

Household consumption and investment

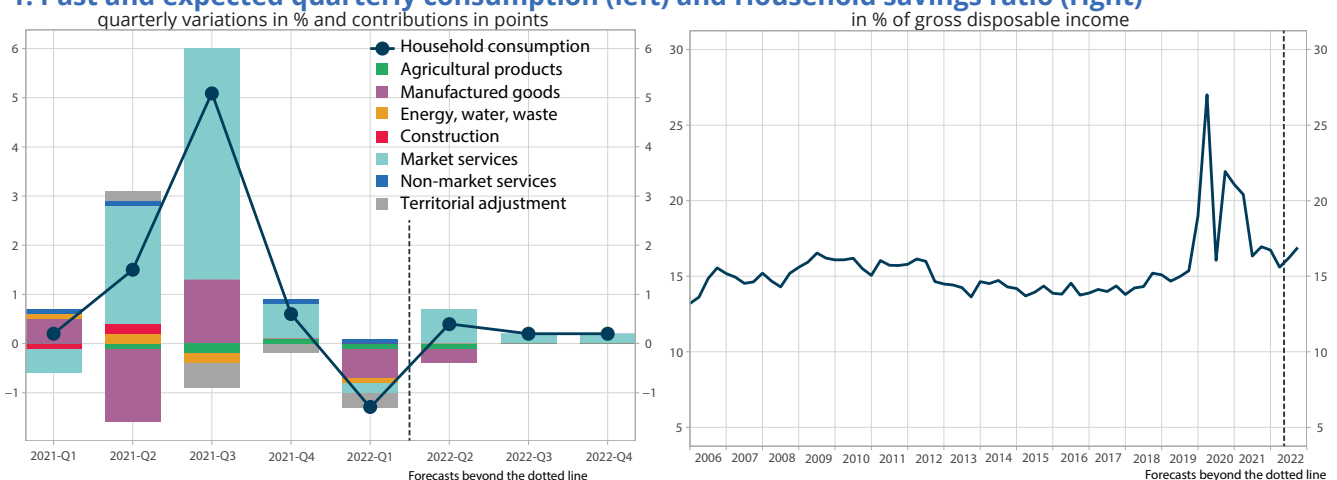
In Q1 2022, household consumption fell back sharply (-1.5% compared to previous quarter), dropping below its pre-health crisis level (level in Q4 2019). The deterioration in the health situation and the use of teleworking in January affected spending on accommodation and catering particularly badly, as well as spending on fuel and clothing. In February and March, consumption certainly picked up as far as services were concerned, but the continuing rise in inflation affected spending on food and also on fuel. Lastly, purchases of vehicles and also spending on transport services remained well below their pre-crisis level.

In Q2 2022, household consumption is expected to pick up moderately (+0.4%), with some contrasting changes. As the health context gets back to normal, this should benefit transport services, leisure activities and also accommodation and catering, for which the bank card transactions indicate a positive change for May (► **Box**). On the other hand, growing inflation is likely to continue to affect consumption of goods: spending on fuel is expected to decline again, also purchases of vehicles, which have also been penalised by supply chain problems; at the same time, the increase in spending observed since the start of the health crisis is expected to be maintained for capital goods.

In H2, the context of high inflation is expected to moderate household purchasing decisions. Consumption looks set to increase moderately, driven mainly by a continued recovery in transport services, while it should stabilise in goods. The household savings ratio is expected to continue to decline in Q2, on account of the drop in household purchasing power. On the other hand, the upturn in purchasing power in H2 as support measures are introduced should bring about a rise in the savings ratio, reaching 16.9% at the end of the year, still well above its pre-crisis level (15.0% in 2019).

Finally, household investment was stable in Q1, and should pick up in Q2 (+0.4%). It is then expected to gradually decelerate in H2, as single-family housing starts could slow down after their strong momentum in 2021, and the volume of activity in housing maintenance-improvement looks set to stagnate over the rest of the year. ●

► 1. Past and expected quarterly consumption (left) and Household savings ratio (right)



How to read it: in Q2 2022, household consumption is expected to be 0.3% higher than in Q1. The household savings ratio would be 15.7% of their gross disposable income.

Source: INSEE

► 2. Estimated and projected quarterly household consumption levels

difference to the Q4 of 2019, in %

Products	weight*	2020				2021				2022			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Agriculture, forestry and fishing	3%	4.2	-1.8	0.7	0.4	0.8	-2.4	-3.2	-2.1	-4.9	-5.8	-6.0	-6.0
Industry	44%	-6.5	-13.1	4.1	-0.9	0.7	-2.1	1.1	0.8	-1.3	-1.7	-1.7	-1.7
Manufacture of food products, beverages and tobacco-based products	15%	3.3	5.3	3.0	4.9	5.2	2.5	3.3	3.5	1.8	1	0	0
Coke and refined petroleum	4%	-6.3	-32.4	-4.3	-14.2	-5.6	-7.8	2.4	2.4	-0.7	-3	-3	-4
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3%	-7.4	-4.5	13.2	13.8	15.2	10.5	10.4	7.5	7.7	9	9	9
Manufacture of transport equipment	6%	-22.3	-37.6	6.0	-8.8	-8.3	-11.0	-12.1	-12.9	-15.0	-16	-16	-17
Manufacture of other industrial products	12%	-12.1	-22.3	5.9	-4.3	-1.8	-7.4	2.4	1.8	-0.3	0	0	0
Extractive industries, energy, water, waste treatment and decontamination	5%	-1.1	-2.1	2.5	3.8	3.2	8.0	3.9	4.9	0.3	1	1	1
Construction	2%	-10.2	-24.8	0.0	0.9	-1.7	6.0	6.2	5.7	2.3	2.3	2.3	2.4
Mainly market services	47%	-5.7	-20.9	-5.8	-13.6	-14.9	-10.4	-0.7	0.6	0.3	1.7	2.2	2.7
Trade; repair of automobiles and motorcycles	1%	-12.9	-23.7	3.5	-4.4	-1.3	-0.3	0.5	1.6	0.5	2	1	0
Transport and storage	4%	-12.7	-68.1	-30.6	-49.6	-46.3	-42.3	-19.7	-13.5	-10.8	-9	-7	-6
Accommodation and catering	8%	-17.6	-63.2	-13.7	-45.8	-57.8	-37.5	-2.3	-3.2	-6.9	-1	0	1
Information and communication	3%	-2.4	-4.9	-1.9	-2.7	-2.8	-1.5	0.8	1.5	1.3	1	1	1
Financial and insurance activities	5%	-0.2	-0.7	1.0	1.3	2.4	3.1	3.8	4.2	4.4	4	5	5
Real estate activities	19%	0.2	0.1	0.5	0.5	1.3	1.7	1.9	2.5	2.8	3	3	4
Scientific and technical activities; administrative and support services	2%	-6.8	-19.5	-9.5	-7.8	-7.8	-3.6	3.1	4.5	4.9	5	6	7
Other service activities	4%	-12.4	-42.4	-13.0	-24.7	-25.6	-22.4	-3.3	2.3	2.1	4	4	5
Mainly non-market services	5%	-8.0	-27.1	-3.1	-4.4	-1.9	-1.2	0.3	2.4	2.6	2.2	2.4	2.7
<i>Territorial correction</i>	-1%	-38.0	-86.4	-35.1	-65.7	-65.4	-80.8	-36.7	-13.4	12.4	12	11	10
<i>Imports of tourism services</i>		-11.8	-70.6	-52.4	-53.0	-54.8	-47.9	-26.0	-21.4	-25	-19	-16	-12
<i>Exports of tourism services</i>		-18.5	-74.7	-47.9	-56.3	-57.6	-56.3	-28.8	-19.4	-15	-11	-9	-7
Total	100%	-5.5	-16.4	-0.6	-6.2	-6.0	-4.9	0.6	1.0	-0.6	-0.2	0.0	0.3

* weight in household final consumption expenditure in current euros in Q4 2019

■ Forecast

How to read it: in Q2 2022, the level of household consumption of accommodation and food services would be 1% lower than in the Q4 of 2019.

Source: INSEE calculations from various sources

► 3. Household consumption and investment

quarterly changes and difference to Q4 2019, in %

	2020				2021				2022				2020*	2021*	2022*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Consumption:															
<i>quarterly changes</i>	-5.5	-11.5	19.0	-5.6	0.2	1.2	5.8	0.3	-1.5	0.4	0.2	0.2	-6.8	5.2	2.3
<i>difference to Q4 2019</i>	-5.5	-16.4	-0.6	-6.2	-6.0	-4.9	0.6	1.0	-0.6	-0.3	0.0	0.2	-	-	-
Savings ratio:															
<i>as % of gross disposable income</i>	19.0	27.0	16.1	21.9	21.1	20.4	16.3	17.0	16.7	15.6	16.2	16.9	21.0	18.7	16.3
<i>difference in points from Q4 2019</i>	3.6	11.6	0.7	6.6	5.7	5.0	1.0	1.6	1.4	0.2	0.8	1.5	-	-	-
Investment:															
<i>quarterly changes</i>	-13.5	-16.9	29.2	5.8	0.9	3.4	1.4	-0.7	0.0	0.4	0.2	0.0	-11.9	17.0	1.3
<i>difference to Q4 2019</i>	-13.5	-28.1	-7.1	-1.8	-0.9	2.5	4.0	3.2	3.2	3.6	3.8	3.8	-	-	-

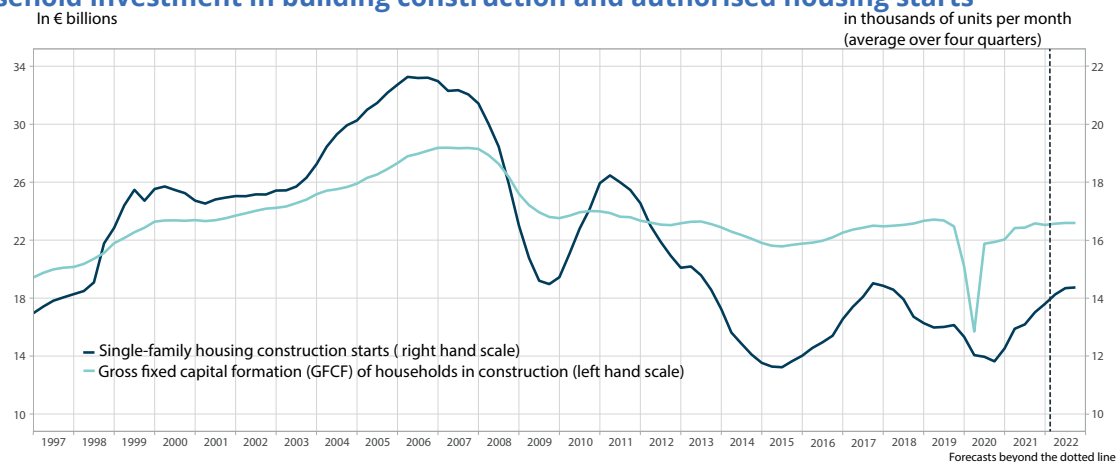
■ Forecast

* Annual variations (or carry-over for 2022) for the last three columns.

Source: INSEE

French economic outlook

► 4. Household investment in building construction and authorised housing starts



Note: for single-family housing, data correspond to real date, i.e. the date of the housing start, which was sometimes several months before the information was passed on. Real date figures can be subject to several successive revisions before they gradually stabilise.
 Source: INSEE, SDES

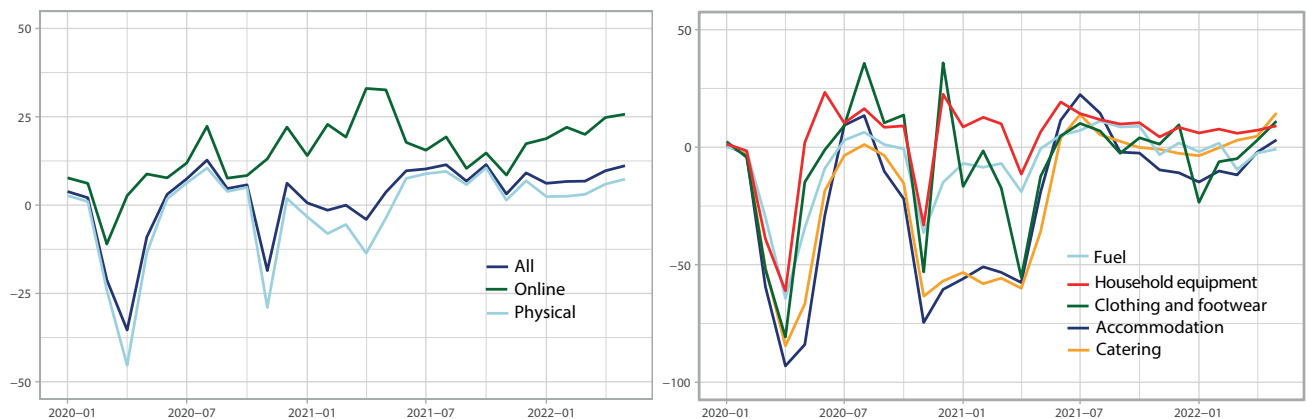
Bank card transaction amounts, adjusted for price change, are moving slightly upwards

Using aggregated amounts from bank card transactions, up to 31 May 2022, we are able to make an advance analysis of household consumption. Total monthly amounts, taken year-on-year compared to 2019 and adjusted for the overall change in prices, show a profile trending slightly upwards in April and May (► Figure 5, left). In addition, this total appears significantly higher than the level for these months in 2019, although this is partly because the use of bank cards has increased over the last two years.

After a low point at the beginning of the year, the real amounts of transactions in catering and accommodation have started to rise again slightly, probably due mainly to the normalisation of the health situation (► Figure 5, right). In clothing-footwear, the real amounts of transactions were up in April and then in May; in household equipment, they have maintained a relatively stable level since last autumn. For fuel, figures in May signal a return to the level at the end of 2021, after a very volatile period between March and April. ●

► 5. Real monthly bank card transaction amounts per type of transaction (left) and for various points of sale (right)

real monthly amounts (adjusted for price changes) compared to a comparable month in 2019, in %



How to read it: during May 2022, total bank card transaction amounts were 11.9% higher than the total for May 2019.
 Note: amounts are adjusted for inflation using aggregated monthly consumer price indices specific to each item. As each amount is compared to a comparable month in 2019, for the differences shown for December 2021 and January 2022 there is therefore a break in the reference month (December 2019 then January 2019). Note that the dynamism of the real bank card transaction amounts from March 2020 onwards may reflect a higher use of payment by bank card. This trend has been taken into account in the forecast for losses or increases in consumption compared to the pre-health crisis level.
 Last point: May 2022.
 Source: Cartes Bancaires CB, INSEE calculations