



ECONOMIC CONJONCUTRE

Annual Summary 2024

An economy losing momentum, in search of visibility

In 2024, economic activity in Martinique deteriorated because of a combination of unfavourable factors, notably linked to international and national political instability, as well as the social movement against the high cost of living that occurred at the end of the year in the territory. Uncertainty increased, weighing on business confidence and generating a wait-and-see attitude, in contrast with the more optimistic outlook envisaged in 2023.

Reflecting this situation, the business climate indicator (ICA) fell by 8.5 points year-on-year and stood at a level signalling sluggish growth, amid expectations of improved visibility and positive signals. The pace of growth in investment lending slowed, and labour market indicators also point to this lack of momentum, with a rising unemployment rate. This trend affected most sectors of activity.

Although weakened and partially disrupted at year-end by the protest movement against the ‘high cost of living’, household consumption proved resilient and remained the main driver of growth in Martinique. The easing of the European Central Bank’s key interest rates from June 2024 onwards, together with efforts to reduce the relative level of consumer prices, should help support the beginnings of stabilisation in 2025.

A decline in the business climate and a growing number of unfavourable signals for activity

The ICA fell sharply in 2024

In 2024, the business climate indicator (ICA) declined sharply, losing 8.5 points over the year. It stood below its long-term average (100) and ended the year at 95.6, a relatively low level reflecting a fairly unfavourable business environment.

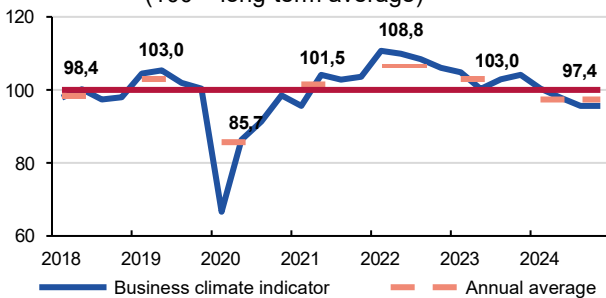
illustrating this weakening of economic conditions. In the fourth quarter, it reached its lowest level since the health crisis. The forward-looking component of the ICA suggests a possible stabilisation during 2025.

Labour market conditions deteriorate

The balance of opinion on employment levels deteriorated in 2024 compared with 2023. The number of salaried jobs declined by 0.7% over the year (–1.1% in the private sector, but a slight increase in the public sector at +0.2%), confirming this trend.

The unemployment rate stood at 12.4% in 2024, compared with 10.8% in 2023, reflecting the deterioration in labour market conditions. After several years of decline, the number of jobseekers (all categories combined) increased in 2024, reaching 42,140 at year-end, i.e. an increase of 1.0% compared with 2023. This rise is mainly explained by the increase in category A jobseekers (+2.2%) and jobseekers under the age of 25 (+3.6%).

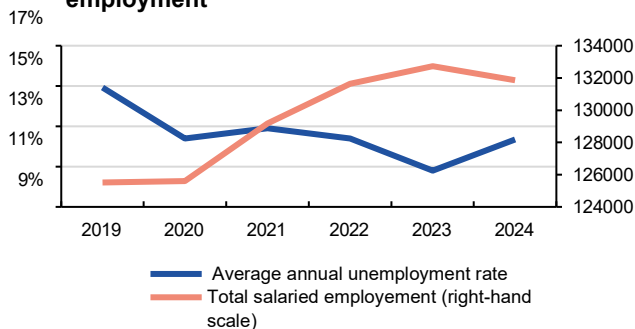
Business climate indicator
(100 = long-term average)



Source : IEDOM business survey

The slowdown in the economy, which was already perceptible at the beginning of the year, was confirmed and even intensified in the second half. Disruptions linked to the social movement against the high cost of living amplified a trend that was already under way. The balance of opinion on business activity deteriorated progressively over the year,

Developments in the labour market and employment



Source : Insee © IEDOM
* Data for the fourth quarter of 2024 are semi-final.

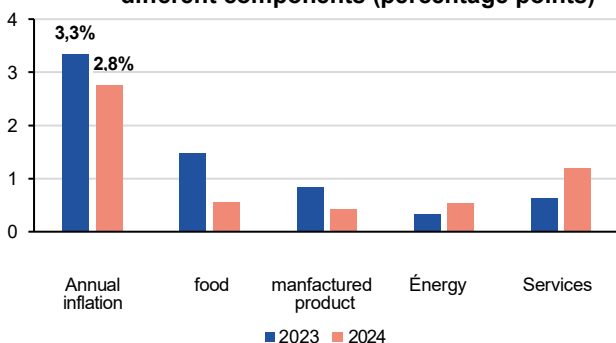
Inflation continues to slow

After an average increase in consumer prices of +3.3% in 2023, inflation stood at +2.8% in 2024, i.e. a level higher than that recorded for France as a whole (+2.0% on an annual average). On a year-on-year basis at end-December, inflation reached 1.8%. This slowdown is expected to continue in 2025, notably in connection with energy and food price components

On an annual average compared with 2023, energy was the component recording the strongest increase (+6.1%), followed by food (+3.6%), services (+2.8%) and manufactured goods (+1.4%). Services made the largest contribution to inflation over the year (1.2 percentage points), followed by food (0.6 percentage points), energy (0.5 percentage points) and manufactured goods (0.4 percentage points).

In response to claims relating to the high cost of living in Martinique, an agreement protocol was signed on 16 October 2024¹. It notably provides for an average price reduction of 20% on 54 product categories. Its implementation is being rolled out gradually as obstacles to its application are lifted. The slowdown in inflation is therefore expected to continue in 2025.

Annual inflation and contribution of the different components (percentage points)



Source : Insee © IEDOM

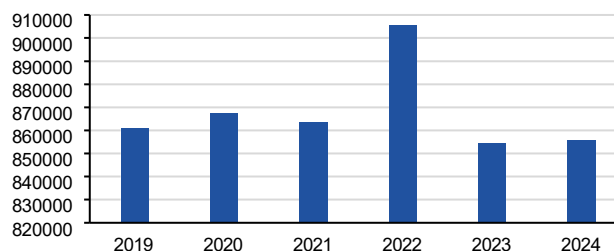
Consumption loses momentum but remains resilient

In 2024, consumption showed resilience. VAT receipts and dock dues increased by 0.8% and 2.6% respectively, in a context where inflation nevertheless reached 2.8% over the

year. Imports of durable and non-durable consumer goods increased by 3.4% and 3.5% respectively (in value). By contrast, registrations of passenger vehicles for private individuals declined by 9.6% compared with 2023 (-14.7% in value).

Consumption momentum appears to have weakened towards the end of the year. VAT receipts in the second half of the year were 3.1% lower (seasonally adjusted) than those recorded in the first half. Businesses and consumers were constrained by the events that occurred on the margins of the protest movement against the 'high cost of living'.

Imports (thousands of tonnes, excluding petroleum products)



Source : Customs © IEDOM

Investment momentum weakens

In 2024, imports of investment goods declined by 6.8% in value, and registrations of commercial vehicles fell by 24.9% compared with 2023. Events occurring on the margins of the protest movement against the 'high cost of living' may have affected investment dynamics. According to the business survey conducted in January 2025, 55% of the companies surveyed plan to review, at least partially, their short- to medium-term development strategy.

A decline in trade flows

In value terms, imports excluding petroleum products decreased slightly in 2024 compared with 2023 (-0.7%). The impact of the decline in vehicle registrations is clearly reflected in imports of passenger vehicles for private individuals, which fell by 14.7% in value. In volume terms, however, imports excluding petroleum products increased slightly (+0.1%).

In value terms, exports excluding petroleum products declined by 5.2% compared with 2023. Exports of agri-food products recorded a marked decrease (-9.5%), notably rum exports (-8.2%).

In volume terms, the decline in exports excluding petroleum products was more moderate than in value terms (-3.5%). Including petroleum products, total exports declined by 20.8%, while total imports fell by 2.9% in value. The trade deficit remained stable at €2.9 billion.

¹ <https://www.martinique.gouv.fr/Actualites/Protocole-d-objectifs-et-moyens-de-lutte-contre-la-vie-chere>

A decline in activity across most sectors

Primary and agri-food sectors: production declines again

The agricultural and agri-food sector faced difficulties in 2024, with declining output. The balance of opinion on activity deteriorated progressively over the year, as did the balances of opinion relating to corporate liquidity.

As regards the rum and sugarcane campaigns, the tonnage of cane crushed declined slightly compared with 2023 (-1.1%). Due to rainfall, between 6,000 and 9,000 tonnes of cane could not be harvested in the Galion basin. In addition, cane sugar content has continued to decrease. The Galion sugar refinery continues to face difficulties. Output (661 tonnes in 2024) remained well below the initially planned volume (around 4,000 tonnes). Rum production, for its part, declined by 1.5% over the year.

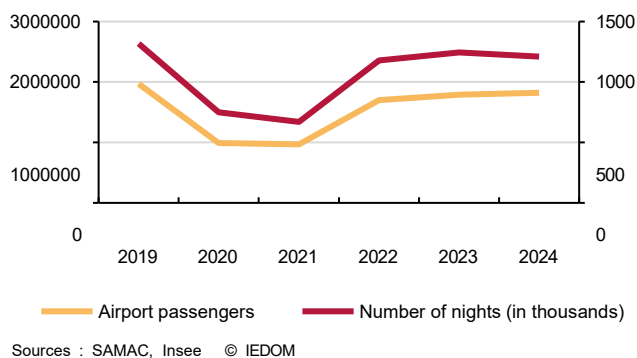
As for bananas, market conditions were favourable in 2024, and exports remained stable compared with 2023 (+0.1%). However, black Sigatoka disease affected production, particularly during the rainy season.

Lastly, in the livestock sector, total slaughter volumes declined by 5.2% in 2024. More specifically, slaughter volumes fell by 5.0% for cattle, by 18.9% for pigs, and by 5.0% for sheep and goats.

Tourisme : a mixed year

Although the number of passengers at the airport increased by 1.7% compared with 2023, the number of hotel overnight stays declined by 2.7% over the year.

Trafic de passagers à l'aéroport Aimé Césaire et nombre de nuitées



The social movement against the 'high cost of living' generated concerns among tourism professionals at year-end. Its media coverage led to a wave of booking cancellations towards the end of the year. As a result, the number of hotel overnight stays fell by 31.1% in the fourth quarter of 2024 compared with the fourth quarter of 2023, with knock-on effects on car rentals and various leisure activities.

Cruise activity, by contrast, was spared.

On the other hand, air traffic capacity increased and helped push prices down. This trend could continue into 2025.

Construction and public works: few projects with strong momentum

According to the business survey, activity in the sector deteriorated in 2024. On a cumulative 12-month basis, the number of housing units authorised stood at 2,100 in December 2024, compared with 2,200 in December 2023, representing a decline of 4.5%. The number of housing starts amounted to 1,400 in December 2024, compared with 2,000 in December 2023, i.e. a decrease of 30%. Cement sales fell by 7.0% compared with 2023. The business survey also shows that investment intentions were weak. The balance of opinion relating to employment levels deteriorated at year-end.

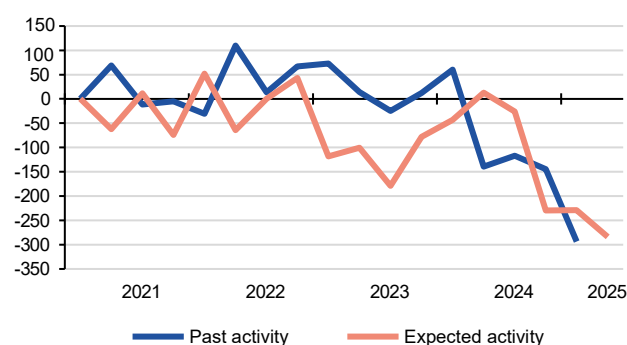
Retail : an activity constrained by the slowdown in consumption

The slowdown in consumption directly affected retail activity. In addition, companies in the sector were particularly impacted by the events that occurred on the margins of the protest movement against the 'high cost of living' (roadblocks, looting), as well as by the resulting restrictions (first curfew imposed on 18 September and subsequently renewed), generating marked declines in activity.

The business survey indicates that the balance of opinion relating to business activity deteriorated sharply in 2024, with a particularly difficult end of the year, despite the festive season which generally benefits companies in the sector.

Other balances of opinion (operating costs, cash flow, payment delays) also deteriorated over the course of the year.

Balance of opinion on activity of retail businesses
(0 = long-term average)



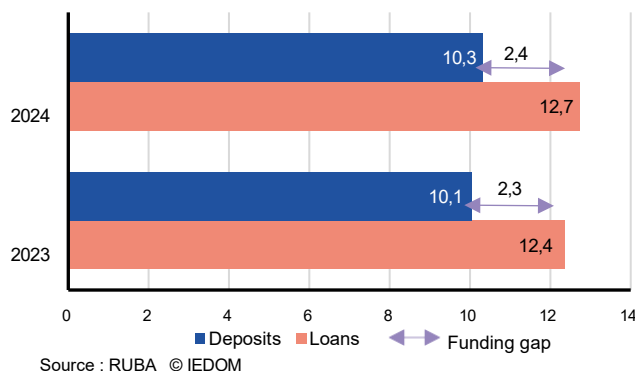
Source : IEDOM business Survey © IEDOM

Banking activity remains dynamic²

Outstanding loans increased by 3.0% (after +2.8% in 2023), reaching €12.7 billion, while deposits rose by 2.6% (after +1.0% in 2023) to €10.3 billion. The funding gap therefore amounted to €2.4 billion, i.e. a level slightly higher than in the previous year (+4.9%).

The easing of key interest rates initiated by the European Central Bank in June 2024 (-100 basis points between June and December) has not yet been passed through to lending rates, which remain broadly higher year-on-year.

Outstanding loans and deposits
(€ billion)



Households: the pace of growth in loans and deposits stabilises

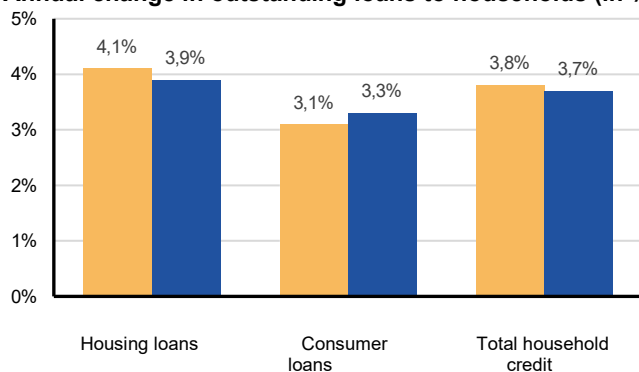
In 2024, household indebtedness increased at a faster pace than savings. Loans rose by 3.7%, after +3.8% in 2023, while deposits increased by 2.2%, after +2.3%.

The decline in new housing loan production, which began the previous year, continued in 2024. However, its impact on outstanding loans remained moderate. Growth in outstanding housing loans therefore stabilised at +3.9%, after +4.1% in 2023, whereas it had averaged 6.8% per year between 2019 and 2022. At 3.72% at year-end, the average interest rate on housing loans edged up slightly year-on-year (+12 basis points).

Outstanding consumer credit increased by 3.3%. Despite a sluggish fourth quarter, linked to the protest movement against the high cost of living, the growth in outstanding consumer credit was slightly higher in 2024 (+3.1% compared with 2023). The average interest rate stood at 6.14% at year-end (+38 basis points year-on-year).

As regards deposits, the reallocation of savings towards interest-bearing deposits was less pronounced than in the previous year. Sight deposits, which had declined in 2023, recorded modest growth in 2024 (+0.4% after -1.8%), while short-term savings grew more moderately (savings accounts +2.8% after +5.0%; short-term

Annual change in outstanding loans to households (in %)



Source : RUBA © IEDOM

■ 2023 ■ 2024

Businesses: sharp slowdown in investment loans and a renewed growth in term deposits.

Corporate lending growth slowed in 2024 (+2.5%, after +3.8% in 2023), while deposits rebounded (+3.7% in 2024, after -1.2% in 2023).

Outstanding Investment loans continued to increase, but at a significantly slower pace (+3.5% after +10.5%).

Nevertheless, some sectors were more dynamic, notably transport and storage, accommodation and food services, and electricity production (with respective increases in medium – and long-term loans of +24%, +5% and +5%). The average interest rate on equipment loans reached 4.84% at year-end, up by 25 basis points year-on-year, which may have weighed on corporate financing.

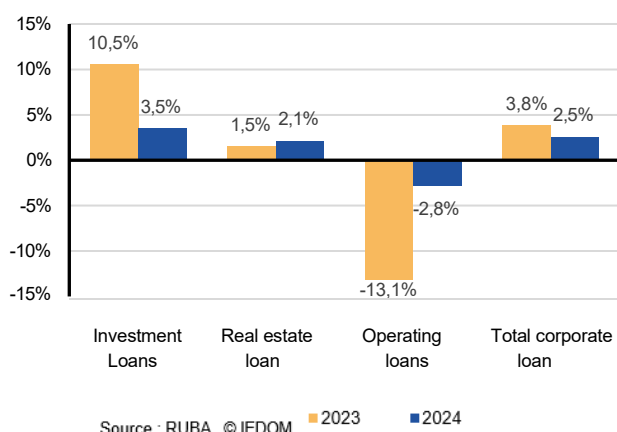
Outstanding corporate real estate loans also increased (+2.1% in 2024, after +1.5% in 2023). The average interest rate on these loans stood at 3.67% at year-end, remaining broadly stable.

Outstanding operating loans, which had declined sharply in 2023, decreased again in 2024 (-2.8%, after -13.1%). This decline masks contrasting developments: cash loans continued to fall (-6.0% after -14.2%), in connection with the ongoing repayment of state-guaranteed loans (PGE), while overdrafts increased (+16.8% after -9.7%), seemingly reflecting cash flow tensions for part of the corporate sector. Overdrafts accounted for 20% of operating loans, while cash loans remained predominant (72%).

Corporate sight deposits declined (-1.6%), which may be explained both by cash flow pressures and by a reallocation towards interest-bearing deposits. Accordingly, time deposits increased by 26.7%, after +68.6% in 2023. In addition, businesses appear to be regaining interest in long-term investments, with outstanding amounts rising by 16.0%, although these remain relatively limited, accounting for 2% of corporate bank deposits.

²Data on outstanding loans and deposits include all credit institutions operating in the territory, whether locally established or not.

Annual change in outstanding corporate loans (%)



As regards deposits, those of other entities increased again in 2024 (+2.0%, after -1.5%), driven by sight deposits (+5.7%), while investments declined overall (notably -12.8% for time deposits).

A deterioration in risk indicators

Gross outstanding non-performing loans (for which banks consider there to be a significant risk of non-repayment) amounted to nearly €650 million in 2024 (+6.5% year-on-year), representing 5.1% of total outstanding loans (+0.2 percentage points year-on-year). It should be noted that this slight deterioration in the ratio was observed at year-end, likely in connection with the protest movement against the high cost of living, whereas the first three quarters of the year rather reflected stability, or even a slight decline, in risk levels. Similarly, the number of corporate payment incidents on bills increased by one third compared with 2023. On the household side, the number of incidents recorded in the FICP (central credit repayment incident register for individuals) rose by 4%, and the number of over-indebtedness filings increased by 13%. The only indicators showing a favourable trend were bank card withdrawals and banking bans, which declined (-19% and -8% respectively, in stock).

Local authorities: an increase in investment and operating loans

After a decline in the previous year, bank financing for local authorities increased in 2024 (+5.4%, after -4.6%). Outstanding investment loans, which account for the vast majority of local authorities' debt (95%), rose by 3.9%. Outstanding operating loans doubled compared with 2023.

By contrast, other entities (hospitals, government administrations, associations, etc.) recorded a further decline in their outstanding loans (-8.4%, after -10.1%).

Outlook for 2025: strengthening collective action to face rising uncertainty

At the beginning of 2025, uncertainty remains high. Geopolitical tensions, as well as the protectionist measures implemented by the US government, could weigh on the international economic environment, with potential repercussions for the local economy.

In this context, the near-certain victory over inflation, which has fallen below 2% in both France and Martinique, nevertheless provides a reliable benchmark. The easing of monetary policy, which has largely contributed to this decline, should help create the conditions for a reduction in borrowing costs and thereby support private investment (corporate equipment, household housing) as well as public investment (notably to meet pressing needs related to water supply, waste management, ecological transition, etc.).

However, in order to generate a lasting impact on long-term growth, additional efforts are required to restore confidence among economic agents, revive positive economic momentum, and thereby implement the transformations that Martinique needs.

These efforts and transformations should notably make it possible to:

- i) focus on investment efforts on sectors that enhance attractiveness;
- ii) improve the functioning of goods, services and labour markets;
- iii) facilitate project implementation (by simplifying administrative processes) and reduce payment delays, which hinder the development of local businesses;
- iv) support the development of SMEs by better taking their specific characteristics into account in support schemes.

To this end, Martinique has several assets, notably a committed entrepreneurial fabric and a dense support ecosystem. These economic stakeholders must strengthen their cooperation, drive these transformations and define a medium-term strategy, which are essential conditions for creating a favourable economic environment over the long term.

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