

Household consumption

Household consumption levelled off between January and March, remaining at 7% below its pre-crisis level of Q4 2019, and with no real growth compared to the previous quarter. In April, it would appear to have deteriorated significantly as a result of the effects of the third lockdown and the closure of “non-essential” businesses being extended across the entire country, standing at 12% below its pre-crisis level (against 15% for the November lockdown). In May, consumption would seem to have returned to a higher level than in March, i.e. -4% compared to pre-crisis. From the beginning of the month, it would seem to have been boosted by the resumption of travel, but especially from 19 May onwards by the reopening of “non-essential” businesses and restaurants. In June, the additional easing of restrictions would appear to have resulted in consumption returning virtually to its pre-crisis level (-1%). It is expected to reach this level during the summer, as was the case a year earlier, and should increase until the end of the year, in a context of bringing consumption and savings behaviour back to normal. All in all, as an annual average and after declining by 7.2% in 2020, household consumption is expected to rebound by 5.2% in 2021.

Since the Economic Outlook of 6 May 2021, the detailed results of the accounts for Q1 2021, published at the end of May, have confirmed the very slight rise in household

consumption that was already estimated at the end of April by the national accounts. Household consumption did indeed increase by 0.1% in Q1, and from January to March stood at 7% below its Q4 2019 pre-crisis level (► **Figure 1**). This “ceiling” is in sharp contrast to the strong performance of consumption in previous months (except November), and is the result of the health context in Q1, when there was a strengthening of restrictive measures (curfew, closure of large shopping centres, local lockdowns, etc.).

For April, household consumption of goods, published at the end of May, suggested a sharp decline, linked to the closure of “non-essential” businesses and a little stronger than forecast in the Economic Outlook of 6 May: spending on industrial goods was 10% below the pre-crisis level (against 9% forecast in the Economic Outlook of 6 May). Spending on “other industrial products” (clothing-footwear, household equipment, etc.) deteriorated more than expected, while spending on electrical and electronic equipment, although remaining above its pre-crisis level, was less vigorous. All in all, household consumption in April would appear to have been 12% below its pre-crisis level: this is a very low level compared to March, although it is still slightly higher than that reached last November during the second lockdown.

► 1. Estimated and forecast level

in difference to Q4, in %



How to read it: in June 2021, household consumption would appear to have been 1% below its pre-crisis level. From July 2021, projections are established on a quarterly basis instead of a monthly basis as previously.

Source: INSEE calculations from various sources

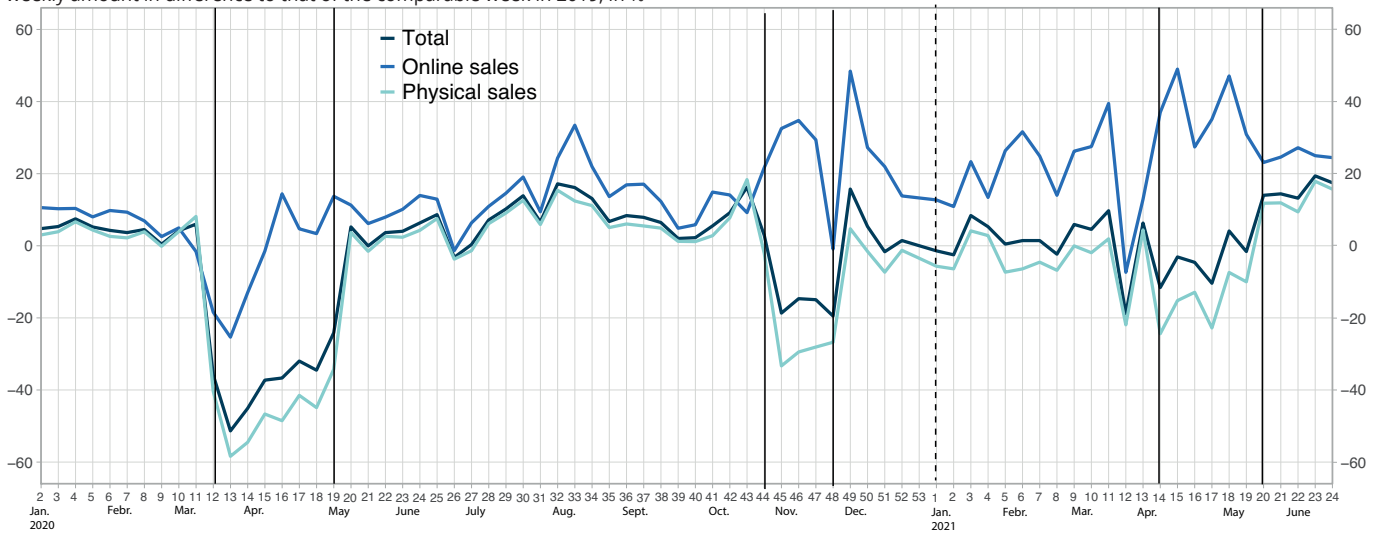
French economic outlook

CB bank card transaction amounts and scanner data from major retail outlets, available up to 20 June, can be used to estimate household consumption for May, characterised by the gradual easing of restrictions. CB transaction amounts, when considered on a year-on-year basis compared to 2019, reveal a rise in consumption from the start of May, then a sharp rebound after shops and restaurants reopened on 19 May (► **Figure 2**, week 20 of 2021). Unsurprisingly,

physical sales were behind this rebound, while online sales also maintained their high levels. More exactly, the rise in bank card transaction amounts in early May was mainly due to purchases of fuel – probably linked to the end of restrictions on movement on 3 May – but also to spending on accommodation, perhaps during the extended weekends in May, but also in anticipation of the summer holidays (► **Figure 3**). The reopening of “non-essential” businesses on 19 May prompted an immediate

► 2. Weekly CB bank card transactions amounts

weekly amount in difference to that of the comparable week in 2019, in %



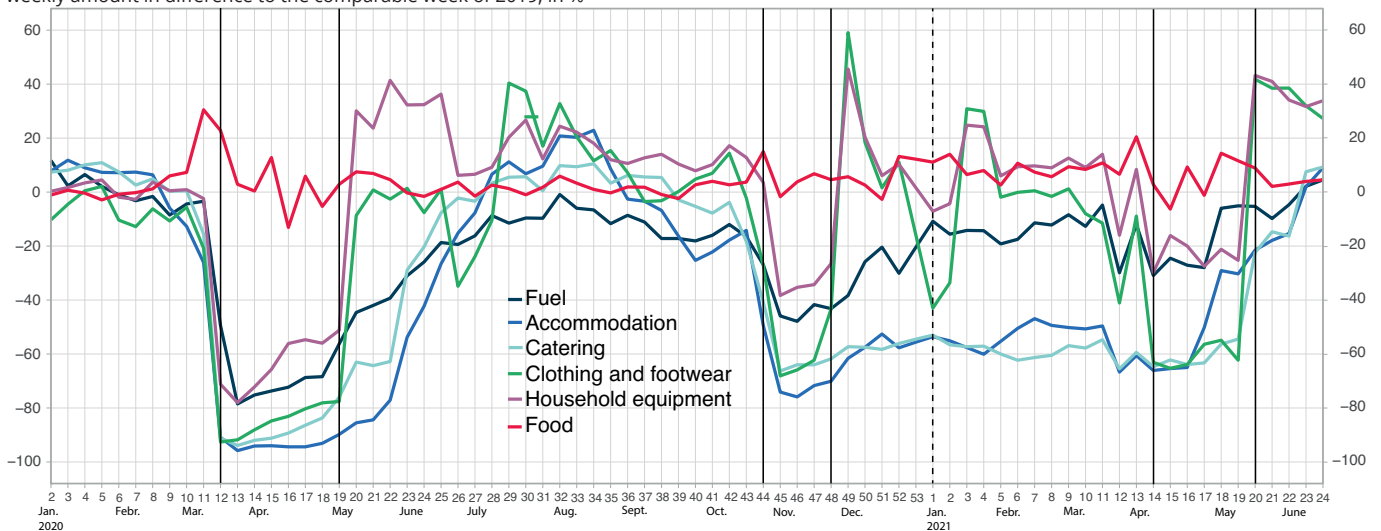
How to read it: in week 23 of 2021 (7–13 June), total CB bank card transaction amounts were 19% up on the amount in week 23 of 2019. The vertical lines show the dates that “non-essential” businesses closed and reopened during the 2020 lockdowns and the national lockdown in spring 2021. As each amount is compared to that of a comparable week in 2019, for the differences shown for the end of 2020 and the start of 2021 there is therefore a break in the reference week (end of 2019 then start of 2019). This break is indicated by the vertical dotted line at week 1 of 2021.

Note: the dynamism of these CB transaction amounts from March 2020 onwards may reflect a higher use of payment by CB bank card. This factor has been taken into account when forecasting losses or increases in consumption compared to the pre-crisis level.

Source: Cartes Bancaires CB, INSEE calculations

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

weekly amount in difference to the comparable week of 2019, in %



How to read it: in week 23 of 2021 (7–13 June), CB bank card transaction amounts related to purchases of fuel were 2% higher than amounts in week 23 of 2019. The vertical lines show the dates that “non-essential” businesses closed and reopened during the 2020 lockdowns and the national lockdown in spring 2021. As each amount is compared to that of a comparable week in 2019, for the differences shown for the end of 2020 and the start of 2021 there is therefore a break in the reference week (end of 2019 then start of 2019). This break is indicated by the vertical dotted line at week 1 of 2021.

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: Cartes Bancaires CB, INSEE calculations

rebound in CB transaction amounts in clothing-footwear and household equipment, after very low levels in the previous weeks (► **Focus**). This recovery can also be seen in catering, although CB transaction amounts at the end of May were still lower than their 2019 level, a consequence of the residual measures affecting this sector (opening of terraces only and limits on customer numbers). However, the full opening up of restaurants on 9 June meant that CB transactions in catering could match, or even exceed, their 2019 amounts.

In this context, and given that the month of May was partly affected by the restrictive measures in place since April, consumption would appear to have been around 4% below its pre-crisis level, i.e. above its level for March. In June, however, with the lifting of most restrictions on activity, consumption would seem to have returned to a level close to the pre-crisis level (-1%).

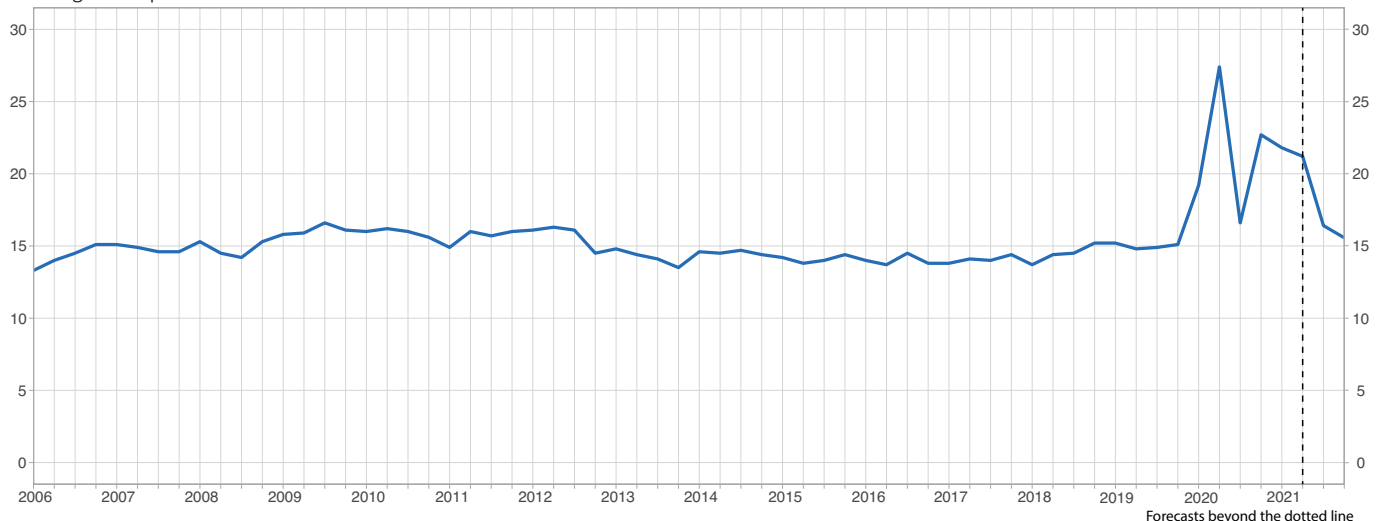
The rebound in consumption in May then in June would appear to have resulted from spending on both goods and services (► **Figure 5**). On the goods side, the reopening of shops from 19 May would appear to have caused consumption of “other industrial products” (mainly clothing-footwear and household equipment) to bounce back strongly and slightly exceed its pre-crisis level in June (+2%). Spending on electronic and computer equipment would appear to have returned to the high level reached before the April lockdown, which was significantly higher than the pre-crisis level. With travel once again possible – movement no longer limited to 10 km and gradual easing of the curfew – spending on fuel would appear to have increased markedly and was close to its pre-crisis level, although it did not return to this level completely due to teleworking, which was still used more than before the crisis.

On the market services side, there would also appear to have been a sharp rebound in consumption in May and June, although the June level still seems to be 6% below the pre-crisis level. This increase is probably due to the upswing in activities that had been subject to restrictions in the previous months: accommodation-catering, transport services and leisure activities. Due to the restrictions still in force in June – in the first days of the month first of all then, to a lesser extent, across the rest of the month – consumption in these sectors would appear to still be in decline, which would account for most of the residual loss of consumption in services for this month. In non-market services, consumption would appear to have returned to its pre-crisis level in June and this is also likely to be the case for building construction.

In Q3, household spending is expected to return to its pre-crisis level (► **Figure 6**). As in June, it is likely that consumption of goods will remain above the level of Q4 2019 (+2%), driven by spending on clothing-footwear and equipment, both household and electronic or computer. Consumption of services looks set to continue to move closer to the pre-crisis level (-3%). Spending on accommodation-catering is expected to increase markedly, reaching its highest level since the start of the health crisis, although still not getting back to its pre-crisis level: if tourist numbers were to be up on last year, then spending on accommodation-catering could exceed its summer 2020 level, but it would not return to its pre-crisis level. Spending on transport services is also expected to increase, although it is still in decline because of the slow recovery in air transport. Consumption of leisure services is also likely to be on the rise, even though residual health restrictions could keep it below its pre-crisis level.

► 4. Household savings ratio

in % of gross disposable income



How to read: in Q2 2021, the household savings ratio would appear to have been 21.2% of their gross disposable income.
Source: INSEE

French economic outlook

Assuming that there is no further tightening of measures to combat the spread of the epidemic, there is likely to be a return to normal of household consumption in Q4, which will probably slightly exceed its pre-crisis level (+1%), driven by changes in consumer spending that are no longer affected by health constraints. In the consumption of goods, the momentum of spending on electronic and computer equipment is likely to settle down and return to more of a trend trajectory. Spending on fuel is expected to remain slightly below the pre-crisis level reflecting greater use of teleworking. In services, it is likely that transport consumption will continue to be penalised with air traffic still below its pre-crisis level. Accommodation and catering, like leisure activities, could remain partially in decline, mainly due to residual health constraints or, in the case of catering, to the use of teleworking.

All in all, consumption would appear to have increased by 1.3% in Q2 (► [Figure 7](#)). It is likely to continue this rebound in Q3 (+5.9% compared to the previous quarter) then Q4 (+1.0% forecast). Thus, after its historic drop from 7.2% in 2020, household consumption is expected to bounce back by 5.2% in 2021.

Given the moderate change in household income over the quarters of 2021, the continuing rebound in their consumption is expected to result in a gradual decline in the savings ratio (► [Figure 4](#)). It certainly hit some remarkably high points in 2020, especially in Q2 and Q4 (27.4% and 22.7% of gross disposable income respectively), due to the collapse of consumption during the lockdowns. In Q1 2021, the decline in disposable household income caused the savings ratio to fall to 21.8% of gross disposable income. It is likely to decrease slightly in Q2 (to 21.2%) then more significantly in the following quarters, down to 15.6% by the end of 2021, i.e. slightly higher than the pre-crisis level (15.1% in Q4 2019). ●

► 5. Estimated and projected monthly household consumption levels

difference to the Q4 of 2019, in %

Products	Share of consumption*	Janv. 2021	Feb. 2021	March. 2021	Apr. 2021	May 2021	June 2021
Agriculture, forestry and fishing	3%	1.3	-1.2	-0.7	-2	-2	-2
Industry	46%	-0.7	-0.9	-1.3	-10	0	2
Manufacture of food products, beverages and tobacco-based products	15%	5.5	2.6	3.4	4	3	3
Coke and refined petroleum	4%	-5.1	-7.2	-5.3	-15	-7	-4
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3%	12.2	14.0	12.3	5	14	14
Manufacture of transport equipment	6%	-5.7	-7.4	-9.1	-12	-9	-2
Manufacture of other industrial products	13%	-8.2	-3.1	-5.2	-33	-2	2
Extractive industries, energy, water, waste treatment and decontamination	5%	3.9	0.1	1.4	8	7	0
Construction	2%	-0.6	-1.0	-1.7	-2	-2	0
Mainly market services	46%	-14.9	-15.4	-15.2	-17	-11	-6
Trade; repair of automobiles and motorcycles	1%	-2.2	-1.0	-1.8	-4	-2	1
Transport and storage	3%	-49.2	-52.8	-52.4	-59	-43	-37
Accommodation and catering	7%	-58.6	-58.4	-58.3	-63	-40	-17
Information and communication	4%	2.0	1.2	1.1	1	3	4
Financial and insurance activities	6%	0.9	1.0	1.2	1	1	2
Real estate activities	19%	2.0	1.7	2.0	2	2	2
Scientific and technical activities; administrative and support services	2%	-10.6	-9.5	-9.2	-9	-6	-3
Other service activities	4%	-24.0	-26.1	-26.4	-33	-24	-17
Mainly non-market services	5%	0.3	-0.5	-0.2	-1	0	0
<i>Territorial correction</i>	<i>-2%</i>	<i>-47.8</i>	<i>-65.8</i>	<i>-91.8</i>	<i>-92</i>	<i>-92</i>	<i>-61</i>
Total	100%	-6.7	-7.0	-6.7	-12	-4	-1

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

■ Forecast

How to read it: in June 2021, the level of household consumption of accommodation and catering services would appear to have been 17% lower than in Q4 2019.

Source: INSEE calculations from various sources

►6. Estimated and projected quarterly household consumption levels

difference to the Q4 of 2019, in %

Products	Part dans la consommation*	2020				2021				2020	2021
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Agriculture, forestry and fishing	3%	3.7	-1.1	-0.3	-1.0	-0.2	-2	-2	-2	0.3	-1
Industry	46%	-6.7	-12.8	2.3	-1.7	-1.0	-3	2	1	-4.7	0
Manufacture of food products, beverages and tobacco-based products	15%	3.6	5.4	2.1	3.3	3.8	3	2	0	3.6	2
Coke and refined petroleum	4%	-5.9	-27.7	-4.3	-13.1	-5.9	-9	-2	-1	-12.7	-4
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3%	-8.4	-4.7	11.4	15.4	12.8	11	10	5	3.4	10
Manufacture of transport equipment	6%	-22.5	-35.3	2.8	-9.2	-7.4	-8	1	2	-16.0	-3
Manufacture of other industrial products	13%	-12.5	-23.2	3.5	-4.9	-5.5	-11	4	3	-9.3	-2
Extractive industries, energy, water, waste treatment and decontamination	5%	-2.1	-4.4	0.2	1.6	1.8	5	0	0	-1.2	2
Construction	2%	-9.4	-23.5	0.2	0.8	-1.1	-1	0	1	-8.0	0
Mainly market services	46%	-6.1	-21.8	-6.3	-14.2	-15.2	-11	-3	0	-12.1	-7
Trade; repair of automobiles and motorcycles	1%	-12.1	-25.3	1.2	-4.4	-1.7	-1	1	-1	-10.2	-1
Transport and storage	3%	-16.8	-74.1	-30.4	-54.1	-51.5	-46	-28	-11	-43.8	-34
Accommodation and catering	7%	-16.9	-63.3	-15.3	-46.7	-58.4	-40	-8	-3	-35.5	-27
Information and communication	4%	-2.4	-1.6	-0.6	-0.4	1.4	3	4	5	-1.3	3
Financial and insurance activities	6%	-2.6	-6.4	-1.7	-0.3	1.0	1	2	3	-2.7	2
Real estate activities	19%	0.2	0.3	0.7	0.8	1.9	2	3	3	0.5	2
Scientific and technical activities; administrative and support services	2%	-6.6	-19.0	-10.1	-9.1	-9.8	-6	1	3	-11.2	-3
Other service activities	4%	-12.0	-42.3	-13.5	-25.5	-25.5	-25	-11	-5	-23.3	-16
Mainly non-market services	5%	-7.7	-24.0	1.1	-2.3	-0.1	0	0	1	-8.2	0
<i>Territorial correction</i>	-2%	-45.6	-80.4	-41.5	-53.1	-68.5	-82	-38	-18	-55.2	-51
Total	100%	-5.7	-16.7	-1.4	-6.9	-6.8	-6	0	1	-7.7	-3

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

■ Forecast

How to read it: in the Q2 of 2021, the level of household consumption of accommodation and food services would have been 40% lower than in the Q4 of 2019.

Source: INSEE calculations from various sources

►7. Household consumption compared to Q4 2019 and as a quarterly variation

in %

	2020				2021				2020	2021
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Difference compared in % to Q4 2019	-5.7	-11.6	18.3	-5.6	0.1	1.3	5.9	1.0	-7.2	5.2
Quarterly growth in %	-5.7	-16.7	-1.4	-6.9	-6.8	-5.6	0.0	1.0		

■ Forecast

Annual variations for the last two columns

Source: INSEE