

Household income

In 2017, household income should accelerate in nominal terms (+2.2% after +1.7%), as earned income again increases more quickly than the previous year. However, the purchasing power of household income is set to slow down significantly (+1.1% after +1.8% in 2016), due to the acceleration in consumer prices (+1.0% after -0.1%). After virtually stagnating at the end of 2016 and in early 2017, it should progress moderately over the last three quarters of the year.

Earned income to accelerate in 2017

In 2017, household earned income should accelerate again: +2.6% after +1.9% in 2016 and +1.5% in 2015 (Table 1). The rise in payroll in the non-farm market sectors should be more sustained (+2.9% after +2.4% in 2016; Graph and Table 2), with employment (+1.4% after

+1.0% in 2016) and average wage per capita (+1.6% after +1.3%) both making contributions. The operating income of sole proprietors should progress moderately (+1.1% after +1.5%).

Property income should almost stabilise in 2017, after falling back for two years: dividends received should rebound as the financial situation of companies improves, and life insurance income should fall less sharply. The gross operating surplus of households¹ as the owners of their homes should slow down a little (+2.0% after +2.2%), as the positive effect of mortgage renegotiations fades out.

1. In the national accounts, the gross operating surplus of pure households takes account, among other things, of housing services: the added value is the difference between the rent (actually paid by tenants or imputed for home owners) and the intermediate consumption of the owners, notably banking margins on real-estate loans.

Table 1

Household gross disposable income

	Quarterly changes in %												Annual changes in %		
	2015				2016				2017				2015	2016	2017
	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4			
Gross disposable income (100%)	0.4	0.1	0.5	0.5	0.4	0.3	0.7	0.4	0.6	0.6	0.5	0.5	1.1	1.7	2.2
including:															
Earned income (70%)	0.5	0.2	0.5	0.6	0.6	0.2	0.5	0.6	0.8	0.7	0.6	0.7	1.5	1.9	2.6
Gross wages and salaries (62%)	0.5	0.3	0.4	0.5	0.6	0.3	0.6	0.8	0.8	0.7	0.6	0.7	1.5	2.0	2.8
GOS of sole proprietors ¹ (8%)	0.7	-0.7	0.8	1.4	0.7	-0.7	0.2	-0.4	0.5	0.7	0.5	0.4	1.3	1.5	1.1
Social benefits in cash (35%)	0.1	0.3	0.3	0.6	0.5	0.4	0.5	0.3	0.5	0.5	0.5	0.5	1.5	1.8	1.9
GOS of "pure" households (13%)	0.6	0.5	0.6	0.7	0.4	0.6	0.5	0.7	0.2	0.5	0.5	0.7	2.1	2.2	2.0
Property income (8%)	-0.5	-0.4	-1.1	-1.1	-0.9	-0.9	-0.4	0.3	0.2	-0.2	-0.1	0.0	-2.5	-3.2	-0.2
Social contributions and taxes (-27%)	0.3	0.5	-0.4	0.6	1.0	0.2	-0.4	1.0	0.6	0.7	0.7	0.8	1.7	1.5	2.4
Contributions of households (-11%)	0.5	0.4	0.7	0.2	0.7	0.5	0.6	0.7	0.9	0.5	0.5	0.5	1.6	2.2	2.7
Income and wealth tax (including CSG and CRDS) (-16%)	0.2	0.6	-1.1	0.8	1.1	0.0	-1.1	1.2	0.4	0.9	0.9	1.1	1.7	1.1	2.1
Income before taxes	0.3	0.2	0.3	0.6	0.5	0.2	0.5	0.5	0.6	0.6	0.6	0.6	1.2	1.6	2.2
Household consumer prices (quarterly national accounts)	0.1	0.3	-0.1	0.0	-0.2	0.0	0.1	0.3	0.5	0.1	0.2	0.3	0.3	-0.1	1.0
Purchasing power of gross disposable income	0.3	-0.2	0.6	0.6	0.6	0.3	0.6	0.1	0.1	0.5	0.3	0.2	0.8	1.8	1.1
Household purchasing power by consumption	0.2	-0.3	0.5	0.4	0.5	0.1	0.5	0.0	0.0	0.3	0.2	0.1	0.4	1.3	0.7

Forecast

How to read it: the figures in parentheses give the structure of the year 2016.

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 entrepreneur.

Source: INSEE

French developments

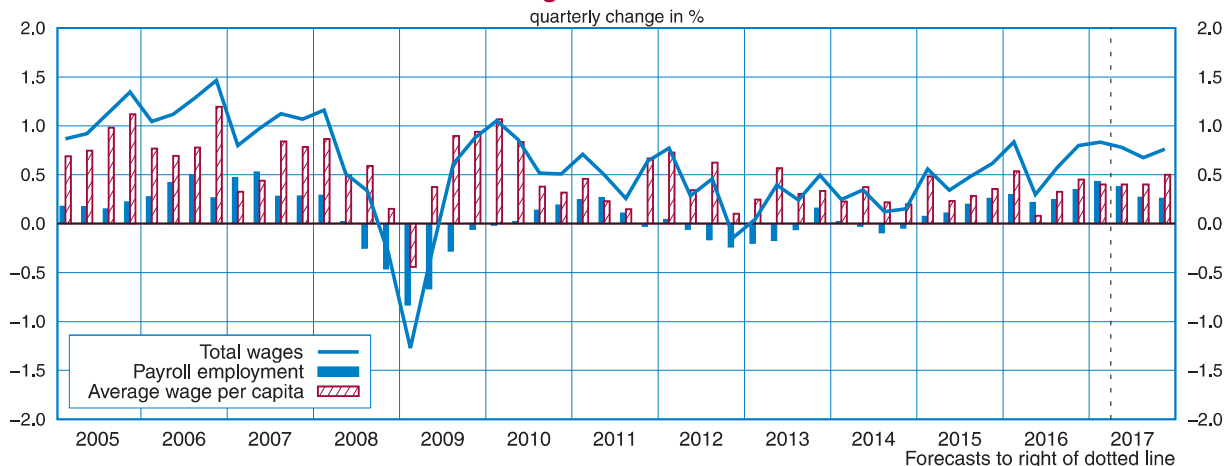
Social benefits should increase almost as in 2016

In 2017, social benefits in cash should increase almost as they did in 2016 (+1.9% after +1.8%, Table 3). This should notably be the case of social security benefits (+1.8% as in 2016). "Other social insurance benefits" should also accelerate a little in 2017 (+2.0% after +1.6%), mainly driven by reimbursements by mutual insurance companies. Finally, social support benefits are set to remain dynamic, thanks to the exceptional increase in the earned income supplement (RSA) scheduled for September 2017 as part of the multi-year plan against poverty and for social inclusion. They should slow down slightly, however (+2.7% after +2.8%) as the ramp-up phase of the activity bonus comes to an end in 2017.

Taxes and social contributions are expected to accelerate slightly

In 2017, taxes and social contributions borne by households should accelerate a little: +2.4% after +1.5%. Social contributions borne by households should grow at a more sustained pace than in 2016 (+2.7% after +2.2%), in line with the expansion in payroll and under the effect of the rise in the old age insurance contribution. Taxes on income and wealth should accelerate significantly (+2.1% after +1.1%), as the effects of the tax reduction measures (20% reduction of income tax for modest households, raising of the exemption threshold and reduction of the rate of the general social contribution on income maintenance benefits) will be more limited in 2017 than those of the measures in 2016. In addition, the wealth tax

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



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
	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4			
Non-financial enterprises (67%)	0.5	0.3	0.5	0.6	0.9	0.3	0.6	0.8	0.8	0.8	0.7	0.8	1.5	2.5	2.9
including: Average wage per capita	0.4	0.2	0.3	0.3	0.6	0.1	0.3	0.4	0.3	0.4	0.4	0.5	1.2	1.4	1.5
Financial corporations (4%)	0.7	1.2	0.1	0.6	0.0	0.2	1.0	0.3	0.6	0.9	0.8	0.8	1.9	1.5	2.7
General government (22%)	0.2	0.1	0.1	0.0	0.1	0.3	0.6	0.7	0.8	0.6	0.6	0.6	1.0	0.8	2.6
Households excluding sole proprietors (2%)	0.8	0.1	-0.4	-0.3	-0.9	0.3	-1.1	-0.5	0.3	0.0	0.0	0.0	-0.6	-1.8	-0.5
Total gross wages received by households (100%)	0.5	0.3	0.4	0.5	0.6	0.3	0.6	0.8	0.8	0.7	0.6	0.8	1.5	2.0	2.8
including: Non-agricultural market sectors	0.6	0.3	0.5	0.6	0.8	0.3	0.6	0.8	0.8	0.8	0.7	0.7	1.5	2.4	2.9

Forecast

How to read it: the figures in parentheses give the structure of the year 2016.
Source: INSEE

French developments

(ISF) should be more dynamic than in 2016, driven by the recovery in real estate prices and the introduction of a mechanism aiming to restrict tax base optimisation possibilities. The measures announced by the new government (increase in the general social contribution, reduction in housing tax, reform of wealth tax) are unlikely to take effect before 2018.

Purchasing power is set to slow down significantly in 2017, eroded by the upturn in inflation

In 2017, nominal gross disposable income of households is set to accelerate (+2.2% after +1.7%), driven in particular by earned income.

However, inflation² is likely to rise significantly on an annual average basis (+1.0% after -0.1%), with the result that the purchasing power of gross disposable income should slow down markedly (+1.1% after +1.8%). On an individual level to take account of demographic changes, purchasing power per consumption unit should slow down in comparable proportions (+0.7% in 2017 after +1.3% in 2016).

In the course of the year, income in nominal terms should slow down due to taxation, with the result that purchasing power is likely to become a little less dynamic in H2: +0.5% after +0.6% in H1. ■

2. Inflation is measured here by the variation in household consumer prices, provided by the quarterly national accounts.

Table 3

Social transfers received and paid by households

	Quarterly changes in %												Annual changes in %		
	2015				2016				2017				2015	2016	2017
	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4			
Social cash benefits received by households (100%)	0.1	0.3	0.3	0.6	0.5	0.4	0.5	0.3	0.5	0.5	0.5	0.5	1.5	1.8	1.9
Social Security benefits in cash (72%)	0.2	0.3	0.3	0.6	0.6	0.2	0.5	0.3	0.5	0.5	0.5	0.5	1.6	1.8	1.8
Other social insurance benefits (19%)	-0.1	0.0	-0.1	0.4	0.7	0.4	0.6	0.3	0.5	0.6	0.6	0.5	0.8	1.6	2.0
Social assistance benefits in cash (8%)	0.2	0.3	0.6	1.0	-0.8	2.7	0.7	0.3	0.5	0.5	0.6	0.8	2.3	2.8	2.7
Total social contribution burden by households (100%)	-0.2	0.3	0.7	0.1	0.7	-0.2	0.5	0.7	0.6	0.6	0.6	0.6	1.0	1.5	2.3
Actual social contributions paid	-0.2	0.3	0.7	0.1	0.8	-0.3	0.5	0.7	0.8	0.6	0.6	0.7	1.1	1.6	2.5
including: Employers contributions ¹ (63%)	-0.5	0.2	0.7	0.0	0.8	-0.7	0.5	0.7	0.7	0.7	0.6	0.5	0.7	1.2	2.3
Contributions of households (37%)	0.5	0.4	0.7	0.2	0.7	0.5	0.6	0.7	0.9	0.5	0.5	0.6	1.6	2.2	2.7

Forecast

How to read it: The figures in parentheses give the structure of the year 2016.

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