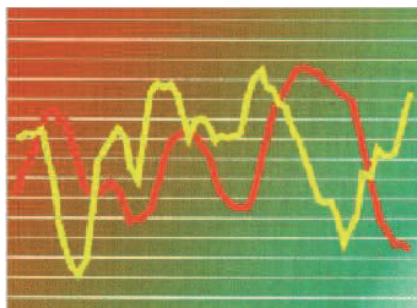


INSEE CONJONCTURE

# ECONOMIC OUTLOOK



2 DECEMBER 2020

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### Introduction

#### **In November, the second lockdown appears to have affected household consumption more than production**

The business tendency surveys collected from companies and households, along with high-frequency data, give the same diagnosis for economic activity in November in France. Overall, activity losses appear to be lower than in the spring, although considerable nonetheless: in November, activity within the meaning of GDP would seem to be around 12% below its pre-crisis level – a slightly lower estimate than that given in the previous Economic Outlook, mainly due to the upward revision of the national accounts for Q3 – against about 30% below pre-crisis level in April.

The shock to household consumption would appear to have been of a fairly similar order of magnitude (–14% estimated in November, compared to the pre-crisis level), but was undoubtedly a little harsher than the shock to GDP. In fact, although we witnessed a growth in distance sales and other home delivery services, the purpose behind the health restrictions was to reduce the numbers of people mixing together and thus they mainly affected specific areas of household demand (closure of restaurants and bars, closure of certain “non-essential” leisure activities and businesses, limited transport).

#### **Prospects for the end of the year are brightening cautiously: in December, household consumption should rebound fairly strongly**

In the short term, the economic situation remains very changeable and largely dependent on the health situation. The second wave of the epidemic is starting to decline, making it possible to set out some milestones for December: conditional on this decline continuing, health restrictions are expected to be eased in stages, with the reopening of all businesses by the end of November, then some leisure activities by mid-December, at which point a curfew is expected to follow on from the lockdown of the population. Other activities (especially access to indoor dining in restaurants) are unlikely to open until sometime in January.

With this information we can refine our scenario for the end of the year. We estimate that in December economic activity within the meaning of GDP could be at 8% below its pre-crisis level. Household consumption should rebound a little more sharply than GDP, to be 6% below its pre-crisis level. These figures will of course benefit from being confirmed by the high-frequency data when these become available for the beginning of December.

#### **The French GDP is expected to contract by about 9% in 2020**

All in all, taking into account these hypotheses for the end of the year, GDP in Q4 2020 is likely to shrink by 4½% as a quarterly variation (after a rebound of +18.7% in Q3, as a result of the lifting of the first lockdown). Across the whole of 2020, GDP is expected to decline by about 9% compared to 2019.

This forecast for an annual contraction in GDP is similar to the one we made at the beginning of July. Meanwhile, the story told by the monthly figures was more irregular than expected. On the one hand, coming out of lockdown for the first time resulted in a more vigorous economic rebound than expected. On the other hand and conversely, the resurgence of the epidemic put a strain on economic activity in Q4.

## The health crisis has outlined an economic landscape full of contrasts at all levels: between sectors of activity, between countries, between continents

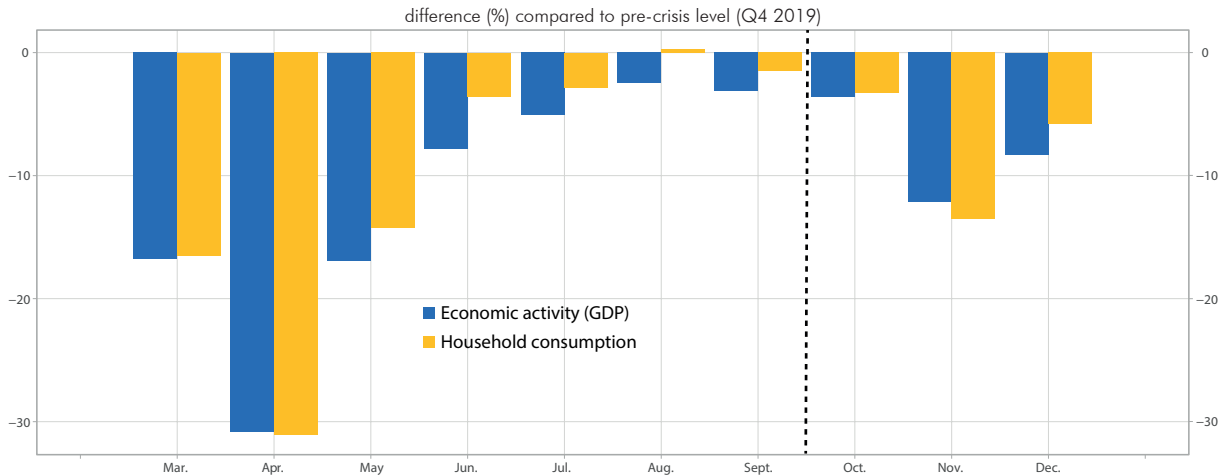
Within each country, economic activity losses are far from uniform as they are closely dependent on the degree of exposure of each sector to the restrictive health measures in place. The global impact of the health crisis in the short term therefore depends mainly on the sectoral structure of each economy and the degree of severity of the restrictions, which was itself linked with the intensity of the epidemic.

France entered the second wave of the epidemic with a GDP in Q3 that was “only” 4% below its pre-crisis level, almost the same as Germany, but after some stronger losses of activity in the spring. High-frequency data, like the business tendency surveys, suggested heavier losses in France during the second lockdown too, but without anticipating the respective paces of the rebounds to come in the two countries. Meanwhile, Spain and the United Kingdom faced the second wave with a decline in GDP that was twice that of France and Germany compared to the pre-crisis level.<sup>1</sup>

Finally, even though the epidemic remains global, Asia appears at this stage to be relatively untouched by the autumn wave that is raging in Europe and North America. The Chinese economy in particular is continuing its recovery, after a shock that was certainly very severe but limited to Q1. China has recently become the foremost trading partner of the European Union, ahead of the United States. ■

<sup>1</sup> To continue to measure economic activity during the health crisis, national accounting had to adapt its methods to the uniqueness of the situation, especially during the first lockdown. These adaptations could have temporarily affected the comparability of results between the different countries, especially concerning non-market services produced by general government. A post that appeared on 27 November on the INSEE blog provides an update on this subject: <https://blog.insee.fr/sante-education-services-administratifs-la-difficile-mesure-des-activites-non-marchandes-en-temps-de-crise-sanitaire/>. In fact, before the health crisis, the quarterly accounts did not seek to capture an infra-annual profile from these volumes of activity since non-market activities were not affected by short-term cycles. During the crisis, therefore, French accounts took the exceptional step of using the Employment Survey and various data sources to best reflect the economic outlook in this sector, but not all countries were able to do the same. The comparability of the data is therefore distorted, although on the face of it the proportions of the differentials are not inconsistent with orders of magnitude at the level of the economy as whole and operate only in the short term without introducing any trend bias.

### 1 - Monthly GDP estimates and forecasts and household consumption in France between March and December 2020



How to read: in December 2020, economic activity (GDP) is expected to be about 8% lower than its Q4 2019 level. Household consumption is likely to be 6% below its Q4 2019 level.

Source: INSEE calculations from various sources

# Economic activity

After an unprecedented drop in economic activity in Q2 2020, to  $-18.9\%$  compared to Q4 2019, then a strong rebound bringing this gap to  $-3.7\%$  in Q3, the last quarter of 2020 has been affected by a second wave of the epidemic and the introduction at the end of October of a new lockdown for the French population.

This later lockdown differed from the first one in the spring in terms of its scope (restrictions a little less severe) and duration (10 days less, assuming that most of the restrictions on movement will be lifted in mid-December), and especially considering what was learned from the experience in the spring. Thus the difference in activity compared to the pre-crisis level would certainly appear to have widened again in November, to  $-12\%$ , although to a lesser extent than in April (about  $-30\%$ ).

Conversely, the lifting of restrictions that began at the end of November is scheduled to be more gradual than in May: from 28 November, "non-essential" retail outlets will reopen, and people will be allowed to travel up to 20km from home; from 15 December, reopening of cultural activities, unlimited movement, but a curfew in place from 9pm to 7am; finally, from 20 January, importantly, restaurants will reopen. The rebound in economic activity will automatically be less vigorous due to the lesser decline in November, but it is also likely to be tempered by the extension of some restriction measures into January: the loss of activity is likely to be  $-8\%$  in December.

All in all, the decline in activity compared to the pre-crisis level is expected to be  $-8\%$  on average in Q4. GDP is likely to decline by  $4\frac{1}{2}\%$  as a quarterly variation in Q4 and by  $9\%$  as an annual average between 2019 and 2020.

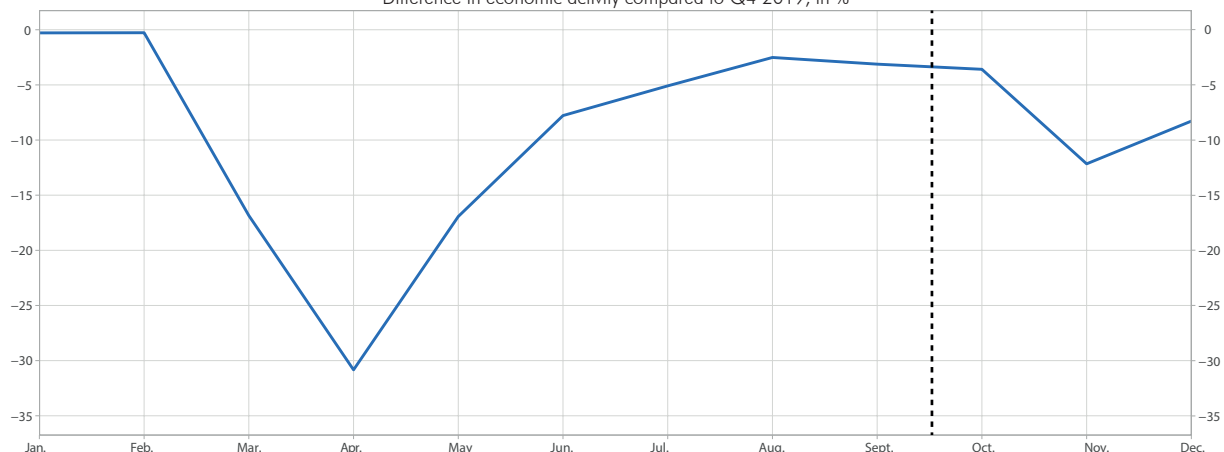
## After a strong, partly automatic rebound in Q3, French economic activity is expected to tumble once again in a Q4 spent partly in lockdown

Since the Economic Outlook of 17 November 2020, publication of the detailed results for the quarterly accounts has led to a slight revision to the increase in GDP growth in Q3 ( $+18.7\%$  instead of  $+18.2\%$  in the original estimate at the end of October). As a result, the difference in activity compared to its pre-crisis level (Q4 2019) fell to  $-3.7\%$  in Q3, after  $-18.9\%$  in the previous quarter. The rebound in activity, which was especially brisk in June, continued over the summer in July and August, before declining very slightly in September (*Graph 1*).

With the resurgence of the epidemic, the gradual reinforcement of protective health measures affected activity in October and again in November when a new lockdown came into force. However, this was not an exact copy of the first lockdown (some shops remained open, especially in wholesale trade, children continued to attend school, etc.). Also, some economic

**1 - Estimated then forecast monthly loss of activity**

Difference in economic activity compared to Q4 2019, in %



How to read: in November, economic activity appears to have been down by about 12% compared to its Q4 2019 level. In December it is expected to settle at  $-8\%$ .

Source: INSEE calculations from various sources

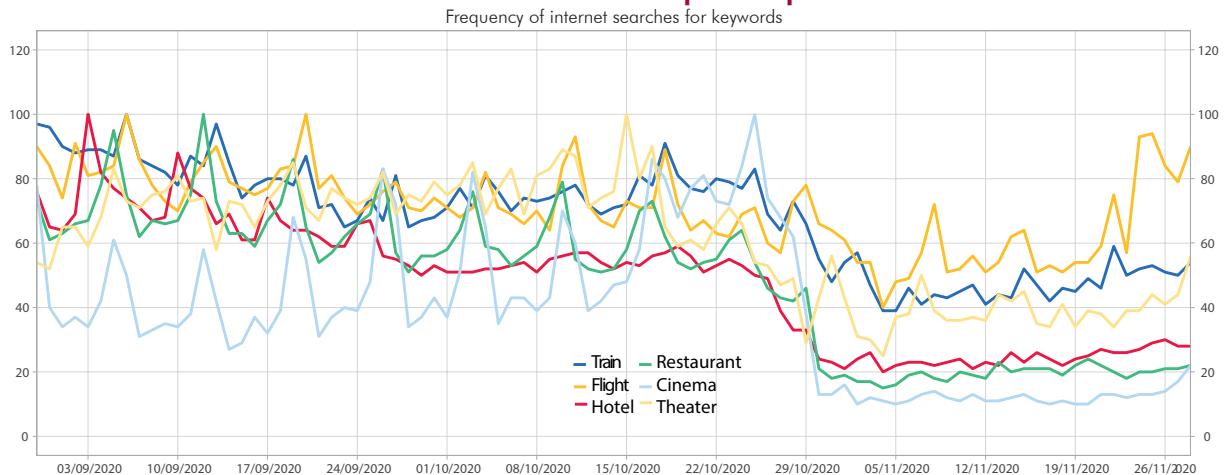
activity was able to build on experience gained in the spring: where teleworking was not possible, health protocols were by now well established to enable work to continue onsite, both in factories and on building sites.

In this respect, the “high-frequency” indicators used in the last issue of Economic Outlook as advance signals of activity in some sectors were a continuation of what had already been observed in the first weeks of November. Thus, regarding services subjected to restrictions, the number of searches for the words “restaurant” or “hotel” on the Google search engine seemed to have reached a low point at the beginning of November but since then have increased slightly, as is the case for the words “flight” and “train”, perhaps related to expectations for the weeks to come (Graph 2). Searches for the words “cinema” and “theatre” rose substantially at the end of

November, again probably in expectation of the reopening scheduled for 15 December. The indicator for total time spent at home, compared to a normal situation, shows no notable change for November compared to what was published in the last Economic Outlook (Graph 3).

Road traffic in France, which shrank by around –50% (heavy goods vehicles) and around –70% (all vehicles) during the spring lockdown, appeared to be affected less in the second lockdown (Graph 4): around –30% for all vehicle traffic and almost normal for heavy goods traffic. While movement overall declined with the restriction of travel to 1km from home and the resumption of teleworking, journeys more closely linked to activity, especially industrial activity, seem to have been maintained.

## 2 - During the last days of November, internet searches around transport and leisure activities picked up

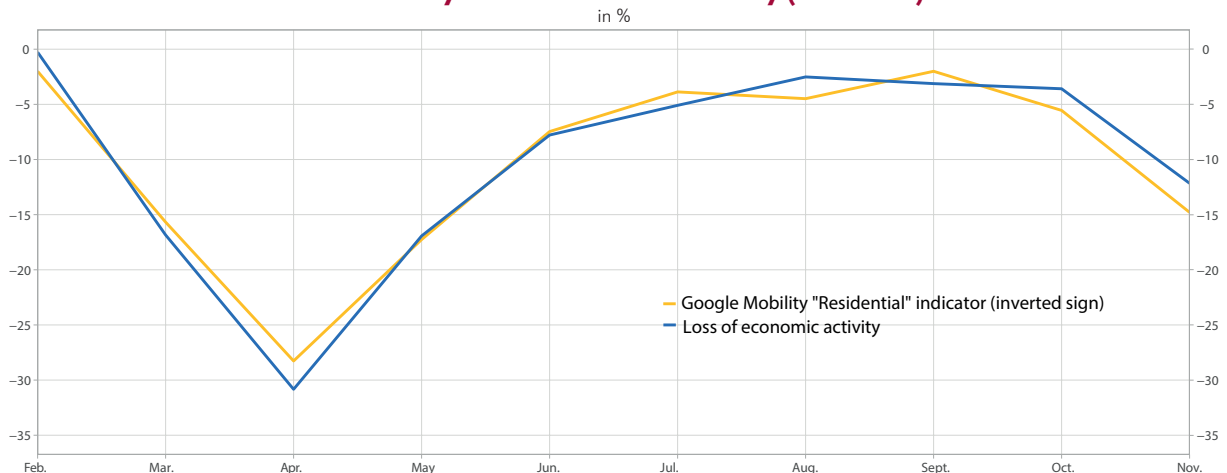


How to read it: on Saturday 28 November 2020, the number of searches in France on the Google search engine for the word “cinema” stood at 22% of the number of similar searches observed on Sunday 25 October 2020 (maximum in the series for the number of these searches since 30 August 2020).

Note: for each series, the index is set at 100 for the maximum frequency observed during the last 90 days.

Source: Google Trends, INSEE calculations

## 3 - Indicator of total time spent at home monthly (compared to a normal situation) and monthly losses of economic activity (estimated)



How to read it: in April 2020, time spent at home was 28% more than in a normal situation.

Note: for November, the data for this indicator are currently available up to 24 November. Monthly values are the averages of daily indicator values.

Source: Google Maps Mobility and INSEE

## French economic outlook

**In Q4, activity is expected to deteriorate, especially in services most directly affected by lockdown, but should be more resistant in industry and construction**

As noted in the Economic Outlook of 17 November, the estimate for activity in November was generated from several sources of information and methods (“high-frequency” indicators, business tendency surveys, feedback from professional federations, losses of activity in April, May and June as points of comparison for branches directly affected by the second lockdown, estimate of how the shock has spread in the branches that are most dependent on those directly affected, etc.). In addition to the publication of the detailed results from the national accounts for Q3, the first feedback on industrial output for October was used to refine the estimate of activity for this month.

All in all, economic activity in November is likely to be 12% below its pre-crisis level, which is a slightly better estimate than the forecast given in the previous Economic Outlook (-13%), and after -4% in October (*Table 1*): this revision can be explained on the one hand by the stronger rebound in activity in Q3 than forecast and, on the other hand, by the lifting of restrictions, which started from the last weekend of the month. The forecast for activity for the whole of Q4 remains uncertain, as it depends on the way the epidemic develops in December, which in turn will determine the pace at which health restrictions are lifted. The scenario selected for December is that of an easing of restrictive measures in three stages, in accordance with what was announced last week by the authorities:

-the first stage, from 28 November, consists most importantly in the reopening of “non-essential” businesses with reinforced health protocols and the possibility of opening on Sundays during what is usually an intense period of shopping in preparation for the holiday season. Restrictions on movement have also been eased (journeys from home allowed up to 20km, and for three hours);

-the second stage, from 15 December, is expected to signal the end of travel restrictions, to be replaced by a curfew from 9pm to 7am across the country (except for Christmas Eve and New Year’s Eve on 24 and 31 December). Cinemas, theatres and museums should be able to resume their activity;

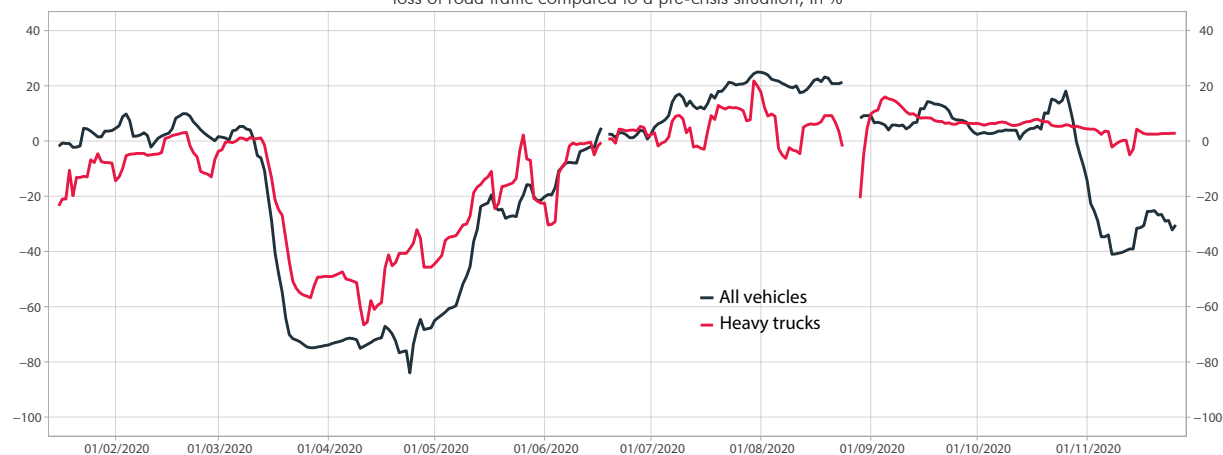
-the third stage, 20 January 2021, importantly should see the reopening of restaurants and sports centres, and a relaxing of the curfew.

Given this scenario, activity should pick up in December, returning to 8% below the pre-crisis level. Ultimately, the loss of activity would then be -8% in Q4 2020, compared to Q4 2019. After rebounding from +18.7% in Q3 (evolving), GDP is expected to fall back further in Q4, by around 4½% (*Table 1*). As an annual average, GDP looks set to decline by about 9% in 2020 compared to 2019.

Overall, November is likely to be notable for a sizeable decline in activity, although less so than in April and this should be the case in all branches (*Graph 5*). For several branches this difference compared to April reflects their lower level of exposure to the restrictive measures put in place at the end of October: this was the case for scientific and support activities, for example (general context deteriorated less and businesses

### 4 - Road traffic in France

loss of road traffic compared to a pre-crisis situation, in %



How to read: on 8 November 2020, road traffic in France was 2% lower for heavy goods vehicles and 41% lower for all vehicles, compared to a similar day before the crisis.

Note: the index is constructed by comparing current traffic with “pre-crisis” traffic. In order to make this reference as “fair as possible”, it is calculated on the average daily flow from 13 January to 2 February 2020 to avoid effects related to school holidays and the start of lockdown. For more clarity, the series has been smoothed with a 7-day moving average.

Source: CEREMA, INSEE calculations

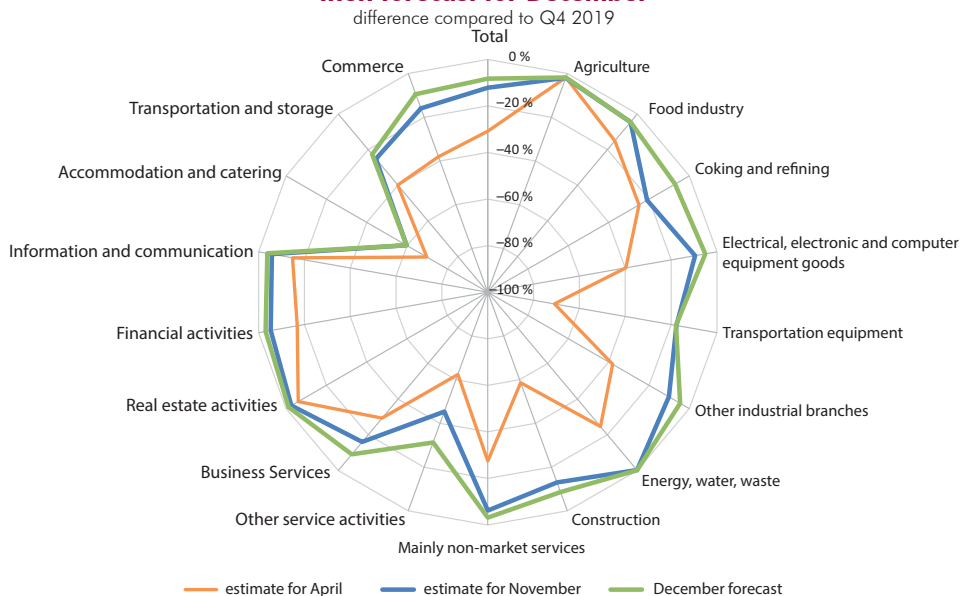
getting on with their activity for the most part), construction (work continued on building sites), trade and repair (context deteriorated less and wider range of shops not closed under the regulations) and for most branches of industry (factories in operation). However, other branches were directly affected by the restrictive measures and would therefore appear to have recorded a net decline in their activity once again (accommodation-catering, transport services, leisure activities, etc.), despite some being able to adapt to the lockdown regulations to some extent (takeout sales in restaurants, collection of prepaid purchases from bookshops, etc.).

As a result, the greatest losses of activity in November (*Table 2*) are likely to be in accommodation-catering, other service activities and transport services, with a lesser impact on upstream branches (such as agrifood). Negative expectations, even in branches with few regulatory constraints, would also appear to have contributed to a decline in activity, for example in construction, scientific and technical activities and administrative and support services. In other branches, such as the manufacture of transport

materials, activity is expected to maintain more or less the same level as in October.

In December, the lifting of restrictive lockdown measures in stages is expected to lead to a gradual recovery in activity, although with some disparities according to sector. The opening of “non-essential” businesses at the end of November should stimulate retail trade and activity in manufacturing industries (manufacture of capital goods and other industrial products such as clothing or furnishings), given the rebound associated with demand and the context of the end-of-year festivities. Other service activities and transport are expected to see a slight improvement in their situation, at -31% and -23% respectively, while accommodation-catering is likely to remain at the same level as in November, mainly because bars and restaurants will not be able to open. All in all, industry looks set to reduce its activity gap by almost half, from -8% in November to -5% in December, and mainly market services too should reduce their gap by about a third, from -16% in November to -11% in December, although changes are likely to be fairly varied across the different the branches. ■

### 5 - Comparison of losses of activity by branch estimated for April and November then forecast for December



How to read: in November, economic activity in the transport and storage branch is expected to be about 25% below the pre-crisis level according to our median scenario, against -40% in April.

Note: the reduction in the surface area represented is not proportional to the reduction in activity as the visual representation does not include the different weightings of the sectors.

Source: INSEE estimation from various sources

**Table 1 – Estimate then forecast of losses of economic activity in 2020**  
in %

	2020Q1	2020Q2	2020Q3	2020Q4	2020
Change	-5.9	-13.8	18.7	-4.4	-9.1
loss of activity	-5.9	-18.9	-3.7	-8.0	

How to read: in Q4, loss of activity compared to the pre-crisis level is estimated at -8%, i.e. a drop in GDP of about -4½% compared to Q3, after an 18.7% rebound in Q3.

Note: loss of economic activity in a given month or quarter is measured in relation to Q4 2019. However, the variation in GDP for a given quarter is, by definition, calculated from the level of activity in the previous quarter.

Source: INSEE calculations from various sources

**Table 2 - Detailed forecast of loss of activity in Q4 2020**  
difference compared to pre-crisis level (Q4 2019), in %

Sectors	Share of GDP (in %)	Q2 2020	Q3 2020	Estimate for Oct. 2020	Estimate for Nov. 2020	Forecast for Dec. 2020	Forecast for Q4 2020	Q4 2020 contribution (in points)
<b>Agriculture, forestry and fishing</b>	<b>2</b>	<b>-1.9</b>	<b>-1.6</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>0</b>
<b>Industry</b>	<b>14</b>	<b>-23.1</b>	<b>-6.6</b>	<b>-2</b>	<b>-8</b>	<b>-5</b>	<b>-5</b>	<b>-1</b>
Manufacture of food products, beverages and tobacco-based products	2	-9.7	-1.6	-3	-5	-5	-4	0
Coke and refined petroleum	0	-17.5	-29.0	-7	-21	-7	-12	0
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	1	-24.1	-5.6	-5	-10	-5	-6	0
Manufacture of transport equipment	2	-50.9	-20.7	-18	-18	-18	-18	0
Manufacture of other industrial products	6	-23.9	-5.7	-3	-10	-5	-6	0
Extractive industries, energy, water, waste treatment and decontamination	2	-14.4	-4.2	15	0	0	5	0
<b>Construction</b>	<b>6</b>	<b>-31.3</b>	<b>-5.5</b>	<b>-5</b>	<b>-13</b>	<b>-9</b>	<b>-9</b>	<b>-1</b>
<b>Mainly market services</b>	<b>57</b>	<b>-18.1</b>	<b>-4.6</b>	<b>-5</b>	<b>-16</b>	<b>-11</b>	<b>-11</b>	<b>-6</b>
Trade; repair of automobiles and motorcycles	10	-19.7	-3.3	-3	-16	-9	-9	-1
Transport and storage	5	-29.8	-10.5	-20	-25	-23	-23	-1
Accommodation and catering	3	-52.6	-13.1	-28	-60	-60	-49	-1
Information and communication	5	-10.0	-4.3	-2	-6	-4	-4	0
Financial and insurance activities	4	-10.2	-1.4	-1	-5	-3	-3	0
Real estate activities	13	-3.1	0.0	0	-3	-1	-1	0
Scientific and technical activities; administrative and support services	14	-20.4	-5.1	-2	-16	-9	-9	-1
Other service activities	3	-41.9	-14.9	-20	-45	-31	-32	-1
<b>Mainly non-market services</b>	<b>22</b>	<b>-15.7</b>	<b>0.6</b>	<b>0</b>	<b>-6</b>	<b>-3</b>	<b>-3</b>	<b>-1</b>
<b>Total</b>	<b>100</b>	<b>-18.9</b>	<b>-3.7</b>	<b>-4</b>	<b>-12</b>	<b>-8</b>	<b>-8</b>	<b>-8</b>
of which mainly market	78	-19.6	-5.0	-5	-14	-10	-9	-7
of which mainly non-market	22	-15.7	0.6	0	-6	-3	-3	-1

How to read it: economic activity would seem to have declined by 12% in November, compared to the pre-crisis level (Q4 2019). It is expected to decrease by 8% in Q4 2020. In industry, the loss of activity in Q4 2020 is estimated at 5%, which is expected to contribute around 1 percentage point to total loss of activity in Q4.

Source: INSEE calculations from various sources



# Household consumption

The information gathered since the last Economic Outlook, relating in particular to CB bank card transactions and sales in supermarket retail outlets, confirm that the loss of consumption in November was about half that in April (-14% compared to the pre-crisis level, after -3% in October). As during the first lockdown, but to a lesser extent, the consumption items most affected by this decline are likely to be spending on fuel, purchases of non-essential manufactured goods and, on the services side, spending on accommodation and catering, transport and leisure services. In December, the gradual easing of restrictive measures will probably lead to a gradual rebound in consumption: on average over the month it is expected to settle at 6% below its pre-crisis level.

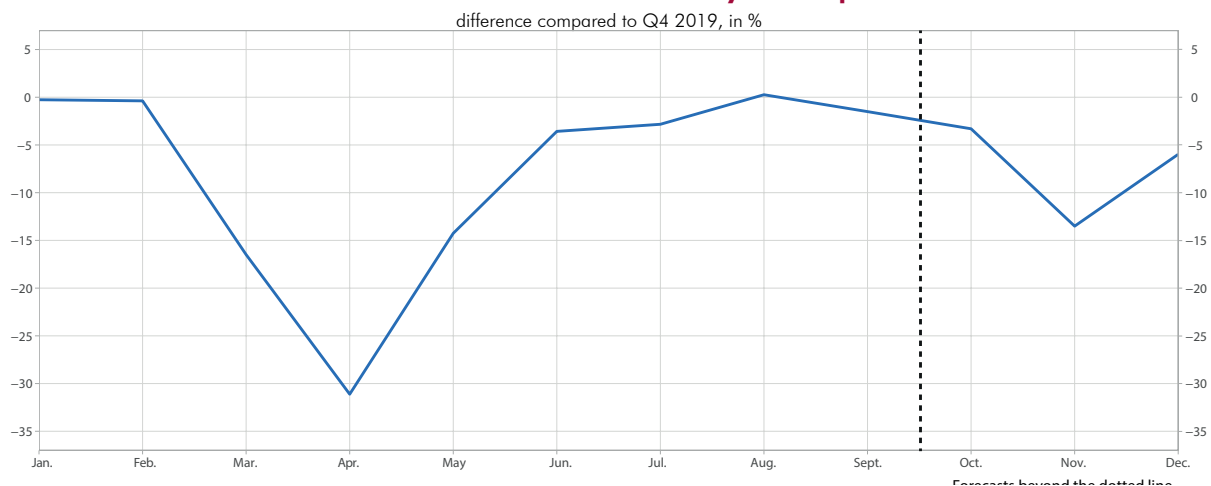
Since the Economic Outlook of 17 November 2020, the consumption of household goods has been published for October and as result the estimate for household consumption for this month has been revised upwards: it is expected to stand at -3% compared to its Q4 2019 level, against -4% in the last Economic Outlook (*Graph 1*). Notably, spending on energy and food were more buoyant than was estimated and spending on fuel declined less. However, purchases of electrical and electronic capital goods were

above their pre-crisis level but not as much as had been estimated in the last Economic Outlook.

CB bank card transaction amounts and sales data from major hyper and supermarkets, available up to and including 22 November, also enabled us to consolidate the forecast for household consumption for November. Loss of consumption would appear to have settled at -14% in November, compared to the pre-crisis level (similar estimate to that in the last Economic Outlook). In fact, bank card transaction amounts fell significantly once lockdown measures were put in place on 30 October and have since remained relatively stable (*Graph 2*). However, this loss of consumption was about half of what was recorded in April (-31%), due to the slightly less restrictive nature of the second lockdown, but also to the continuing strong dynamics of online sales observed as soon as lockdown began (*Focus*).

After being higher than its Q4 2019 level since June, consumption of industrial goods is expected to be well below this level in November (-11%, *Table 1*). Spending on fuel would appear to have been particularly badly affected, also purchases of manufactured goods such as clothing-footwear or household

**1 - Estimated and forecast monthly consumption**



How to read it: in November, household consumption is expected to stand at 14% below its Q4 2019 level.

Source: INSEE calculations from various sources

## French economic outlook

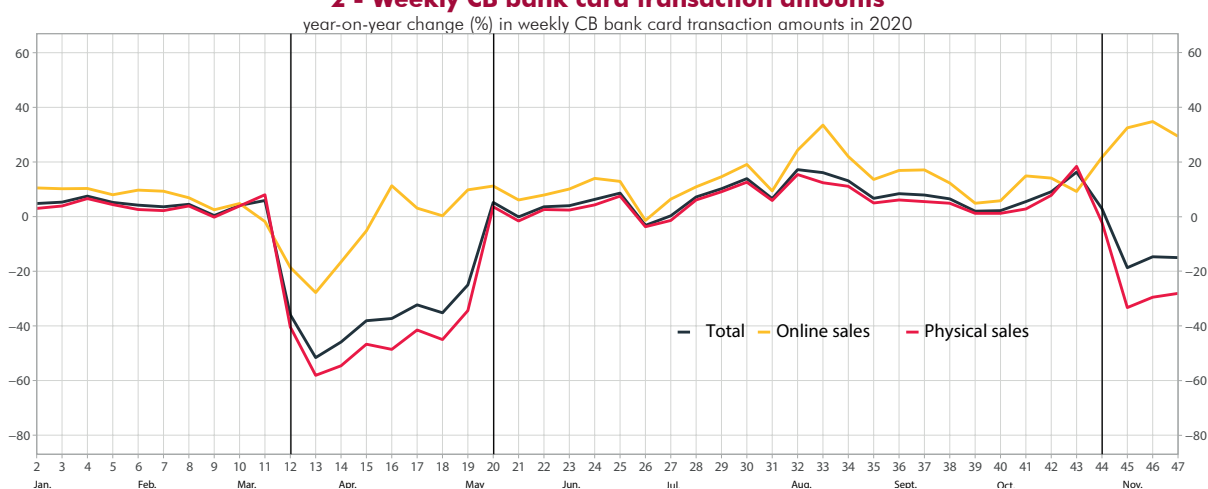
equipment (furnishings, electrical household appliances), which is linked directly to the closure of “non-essential” businesses (*Graph 3*). Consumption of electrical and electronic products, however, is expected to remain above its pre-crisis level, but will be less dynamic than in previous months.

Consumption of mainly market services would appear to have been 17% below its Q4 2019 level. Spending on accommodation and catering appears to have declined significantly, although this was less pronounced than during the first lockdown. The same was the case for spending on leisure and on transport services. Finally,

consumption in other services like financial services or insurance, for example, does not appear to have been much affected.

In mainly non-market services, consumption also seems to have declined but more moderately than in market services (-8% compared to its Q4 2019 level). In addition, the decline would appear to have been less than in April, due to the regulatory framework in place during the second lockdown (especially with schools remaining open and full access to outpatient care). Similarly, in the construction branch, the introduction of health and safety protocols would seem to have ensured that renovation

### 2 - Weekly CB bank card transaction amounts

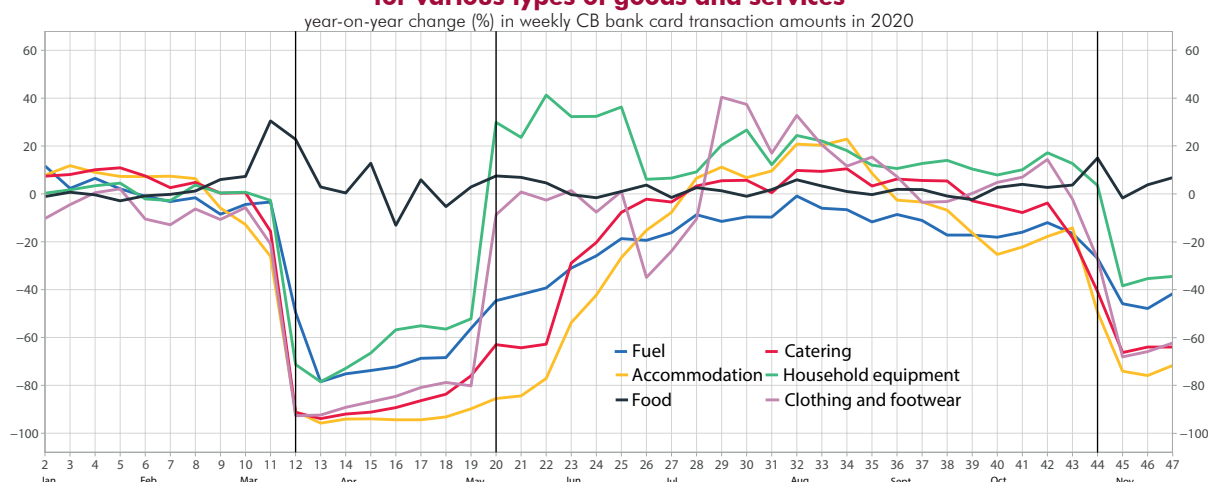


How to read it: in week 47 (16-22 November), the total of CB bank card transaction amounts was 15% lower than the amount in week 47 of 2019. The vertical lines show, respectively, the start and end of the first lockdown, and the start of the second lockdown.

Note: the dynamism of these transaction amounts from March onwards may reflect a higher proportion of payments by bank card, a trend that was corrected in the estimate of losses or increased consumption compared to the pre-crisis level. In addition, revisions to the CB bank card transaction amounts, especially for online sales, resulted in a change in the profile of year-on-year change since September, compared to that presented in the last Economic Outlook.

Source: *Cartes Bancaires CB, INSEE calculations*

### 3 - Weekly CB bank card transaction amounts and sales by major hyper and supermarkets, for various types of goods and services



How to read it: in week 47 (16-22 November), CB bank card transaction amounts in catering were 64% lower than the amount in week 47 of 2019. The vertical lines show respectively the start and end of the first lockdown and the start of the second lockdown.

Note: the dynamism of these transaction amounts from March onwards may reflect a higher proportion of payments by bank card, a trend that was corrected in the estimate of losses or increased consumption compared to the pre-crisis level.

Source: *CB Cartes Bancaires, scanner data from major hyper and supermarkets (for food), INSEE calculations*

**Table 1 - Estimated and forecast level of household consumption, compared to Q4 2019**

Products	Share of consumption*	Q2 (difference in %)	Q3 (difference in %)	Estimate for Oct. (difference in %)	Estimate for Nov. (difference in %)	Forecast for Dec.	Forecast for Q4	Contribution for Q4 (in percentage points)
<b>Agriculture, forestry and fishing</b>	<b>3%</b>	<b>-5</b>	<b>-5</b>	<b>-3</b>	<b>-6</b>	<b>-6</b>	<b>-5</b>	<b>0</b>
<b>Industry</b>	<b>44%</b>	<b>-14</b>	<b>1</b>	<b>3</b>	<b>-11</b>	<b>2</b>	<b>-2</b>	<b>-1</b>
Manufacture of food products, beverages and tobacco-based products	15%	4	0	5	5	5	5	1
Coke and refined petroleum	4%	-29	-5	-4	-31	-6	-14	-1
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3%	-8	11	11	1	1	4	0
Manufacture of transport equipment	6%	-35	1	-3	-10	0	-4	0
Manufacture of other industrial products	12%	-25	3	0	-32	4	-9	-1
Extractive industries, energy, water, waste treatment and decontamination	4%	-1	3	13	0	0	5	0
<b>Construction</b>	<b>2%</b>	<b>-24</b>	<b>0</b>	<b>-6</b>	<b>-14</b>	<b>-10</b>	<b>-10</b>	<b>0</b>
<b>Mainly market services</b>	<b>46%</b>	<b>-21</b>	<b>-6</b>	<b>-9</b>	<b>-17</b>	<b>-14</b>	<b>-13</b>	<b>-6</b>
Trade; repair of automobiles and motorcycles	1%	-24	-2	-1	-17	-1	-6	0
Transport and storage	3%	-72	-27	-31	-36	-33	-33	-1
Accommodation and catering	7%	-64	-17	-32	-61	-59	-50	-4
Information and communication	3%	-7	-4	-6	-6	-5	-6	0
Financial and insurance activities	6%	1	1	0	0	0	0	0
Real estate activities	19%	1	2	0	0	0	0	0
Scientific and technical activities; administrative and support services	2%	-20	-8	-3	-9	-7	-6	0
Other service activities	4%	-40	-14	-17	-38	-20	-25	-1
<b>Mainly non-market services</b>	<b>5%</b>	<b>-22</b>	<b>3</b>	<b>0</b>	<b>-8</b>	<b>-4</b>	<b>-4</b>	<b>0</b>
<b>Total</b>	<b>100%</b>	<b>-16</b>	<b>-2</b>	<b>-3</b>	<b>-14</b>	<b>-6</b>	<b>-8</b>	<b>-8</b>

\* weight in final household consumption spending in 2018 (excluding territorial correction)

How to read it: the level of household consumption of accommodation and catering services in November is expected to be 61% lower than in Q4 2019.

Source: INSEE calculations from various sources

**Table 2 - Estimate then forecast of losses of household consumption in 2020**  
in %

	2020Q1	2020Q2	2020Q3	2020Q4	2020
Difference compared to Q4 2019	-5.7	-16.5	-1.6	-8.0	
Change	-5.7	-11.4	17.9	-6.0	-7

How to read: in Q4 2020, household consumption is expected to be 8% below its level in Q4 2019, i.e. a decline of 6% compared to Q3 2020. In 2020, household consumption is expected to decline by 7% compared to 2019.

Source: INSEE calculations from various sources

## French economic outlook

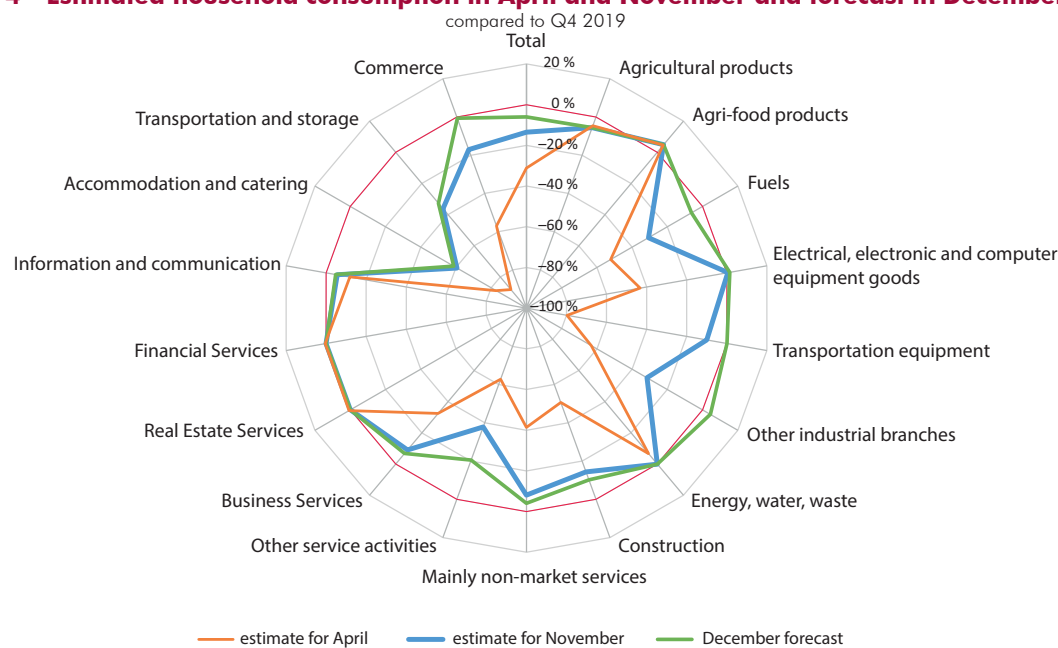
work could carry on, although at a slower pace: consumption appears to have been 14% lower than its level in Q4 2019.

In December, the gradual lifting of restrictive measures is expected to lead to a gradual recovery in consumption, which will nonetheless remain below its Q4 2019 level (-6%, *Graph 4*). The reopening of “non-essential” businesses should lead to a rebound in postponed spending on manufactured goods, such as clothing or household equipment. The easing of restrictions on movement, on 28 November then 15 December, is also expected to lead to an upswing in spending on fuel and transport services, although this recovery will be limited somewhat as teleworking is to continue whenever possible. Consumption of leisure services is also expected to restart with the reopening in mid-December of

theatres, cinemas and museums. However, the deterioration in consumption of catering and accommodation is likely to continue. Overall, while consumption rebounded strongly at the end of the spring lockdown, returning fairly quickly to a similar level to that before the crisis, the rebound is likely to be more gradual in December, because of the different stages in the lifting of the health restrictions. However, this forecast remains surrounded by the uncertainty inherent in the current situation.

All in all, after bouncing back strongly in Q3 (+17.9% in the detailed results from the quarterly accounts published on 27 November), household consumption looks set to decline by 6% in Q4 (against -11.4% in Q2). As a result, the decline in consumption across the year is expected to settle at 7% compared to 2019 (*Table 2*). ■

### 4 - Estimated household consumption in April and November and forecast in December



How to read it: the loss of activity in accommodation and catering is estimated at -61% in November 2020 against -83% estimated in April (compared to Q4 2019).

Note: the reduction in the surface area represented is not proportional to the reduction in consumption as the visual representation does not include the different weights of the sectors.

Source: INSEE calculations from various sources