Economic outlook

December 2020

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Introduction

The end of 2020 is still entirely overwhelmed by the health crisis

2020 is coming to an end and will remain a most unusual year as far as the economic outlook is concerned. Ten months after the start of the first lockdown, the health situation is still the main determining factor of economic activity. The lifting of restrictions after the second lockdown is already underway but is more gradual than for the first, given that uncertainties persist about the short-term development of the epidemic. Nevertheless, as expected, analysis of aggregated bank card transaction amounts shows that the reopening of "non-essential" businesses at the end of November resulted in a rebound in household consumption.

Our estimates for Q4 2020 have therefore been refined, in order to include the most recent available data and also new information on the pace at which health restrictions are expected to be eased. Household consumption, which would appear to have plummeted in November to 15% below its pre-crisis level, is expected to reduce this gap by almost two-thirds in December and return to 6% below its Q4 2019 level. The contrast between November and December is likely to be a little less marked in terms of gross domestic product (GDP), with a loss of activity estimated at 12% in November then back to 8% in December. All in all in the last quarter, activity looks set to fall to 8% below its pre-crisis level (the gap was reduced to 3.7% in Q3), a decline of about 4% as a quarterly variation.

Employment is also likely to suffer as a result of this second lockdown: after the strong rebound observed in Q3 (+400,000 net job creations between the end of June and the end of September), payroll employment looks set to decline once again in Q4 2020 (–300,000 forecast). The labour force is also expected to contract, as it did during the first lockdown, as a result of the difficulty associated with looking for a job under these circumstances. Another artificial drop in the unemployment rate is then likely (8% forecast for the end of the year, after 9% in Q3); in contrast, the halo of unemployment is expected to increase sharply.

In 2020, France's GDP fell significantly more than household purchasing power

As an annual average, the order of magnitude of the decline in GDP in 2020 is confirmed at –9%. It is interesting to look at a breakdown of this decline according to the three approaches to GDP in national accounting terms (production, demand, income).

The "production" approach reflects the strong sectoral contrasts inherent to the current crisis, with losses of activity largely dependent on each sector's degree of exposure to the health containment measures. Thus the 9-point decline in GDP during the year is due more than anything to a decline in market services (contribution of 5 points), especially transport, accommodation-catering, trade and services to households. Construction, industry and other services were also affected, notably during the first lockdown, before learning to "live with the virus" via health protocols and teleworking.

According to the "demand" approach, nearly 8 points out of the 9% decline in GDP are linked to the contraction in domestic demand and 2 points to the contraction in foreign trade, while conversely, the contribution made by changes in inventories was slightly positive. Obviously, all the main items of demand contracted in 2020 and the decline in household consumption (which represents over half of GDP) has played a significant part in this contraction. However, household consumption tumbled less than GDP, in contrast to exports.

Finally, the "income" approach reflects the massive fiscal support measures which were intended to protect income and the productive fabric, despite disparities between households or between businesses. Thus, as an annual average the purchasing power of households' gross disposable income is expected to decline by "only" around 0.3% in 2020, and by 0.9% when measuring it by the number of consumption units. This reflects in particular the fact that, thanks to the short-time working scheme, employment is expected to fall much less than activity: between Q4 2019 and Q4 2020, 600,000 payroll jobs (700,0000 including the self-employed) are likely to be destroyed, or 2.3% of the pre-crisis level. Meanwhile, the margin rate of businesses is likely to lose nearly 4 points on average over the year.[1] Most of the income losses linked to the crisis are likely to be borne by the general government account.

1 This decrease seems to be partly linked to the fact that in 2019, the last payment of the CICE tax credit for encouraging competitiveness and jobs for 2018 was combined with the introduction of new reductions in social contributions, which replaced this CICE.

French economic outlook

At the time of the first lockdown, economic activity in France tended to fall more drastically than in other countries, but rebounded briskly afterwards

International comparisons remain difficult for several reasons. First, the national accounts have often had to innovate in order to adapt to the unique features of the current period. Such innovations have not necessarily been similar from one country to another. In addition, the health situation, like the economic outlook, remains very changeable. Therefore it is over the long term that comparisons will have to be made. Nevertheless, results from the quarterly accounts and high-frequency data already provide some indications.

It would appear that, compared to other countries, especially Germany, the decline in activity in France in mid-March was more sudden and on a wider scale. But the matching rebound that followed was more clearly defined in France. In particular, at the beginning of the summer, household consumption returned very quickly to a level very similar to its pre-crisis level. In November, the intensity of the epidemic resulted in a second lockdown in France, earlier than in Germany where a significant tightening of restrictions was announced for mid-December.

Thus the economic crisis was clearly triggered by the health crisis: in the short term, its timescale is that of the epidemic. Contrary to previous economic crises where activity in France may have had a tendency to fall back less sharply and then rebound more slowly than in other countries, in this case these movements were on a very large scale in France, especially in the spring. In fact, it was mainly services to households that were hit, whereas in previous crises, they were able to play a role of shock absorber. Even general government production was not spared by the crisis, whereas it is usually not much affected by short-term economic fluctuations. However, as the first lockdown ended, powerful public fiscal support contributed to the economic rebound, which was more dynamic than expected.

2021, the time for solutions?

In terms of health and the economy, public policies in 2020 had to deal with the most pressing problems: it was a question of taking drastic action to limit the loss of human life, while at the same time dealing with the economy, and trying, despite the storms that were raging, to keep households and businesses afloat.

With 2021, we should see the arrival of some longer-lasting solutions. In particular, the hope is that vaccination will curb the epidemic and so ease the restrictions that weigh so heavily on economic and social life. At the same time, the European economies should be able to look beyond emergency support and benefit from the various recovery plans prepared in recent months.

In the short term, however, the health situation will continue to be the subject of increased vigilance and it is possible that for a few more months, recovery will continue to fluctuate along with the restrictive measures. In addition, there are other uncertainties, not least the terms of Brexit, that are likely to affect forecasts.

We assume that the health situation will gradually stabilise, which would mean that by June we could return to a similar level of economic activity to that of last summer. Our scenario is based, among other things, on the expectations expressed by businesses in the ACEMO-Covid survey. GDP looks set to rebound by +3% in Q1 2021, then by +2% in Q2. As a result, activity in June 2021 should then be "only" 3% below its pre-crisis level. The annual "carry-over effect"[2] is then expected to be 6% in mid-2021. This figure is high but above all, it reflects the very low point of 2020. At the same time, inflation, which was virtually zero at the end of 2020, is likely to pick up by June 2021.

However, the story of economic recovery told month by month is going to remain uncertain until mid-2021, with the risk of a new surge in the epidemic representing a sword of Damocles hanging over those activities that are most likely to be restricted by containment measures, activities that nevertheless represent about 10% of French GDP. ■

2 The carry-over effect corresponds to the GDP growth rate between 2020 and 2021 which would be obtained if GDP remained at the level of the last forecast quarter (here, Q2 2021) until the end of 2021. It is not "carried over", however (in the event of a new contraction of GDP in H2 2021, for example).

Economic activity

Economic activity fell dramatically with an unprecedented decline in Q2 2020, to –18.9% compared to Q4 2019, then a strong rebound brought this gap to –3.7% in Q3. The last quarter of 2020 was notable for a second wave of the epidemic and the introduction at the end of October of a new lockdown of the population, although the measures were a little less restrictive and it was shorter than in the spring. The difference in activity compared to the pre-crisis level would appear to have widened further in November, to –12%, although still to a lesser extent than in April (–31%).

The easing of restrictions was more gradual than in May, starting with the reopening of "non-essential" retail outlets and the extending of the radius of movement on 28 November. A second stage, starting on 15 December, allows unrestricted movement once again but imposes a curfew, and cultural activities, restaurants and bars are not reopening. The rebound in economic activity is likely to be somewhat tempered by these extended restrictive measures: as a result, the loss of activity is expected to be –8% in December, and –8% also across all of Q4 2020.

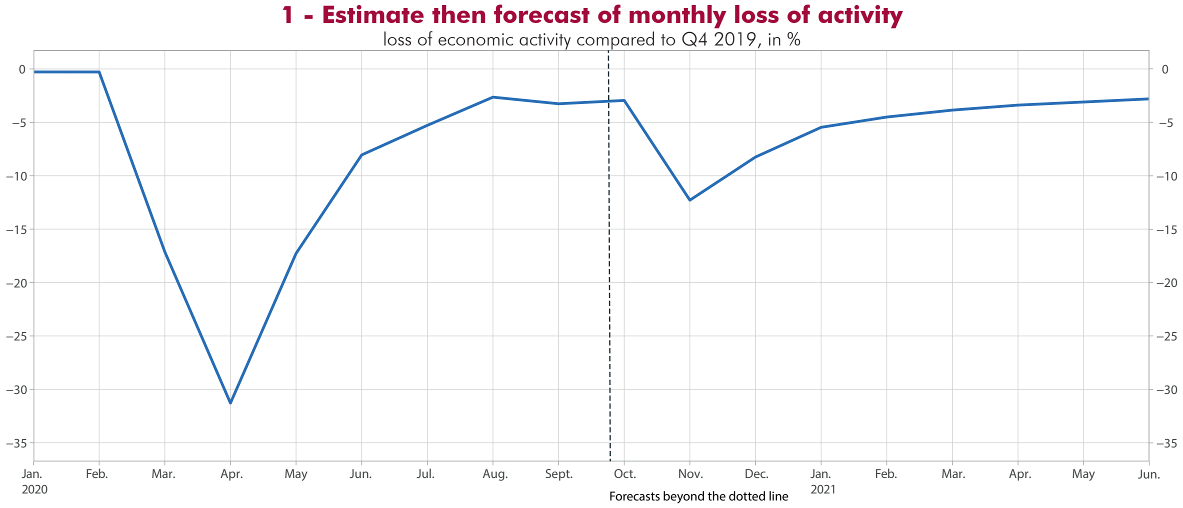
All in all for 2020, our forecast for the annual contraction in the French GDP remains unchanged at –9% compared to 2019. At the turn of the year, forecasts for 2021 are affected by some major uncertainties. The prospect of a vaccination campaign should begin to be confirmed but the risks that the virus could start to circulate again are still expected to be present between now and mid-2021. However, if we assume that the epidemic situation will be stable and under control and health restrictions will be lifted according to the timetable announced, then the rebound at the start of 2021 is expected to result in a difference in activity of –5% in Q1 compared to the pre-crisis level, then –3% in Q2. The annual growth overhang for 2021 is then expected to be +6% at the end of June.

After a sharp decline in November, French economic activity looks set to start to bounce back in December, with the gradual easing of restrictive measures

After a very low point during the first lockdown in April (–31% compared to pre-crisis) and a very vigorous rebound until August (gap reduced to –3%), the recovery in economic activity settled down in September-October (*Graph 1*).

Following the lockdown introduced on 30 October, and the improvement in the health situation, some restrictive measures could be eased from 28 November (reopening of "non-essential" retail outlets, less restriction on movement). A second phase is scheduled for 15 December (end of restrictions on movement during the daytime and introduction of a curfew) but it is stricter than expected: in particular, some cultural activities (cinemas, theatres, museums, etc.) will remain closed until the beginning of January at least, given the anxieties that persist over the health situation.

1 - Estimate then forecast of monthly loss of activity

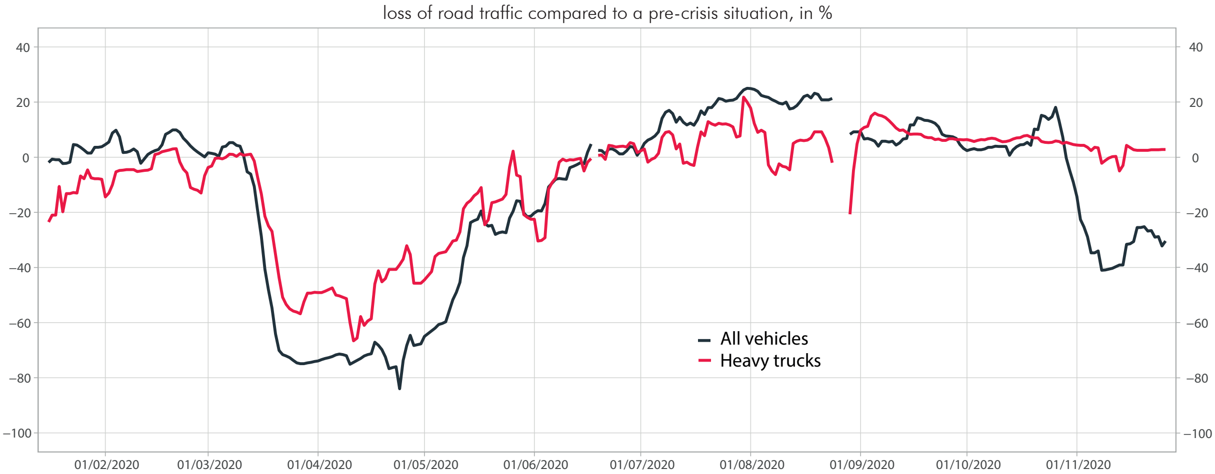


How to read it: in November 2020, economic activity would appear to be down by around 12% compared to the level in Q4 2019. It is expected to settle at à –8% in December 2020 and at –3% in June 2021.
Source: INSEE, calculations from various sources

The high-frequency indicators available for the start of December reflect the gradual recovery in activity. All-vehicle road traffic in France, which had contracted by a third in November, has now started to climb again since the end of the month, although it is still well below its pre-crisis level (*Graph 2*). Heavy goods traffic, which was not very much affected during the second lockdown, still remains stable overall, a sign of the lesser impact of the restrictive measures on movement linked directly to industrial activity. In previous months, the indicator for total time spent at home compared to a normal situation has had a similar profile to loss of activity, but in the first week of December (30 November – 6 December) it showed a smaller proportion of time spent at home than in the previous four weeks under lockdown in November. This was related to the reopening of many shops before the end-of-year holidays and the extending of limits on movement close to home (*Graph 3*). However, regarding those sectors that are still subject to restrictions on their activity, the number of searches for the words "restaurant" or "hotel", "cinema" or "theatre" in the Google search engine remained very low compared to October, reflecting the significant loss of activity in these sectors (*Graph 4*). In contrast, the lessening of restrictions on travel has resulted in an increase in searches associated with "train" or "flight", a small increase for the train but a much more noticeable one for the plane which probably reflects anticipatory behaviour before the end-of-year festivities. Lastly, data on electricity consumption by Enedis customers, for the period 1st January 2017 to 27 November 2020, can be used to distinguish "residential" consumption from "non-residential" (*Graph 5*).

2 - Road traffic in France

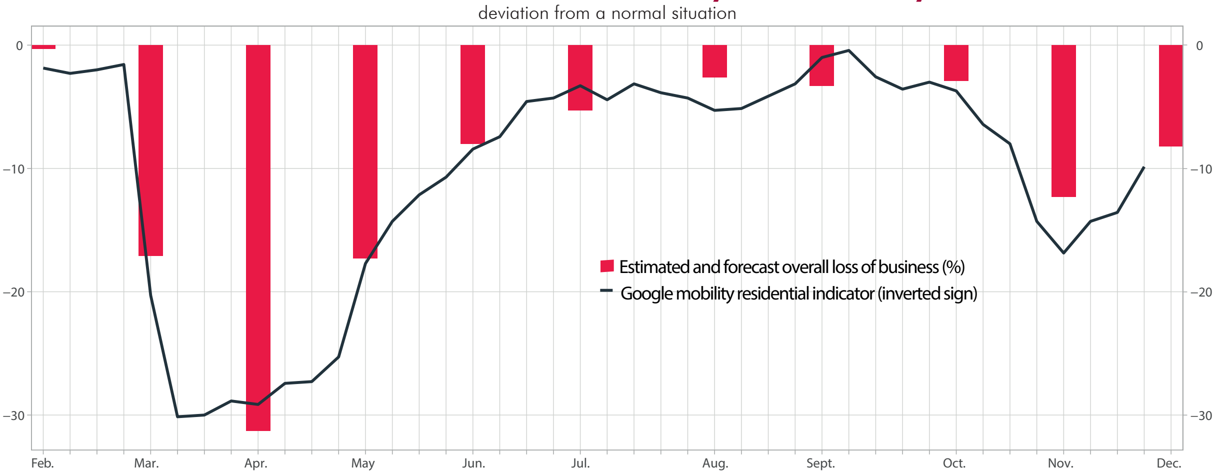
loss of road traffic compared to a pre-crisis situation, in %



How to read it: on 8 November 2020, road traffic in France was down 2% for heavy goods vehicles and down 41% for all vehicles, compared to a similar day before the crisis.
Note: the index is constructed by comparing current traffic with "pre-crisis" traffic. For this reference to be "as fair as possible", it is calculated on the average daily flow from 13 January to 2 February 2020 to avoid any 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

3 - Indicator of total time spent at home weekly and estimated and forecast monthly losses of activity

deviation from a normal situation



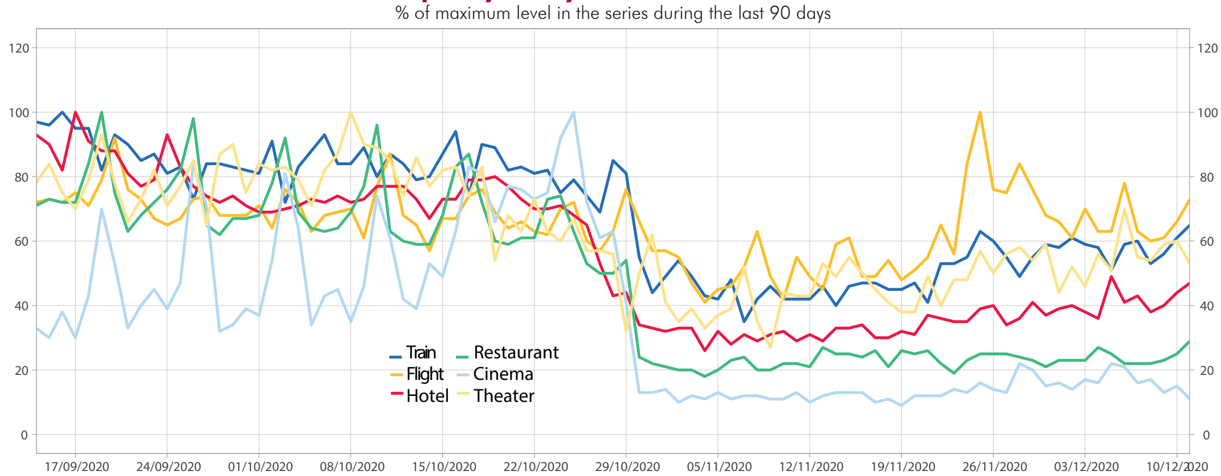
How to read it: during the first week of December, time spent at home was 10% more than in a normal situation.
Note: data for this indicator are currently available up to 6 December. Weekly values are the average of daily indicator values.
Source: Google Maps Mobility

Between 30 October and 27 November, "non-residential" consumption was about 10% below average (against –22% between 17 March and 11 May, then a gradual upswing until a return to normal in August) – reflecting the easing of restrictions on activity, especially in industry. "Residential" consumption over the same period was higher than average, by a similar proportion to the first lockdown.

All in all, activity is expected to deteriorate in Q4, especially in the sectors most directly affected by the restrictive measures

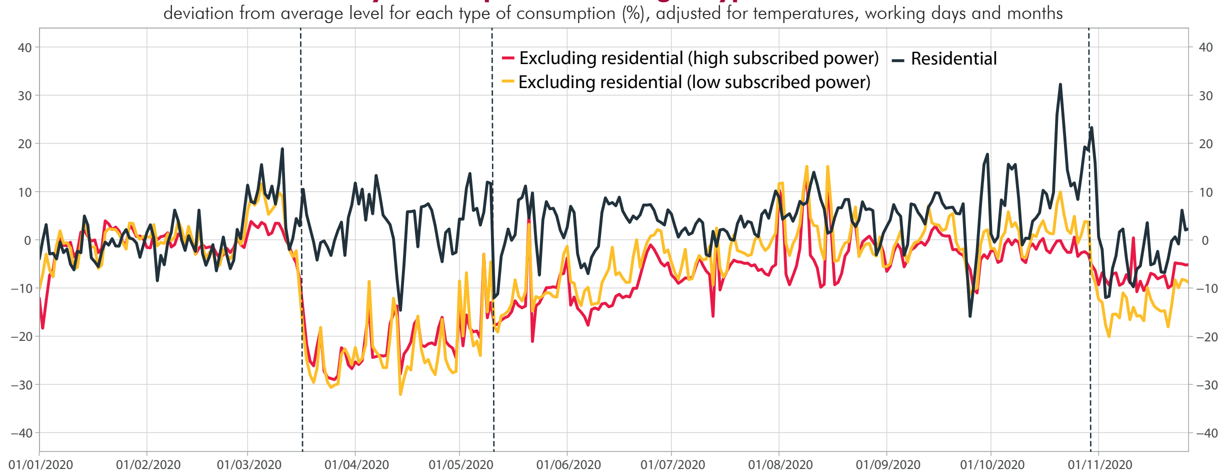
Since the Economic Outlook of 2 December 2020, new statistical data for October have led us to revise the loss of activity slightly, to –3% compared to the pre-crisis level (against –4% in the last Economic Outlook). The end-of-year scenario is similar, apart from new announcements on the delayed reopening of cultural activities. As a result, our estimates, although adjusted slightly for November and December, are expected to remain at –12% and –8% of loss of activity respectively, compared to the pre-crisis level. Across the full quarter the loss is likely to be –8% (*Table 2*). The branches most directly concerned by the restrictions put in place in November (accommodation-catering, transport services, leisure activities, etc.) would appear to have recorded the greatest decline, despite being able to adapt to some extent to the regulations (*Graphs 6 and 7*). Conversely, the branches less exposed directly to these measures (industry, construction, scientific and support activities) would appear to have been less affected, although negative expectations concerning

4 - Frequency of keyword searches on internet
% of maximum level in the series during the last 90 days



How to read it: on 11 December, the frequency of internet searches for the word "vol" ("flight" in English) on Google stood at 73% of its maximum level since mid-September, the level reached on 25 November
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

5 - Electricity consumption according to type of Enedis customer
deviation from average level for each type of consumption (%), adjusted for temperatures, working days and months



How to read it: on Friday 27 November, electricity consumption by non-residential customers (high subscribed power level) was about 5% down on the average consumption level for a Friday in November with similar temperatures.
Note: Enedis is the main distributor of electricity (80% of consumption in metropolitan France). These consumption data by type of customer come from the dynamic profiling of consumption by all customers on the Enedis network.
Source: Enedis. INSEE calculations

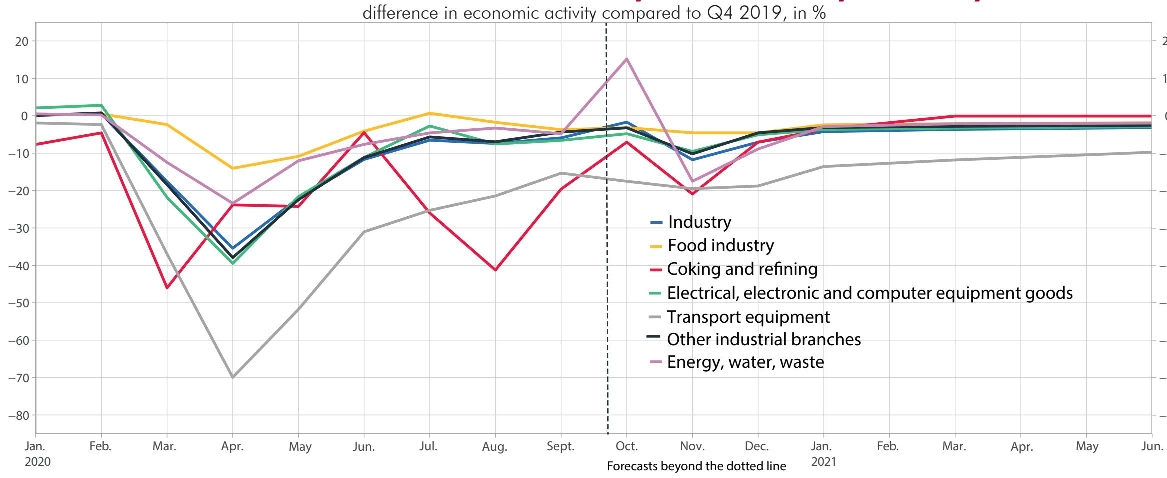
the situation overall and interdependence with branches directly impacted could have affected their activity. The phased lifting of restrictions is likely to dictate the pace of the December rebound – with contrasting situations depending on the branch. The opening of "non-essential" businesses at the end of November should boost retail trade and the activity of the manufacturing industries, given the rebound associated with demand and the end-of-year festivities. Some other service activities and transport are likely to see a slight improvement in their situation, whereas catering and cultural activities, if they are unable to reopen, are likely to remain at the same level as in November.

The forecast for the annual contraction in GDP remains at –9%

As reported in the Economic Outlook of October 2020, we propose a forecast for GDP in Q4 broken down according to the different items of demand, consistent with the framework for the national quarterly accounts (*Table 2*). All in all over 2020, the contraction in GDP is expected to be 9%, a similar forecast to that published last July, although changes month by month have been more irregular than anticipated: the rebound in Q3 was more vigorous than expected, whereas in Q4, conversely, the situation deteriorated more, due to the second lockdown. Household consumption, the main

6 - Estimate then forecast of monthly losses of activity in industry

difference in economic activity compared to Q4 2019, in %

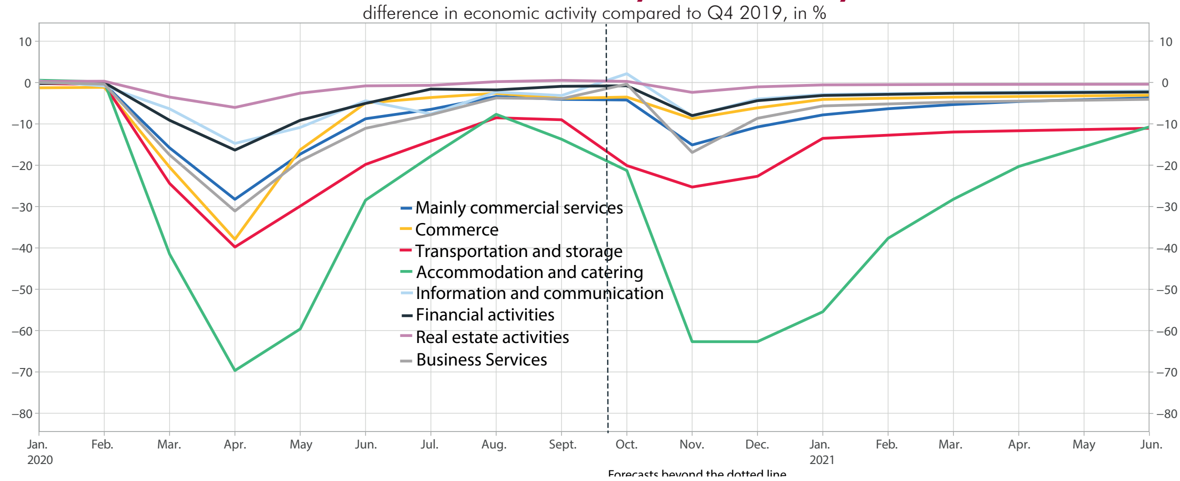


How to read it: in Q4 2020, economic activity in the manufacture of transport materials branch is expected to be about 19% down compared to its Q4 2019 level

Source: INSEE, Dares, ACEMO-Covid survey, INSEE calculations from various sources

7 - Estimate then forecast of monthly losses of activity in services

difference in economic activity compared to Q4 2019, in %



How to read it: in Q4 2020, economic activity in the accommodation-catering branch is expected to be about 63% down compared to its Q4 2019 level

Source: INSEE, Dares, ACEMO-Covid survey, INSEE calculations from various sources component of demand, looks set to decline by 7% over the year and will probably contribute about 4 points to the drop in GDP (*Graph 9*). Corporate investment is expected to fall back further (–9%). Finally, the contribution of foreign trade to the change in GDP is also expected to be negative, at around –2 points, as the decline in exports was more pronounced than that in imports – which was already significant (–18% and –11% respectively). The relative contributions to GDP of the main components of demand are expected to be different in Q4 from those observed in Q2 (*Graph 8*). Thus household consumption is likely to account for around three-quarters of the decline in GDP (against a little over half in Q2). Conversely, corporate investment and the trade balance are likely to contribute less.

In March 2021, provided that the health situation stabilises, activity should return to its October 2020 level

As in the editions of Economic Outlook published before the second lockdown, the ACEMO-Covid survey, carried out by DARES in association with INSEE, was used to establish a projection for

Table 1 - Detailed forecast of loss of activity by quarter and yearly growth
compared to the pre-crisis level (Q4 2019), in %

		2020						2021		
Sectors	**weight***	**Q1**	**Q2**	**Q3**	**Q4**	**2020****	**Contrib. in 2020**	**Q1**	**Q2**	**Achiev. 2021*****
Agriculture, forestry and fishing	**2**	**–1.3**	**–1.9**	**–1.6**	**–2**	**–3**	**0**	**–1**	**–1**	**1**
Industry	**14**	**–5.6**	**–23.1**	**–6.6**	**–7**	**–12**	**–2**	**–4**	**–3**	**8**
Manufacture of food products, beverages and tobacco-based products	2	–0.6	–9.7	–1.6	–4	–4	0	–2	–2	2
Coke and refined petroleum	13	–19.4	–17.5	–29.0	–12	–30	0	–2	0	23
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	1	–5.6	–24.1	–5.6	–6	–12	0	–3	–3	8
Manufacture of transport equipment	2	–13.7	–50.9	–20.7	–19	–28	0	–13	–10	20
Manufacture of other industrial products	6	–5.9	–23.9	–5.7	–6	–11	–1	–3	–3	9
Extractive industries, energy, water, waste treatment and decontamination	2	–3.9	–14.4	–4.2	–4	–8	0	–3	–2	5
Construction	**6**	**–13.7**	**–31.3**	**–5.5**	**–9**	**–14**	**–1**	**–4**	**–4**	**13**
Mainly market services	**57**	**–5.4**	**–18.1**	**–4.6**	**–10**	**–9**	**–5**	**–6**	**–4**	**5**
Trade; repair of automobiles and motorcycles	10	–7.6	–19.7	–3.3	–6	–9	–1	–4	–3	6
Transport and storage	5	–8.4	–29.8	–10.5	–23	–18	–1	–13	–11	7
Accommodation and catering	3	–13.6	–52.6	–13.1	–49	–32	–1	–40	–16	15
Information and communication	5	–2.3	–10.0	–4.3	–3	–4	0	–3	–2	3
Financial and insurance activities	4	–3.1	–10.2	–1.4	–4	–5	0	–3	–2	2
Real estate activities	13	–1.0	–3.1	0.0	–1	–1	0	–1	0	1
Scientific and technical activities; administrative and support services	14	–6.0	–20.4	–5.1	–9	–10	–1	–5	–4	6
Other service activities	3	–10.5	–41.9	–14.9	–32	–25	–1	–18	–7	21
Mainly non-market services	**22**	**–4.4**	**–15.7**	**0.6**	**–3**	**–5**	**–1**	**–1**	**0**	**6**
Total	**100**	**–5.9**	**–18.9**	**–3.7**	**–8**	**–9**	**–9**	**–5**	**–3**	**6**
of which mainly market	*78*	*–6.0*	*–19.6*	*–5.0*	*–9*	*–10*	*–8*	*–6*	*–4*	*6*
of which mainly non-market	*22*	*–4.4*	*–15.7*	*0.6*	*–3*	*–5*	*–1*	*–1*	*0*	*6*

Forecast

* sector weight in value added, in 2018.
** growth in 2020
*** growth overhang for 2021 corresponds to the annual growth rate that would be obtained if, in H2 2021, GDP were to remain at the level forecast for Q2 2021.

How to read it: in Q4 2020, economic activity is expected to be 8% down compared to Q4 2019. In 2020, GDP is expected to decline by 9% compared to 2019 before bouncing back in H1 2021, bringing the mid-year growth overhang in 2021 to 6%.

Source: INSEE calculations from various sources

activity in the first six months of 2021 (*Box*). This projection is based on the pace of recovery that businesses expect to see, as expressed in the provisional results of the December edition of the Survey. Companies' responses are aggregated at sector level, and from them a trajectory can be built of change in activity for the months to come, in the different sectors.

According to this projection, and provided that the health situation stabilises, activity in March could be back to a level close to that of October 2020, then in June it could reach a level only 3% below that of Q4 2019 (*Graph 1*). When considering major sectors, improvement in activity is likely to be very varied, as was already clear in the rebound in summer 2020. In industry, the gradual return to normal, which began from the end of the first lockdown and was moderately affected by the second, should continue into 2021 (*Graph 6*). However, the transport materials sector (especially aeronautical construction) is expected to

Table 2 - Goods and services : sources and uses at chain-linked previous year prices

Q/Q–1 variations (in %)

	2019				2020				2019	2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Gross domestic product (GDP)	**0.5**	**0.3**	**0.1**	**–0.2**	**–5.9**	**–13.8**	**18.7**	**–4**	**1.5**	**–9**
Imports	**1.2**	**0.1**	**0.6**	**–0.8**	**–5.6**	**–16.8**	**16.8**	**0**	**2.6**	**–11**
Total ressources	0.6	0.2	0.2	–0.4	–5.7	–14.4	18.0	–4	1.6	–10
Household consumption expenditure	**0.6**	**0.5**	**0.4**	**0.2**	**–5.7**	**–11.4**	**17.9**	**–6**	**1.5**	**–7**
General government consumption expenditure*	**0.3**	**0.5**	**0.5**	**0.4**	**–3.4**	**–11.8**	**17.2**	**–4**	**1.6**	**–5**
General government individual consumption expenditure	*0.3*	*0.5*	*0.4*	*0.5*	*–3.3*	*–10.6*	*15.8*	*–7*	*1.7*	*–5*
Collective consumption expenditure	*0,3*	*0,4*	*0,8*	*0,2*	*–2,4*	*–10,7*	*14,9*	*0*	*1,7*	*–3*
Gross fixed capital formation (GFCF)	**1.2**	**1.3**	**1.2**	**0.3**	**–10.5**	**–14.5**	**23.9**	**–3**	**4.3**	**–11**
Non-financial enterprises (incl. unicorporated enterprises)	*0.9*	*1.0*	*1.2*	*0.2*	*–8.9*	*–13.1*	*20.7*	*–2*	*3.7*	*–9*
Household	*0.3*	*1.2*	*0.7*	*0.4*	*–14.2*	*–17.6*	*31.9*	*–4*	*1.8*	*–15*
Government	*2.4*	*2.0*	*1.4*	*0.2*	*–10.5*	*–15.8*	*26.8*	*–2*	*7.7*	*–10*
Exports	**0.5**	**–0.5**	**–0.4**	**–0.9**	**–6.5**	**–25.1**	**22.1**	**–1**	**1.8**	**–18**
Contributions (in point)										
Domestic demand excluding inventory changes**	0.6	0.7	0.6	0.3	–6.3	–12.3	19.5	–5	2.2	–8
Inventorys changes**	0.1	–0.2	–0.1	–0.4	0.7	0.9	–1.5	1	–0.4	0
Net foreign trade	–0.2	–0.2	–0.3	0.0	–0.2	–2.3	0.7	0	–0.3	–2

Forecast

* Consumption expenditure of general government (APU) and non-profit institutions serving households (ISBLSM).

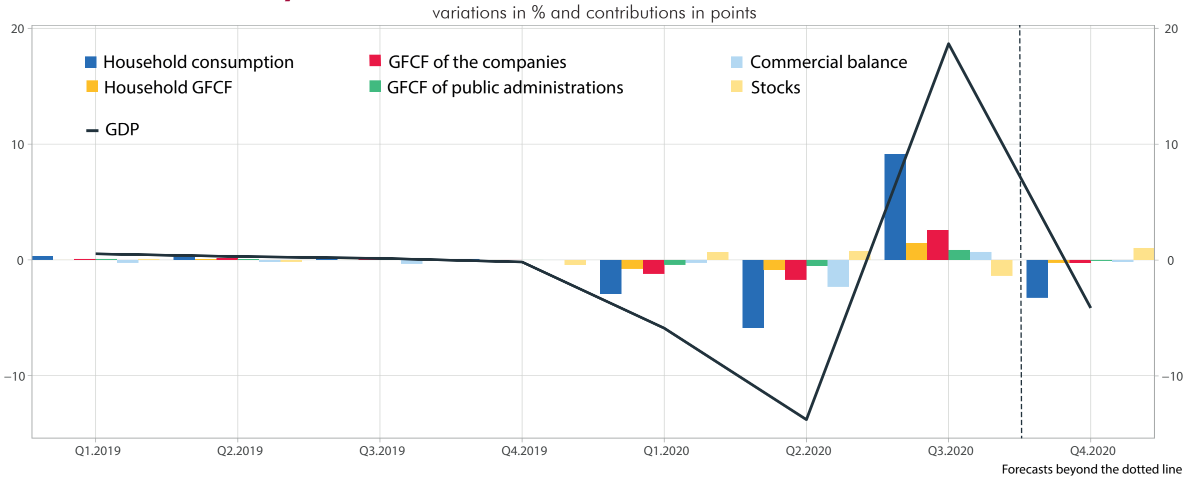
** Changes in inventories include acquisitions net of valuable items.

How to read it: in 2020, imports would appear to have declined by 11% compared to 2019.

Source: INSEE

8 - Quarterly variations in GDP and contributions of main items of demand

variations in % and contributions in points



How to read it: in Q4 2020, GDP is expected to contract by about 4%; the contribution of household consumption is expected to be about 3 points.

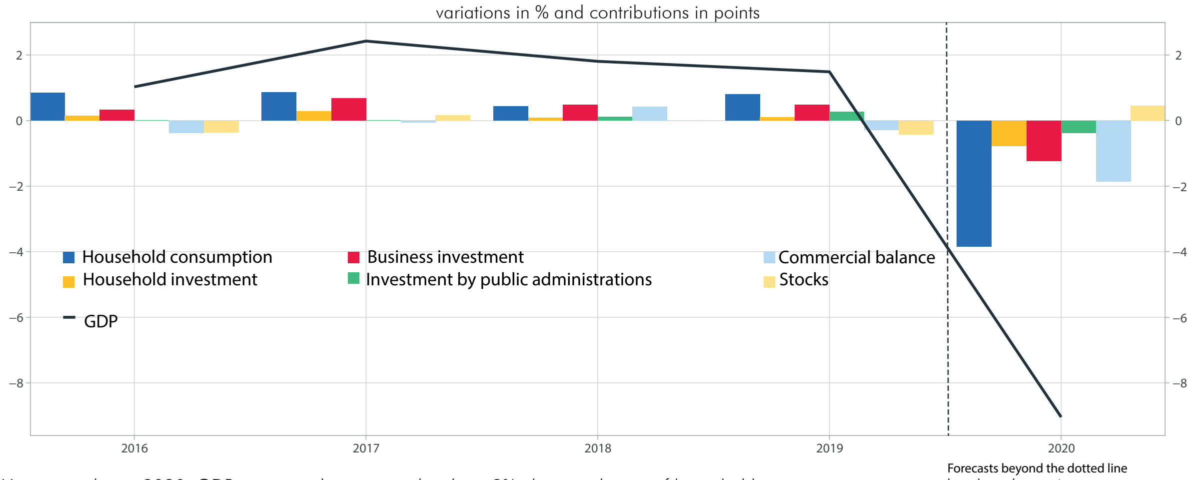
Source: INSEE calculations from various sources

stand out from the rest, as it did last year, as its activity looks set to decline more than in the other industrial sectors. In services, the contrasts are expected to be even more significant: after the decline in November associated with the second lockdown -a decline that was certainly less than that experienced in April, but strong nonetheless- the upturn in activity is expected to result in most services being at less than 3% from their pre-crisis level in June 2021 (*Graph 7*). However, after their sharp decline in activity in 2020 and in a context where residual restrictive measures will probably continue during the first half of the year, the services directly concerned by these measures (accommodation-catering, leisure activities, transport services) are likely to continue to be significantly more damaged than the others, with a loss of activity of between 7 and 10% in June 2021.

All in all, the return to activity over the first six months of 2021 is expected to lead to an increase in GDP of about +3% in Q1 then +2% in Q2. The growth overhang for 2021 at the end of June is likely to be around +6% (*Table 3*). ■

9 - Annual variations in GDP and contributions of main items of demand

variations in % and contributions in points



How to read it: in 2020, GDP is expected to contract by about 9%; the contribution of household consumption is expected to be about 4 points.
Source: INSEE calculations from various sources

Table 3 - Estimate then forecast of loss of economic activity until middle-2021

in %

	2020				2021		2020	acquis 2021
	Q1	Q2	Q3	Q4	Q1	Q2		
Change	–5.9	–13.8	+18.7	–4	+3	+2	–9	+6
loss of activities	–5.9	–18.9	–3.7	–8	–5	–3		

How to read it: in Q4, the loss of activity compared to the pre-crisis level is estimated at –8%, i.e. a fall in GDP of about –4% compared to Q3, after a rebound of 18.7% in Q3.
Note: the 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. The growth overhang for 2021 corresponds to the annual growth rate that would be obtained if, in H2 2021, GDP were to remain at the level forecast for Q2 2021.
Source: INSEE calculations from various sources

Box

Sectoral trajectories of activity forecast until June 2021 are based on provisional results from the December edition of the ACEMO-Covid survey, carried out by DARES with support from INSEE. The question asked is as follows: “How long do you think it will be before economic activity in your establishment is back to its normal level?

1. Activity has not been affected or is already back to normal
2. Activity will return to normal within one to three months
3. Activity will return to normal within three to six months
4. Activity will need more than six months before it returns to normal
5. Activity has been affected in the longer term and will need more than a year to return to normal
6. Don’t know

At the level of each sector, the responses businesses gave to this question were applied to the estimates of economic activity for the last few months to work out a trajectory for their return to normal. The response modalities are interpreted according to the latest hypothesis (for example, for the response “Activity will return to normal within three to six months”, we selected the hypothesis of a return after six months). In fact, the current uncertainty over the way the health situation will evolve is tending to dampen the pace of recovery based on the most optimistic interpretations of the response modalities: as businesses were questioned between the end of November and the first ten days of December, their expectations are situated in a context that is perhaps more favourable than that of mid-December, notably because of the fears of a new resurgence of the epidemic in several countries. For modality no. 5, we assumed a constant loss of activity in the medium term. The modality “Don’t know” was treated in the same way. In addition, the accommodation-catering branch received special treatment, as we assumed that the level of activity will return to its June 2020 level at the end of Q1 2021. ■

The health crisis has hit a European automotive sector already facing major structural challenges

En 2020, l'industrie automobile est confrontée à une crise sans précédent qui vient s'ajouter aux In 2020, the automotive industry was faced with an unprecedented crisis in addition to the many factors of change already at work before the shock. On the one hand, sales volumes and production collapsed as a result of the lockdown measures. On the other hand, manufacturers were having to renew their vehicle ranges because environmental legislation and taxation were changing, with the introduction of ambitious targets regarding CO2 emissions. These changes were happening in a context where French multinational groups have located a large part of their production abroad over the last twenty years.

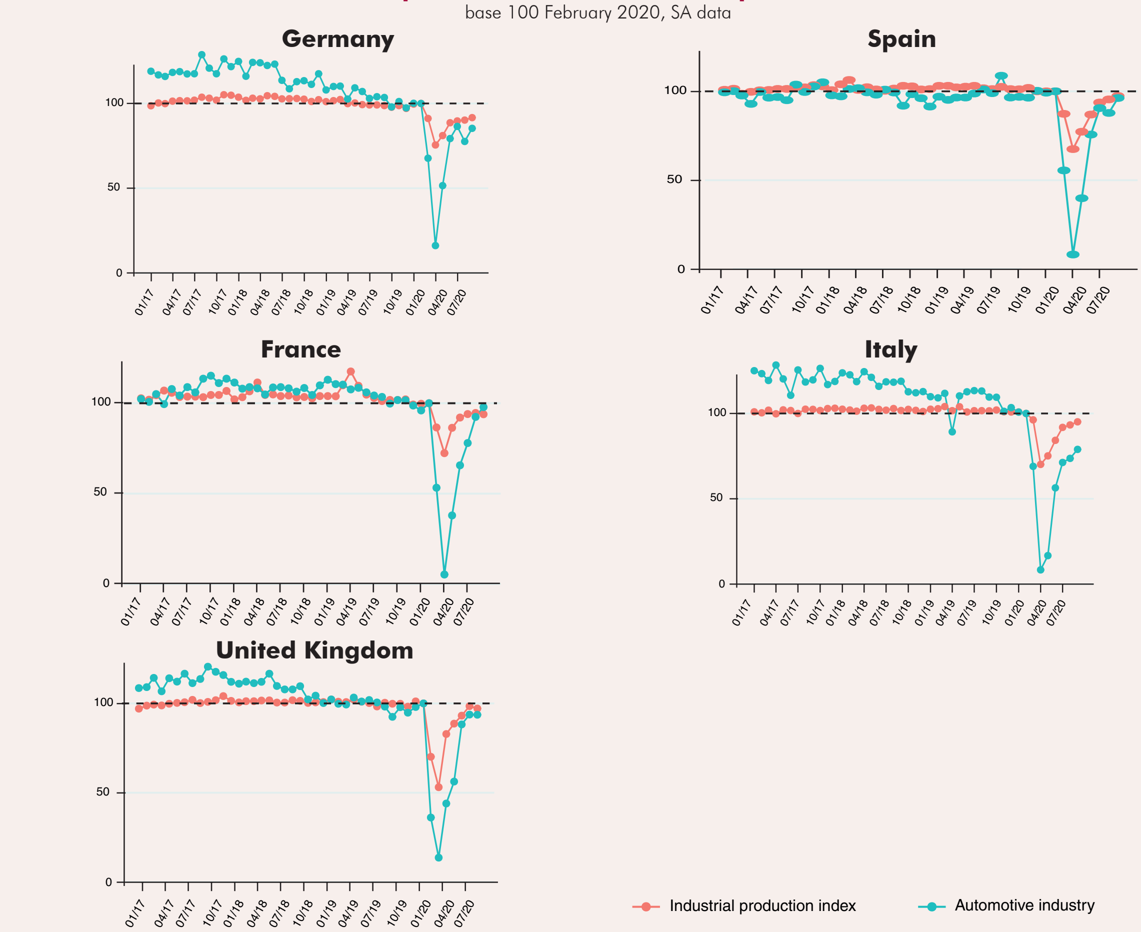
European automobile production is still weakened after the unprecedented shock in the spring

The restrictive measures put in place in the spring in the different European countries resulted in a sudden drop in automotive production across the continent. It has bounced back since then, but is still significantly below its pre-crisis level. In September it was 2.1% below its February level in France, 14.7% in Germany, 21.1% in the United Kingdom and 6.4% in Italy. When we consider the major contribution of the automotive sector to industry, especially in Germany[1], clearly the dynamics of automotive production contribute significantly to industrial production as a whole: in fact, compared to February, the industrial production index for September was 6.1% down

1. The automotive industry represents a significant share of the value added of the manufacturing industry as a whole: 8.4% in France, 16.7% in Germany, 9.8% in the United Kingdom, 5.8% in Italy and 9.7% in Spain. These figures were obtained from company data and may be subject to some approximations regarding the areas studied.

1 - Industrial production and automotive production indices

base 100 February 2020, SA data



Source: Eurostat, INSEE calculations

in France, 8.4% in Germany, 4.9% in the United Kingdom and 2.9% in Italy.[2].

Looking into the details of automotive production[3], motor vehicle construction rebounded strongly in France and Italy, up by 3.2% and 9.1% respectively in September compared to February, although it was still well below pre-crisis level in Germany (–21.8%). Conversely, the manufacture of automotive equipment still shows a clear decline in France and Italy (–7.2% and –18.1% respectively in September, compared to February), while in Germany it exceeded its February level (+3.4%).

Registrations fell sharply with the closure of dealerships and the uncertainties hanging over households

On the demand side, the health crisis resulted in a drop in purchases of new vehicles. On average over the first three quarters of 2020, registrations of new vehicles to private individuals were down sharply compared to 2019: –28.9% in France, –25.5% in Germany, –33.2% in the United Kingdom and –34.2% in Italy (*Graph 2*). These figures can be explained by the closure of dealerships in the spring, and also probably by a more wait-and-see attitude on the part of consumers in Q3. In France, for example, the composite indicator of household confidence dropped almost 8 points in April[4]. Household surveys across Europe all showed a withdrawal of household confidence. German and UK composite indicators lost 9 and 15 points respectively in April and the Italian indicator lost 7.5 points in March[5].

European automotive exports fell sharply due to the crisis

Concerning foreign demand in the sector, automotive exports declined significantly over the first three quarters of 2020, in France, Germany, the United

2. Source: Eurostat

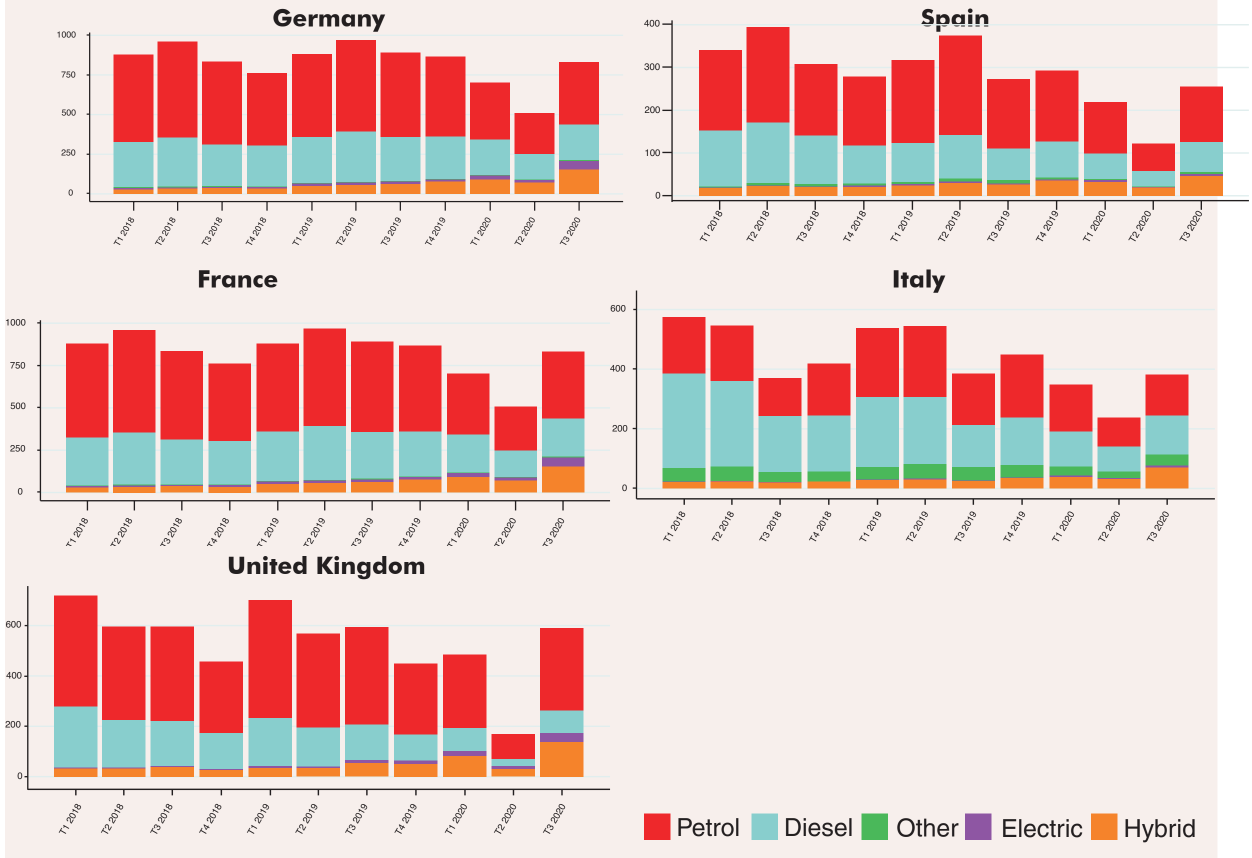
3. Details of UK automotive production indices are not supplied by Eurostat.

4. Source: INSEE, Informations Rapides no.106: "Unprecedented drop in households' confidence in April 2020, compared to March".

5. Because of lockdown in April, the April 2020 survey did not take place in Italy.

2 - Private vehicle registrations in Europe by energy type

in thousands of vehicles



Source: European automobile manufacturers' association ACEA

Kingdom and Italy alike (down 36%, 28%, 57% and 24% respectively compared to the previous year). French exports in particular suffered mainly from the collapse in European sales (*Graph 3*), while German and Italian exports were affected by the decline in sales not only within Europe but also outside Europe. However, Italian exports were affected a little less, mainly because the contribution of intra-European sales declined less compared to its neighbours.

More specifically, in France, Germany and Italy exports of vehicles to European Union countries fell drastically, reflecting the weakness of European domestic demand. On average, over the months from January to August 2020, German and French exports of road vehicles to the European Union fell by 42% in value compared to the same period in 2019 and by 31% in Italy.

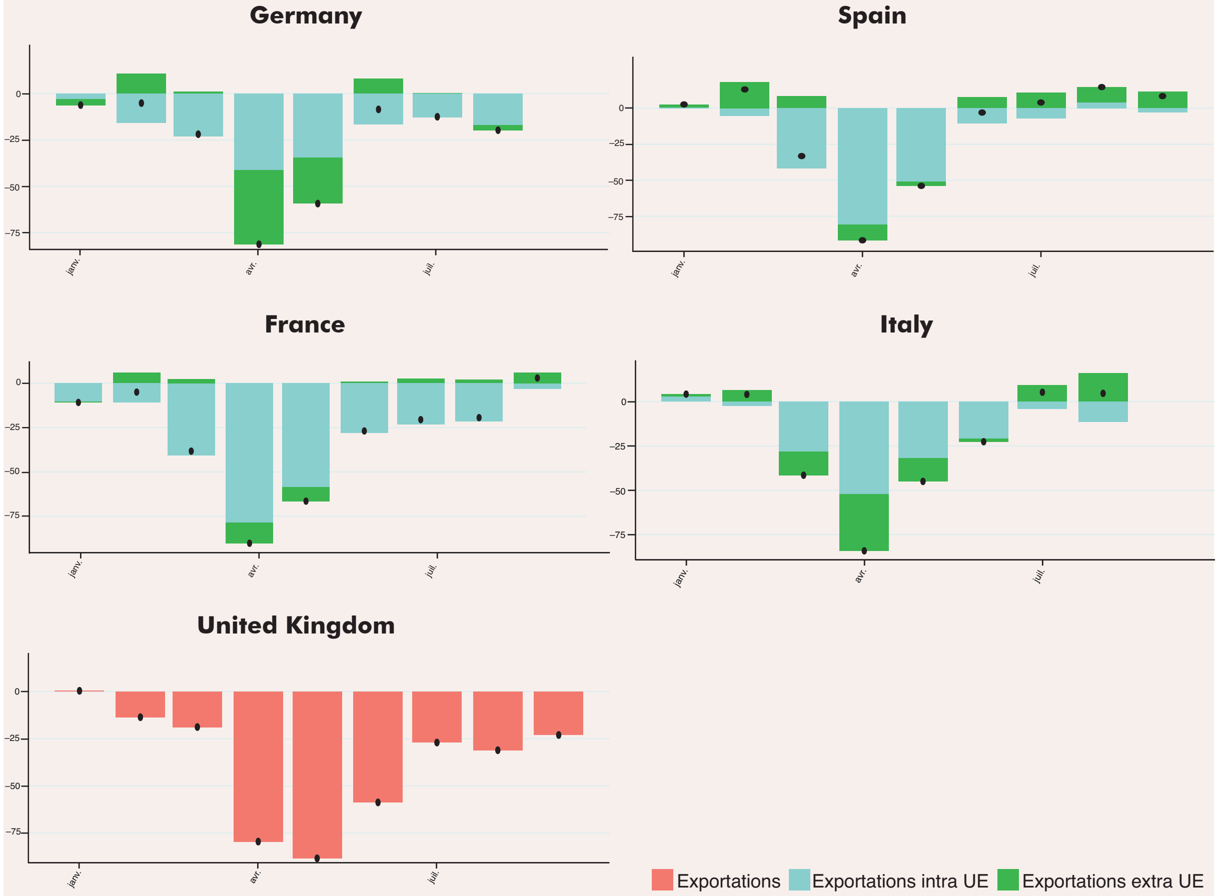
Concerning foreign demand for European vehicles, it too was generally in decline, but some European countries were affected more than others. On average, across the first eight months of 2020, German, Italian and French extra-EU exports fell by 14%, 13% and 7% respectively, compared to the same period in 2019. However, their contribution to the change in exports of road vehicles depends on the contribution of these extra-EU exports to total road vehicle exports: of the countries considered here, the United Kingdom and Germany are the ones whose share of extra-EU exports is stronger, with 59%[6] and 51% of road vehicle exports respectively (in 2019), whereas in Italy, this share was more modest (37%) and even more so in France (15%).

Even before the health crisis, the automotive sector had experienced some major structural changes over several years which underpinned its momentum in the long term. In particular, the geographic location of production has evolved considerably. At

6. Details of UK automotive trade in 2020 are not supplied by Eurostat.

3 - European automotive exports in 2020

year-on-year change (%)



Source: Eurostat, British ONS, INSEE calculations the same time, changes in environmental standards have had an increasingly strong impact.

French manufacturers largely internationalised their production in the 2000s

One of these changes relates to the geographic location of automotive production. Over the last 20 years, an analysis of the geographic origin of automotive production by French and German manufacturers reveals a growing internationalisation of production: the share of output produced in the national territory has continuously declined, from 60% and 50% in France and Germany respectively in 2000 to 24% and 31% respectively in 2017. In fact, the increase in total production during this period was achieved mainly by developing production sites in other countries: notably, production by German manufacturers is largely located in China, while French manufacturers are located more in Eastern European countries, Turkey and Morocco (*Graph 4*). These figures demonstrate a difference in strategy, with French manufacturers tending to relocate their vehicle assembly plants, whereas German manufacturers have preferred to keep their assembly lines while outsourcing production of spare parts.[7].

In addition, in the case of France, the level of national output decreased (2.3 million vehicles produced in 2018 against 3.3 million in 2000), while Germany maintained a level of production that was both relatively stable and high (around 5.5 million vehicles produced).

The production choices of French and German manufacturers are reflected in the change in the balance of trade of road vehicles for both these countries. From 2000 to 2004, France had a trade surplus in road vehicles amounting to 6.2 billion euros (*Graph 5*). Its position then deteriorated rapidly and, from 2007, a trade deficit appeared for this item (3.5 billion euros). The deficit continued to widen, reaching 11.4 billion euros in 2018. This phenomenon is due specifically to the increase in imports of vehicles from countries where French manufacturers have set up automobile assembly lines.[8]. In particular, France was slightly in surplus with the Eastern European countries in 2005 but subsequently found itself with a growing deficit with these same countries. Similarly, the French deficit with Spain has intensified in recent years (3.4 billion euros in 2018 after 1.5 billion in 2005).

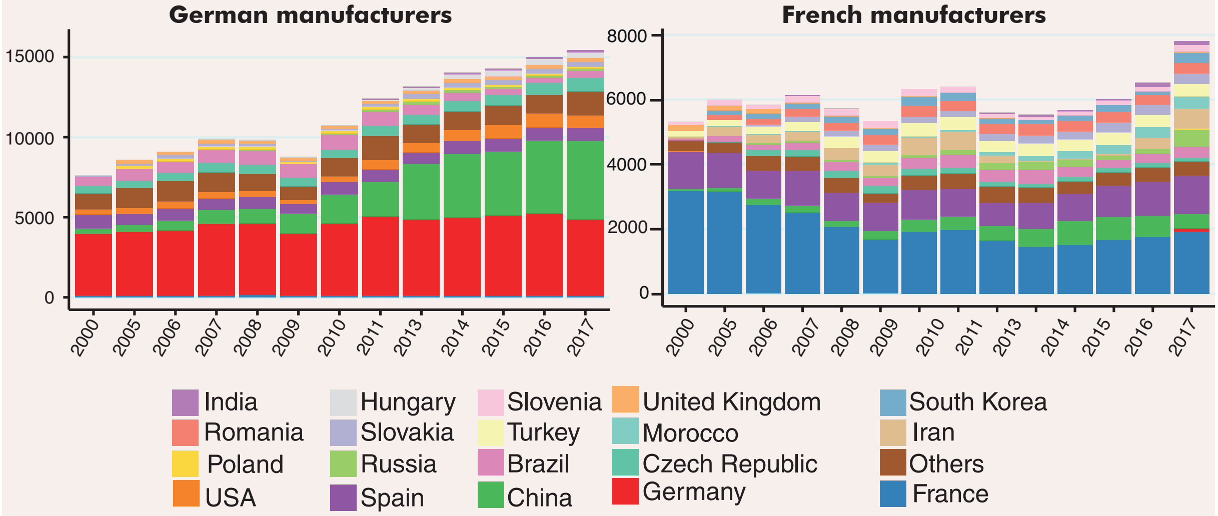
The contrast with the German trade balance is very striking. In 2000, Germany already generated a large surplus of 48.5 billion euros, and this surplus grew substantially, reaching 114 billion euros in 2015, though it has since dropped back to 93 billion euros in 2018. This strong growth can be explained by good export performances, but also by the fact that, more than their French counterparts, German

7. Based on the work of Head and Mayer (2019), Note no.58 of the Conseil d'Analyse Économique published in July 2020 (K. Head, P. Martin, T. Mayer) stresses that France has seen more relocations on the part of its national manufacturers, especially when compared with Germany.

8. Thomas Vacher (2019) also showed, using annual business statistics, that the internationalisation of production by French manufacturers affected the trade balance in 2016, INSEE Première n°1783, November 2019.

4 - Geographic location of automotive production by main French and German manufacturers

in thousands of vehicles



Source: OICA

manufacturers prioritise vehicle assembly in their own country, with vehicles then being sold locally or exported. Thus the German surplus towards China increased sharply from 4.2 billion euros in 2009, to 15.4 billion in 2018, despite the strong presence of German manufacturers in China.

Changes in European environmental regulations have encouraged a boom in electric and hybrid cars

The other structural change that has affected the automotive sector for several years concerns the environmental requirements that have to be taken into account in the fight against climate change.

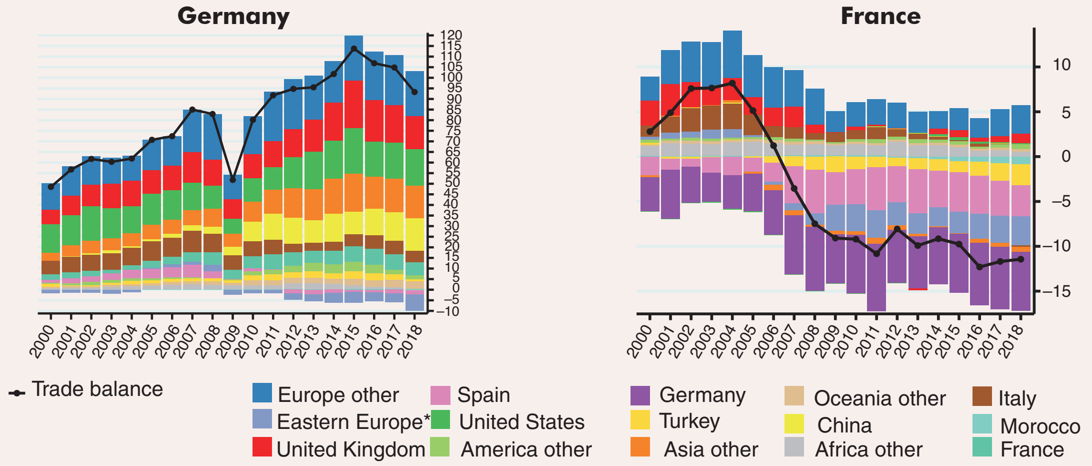
With significant fines being imposed if average emissions in vehicles sold are above a certain threshold, the new European legislation very strongly recommends that manufacturers sell vehicles with lower CO2 emissions. These incentives can also be strengthened at national level, for example through ecological bonus-malus tax schemes. Thus, in France, the ecological bonus-malus was tightened in January 2020 and June 2020, and Germany is preparing to increase the taxation of vehicles with high CO2 emissions even further in 2021.

These new rules pose a significant challenge for manufacturers because their average emissions in 2019 were still far from meeting the targets. To achieve them, they have overhauled the ranges of vehicles offered to consumers.

Registrations in the first three quarters of 2020 suggest that the new legislation is having a real effect. Market shares of electric and hybrid vehicles have surged all over Europe. This represents an important structural change for the European automotive market. In France, the share of electric vehicles in total registrations of new cars increased from 1.9% in 2019 to 6.0% for the first three quarters of 2020 and for hybrid cars, numbers doubled, reaching 12.9% in 2020. The same phenomenon can be seen in Germany, where the electric car has gained 3 points of market share at 4.8% in 2020 and the hybrid is at 15.3% against 6.6% last year. ■

Hadrien Leclerc ■

5 - Annual trade balances by road vehicle partner



* Easterne Europe : Czech Repubic, Hungary, Slovakia, Slovenia, Romania, Poland

Source: Eurostat

Employment and unemployment

On account of the health crisis and the first lockdown of the population (from 17 March to 10 May), payroll employment in France tumbled by almost 700,000 in H1 2020. It bounced back strongly in Q3 (+400,000 approximately), but this only partly compensated for the losses at the beginning of the year. In Q4, the worsening health situation and the measures taken to cope with it, especially the second lockdown from 30 October, are expected to result in a further decline in payroll employment (about –300,000). By the end of 2020, there are therefore likely to be almost 600,000 fewer payroll jobs than at the end of the previous year.

Almost 700,000 net destructions of payroll jobs in H1 2020: a general lockdown but some major differences between sectors

In H1 2020, payroll employment in France (excluding Mayotte) plummeted by 697,000, or –2.7% compared to the end of 2019, cancelling out the net job creations accumulated since the start of 2017.

The scale of the initial decline in March varied according to sector: payroll employment (including temporary employment) fell sharply in construction, less in industry and the market tertiary sector and resisted better in the non-market tertiary sector (which includes most of the civil service). In the months that followed, the rebound in construction was particularly brisk and by the end of September, payroll employment in construction had returned to its pre-crisis level (*Table 1*).

The diversity of the original decline in payroll employment in the different sectors is primarily a reflection of the variation in the shock they experienced to their economic activity. By the end of March, the decline in payroll employment in construction was three times that in the market tertiary sector, but activity had also declined more. In terms of numbers, it was in the market tertiary sector, which represents almost one in two payroll jobs, that most job destructions were concentrated in H1 (–432,000 between the end of 2019 and mid-2020). The decline was particularly significant in accommodation-catering (–145,000 jobs over the half-year) and services to households (–80,000), as their activity was directly affected by the restrictive measures put in place during the first lockdown.

In general, the initial decline in payroll employment (–3.1% on average in Q2 2020 compared to Q4 2019) was much more moderate than that in activity (–18.8% for the same period): this workforce retention was made possible largely by the short-time working scheme, which concerned up to one in three employees in April.

In each sector, adjusting employment to activity was done in various ways: complete or partial hiring freeze for workers on either open-ended or fixed-term contracts, non-renewal of fixed-term contracts as they reached their end-date and decline in the recourse to temporary employment. The rate at which businesses hire temporary workers, which is structurally higher in construction (about 10% of payroll employment in this sector) fell drastically in March and April, and this alone accounts for almost all variations in employment in this sector (*Graph 1*). In the market tertiary sector, where temporary workers are used much less often, it was fixed-term contracts that bore the brunt of employment adjustment.

Employment is expected to fall back once again with the second lockdown

In Q3 2020, payroll employment picked up strongly (+401,000 jobs) (*Table 2*). However, at the end of September 2020, it was still below its pre-crisis level (–296,000 compared to the end of 2019), at a similar level to the end of 2018. Payroll employment (including temporary workers) rebounded particularly well in the market tertiary sector (+193,000) and industry (+44,000), after

Table 1 - Deviation in payroll employment compared to the end of 2019
difference compared to level at the end of 2019 in %, SA data

	End of March	End of June	End of September
Industry	–3.6	–3.7	–2.4
Construction	–6.2	–2.6	0.3
Commercial tertiary sector	–2.0	–3.6	–2.0
Tertiary non-trading	–0.3	–1.1	0.4
Together	**–1.9**	**–2.7**	**–1.2**

How to read it: at the end of June, payroll employment was 2.7% lower than at the end of 2019.
Note: in this table, temporary workers are counted in the sector where they carry out their assignment.
Scope: France (excluding Mayotte)
Source: INSEE

two quarters of decline. In non-market services, employment also picked up (+118,000), mainly as a result of the upturn in hiring in the civil service, which had been partly frozen in the previous quarter. Finally, employment remained dynamic in construction (+47,000), which started to pick up in Q2.

In Q4 2020, payroll employment looks set to plummet once again (–301,000) with the effect of the worsening of the health situation and the strengthening of restrictive measures, notably the second lockdown which came into force on 30 October. The resulting decline in economic activity is likely to be on a smaller scale than that in the spring, and concentrated even more in certain sectors, especially in the market tertiary sector. In the very short term, the link between activity and employment is expected to be similar to that observed in the spring, particularly with the short-term working scheme being used again on a huge scale in the hardest hit sectors.

Between the end of 2019 and the end of 2020, 597,000 payroll jobs would appear to have been destroyed, or 2.3% of the pre-crisis level.

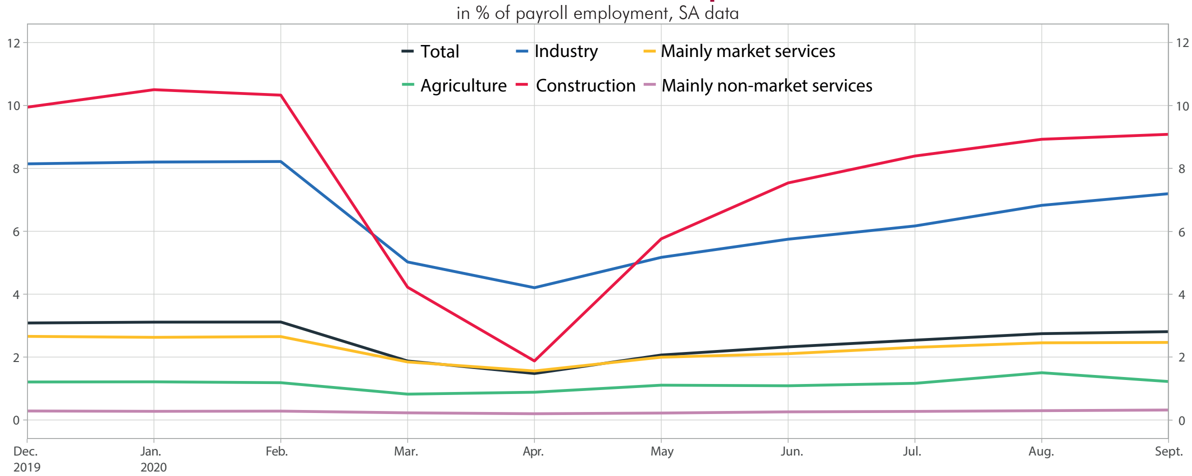
As a result, the forecast published in the Economic Outlook of 6 October 2020 can now be revised upwards (+130,000). The overall situation at the end of the year is certainly worse than expected (second lockdown) but conversely, the rebound in payroll employment in Q3 was significantly greater than forecast.

Total employment (payroll employment and self-employment) is expected to fall by almost 700,000 in a year

Over 2020, self-employment is likely to fall at the same pace as payroll employment, which would bring the total number of net job destructions (employees and self-employed) to 691,000 at the end of 2020 compared to the end of 2019.

1 - Rate of recourse to temporary employment by sector of activity between December 2019 and September 2020

in % of payroll employment, SA data



How to read: temporary workers represented 9.1% of payroll employment in the construction sector in September 2020.
Scope: France (excluding Mayotte)
Source: Dares for temporary work by sector, INSEE calculations

Table 2 - Change in payroll employment

in thousands, SA, at the end of the period

	2020					
	Change over 3 months				Annual change	
	T1	T2	T3	T4	milliers	%
Agriculture	–4	–5	0	4	–5	–1,7
Industry	–124	–3	44	–13	–96	–2,8
Construction	–98	56	47	–16	–11	–0,7
Commercial tertiary sector	–245	–187	193	–245	–484	–4,0
Transports	*–50*	*1*	*23*	*–15*	*–40*	*–2,6*
Accomodation and catering	*–61*	*–83*	*57*	*–113*	*–201*	*–17,3*
Corporate services	*–38*	*–32*	*30*	*–50*	*–90*	*–3,1*
Household services (including culture and recreation)	*–40*	*–40*	*44*	*–35*	*–71*	*–5,4*
Tertiary non-trading	*–21*	*–66*	*118*	*–31*	*–1*	*0,0*
Together	**–493**	**–204**	**401**	**–301**	**–597**	**–2,3**

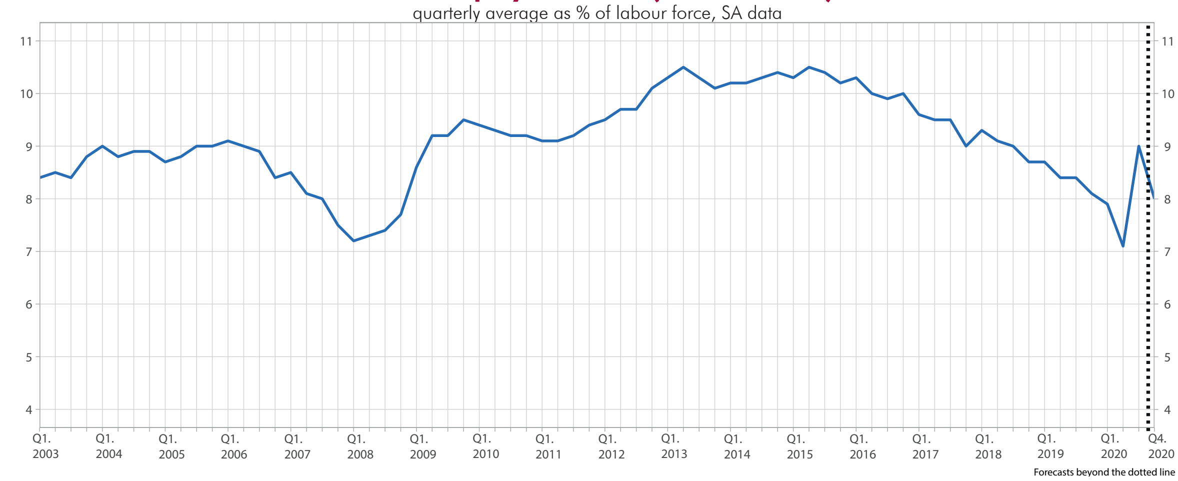
Note: in this table, temporary workers are counted in the sector where they carry out their assignment.
Scope: France (excluding Mayotte)
Source: INSEE

The unemployment rate is likely to fall back to 8.0% by the end of the year but the halo of unemployment is expected to increase substantially

The unemployment rate dropped sharply in Q2 before rebounding in Q3 (*Graph 2*). This decline was unexpected as the number of people without jobs increased considerably from the end of Q1, however, it can be explained by the fact that a large number of people without work interrupted their job search during the first lockdown, and thus left the labour market within the meaning of the ILO and switched from unemployment to what is called the "halo of unemployment" (people without a job who wish to work but are not actively seeking work and/or are not available for work). As a result, in Q2, 6.0% of people aged from 15 to 64 were in the halo, or 1.9 points more than in the previous quarter. At the same time, the unemployment rate fell back by 0.7 points, to 7.1% of the active population. With the end of lockdown and a return to the usual job searching behaviour, the unemployment rate increased sharply in Q3, by 1.9 points to 9.0%. This was 0.9 points above its Q4 2019 level, before the health crisis, thus reflecting the decline in employment over the period.

The second lockdown, which started on 30 October, once again limited job opportunities and hence the search for jobs in the sectors most affected by the restrictions to their activity (tourism, culture). This effect is expected to be less than in the spring but, given that employment is expected to be virtually stable as a quarterly average, this would be sufficient to bring about a further decline in the unemployment rate (*Table 3*). Thus the unemployment rate is expected to stand at 8.0% at the end of the year, virtually back to its level at the end of 2019. On the other hand, the halo of unemployment is likely to increase significantly in Q4. ■

2 - Unemployment rate (ILO definition)
quarterly average as % of labour force, SA data



Scope: France (excluding Mayotte), persons aged 15 or over.
Source: INSEE, Labour Force Survey

Table 3 - Change in employment, unemployment and the active population
variation in quarterly average in thousands, SA data

	Q1	Q2	Q3	Q4	Year-on-year change in Q4
Employment (1)	–27	–790	312	–34	–539
reminder: employment at the end of the period	*–515*	*–228*	*377*	*–325*	*–691*
Unemployment (2)	–82	–287	628	–340	–81
Active population = (1) + (2)	**–109**	**–1077**	**940**	**–374**	**–620**
Trend labour force	*15*	*15*	*15*	*15*	*60*
Variation in unemployment rate	**–0.2**	**–0.8**	**1.9**	**–1.0**	**–0.1**
Unemployment rate	7.9	7.1	9.0	8.0	

How to read: between Q2 and Q3, employment increased by 312,000 on average, unemployment by 628,000 and the active population by 940,000. The unemployment rate increased by 1.9 points and reached 9.0%.
Scope: France (excluding Mayotte), persons aged 15 or over.
Source: INSEE, Labour Force Survey, Quarterly employment estimates

Household consumption

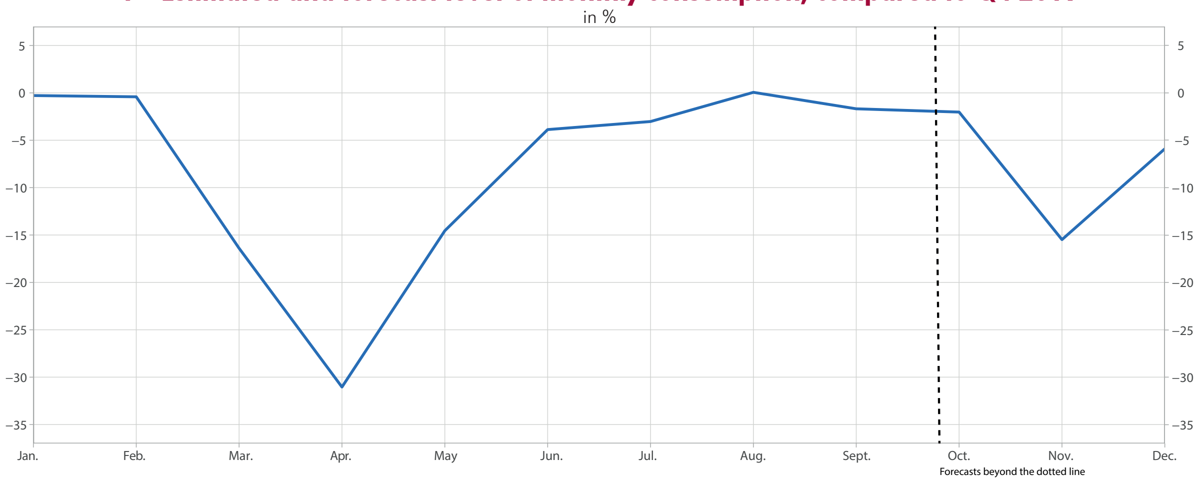
The introduction of the second lockdown would appear to have led to a sharp decline in household consumption in November, with loss of consumption standing at –15% compared to its pre-crisis level (Q4 2019), after –2% in October. The gradual easing of restrictions since the end of November is expected to lead to a gradual recovery in December: decline in consumption is likely to be reduced to –6% compared to its pre-crisis level. Consumption of manufactured goods is expected to see a benefit from the reopening of "non-essential" businesses, likewise for spending on fuel and transport services as a result of the easing of limitations on movement. Conversely, spending on accommodation-catering and leisure are expected to continue to be penalised as restriction measures remain in force. All in all, household consumption looks set to fall back by 6% in Q4 2020 compared with Q3, and by 7% as an annual average over 2020.

Since the Economic Outlook of 2 December 2020, more detailed statistical feedback has become available for October as well as CB bank card transaction amounts and sales data from major hyper and supermarkets, available up to 6 December, which can be used to refine the estimate for consumption over the last two months (*Graph 1*). Loss of consumption in October and November would appear to have settled at –2% and –15% respectively compared to Q4 2019 (similar estimates to those in the last Economic Outlook, which were –3% and –14% respectively). For November especially, the revision introduced since the last Economic Outlook is due mainly to a stronger deterioration than expected in purchases of transport materials and electrical and electronic equipment goods.

Data available for the first days that "non-essential" retail outlets reopened reveal a rebound in consumption: CB bank card transactions increased strongly in week 49 (30 November – 6 December, *Graph 2*). For the last days of this week, this buoyancy was certainly associated with the postponing of Black Friday (which, conversely, also accounts for the decline in bank card transactions during the last days of November, especially online sales, compared to their 2019 level, *Graph 3*). For the other days of this week, the level of CB bank card transactions also appears to be fairly dynamic, above the 2019 level. This increase comes mainly from physical sales which, for the first time since lockdown began on 30 October, exceeded their 2019 level.

In December, the gradual easing of restrictions is expected to result in an upswing in consumption, although it will still remain below its Q4 2019 level (–6%). Consumption of industrial goods should return to a similar level to that of October (+2% compared to pre-crisis level, *Table 1*). With the reopening of "non-essential" retail outlets, spending on manufactured goods is expected to increase markedly, for example in clothing and household equipment (*Graph 4*), given that the very strong rebound seen at the end of the week of 30 November to 6 December is in theory linked to Black Friday (*Graph 5*). Purchases of transport materials are likely to return to their pre-crisis level, after tumbling in November, and consumption of fuel is also likely to improve, while still remaining below its pre-crisis level: in this respect, the first days of December show a

1 - Estimated and forecast level of monthly consumption, compared to Q4 2019



How to read: in December, household consumption is expected to stand at 6% below its Q4 2019 level.
Source: INSEE calculations from various sources

rebound in CB bank card transactions relating to spending on fuel, although still well below its 2019 level (*Graph 5*).

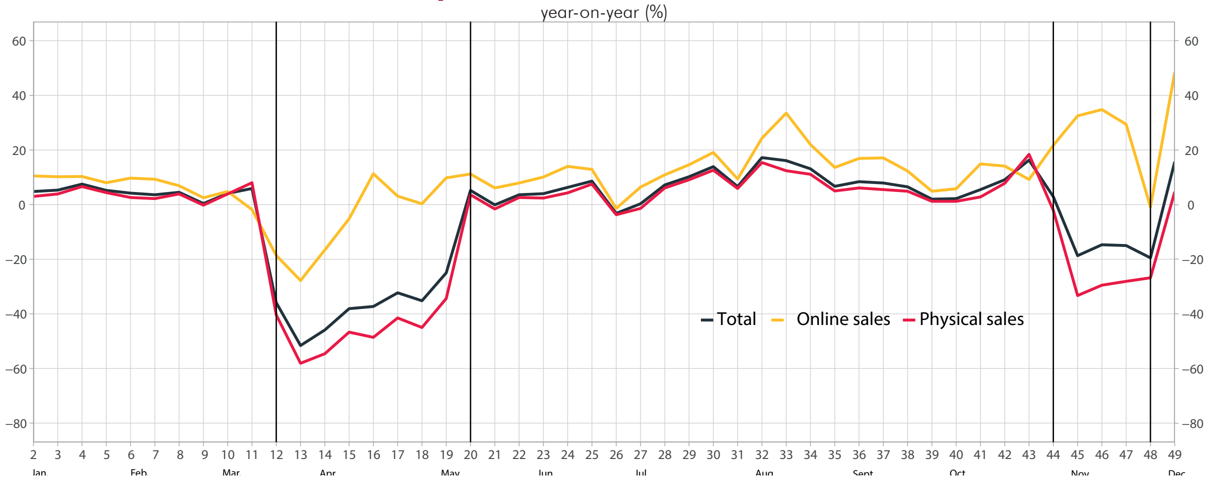
Consumption of market services, on the other hand, although on the increase compared to November, is expected to continue to deteriorate (–16% compared to the Q4 2019 level). This probably reflects the severely affected activity in sectors still subject to closure (catering, trailing accommodation in its wake, cultural and sports activities, *Graphs 5* et *6*) and those beginning to take advantage of the gradual lifting of restrictions in December (transport services). After a moderate decline in November, consumption of non-market services is likely to return almost to its pre-crisis level. In construction, the upswing in renovation work is expected to increase consumption, but it will still be below (–10%) its Q4 2019 level.

All in all, after bouncing back strongly in Q3 (+17.9%), household consumption is likely to decline by 6% in Q4 (against –11.4% in Q2 and –5.7% in Q1). Across the year, the drop in consumption is expected to settle at about 7% compared to 2019 (*Table 2*).

In Q2, the household savings ratio increased considerably (+12 points compared to its Q4 2019 level) due to the dramatic decline in consumption and the much smaller drop in disposable income. In Q3, the rebound in consumption brought the savings ratio down to 1 point above its pre-crisis level. In Q4, the further decline in consumption combined with the near stability of household disposable income (*Household Income Sheet*) is expected to lead to a further increase in their savings ratio, which will probably be about 22% of gross disposable income (*Graph 7*). Across the whole of 2020, the household savings ratio is expected to stand at 21% of gross disposable income, or 6 points more than in 2019. ■

2 - Weekly CB bank card transactions amounts

year-on-year (%)



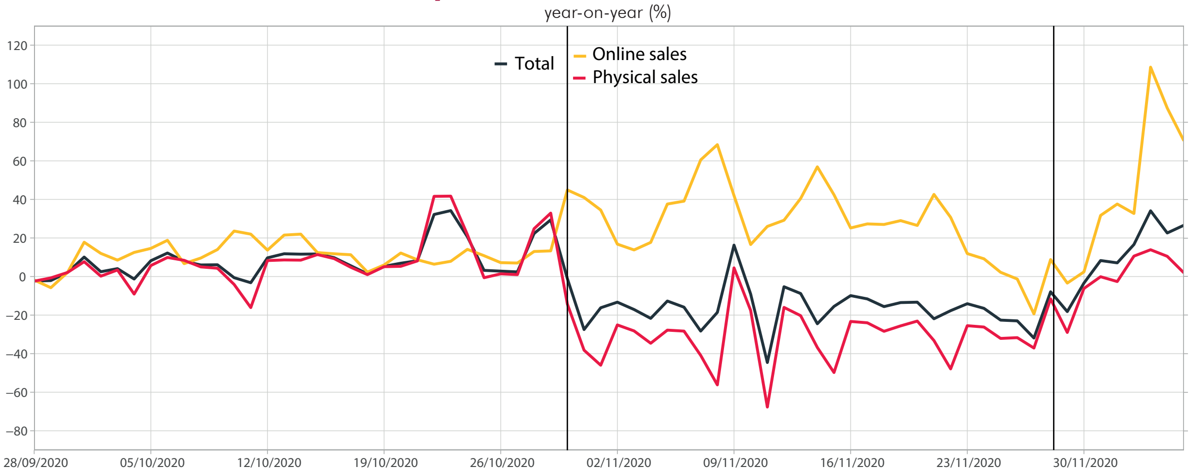
How to read: in week 49 (30 November - 6 December), total CB bank card transaction amounts were 16% higher than in week 49 of 2019. The vertical lines show the dates when "non-essential" retail outlets closed and reopened during the two lockdowns.

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

Source: Cartes Bancaires CB, INSEE calculations

3 - Daily CB bank card transaction amounts

year-on-year (%)



Lecture : on Tuesday 1st December, total CB bank card transaction amounts were 8% higher than on the comparable day in 2019. The vertical lines show the dates when "non-essential" retail outlets closed and reopened during the two lockdowns.

Source: Cartes Bancaires CB, INSEE calculations

Tableau 1 - Estimated and projected household consumption levels

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**	**–5**	**–5**	**–4**	**0**
Industry	**44%**	**–14**	**1**	**3**	**–16**	**2**	**–4**	**–2**
Manufacture of food products, beverages and tobacco-based products	15%	4	0	5	1	0	2	0
Coke and refined petroleum	4%	–29	–5	–4	–30	–6	–13	–1
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3%	–8	11	11	–14	21	6	0
Manufacture of transport equipment	6%	–35	1	–3	–29	0	–10	–1
Manufacture of other industrial products	12%	–25	3	0	–30	5	–8	–1
Extractive industries, energy, water, waste treatment and decontamination	4%	–1	3	13	–7	0	2	0
Construction	**2%**	**–24**	**0**	**–6**	**–14**	**–10**	**–10**	**0**
Mainly market services	**46%**	**–21**	**–6**	**–9**	**–18**	**–14**	**–13**	**–6**
Trade; repair of automobiles and motorcycles	1%	–24	2	–1	–16	–1	–6	0
Transport and storage	3%	–72	–27	–30	–62	–45	–46	–2
Accommodation and catering	7%	–64	–17	–32	–60	–59	–50	–4
Information and communication	3%	–7	–4	–1	–5	–1	–2	0
Financial and insurance activities	6%	1	1	1	1	1	1	0
Real estate activities	19%	1	2	1	1	2	2	0
Scientific and technical activities; administrative and support services	2%	–20	–8	–3	–10	–7	–7	0
Other service activities	4%	–40	–14	–19	–37	–22	–26	–1
Mainly non-market services	**5%**	**–22**	**3**	**3**	**–7**	**0**	**–1**	**0**
Total	**100%**	**–16**	**–2**	**–2**	**–15**	**–5**	**–7**	**–7**

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

How to read: the level of household consumption of accommodation and catering services in December is expected to be 60% lower than in Q4 2019.

Source: INSEE calculations from various sources

Table 2 - Difference in household consumption compared to Q4 2019 and as a growth rate

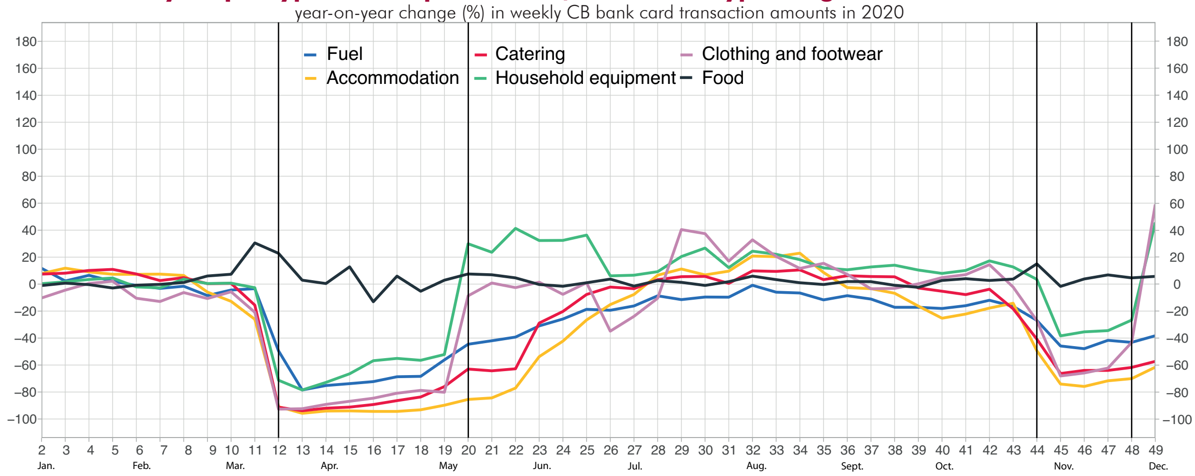
	2020Q1	2020Q2	2020Q3	2020Q4	2020
Difference compared to Q4 2019	–5.7%	–16.5%	–1.6%	–7.4%	
Change	–5.7 %	–11.4%	17.9%	–6.0%	–7.4%

Forecast

Source: INSEE

4 - 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

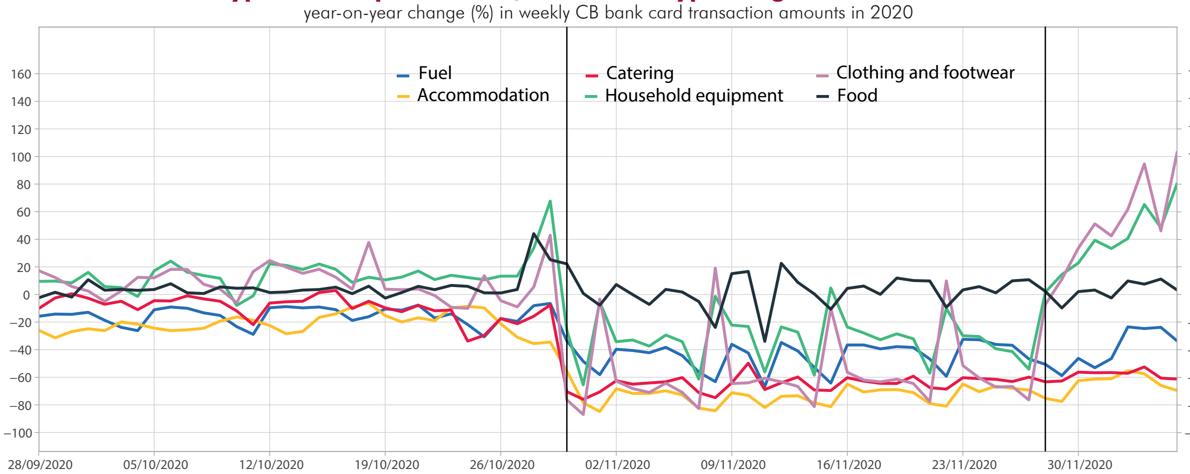


How to read: in week 49 (30 November - 6 December), CB bank card transaction amounts in clothing-footwear were 59% higher than in week 49 of 2019. The vertical lines show the dates when "non-essential" retail outlets closed and reopened during the two lockdowns.
Note: the dynamism of these transaction amounts from March onwards, may be due to a higher proportion of payments by bank card, a trend that was corrected for 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

5 - Daily 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

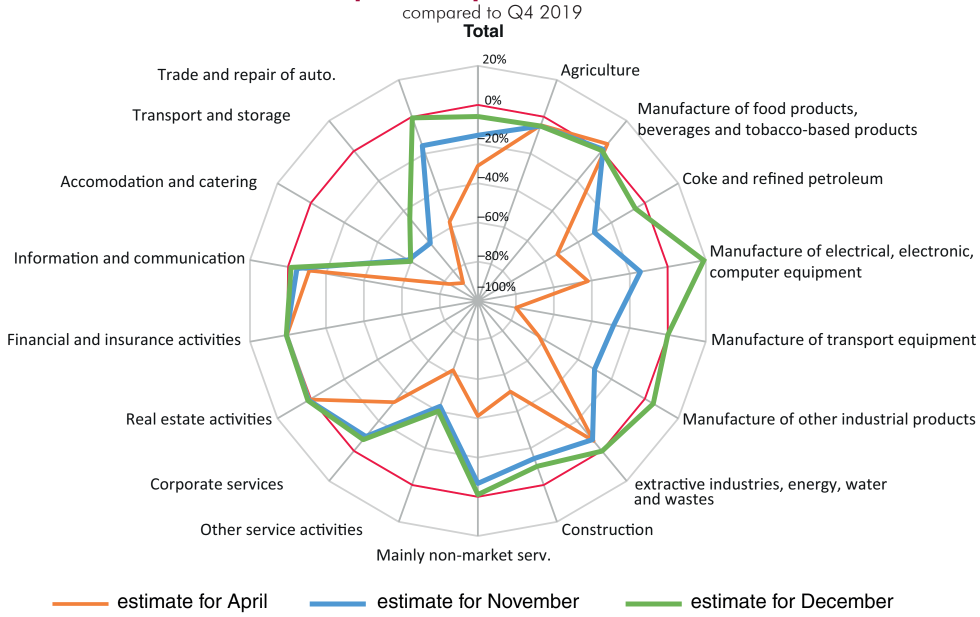


How to read: on Tuesday 1st December, CB bank card transaction amounts in clothing-footwear were 51% higher than on the comparable day in 2019. The vertical lines show the dates when "non-essential" retail outlets closed and reopened.

Sources: Scanner data from major hyper and supermarkets (for food), INSEE calculations

6 - Estimated household consumption in April and November and forecast in December

compared to Q4 2019

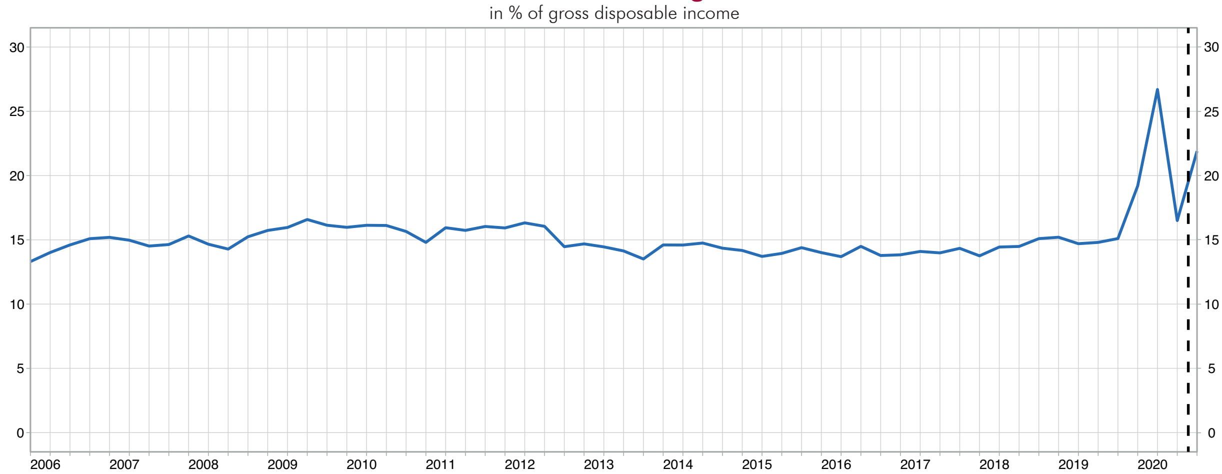


How to read: the loss of activity in accommodation and catering is estimated at –60% in December 2020 against –83% estimated in April (compared to Q4 2019).

Source: INSEE calculations from various sources

7 - Household savings ratio

in % of gross disposable income



How to read: in Q4 2020, the household savings ratio is expected to be 22% of gross disposable income.

Source: INSEE