

Household consumption

After a sharp rebound in December, with the reopening of “non-essential” businesses, consumption would appear to have been in decline in January 2021 (–6% compared to its pre-crisis level of Q4 2019, after –4% in December). This weakened consumption in January, which can partly be explained as a backlash from the December rebound, is probably also the result of the postponing of the start of the winter sales and the strengthening of restrictive health measures (in particular the curfew being gradually brought forward to 6pm instead of 8pm). In February, despite no improvements in the health situation compared to January, consumption would seem to have picked up to some extent, driven by the rebound in purchases of manufactured goods, linked to the delay and the extension of the winter sales. In a context of strengthened restrictive measures at local level (weekend lockdown in some areas) and continuing

uncertainty over the development of the epidemic, consumption in March is expected to return to a similar level to that of January. All in all, household consumption is likely to increase by 1% in Q1 2021, after having nosedived by 5.4% in Q4 2020 because of the second lockdown.

Since the Economic Outlook of 4 February 2021, publication of the household consumption of goods for January has confirmed the forecast of a sharp decline in the consumption of industrial goods, compared to December: consumption of goods did indeed settle below its pre-crisis level (–1%), after an increase of 4% in December. This weakening was due mainly to consumption of “other industrial products” (–7% in January compared to the pre-crisis level, after a sizeable 13% increase in December, ► **figure 1**) and especially clothing-footwear, where

► 1. Estimated and projected household consumption levels

difference in the Q4 of 2019, in %

Products	Share of consumption*	Oct. 2020	Nov. 2020	Dec. 2020	Jan. 2021	Feb. 2020	March 2021	Q4 2020	Q1 2021
Agriculture, forestry and fishing	3%	-3	-9	-5	-3	1	0	-5.6	-1
Industry	44%	4	-16	4	-1	4	0	-2.7	1
Manufacture of food products, beverages and tobacco-based products	15%	5	-2	1	3	5	3	1.4	3
Coke and refined petroleum	4%	-4	-27	-13	-7	-6	-5	-14.7	-6
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3%	12	-9	37	11	28	6	13.4	15
Manufacture of transport equipment	6%	-1	-18	-7	-4	-8	-3	-8.6	-5
Manufacture of other industrial products	12%	2	-33	13	-7	7	-1	-5.8	0
Extractive industries, energy, water, waste treatment and decontamination	4%	12	-5	1	7	5	0	2.5	4
Construction	2%	2	0	0	0	0	0	0.7	0
Mainly market services	46%	-8	-18	-14	-14	-14	-15	-13.2	-14
Trade; repair of automobiles and motorcycles	1%	0	-11	-6	-6	-6	-6	-5.3	-6
Transport and storage	3%	-33	-58	-54	-50	-52	-52	-48.1	-51
Accommodation and catering	7%	-27	-61	-56	-57	-57	-59	-47.8	-58
Information and communication	3%	-1	-4	1	-2	0	0	-1.5	-1
Financial and insurance activities	6%	1	1	1	1	1	1	0.9	1
Real estate activities	19%	2	2	2	2	2	2	1.9	2
Scientific and technical activities; administrative and support services	2%	-7	-8	-7	-7	-7	-8	-7.4	-7
Other service activities	4%	-15	-43	-16	-21	-20	-22	-24.7	-21
Mainly non-market services	5%	1	-4	0	0	0	0	-0.9	0
<i>Territorial correction</i>		-76	-85	-91	-83	-76	-76	-84	-78
Total		-1	-15	-4	-6	-4	-6	-6.6	-5

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

■ Forecast

How to read it: in February 2021, household consumption of accommodation and catering services would seem to have been 57% lower than in Q4 2019.

Source: INSEE calculations from various sources

purchases were probably affected by the delay in starting the winter sales.

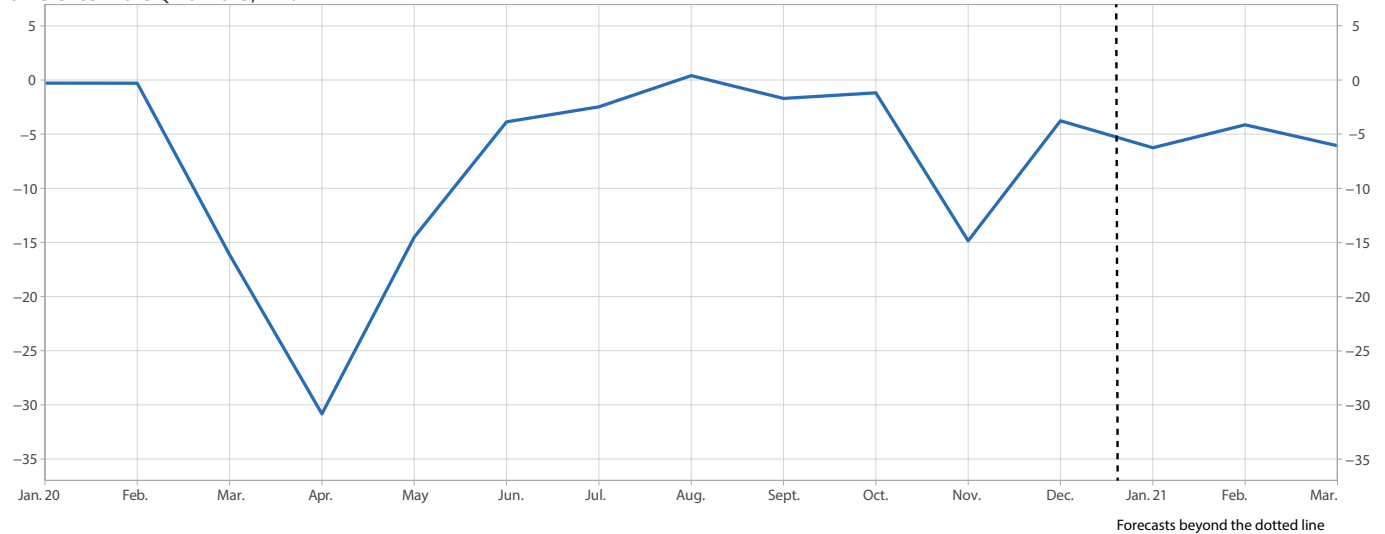
In January therefore, given the overall stable consumption of services compared to December, household consumption would appear to be 6% below its pre-crisis level (after -4% in December, ► [figure 2](#)).

In February, consumption would seem to have picked up moderately compared to January, at 4% below its pre-crisis level. This estimate is mainly based on bank card

transaction amounts and scanner data from major retail outlets, available up to 28 February. The profile of bank card transaction amounts shows up a slight momentum in February, driven mainly by online sales (► [figure 3](#)). Postponing the start of the winter sales (Wednesday 20 January instead of 8 January) and then extending them until 2 March (instead of 16 February) is probably the main factor to account for this upturn in consumption in February: in this respect, bank card transaction amounts in clothing-footwear and household equipment showed

► 2. Estimated and forecast level

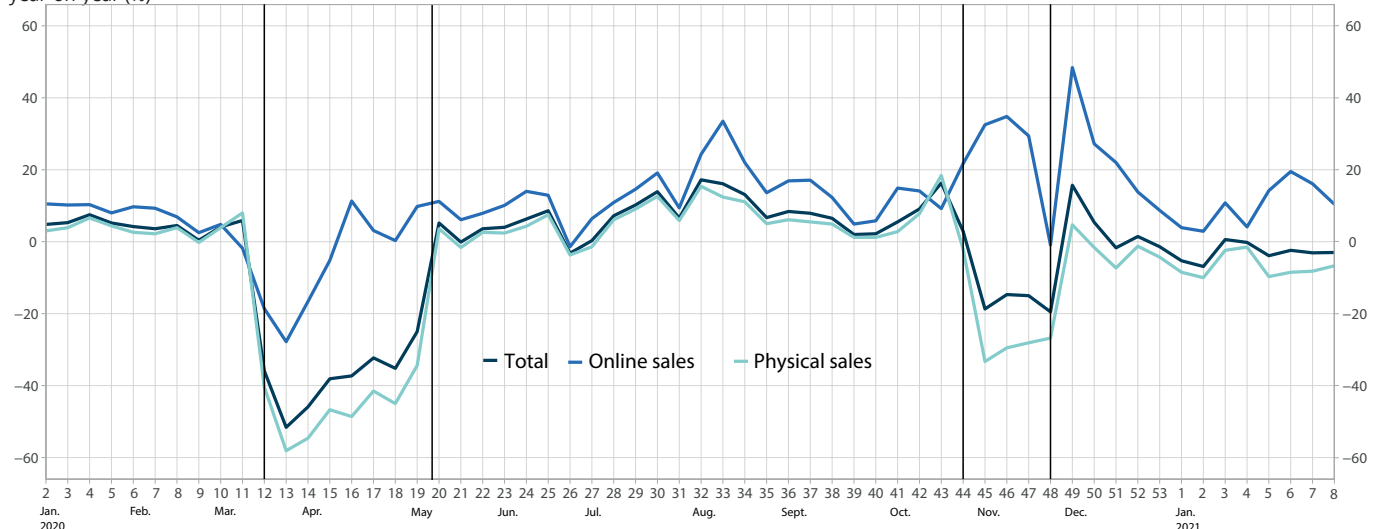
difference in the Q4 of 2019, in %



How to read: in February, household consumption is expected to stand at 4% below its Q4 2019 level.
Source: INSEE calculations from various sources

► 3. Weekly CB bank card transactions amounts

year-on-year (%)



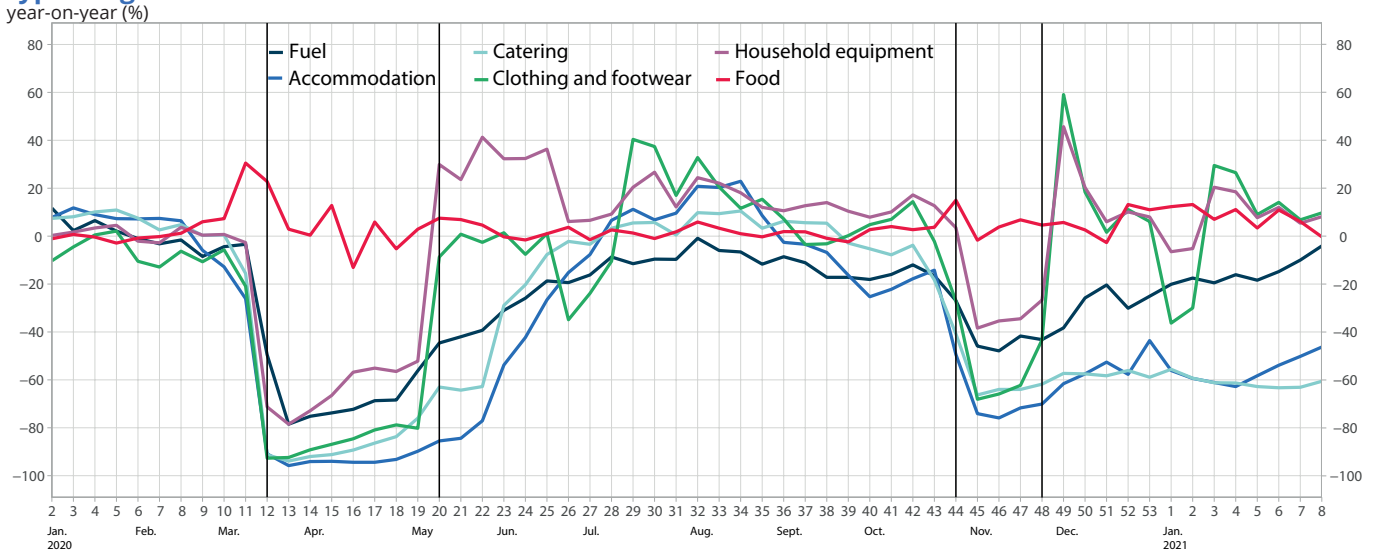
How to read: in week 4 of 2021 (22 – 28 February), total CB bank card transaction amounts were 3% higher than in week 4 of 2020. The vertical lines show the dates when “non-essential” retail outlets closed and reopened during the two lockdowns 2020
Note: the dynamism of these transaction amounts may be due to, from March onwards, a higher proportion of payments by bank card. This factor is taken into account when forecasting losses or increases in consumption compared to the pre-crisis level.
Source: CB Cartes Bancaires, INSEE calculations

French economic outlook

some particularly dynamic profiles from the third week of 2021 (corresponding to 20 January), which continued during February (► **figure 4**). Although the 2021 winter sales appeared to be rather lagging behind compared to the previous two years (► **Focus**), the delayed start seems to have encouraged household spending in February, compared to January.

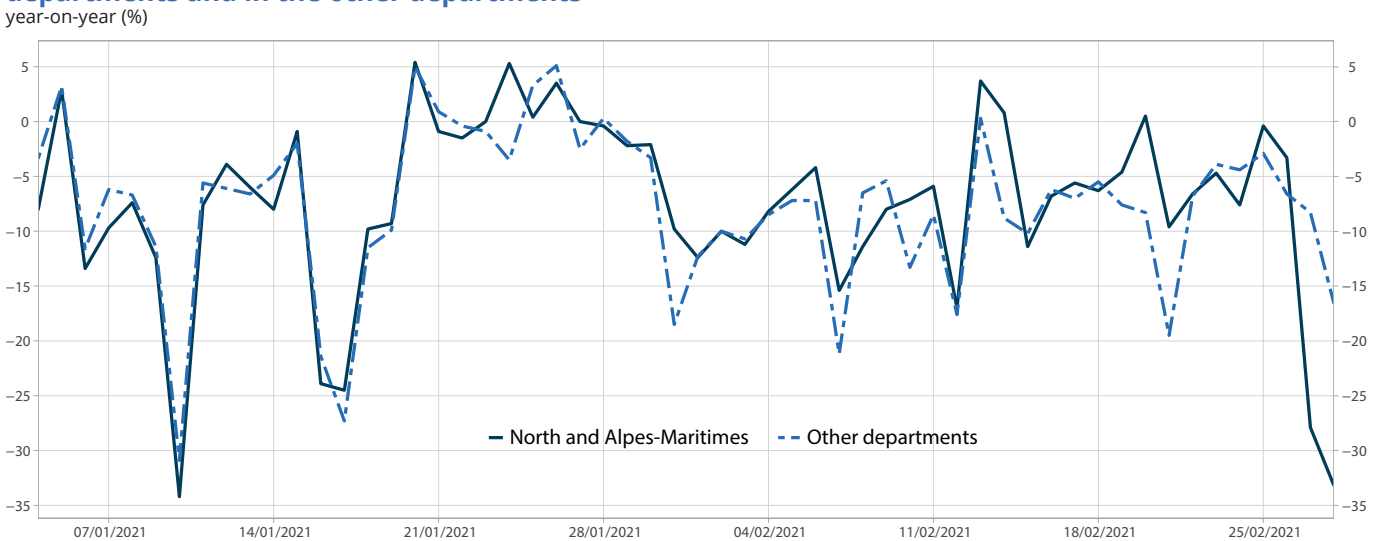
As in December, only consumption of industrial goods would seem to have returned to well above its pre-crisis level in February (+4%), driven by spending on clothing-footwear and household equipment. Despite an increase in February, spending on fuel would seem to have remained at a depressed level compared to pre-crisis, in a context where movement is limited, with more people

► 4. Weekly bank card transaction amounts and sales by major hyper and supermarkets, for various types of goods and services



How to read it: in week 8 of 2021 (22 – 28 February), bank card transaction amounts related to purchases of fuel were 4% lower than amounts in week 8 of 2020. The vertical lines show the dates that “non-essential” stores closed and reopened during the two 2020 lockdowns. Note: the dynamism of these transaction amounts, from March 2020, may reflect a greater use of payments by bank card. This factor is taken into account when estimating losses or increases in consumption compared to the pre-crisis level. Source: CB Cartes Bancaires, INSEE calculations

► 5. Daily bank card transaction amounts (physical sales), in the Alpes-Maritimes and Nord departments and in the other departments



How to read it: on Sunday 28 February 2021, bank card transaction amounts in the Nord and Alpes-Maritimes departments were 33% lower than on a comparable day in 2020. Bank card transaction amounts in the other departments were 17% lower than on a comparable day in 2020. Source: CB Cartes Bancaires, INSEE calculations

teleworking and the introduction of a curfew (► figure 4), and purchases of transport equipment would appear to have declined sharply (-8% compared to the pre-crisis level after -4% in January).

Concerning market services, however, household consumption would appear to have remained sluggish in February, at 14% below its pre-crisis level, as in December and January. With restrictions on activity still in place in some sectors (accommodation-catering, cultural and leisure activities) it would seem that household spending continues to be restricted. Spending on transport would appear to be still strongly penalised by the use of teleworking, the continuing health restrictions on tourism (especially winter sports) and by the strengthening in February of restrictions on travel abroad. In construction and non-market services, household consumption would seem to have maintained its January level, which is very close to its pre-crisis level.

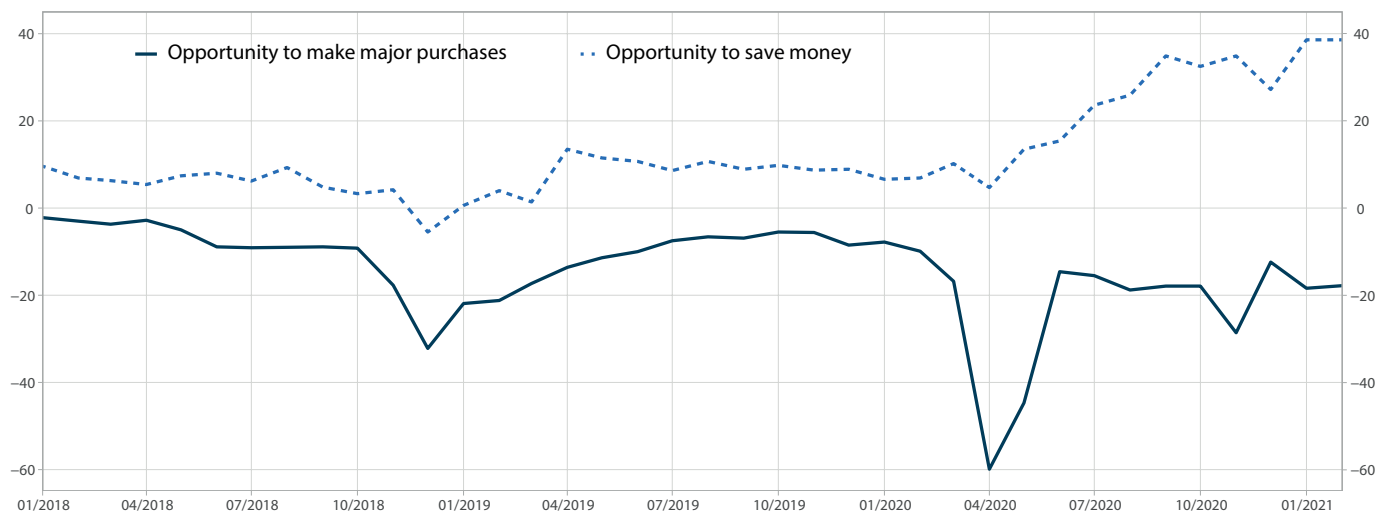
The strengthening of restrictive health measures at the end of February, with the introduction of local weekend lockdowns, is likely to affect household consumption. Physical sales paid for by bank card

in the departments concerned in part by these local lockdowns (Alpes-Maritimes and Nord) do indeed show that for the last weekend of February, there was a wide difference compared to other departments (► figure 5). In addition, these restrictions have been introduced in a context already very uncertain with regards to developments in the health situation. In the outlook surveys, households say that they are fairly reluctant to consume (► figure 6). Conversely, the balance of opinion in households in February regarding the opportunity to save remained at the high point reached in January, the highest in recent years.

Household consumption is therefore expected to weaken once again in March, and return overall to its January level (-6% compared to its pre-crisis level). This downturn is likely to be due mainly to the consumption of goods which, after being boosted by the delay in the sales in February, will probably return to around its pre-crisis level in March. In market services, the health context is still not favourable for an upturn in consumption, which is expected to be slightly down in March compared to February, and still very much in decline compared to its pre-crisis level (-15% in March, after -14% in February).

► 6. Balance of opinion on the opportunity to make major purchases and on the opportunity to save

balance of responses SA, in points



Source: INSEE, business surveys of households

► 7. Difference in household consumption compared to Q4 2019 and as a growth rate

in %

	2020				2021
	Q1	Q2	Q3	Q4	Q1
Difference compared in % to Q4 2019	-5.6	-16.4	-1.3	-6.6	-5
Quarterly growth in %	-5.6	-11.5	18.1	-5.4	1

■ Forecast
Source: INSEE

French economic outlook

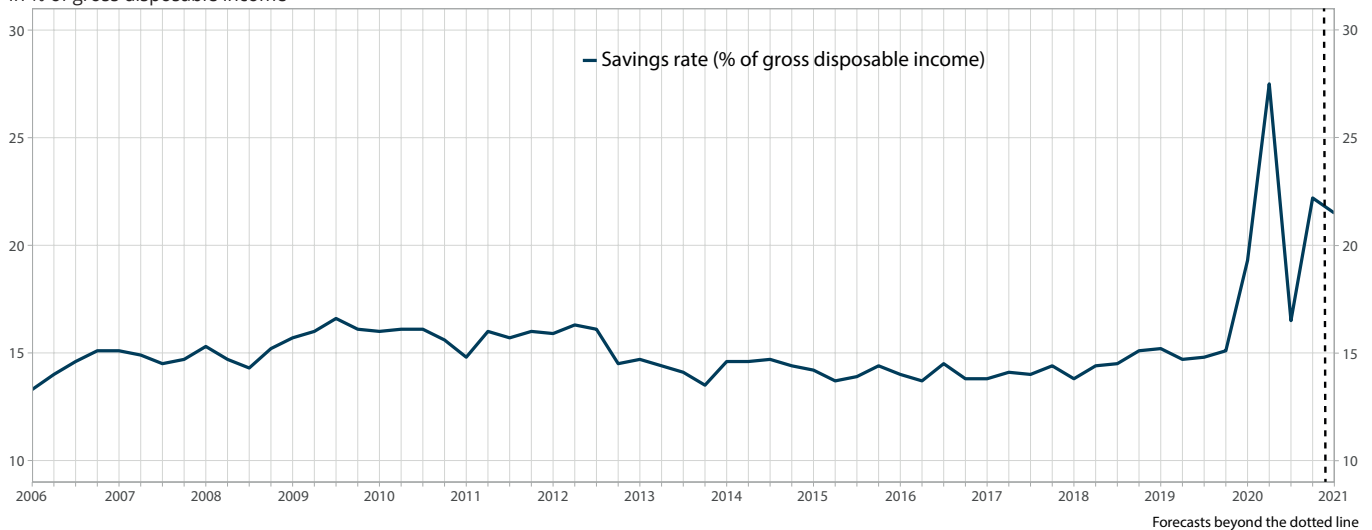
Across the whole of Q1 2021, household consumption is likely to be 5% below its pre-crisis level, after -6.6% in Q4 2020 due to the second lockdown (► [figure 7](#)). Consumption should therefore improve by about 1% in Q1 2021, after dropping by 5.4% in the previous quarter.

On average over 2020, the household savings ratio was 21.3% of gross disposable income after 14.9% in 2019. This increase in the savings ratio by more than 6 points

is mainly the result of consumption falling drastically in 2020 because of the two lockdowns, while households' gross disposable income saw a more moderate change (► [Household Income Sheet](#)). In Q1 2021, and taking into account a slightly larger rise in consumption than in gross disposable income, the household savings ratio is expected to fall slightly (21.5%, after 22.2% in Q4 2020, ► [figure 8](#)). ●

► 8. Household savings ratio

in % of gross disposable income



How to read: in Q1 2021, the household savings ratio would amount 21.5% of gross disposable income.

Source: Insee