

Household consumption

After rebounding sharply in May then in June, household consumption in July and August is set to remain at a level similar to its pre-crisis level (Table 1). The level of spending on manufactured goods would appear to have remained high, especially purchases of transport equipment and household equipment. Regarding spending on services, households appear to have continued their catch-up, especially in catering and accommodation, although some areas of spending are still significantly below their pre-crisis level (e.g. transport services, including air transport). All in all, assuming that household consumption in September returns to exactly the same level as before the crisis, with some spending remaining above this level and some still falling below, total household consumption is set to increase by +19% in Q3 2020, after tumbling by 12% in Q2.

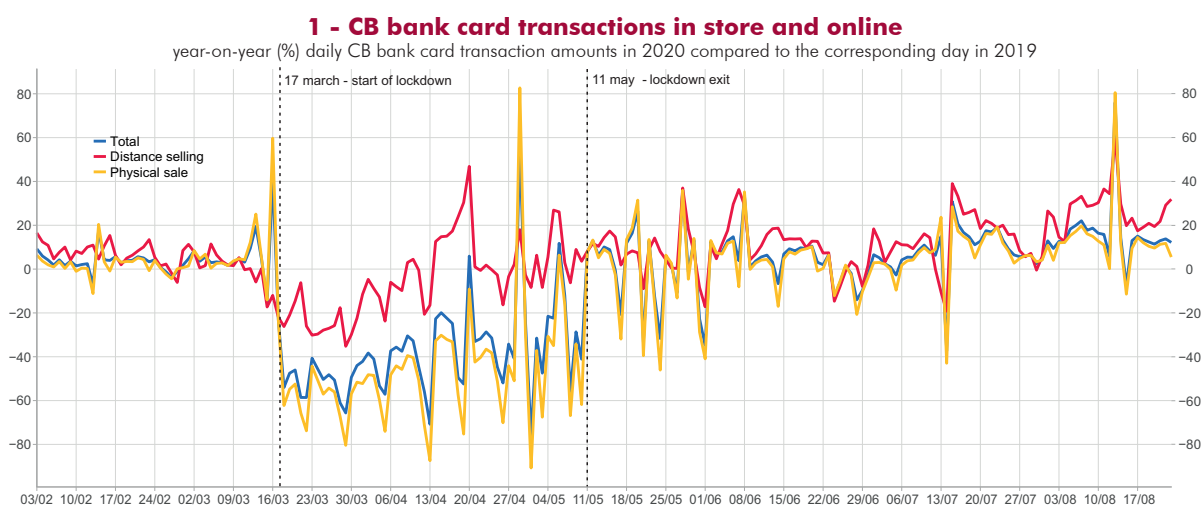
As in the previous *Points de Conjoncture*, the estimates given here are based on assumptions of loss or gain in consumption compared to the pre-crisis level,¹ applied to different goods and services. These assumptions are based mainly on information from bank card transaction data

and scanner data, up to 23 August, but also on the first monthly statistics produced for July (e.g. household consumption expenditure on goods). They also reflect specific consumer behaviours (e.g. constant need for certain types product).

In Q2, household consumption declined by about 12%, reflecting a sharp drop in April, at the height of lockdown, then a rebound in May as health restrictions were eased, then in June a convergence towards the pre-crisis level of consumption overall (*Point de Conjoncture* of 8 July). In July, consumption would appear to have remained slightly below pre-crisis level (-4%), returning virtually to normal in August (-2%). This trend in household consumption since the start of the health crisis is reflected in the total amount of bank card transactions: since the end of lockdown, total transactions overall have been at their 2019 level and were even higher from mid-July (*Graph 1*). This summer increase in bank card transactions, compared to 2019, can be explained in part by the delaying of the summer sales, which this year were set from 15 July to 11 August,² but also by the fact that more households spent their summer holidays in

1. The pre-crisis level can be interpreted as that of Q4 2019, even though in practice the data used requires us to take a slightly different reference period (e.g. 6 January to 23 February 2020 for bank cards).

2. In 2019, the summer sales took place from 26 June to 6 August.



How to read it: on Monday 17 August 2020, physical CB bank card sales were 14% higher than on Monday 19 August 2019.

Note: the very high year-on-year level on Wednesday 29 April 2020 (or Thursday 13 August 2020) is linked to the fact that the corresponding day in 2019 was Wednesday 1st May (or Thursday 15 August), a public holiday, when CB bank card transaction amounts, all types of sale combined, were particularly low.

Source: Cartes Bancaires CB, INSEE calculations

French economic outlook

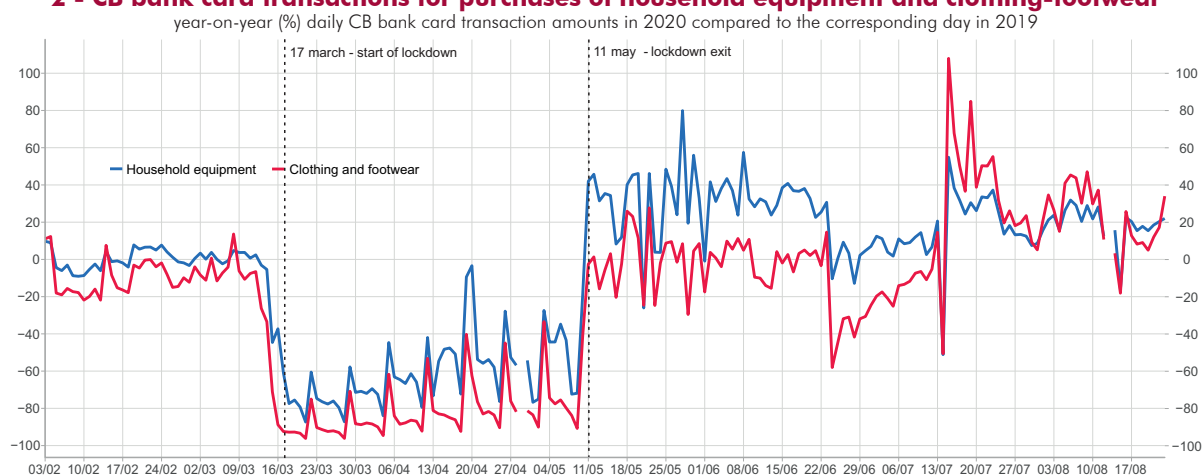
France than abroad. It may also reflect changes in behaviour in the use of bank cards, especially a preference for payment by card in light of the health context, and the fact that the ceiling for contactless payments was increased in May. This phenomenon can be highlighted by comparing bank card transaction amounts and turnovers (the latter are currently available up to June) at sector level. For example, in accommodation, catering and household equipment, the ratio of bank card transaction amounts to sector turnover increased significantly between January-February and June. As a result, for the expenditure concerned, estimates of differences between these levels and a normal situation take the increased bank card use into account, which in turn tempers the buoyancy observed in bank card transaction amounts.

After moving above the pre-crisis level in July, household consumption of manufactured goods would appear to have continued its upswing during August, standing at 3% above its pre-crisis level and boosting total consumption by one point. Some types of spending seem to have continued the catch-up that began as soon as lockdown was lifted, with purchases of transport equipment in particular exceeding their pre-crisis

level considerably in July and August. This would also appear to be the case in August for spending on clothing and household equipment (*Graph 2*). Spending on fuel, which was still below the pre-crisis level in June, would appear to have returned to this level overall in July and August (*Graph 3*), possibly as a result of more people spending their summer holidays in France this year than going abroad. Spending on agricultural and agrifood products also appears to have returned to its pre-crisis level in August, after dropping slightly below in July (*Graph 4*).

In mainly market services consumption would appear to be 7% down on the pre-crisis level in July and 5% down in August (reducing by 2 points the difference between consumption overall in August compared to the pre-crisis level). As a result of this improvement in August catch-up in consumption is expected to continue in catering and accommodation (*Graph 3*), cultural activities and services to households. Spending on transport services also appears to have continued its catch-up both in July and August, while still remaining below the pre-crisis level, mainly due to the low level of recovery in air transport, but also because passenger land transport is recovering only gradually.

2 - CB bank card transactions for purchases of household equipment and clothing-footwear



How to read it: on Monday 17 August 2020, bank card transactions for household equipment were 20% higher than on Monday 19 August 2019.

Note: for clarity, the values corresponding to Wednesday 29 April 2020 and Thursday 13 August have been removed because the corresponding days in 2019 were Wednesday 1st May and Thursday 15 August respectively, both public holidays, with very high year-on-year figures. In addition, the delaying of the summer sales in 2020, which took place from 15 July to 11 August instead of 26 June to 6 August in 2019, resulted in figures that were very negative year-on-year from 26 June then extremely positive from 15 July onwards. The momentum in transaction amounts for household equipment from June, compared to 2019, may also be partly due to a higher level of card payments

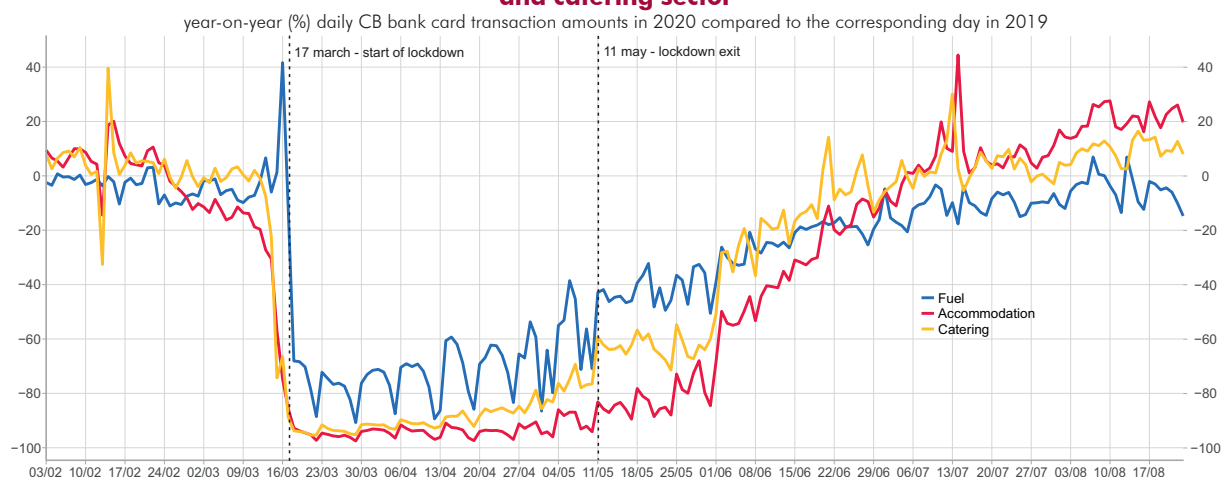
Source: Cartes Bancaires CB, INSEE calculations

French economic outlook

In mainly non-market services, consumption appears to have continued to pick up, with the gradual resumption of local outpatient care. However, in July and then August it is still likely to remain below the pre-crisis level (–9% loss of consumption in August, bringing down overall

consumption very slightly). In the construction branch, the upswing in renovation work appears to be continuing, with the result that in August household consumption should be close to its pre-crisis level (–5% loss of consumption, a marginal contribution to overall loss). ■

3 - CB bank card transactions for purchases of fuel and purchases in the accommodation and catering sector

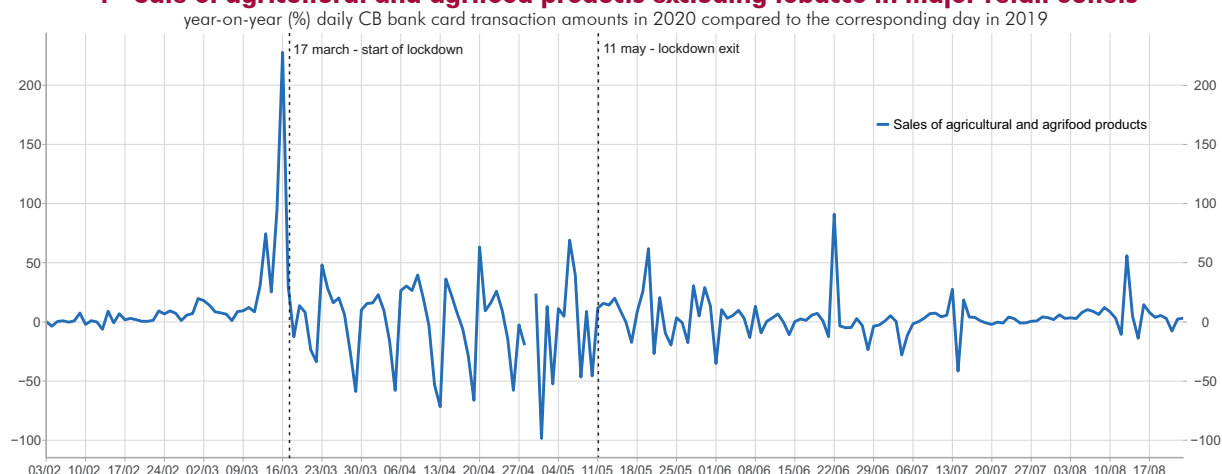


How to read it: on Monday 17 August 2020, bank card transactions in the catering sector were 13% higher than on Monday 19 August 2019.

Note: the scale of the catch-up from June onwards may be due in part to the preference for card payments.

Source: Cartes Bancaires CB, INSEE calculations

4 - Sale of agricultural and agrifood products excluding tobacco in major retail outlets



How to read it: on Tuesday 18 August 2020, sales of agricultural and agrifood products excluding tobacco were 4% higher than on Tuesday 20 August 2019. Note: for clarity, the values corresponding to Wednesday 29 April 2020 have been removed because the corresponding day in 2019 was Wednesday 1st May, a public holiday, with a very high year-on-year figure.

Source: cash register data of several supermarket and hypermarket signs, INSEE calculations

1 - Estimated difference in level of household consumption compared to the pre-crisis level

Products	Share of consumption* (%)	Difference in 2nd quarter 2020 (in %)	Difference in July (in %)	Difference in August (in %)	Contributions aside for August (in point of percentage)
Agriculture, forestry and fishing	3%	-5	-1	0	0
Industry	44%	-15	1	3	1
Manufacture of food products, beverages and tobacco-based products	15%	4	-1	0	0
Coke and refined petroleum	4%	-29	-1	2	0
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3%	-8	1	5	0
Manufacture of transport equipment	6%	-36	7	4	0
Manufacture of other industrial products	13%	-28	0	6	1
Extractive industries, energy, water, waste treatment and decontamination	5%	-2	2	0	0
Construction	2%	-24	-8	-5	0
Mainly market services	46%	-19	-7	-5	-2
Trade; repair of automobiles and motorcycles	1%	-24	-2	6	0
Transport and storage	3%	-47	-25	-22	-1
Accommodation and catering	7%	-64	-22	-18	-1
Information and communication	3%	-5	-1	0	0
Financial and insurance activities	6%	1	0	0	0
Real estate activities	19%	1	0	0	0
Scientific and technical activities; administrative and support services	2%	-19	-13	-6	0
Other service activities	4%	-41	-13	-7	0
Mainly non-market services	5%	-32	-13	-9	0
Total	100%	-17	-4	-2	-2

* weight in final household consumption spending (excluding territorial correction)

How to read it: household consumption of accommodation and catering services in August is expected to be 18% lower than the pre-crisis level, contributing a 1-percentage point reduction in household consumption overall, compared to the pre-crisis level.

Source: INSEE calculations from various sources