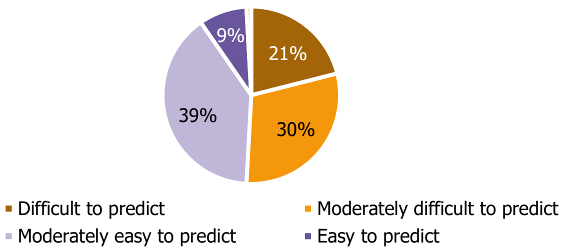
[2] https://www.banque-france.fr/fr/publications-et-statistiques/publications/projections-macroeconomiques-intermediaires-mars-2026

[3] https://www.martinique.gouv.fr/Actions-de-l-Etat/Consommation-et-commerce/Lutte-contre-la-vie-chere/Bilan-general-a-fin-octobre-2025-Protocole-de-lutte-contre-la-vie-chere-signe-le-16-octobre-2024

Uncertainty weighed on investment

Budgetary uncertainties at the national level and tensions linked to international customs duties weighed heavily on the confidence of Martinican business leaders. According to the fourth quarter 2025 economic conditions survey, 51% of respondents considered it difficult or moderately difficult to predict the future development of their company's situation. Some sectors, notably construction and public works and industry, appear particularly exposed to high uncertainty, both regarding the development of their activity and the implementation of new fiscal measures.

Response to the question:
"Do you consider that the future development of your company's situation is:"



Source : IEDOM economic conditions survey ©IEDOM

At the same time, imports of investment goods were nevertheless dynamic in 2025, rising by 7.9% in value terms, although this was partly linked to imports for port works. Registrations of commercial vehicles, however, fell by 25.0% compared with 2024, extending the decline already observed the previous year. Corporate investment loans also fell by 2.0% over the year, marking a real change in momentum after several years of growth.

The trade deficit remained stable

In value terms, imports excluding petroleum products increased in 2025 compared with 2024 (+5.2%), while they declined slightly in volume terms (-2.7%).

Exports excluding petroleum products fell by 7.3% over the year in value terms. This decline was not, however, reflected in export volumes, excluding petroleum products, which increased by 4.6%. In particular, exports of agri-food products fell by 6.9% in value terms, as did exports of transport equipment for the automotive, shipbuilding and aeronautical industries, down 22.7%.

Overall, including petroleum products, exports and imports increased by 5.5% and 1.6% respectively compared with 2024. The trade deficit remained at €2.9 billion.

Difficulties apparent in most sectors

Primary and agri-food sectors: persistent weaknesses

The opinion balance on activity among companies in the agricultural and agri-food sector was very strongly deteriorated in the first half of the year and improved slightly at year-end. Over the year, companies reported a 3% decline in median turnover.

Some activities showed slightly more favourable momentum. Banana and rum exports increased by 4.4% and 1.8% respectively in volume terms compared with 2024. The 2025 sugar cane campaign saw an increase in crushed tonnage (+4.1%), although sugar content declined. This notably affected production at the Galion plant, which reached a historic low in 2025, with only 262 tonnes of sugar produced. The 2026 campaign offers some hope, with a production target of at least 2,000 tonnes.

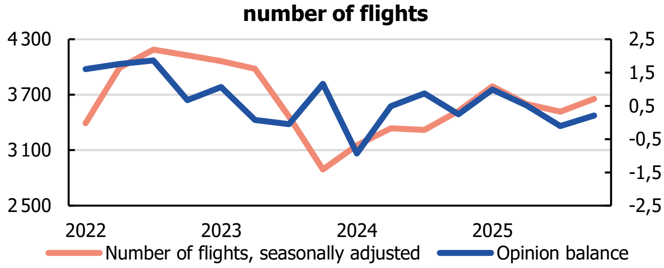
Lastly, the trend remained downward in animal production, with a decline in total slaughter volumes (-4.4%), particularly in the pork sector (-6.0%).

Tourism: a sector gaining momentum thanks to cruise passengers

Martinique welcomed 1,029,863 tourists in 2025, compared with 988,301 in 2024, an increase of 4%. Although the number of airport passengers and the number of flights both increased, by +2.3% and +9.2% respectively compared with 2024, the number of hotel nights fell by 7.0% over the year.

Part of this decline was linked to the closure of the Batelière hotel and the continued development of seasonal rental accommodation.

Opinion balance on activity in tourism and number of flights



Sources : IEDOM economic conditions survey, SA/MAC ©IEDOM

Cruise activity was more dynamic, with the number of cruise passengers up 19.7% compared with 2024. Part of this increase was due to the arrival of larger-capacity vessels. This momentum had direct consequences for other infrastructure linked to tourism activity. Indeed, 15% of airport passengers were cruise passengers, some of whom came from foreign countries. This positive trend is part of a strategy to develop the sector, with the arrival of 30 new ships for the 2025–2026 high season.

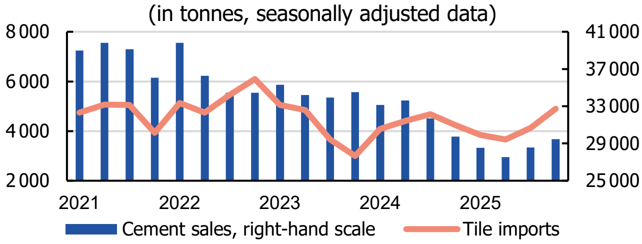
The only downside on the maritime side was inter-island traffic, which fell by 9.1% over the year, partly due to technical constraints affecting some vessels.

Construction and public works: a difficult year

Economic indicators in the construction and public works sector were generally poorly oriented in 2025. Housing starts fell by 4.3%, while the median turnover reported by companies in the sector declined by 5% compared with 2024. Tile imports were down 5.1% and cement sales fell sharply by 11.2% compared with 2024. Over the course of the year, these indicators reached a low point in the second quarter before rising slightly at year-end, suggesting a potential recovery in 2026. The announcement of a €300 million recovery plan for social housing also provides visibility for companies in the sector.

Construction and public works activity indicators

(in tonnes, seasonally adjusted data)



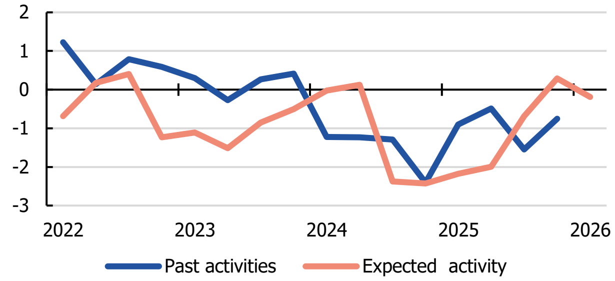
Sources : Customs, Ciment Antillais ©IEDOM

However, uncertainties remain, particularly with the entry into force of the Carbon Border Adjustment Mechanism (CBAM). Cement production costs are directly affected by the implementation of this new European regulation. The simulators introduced by the State estimate the resulting cost increase by around 30%.

Retail trade: a sector struggling to rebound

The economic conditions survey shows that the opinion balance on business activity, which had deteriorated sharply at end-2024, recovered only slightly in 2025, reflecting marked pessimism among companies in the sector. Turnover among companies in the sector is expected to have increased only modestly in 2025, by +1% in median terms.

Opinion balances on activity among retail trade companies



Source : IEDOM economic conditions survey ©IEDOM

As an illustration of these weaknesses, opinion balances on cash positions and payment times also remained poorly oriented this year.

Banking activity grew at a slower pace[4]

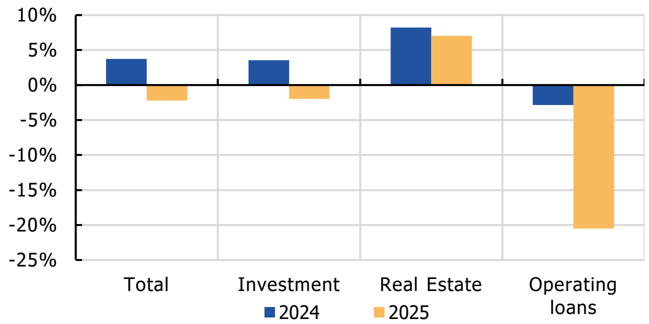
At end-2025, outstanding loans exceeded €13 billion in Martinique, around 78% of which were held by locally established banking institutions or financing companies. In parallel, bank deposits approached €11 billion, 91% of which were collected by local institutions. These institutions held 1.1 million bank accounts, including around 480,000 sight deposit accounts, equivalent to 3.1 bank accounts per inhabitant, including 1.3 sight deposit accounts.

Corporate financing declined, reflecting sector difficulties

For companies, total outstanding loans declined in 2025 (-2.2%, after +3.8% in 2024). The main component, investment loans, marked a real shift, with outstanding amounts falling (-2.0% in 2025), following the sharp slowdown observed the previous year (+3.5% in 2024, compared with +7.1% in 2023), reflecting less favourable new lending. A wait-and-see attitude seems to prevail, and most sectors have experienced a contraction in outstanding loans.

This contraction was particularly marked in industry (-20%), retail trade (-11%) and financial activities (-14%), which notably include group holding companies.

Annual change in outstanding corporate loans

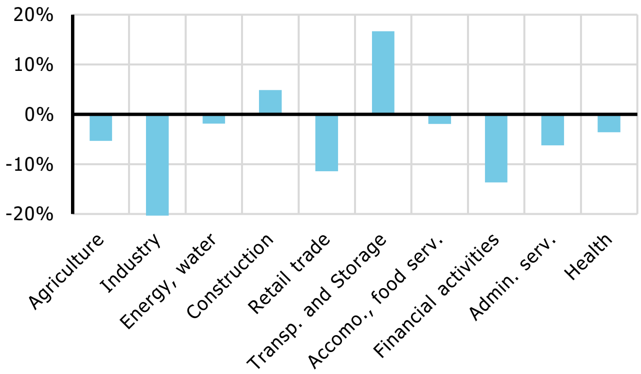


Source : IEDOM (RUBA reporting) ©IEDOM

[4] Data on outstanding loans and deposits take into account all credit institutions operating in the territory, whether locally established or not. It should be noted that, despite the enrichment of data collection in 2025, the changes presented here are based on a stable analytical scope. A significant number of new institutions not established locally were recorded over the year and have therefore been excluded from the analysis.

Conversely, the transport and storage sector remained dynamic, with strong growth in outstanding loans (+17%), partly linked to the extension and modernisation works at the Grand Port. Construction companies and those operating in the real estate sector also recorded an increase in outstanding loans, of +5% and +3% respectively. However, these two sectors correspond to very different realities, as construction accounts for only 4% of corporate financing, while the real estate sector accounts for 43%.

Change in outstanding loans in the main sectors of activity in 2025



Source : IEDOM (SCR reporting) ©IEDOM

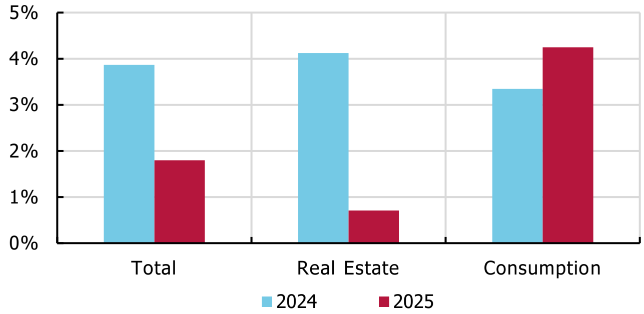
After investment loans, real estate loans[5] are the second-largest component of outstanding corporate loans. They remained clearly on an upward trend (+7.0% in 2025, after +8.2% in 2024). This increase was mainly due to financing granted to social landlords for the construction and maintenance of the territory's social housing stock, which accounted for around three quarters of the rise. Moreover, while companies appear to be adopting a wait-and-see attitude towards productive investment, more and more of them seem to be diversifying into real estate activities, resulting in a growing share of real estate financing in outstanding corporate loans: 23% in 2025, compared with 20% in 2023.

Operating loans fell sharply in 2025 (-20.5%, after -2.8% in 2024). They mainly consisted of cash-flow loans (78%), which continued to decline as State-guaranteed loans[6] were repaid. Operating loans also include overdrafts and factoring, accounting for 14% and 8% respectively; both categories also recorded declines in outstanding amounts in 2025.

A sharp slowdown in housing loans

Total outstanding household loans continued to grow in 2025, but at a slower pace than the previous year (+1.8%, after +3.9%).

Annual change in outstanding household loans



Source : IEDOM (RUBA reporting) ©IEDOM

New housing loans, which had been declining since 2023, remained moderate in 2025. Several factors may explain this slowdown, such as high property prices, reduced borrowing capacity and the lack of available land. The impact of slower new lending on outstanding loans, which had so far been limited, became significant. Housing loans therefore increased by only 0.7% in 2025, compared with +4.1% and +4.4% in 2024 and 2023, respectively.

Consumer loans remained dynamic in 2025 (+4.2%, after +3.3% in 2024), contributing to the maintenance of household consumption. They were notably driven by financing for renovation works carried out with a view to renting out a property. However, it should be noted that rising prices in the automotive market also contributed to the increase in consumer loans. Dans le détail, l'encours des prêts personnels croît de 3,3 %, et celui du crédit-bail de 17,2 %. In detail, outstanding personal loans increased by 3.3%, while leasing rose by 17.2%. Leasing with an option to purchase continued to develop in the territory, although outstanding leasing remained marginal within total consumer loans: 8%, compared with 89% for personal loans.[7]).

Financing increased for local authorities

Among all categories of economic agents, only local authorities saw an acceleration in the increase in their debt in 2025. Their total outstanding loans rose by 8.1% over the year, after +5.4% in 2024. It should be noted that the trend has been upward for three years, although outstanding loans have declined continuously between 2015 and 2022, excluding the atypical year 2020. In 2025, investment loans increased by 9.1%, while operating loans declined by 18.2%. This trend can be interpreted as a positive signal, with municipalities benefiting from the support of their financial partners to accompany their investments.

[5] Not to be confused with loans to the real estate sector mentioned just above.

[6] State-guaranteed loans, introduced as part of the measures implemented during the Covid crisis.

[7] The remainder consists of overdrafts.

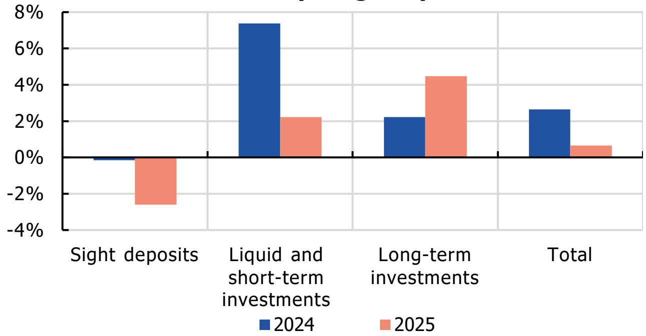
A sharp slowdown in savings, but strong interest in life insurance

Across all categories of economic agents, bank deposits increased by 0.7% in 2025, after +2.6% the previous year.

Sight deposits, which had stabilised in 2024, declined in 2025 (-2.6%). Part of these funds was reallocated to liquid and short-term investments, which recorded an overall increase of 2.2%. In detail, outstanding savings accounts rose by 1.8%, while short-term investments indexed to market rates increased by 3.2%. The increases observed in these accounts and investments were well below those recorded in 2024, given the decline in interest rates in 2025. For example, among households, outstanding term accounts and Livret A passbook savings increased by 12.9% and 0.6% respectively in 2025, compared with +21.8% and +5.4% in 2024.

Long-term investments performed better. Their growth accelerated in 2025 (+4.5%, after +2.2%), driven by life insurance (+8.2%, after already +5.5% among households). Life insurance, which is one of the preferred savings products in France, accounted for around 19% of bank deposits collected in Martinique.

Annual change in outstanding deposits (all agents)



Source : IEDOM (RUBA reporting) ©IEDOM

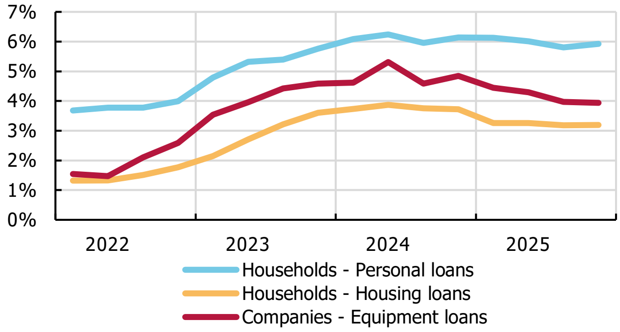
Interest rates eased

In 2025, the decline in interest rates continued until mid-year, in a context of gradual easing of monetary conditions, which had begun with the ECB in June 2024.

Average bank lending rates followed the same trajectory, with most average lending rates contracting in Martinique in 2025.

For companies, the average rate on equipment loans fell by 90 basis points and stood at 3.94%. For households, the average rate on housing loans declined by 53 basis points to 3.19%, while the average rate on personal loans fell to 5.92%, down 22 basis points.

Average lending rates for companies and individuals



Sources : IEDOM, Banque de France ©IEDOM

Risk deteriorated

Gross outstanding non-performing loans, for which banks consider that there is a significant risk of non-repayment, stood at more than €700 million in 2025. This represented 5.3% of total outstanding loans, a slight increase of around +0.2 percentage point year-on-year.

Moreover, some vulnerability indicators deteriorated markedly. In addition to the increase in the number of over-indebtedness applications already mentioned above, the number of incidents recorded[8] in the FICP (the French register of household credit repayment incidents) also rose by 6% in 2025, after an increase of 4% already observed in 2024.

[8] This refers to the stock of ongoing incidents not yet regularised, and not to newly recorded incidents, i.e. flows.

2026 outlook: a new momentum to generate

Faced with persistent economic and social uncertainties, and in a context of demographic decline, Martinique is called upon to undertake a lasting and structuring transformation of its development model.

This ambition cannot be limited to a cyclical recovery: it requires an in-depth modernisation of key sectors and a determined acceleration of the ecological and energy transition.

The success of this trajectory depends on a collective ability to structure emerging sectors, concentrate productive investment and support companies in moving towards sustainable upgrading. In a territory that remains highly dependent on fossil fuels and exposed to the effects of climate change, the energy transition is both a strategic necessity, in a context of rising oil prices following the conflict in the Middle East, and an opportunity to create value and lasting jobs.

However, this transformation cannot succeed without greater use of collective intelligence. Coordination between public and private stakeholders, the pooling of skills and the construction of shared visions are essential to overcome the fragmentation of initiatives and strengthen the effectiveness of the policies implemented.

Lastly, the sustainability of this new model depends on its ability to preserve and strengthen social cohesion. In a context of persistent vulnerabilities, the transition must be fair and inclusive in order to secure the support of the population and make economic development a concrete lever for improving living conditions.

It is at this price that Martinique will be able to turn its constraints into opportunities and assert itself, by 2026 and beyond, as a resilient and attractive territory, and a driver of sustainable solutions at the Caribbean level.

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