Household income

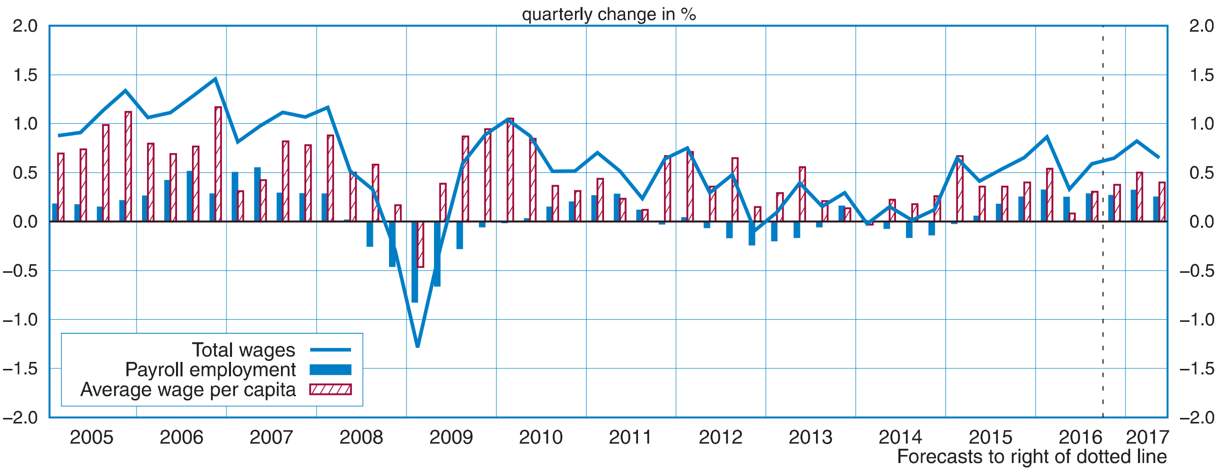
In 2016, the purchasing power of household income would appear to have picked up again: +1.9% after +1.6% in 2015 and +0.7% in 2014. With prices stabilising after a small decline, this acceleration was driven mainly by the gross disposable income (GDI) of households in nominal terms (+2.0% after +1.4%). Most importantly, wage income rose more quickly (+2.2% after +1.6%), due mainly to the buoyancy of market-sector employment. In addition, property income is expected to have picked up. Social benefits, taxes and social contributions would appear to have increased at virtually the same rate as in 2015.
In H1 2017, household purchasing power is expected to slacken: +0.4% half-year on half-year after +0.7% in H2 2016. Indeed, GDI is expected to increase at the same rate as in H2 2016 (+1.2%), but consumer prices should pick up again (+0.8% after +0.4%).

In H1 2017, earned income should grow strongly once again

Over 2016 as a whole, households' earned income is expected to have increased by 1.9% – a little faster than in 2015 (+1.7%, *Table 1*). This acceleration was driven by earned income (+2.2% after +1.6%). On the one hand, employment picked up strongly in the non-farm market sectors (+1.0% after 0.0%; *Graph*). On the other hand, the average wage per capita is expected to have risen at a slightly slower rate than in 2015 (+1.4% after +1.6%; *Table 2*). However, the income of sole proprietors would appear to have slipped back in 2016 (–0.3% after +2.4%), particularly farmers' income due to the very poor harvests, of cereals in particular. In H1 2017, earned income should pick up slightly again: +1.5% half-year on half-year after +1.1% in H2 2016. The income of self-employed workers should receive a boost whilst gross wages should remain buoyant.

In 2016, net property income is expected to have bounced back (+1.1% after –1.2% in 2015) and the gross operating surplus of pure households would appear to have gathered pace (+2.2% after +0.1%). In particular, households have benefited from the fall in interest rates, amplified by extensive renegotiation of existing loans; this beneficial effect is likely to have been offset by a drop in income from life insurance. In H1 2017, net property income is expected to slip back (–0.4% half-year on half-year after +1.1% in H2 2016) and the gross operating surplus of pure households should slow (+0.7% after +0.9%). On the one hand, the positive effect of the drop in interest rates on property loans is likely to fade. On the other hand, dividends should slow due to the downturn in company profits in 2016. In addition, remuneration from life insurance is expected to decline again.

Breakdown of the total gross wages received by households in the non-agricultural market sector



Source: INSEE

Social benefits should continue to increase at virtually the same rate

In 2016, social benefits in cash are expected to have increased at the same rate as in 2015 (+1.9%; *Table 3*). More specifically, social security benefits would appear to have slowed down slightly (+1.9% after +2.0%), mainly due to unemployment benefits. However, "other social insurance benefits" are expected to have picked up slightly, especially reimbursements from supplementary private health insurance. Welfare benefits are expected to have increased in 2016 at the same rate as in 2015.

In H1 2017, social benefits should increase at virtually the same pace as in H2 2016 (+0.9% after 1.0%). Growth in family benefits is likely to return closer to their trend, with the modulation of family allowances having lost its moderating influence. Conversely, the benefits paid out by supplementary pension schemes are expected to slow down. Welfare benefits are expected to slow down a little, with the ramping up of the activity bonus gradually coming to an end.

Table 1

Household gross disposable income

	Quarterly changes in %										Annual changes in %		
	2015				2016				2017		2015	2016	2017 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Gross disposable income (100%)	**0.6**	**0.2**	**0.6**	**0.5**	**0.5**	**0.3**	**0.8**	**0.4**	**0.6**	**0.6**	**1.4**	**2.0**	**1.8**
including:													
Earned income (70%)	0.7	0.3	0.4	0.5	0.6	0.3	0.6	0.6	0.8	0.7	1.7	1.9	2.1
Gross wages and salaries (62%)	*0.6*	*0.4*	*0.5*	*0.6*	*0.7*	*0.4*	*0.6*	*0.6*	*0.7*	*0.6*	*1.6*	*2.2*	*2.0*
GOS of sole proprietors[1] (8%)	*1.9*	*–0.6*	*0.2*	*–0.2*	*0.0*	*–0.7*	*0.6*	*0.4*	*1.3*	*1.3*	*2.4*	*–0.3*	*2.8*
Social benefits in cash (35%)	0.3	0.4	0.4	0.7	0.4	0.5	0.6	0.4	0.5	0.5	1.9	1.9	1.5
GOS of "pure" households (13%)	–0.2	0.0	0.3	0.7	0.6	0.7	0.5	0.4	0.4	0.4	0.1	2.2	1.4
Property income (8%)	–0.4	0.0	–0.3	0.1	0.6	0.3	0.4	0.7	–0.2	–0.2	–1.2	1.1	0.4
Social contributions and taxes (–27%)	0.1	0.8	–0.4	0.6	0.8	0.4	–0.4	1.0	0.5	0.5	1.8	1.6	1.5
Contributions of households (–11%)	*0.6*	*0.5*	*0.6*	*0.4*	*0.7*	*0.5*	*0.6*	*0.7*	*0.9*	*0.4*	*2.0*	*2.2*	*2.1*
Income and wealth tax (including CSG and CRDS) (–16%)	*–0.2*	*0.9*	*–1.2*	*0.7*	*0.9*	*0.3*	*–1.1*	*1.3*	*0.2*	*0.6*	*1.7*	*1.1*	*1.1*
Revenus hors impôts	0.5	0.3	0.4	0.6	0.5	0.3	0.5	0.5	0.6	0.6	1.5	1.9	1.7
Household consumer prices (quarterly national accounts)	**–0.1**	**0.2**	**–0.1**	**0.0**	**–0.1**	**0.1**	**0.1**	**0.3**	**0.6**	**0.2**	**–0.2**	**0.0**	**1.1**
Purchasing power of gross disposable income	**0.7**	**0.0**	**0.7**	**0.5**	**0.6**	**0.3**	**0.7**	**0.1**	**0.0**	**0.4**	**1.6**	**1.9**	**0.7**
Household purchasing power by consumption	**0.6**	**–0.1**	**0.6**	**0.4**	**0.5**	**0.2**	**0.6**	**0.0**	**–0.1**	**0.2**	**1.2**	**1.5**	**0.3**

Forecast

How to read it: the figures in parentheses give the structure of the year 2015.

1. The gross operating surplus (GOS) of sole proprietors is the balance of the operating accounts of sole proprietorships. It is mixed income, because it remunerates the work performed by the sole proprietor, and possibly the members of his family, but also contains the profit achieved as an enterpreneur.

Source: INSEE

Table 2

From the payroll of non-financial enterprises to that received by households

	Quarterly changes in %										Annual changes in %		
	2015				2016				2017		2015	2016	2017 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Non-financial enterprises (67%)	0.7	0.4	0.6	0.7	0.9	0.3	0.6	0.7	0.8	0.7	1.7	2.5	2.2
including: Average wage per capita	*0.7*	*0.3*	*0.4*	*0.4*	*0.6*	*0.1*	*0.2*	*0.3*	*0.5*	*0.4*	*1.6*	*1.4*	*1.1*
Financial corporations (4%)	–0.3	0.5	–0.1	0.7	0.5	0.5	1.1	0.3	1.1	0.8	–0.4	2.1	2.6
General government (22%)	0.1	0.1	0.2	0.3	0.4	0.5	0.5	0.4	0.4	0.5	1.0	1.5	1.5
Households excluding sole proprietors (2%)	1.0	0.2	–0.3	–0.3	–0.7	0.2	–0.9	0.6	0.0	0.0	–0.3	–1.1	0.1
Total gross wages received by households	**0.6**	**0.4**	**0.5**	**0.6**	**0.7**	**0.4**	**0.6**	**0.6**	**0.7**	**0.6**	**1.6**	**2.2**	**2.0**
including: Non-agricultural market sectors	*0.6*	*0.4*	*0.5*	*0.7*	*0.9*	*0.3*	*0.6*	*0.6*	*0.8*	*0.7*	*1.5*	*2.5*	*2.2*

Forecast

How to read it: The figures in parentheses give the structure of the year 2015.

Source: INSEE

Taxes and social contributions should pick up moderately in H1 2017

Over 2016 as a whole, taxes and social contributions paid by households are expected to have slowed down slightly (+1.6% after +1.8%). Income and wealth tax in particular slowed down (+1.1% after +1.7%), whilst households' social security contributions increased at almost the same rate as in 2015 (+2.2% after +2.0%). As every year, new measures concerning income and wealth taxes affected the quarterly tax profile. Due to income tax relief benefiting low-income households, households' income tax and wealth tax decreased in Q3 (–1.1%). They would then appear to have increased in Q4 (+1.3%).

Taxes are expected to slow down significantly in Q1 2017 (+0.2%). The 20% income tax reduction granted to median-income households has been in force since January and has reduced the monthly payments of the households in question. In addition, the exemption and reduction thresholds for the *contribution sociale généralisée* (general social contribution) for pensioners and disabled people were raised at the beginning of Q1. In reaction, taxes on income and wealth should gather pace in Q2 (+0.6%).

Over H1 2017 as a whole, taxes paid by households should pick up: +0.8% half-year on half-year, after +0.1%. Contributions paid by households should also rise almost as quickly (+1.3% after +1.2%): the increase in the pension contributions of salaried workers on 1st January 2017 is expected to be partly offset by the reduction in those of self-employed workers. All in all, taxes and social contributions are expected to pick up moderately in H1 2017 (+1.0% after +0.6%).

Purchasing power is expected to slow down in H1 2017, undermined by the upturn in inflation

All in all, the gross disposable income (GDI) of households is expected to have increased by 2.0% in 2016, i.e. faster than in 2015 (+1.4%). As consumer prices remained stable after a year in which they dropped slightly, this appears to have resulted in another boost to their purchasing power: +1.9% after +1.6% in 2015 and +0.7% in 2014. When adjusted to individual level to account for demographic changes, purchasing power per consumption unit is expected to have risen by 1.5%, after +1.2% in 2015.

In H1 2017, households' GDI should increase at the same pace as in H2 2016 (+1.2% half-year on half-year). Nevertheless, consumer prices should pick up over the same period (+0.8% after +0.4% in H2 2016). Consequently, the purchasing power of GDI is likely to slow down in H1 2017 (+0.4% after +0.7%), undermined by this upturn in inflation. Its growth overhang at midyear for 2017 is expected to stand at +0.7%, against +1.6% one year earlier. ■

Table 3

Social transfers received and paid by households

	Quarterly changes in %										Annual changes in %		
	2015				2016				2017		2015	2016	2017 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Social cash benefits received by households (100%)	**0.3**	**0.4**	**0.4**	**0.7**	**0.4**	**0.5**	**0.6**	**0.4**	**0.5**	**0.5**	**1.9**	**1.9**	**1.5**
Social Security benefits in cash (72%)	0.3	0.5	0.4	0.7	0.5	0.2	0.5	0.4	0.5	0.5	2.0	1.9	1.4
Other social insurance benefits (19%)	0.4	0.3	0.3	0.6	0.8	0.5	0.6	0.6	0.5	0.6	1.9	2.2	1.8
Social assistance benefits in cash (8%)	–0.1	0.1	0.5	1.0	–1.7	2.8	0.6	0.3	0.3	0.4	1.7	1.7	1.8
Total social contribution burden by households (100%)	**–0.2**	**0.5**	**0.7**	**0.4**	**0.8**	**0.0**	**0.5**	**0.7**	**0.9**	**0.5**	**1.3**	**2.1**	**2.0**
Actual social contributions paid	–0.2	0.5	0.8	0.4	0.9	0.0	0.5	0.7	0.9	0.5	1.4	2.1	2.1
including: Employers contributions[1] *(63%)*	–0.6	0.4	0.9	0.5	1.0	–0.4	0.5	0.7	0.9	0.6	1.0	2.1	2.0
Contributions of households (37%)	0.6	0.5	0.6	0.4	0.7	0.5	0.6	0.7	0.9	0.4	2.0	2.2	2.1

Forecast

How to read it: The figures in parentheses give the structure of the year 2015.

1. Employer contributions are both received and paid by households in the national accounts: they therefore have no effect on gross disposable income.

Source: INSEE