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

difference compared to Q4 2019, in %
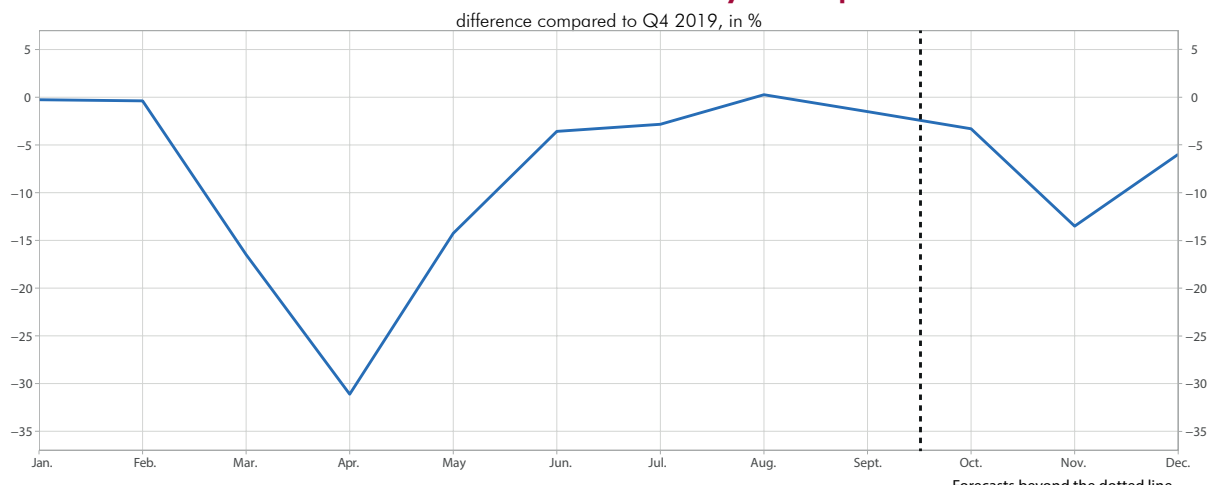
How to read it: in November, household consumption is expected to stand at 14% below its Q4 2019 level.
*Source: INSEE calculations from various sources*

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

year-on-year change (%) in weekly CB bank card transaction amounts in 2020
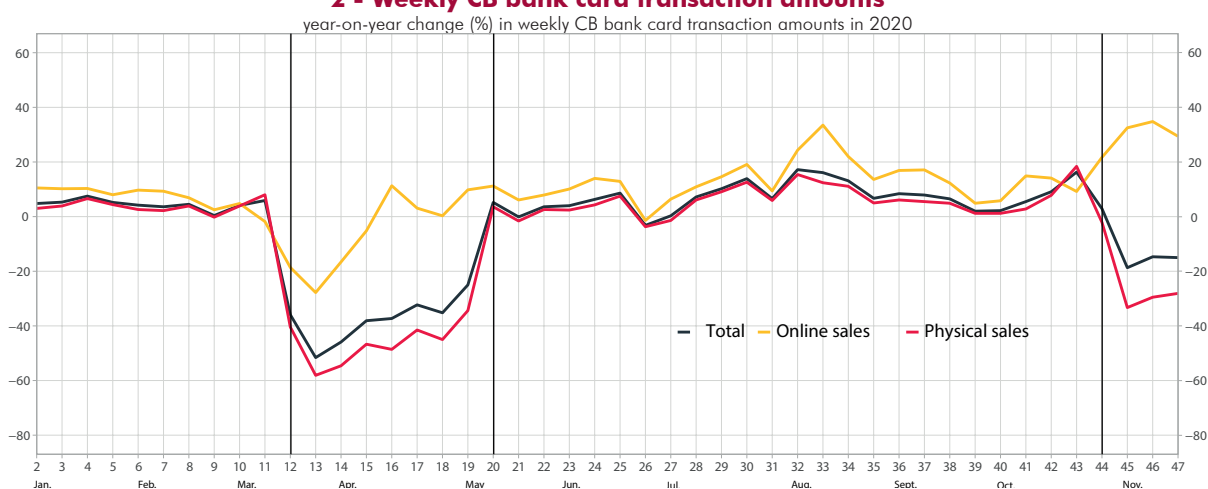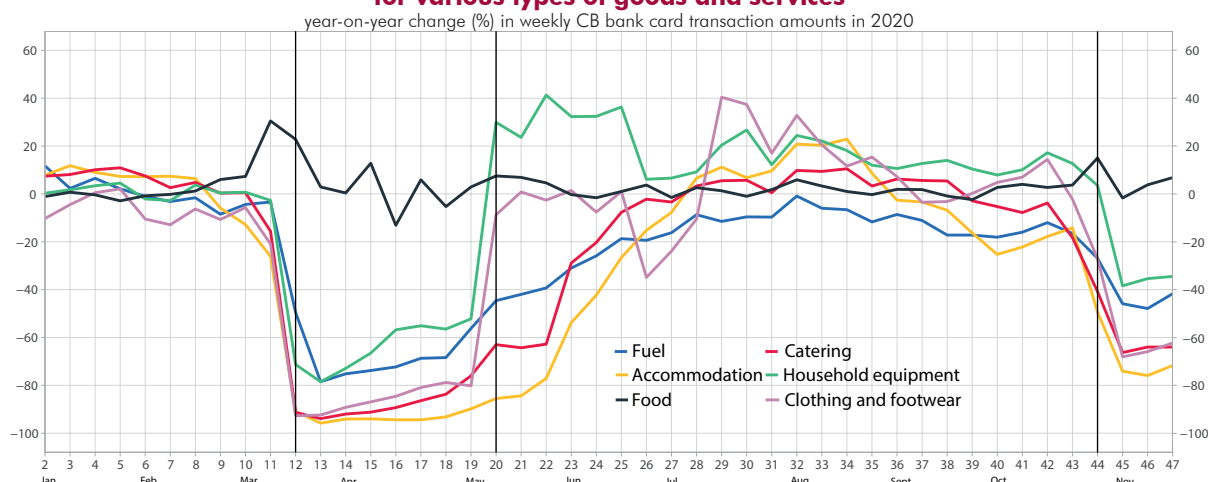

How to read it: in week 47 (16-22 November), the total of CB bank card transaction amounts was 15% lower than the amount in week 47 of 2019. The vertical lines show, respectively, the start and end of the first lockdown, and the start of the second lockdown.

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

year-on-year change (%) in weekly CB bank card transaction amounts in 2020

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)
Agriculture, forestry and fishing	**3%**	**–5**	**–5**	**–3**	**–6**	**–6**	**–5**	**0**
Industry	**44%**	**–14**	**1**	**3**	**–11**	**2**	**–2**	**–1**
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
Construction	**2%**	**–24**	**0**	**–6**	**–14**	**–10**	**–10**	**0**
Mainly market services	**46%**	**–21**	**–6**	**–9**	**–17**	**–14**	**–13**	**–6**
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
Mainly non-market services	**5%**	**–22**	**3**	**0**	**–8**	**–4**	**–4**	**0**
Total	**100%**	**–16**	**–2**	**–3**	**–14**	**–6**	**–8**	**–8**

* 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*

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 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

compared to Q4 2019

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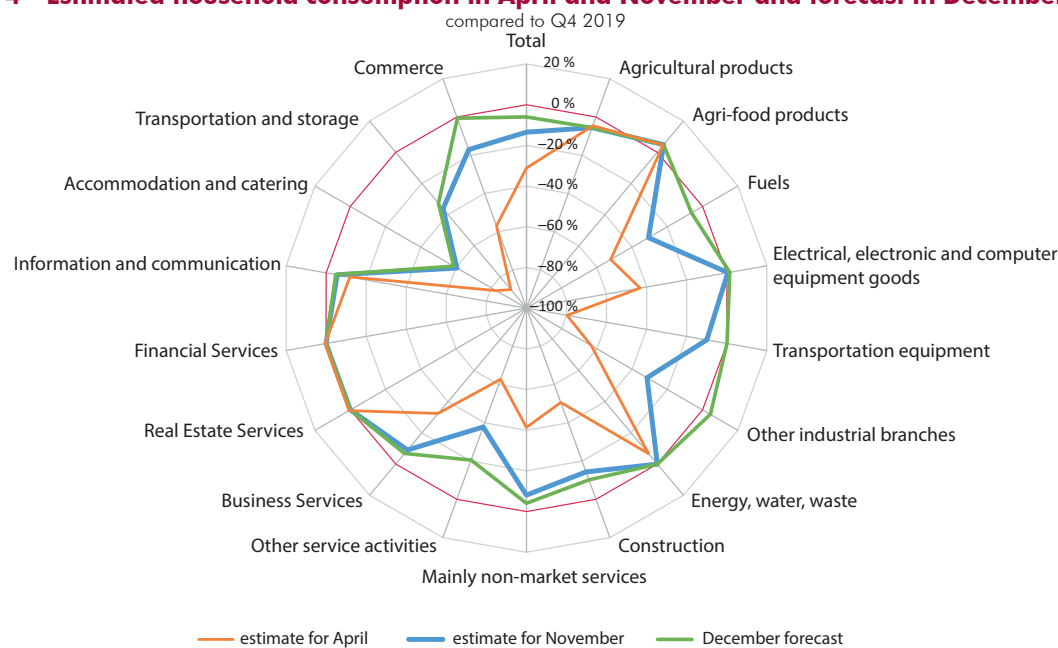
How to read it: the loss of activity in accommodation and catering is estimated at –61% in November 2020 against –83% estimated in April (compared to Q4 2019).

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

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