

# Household consumption and investment

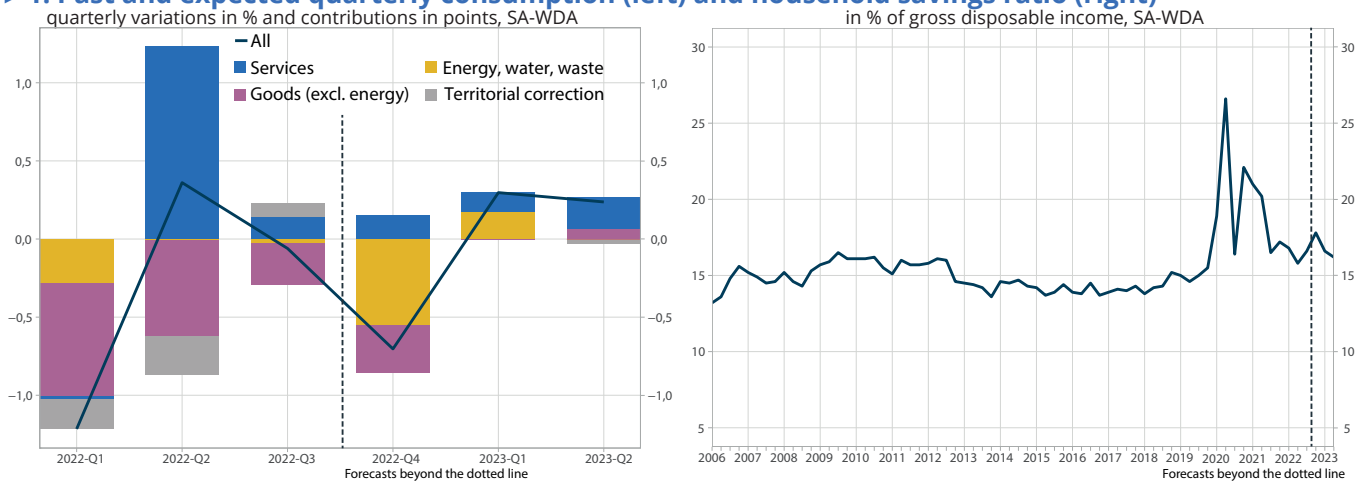
In Q3 2022, household consumption remained virtually stable (-0.1%) compared to the previous quarter, with spending on goods falling for the third consecutive quarter, and the recovery in services weakening. Regarding goods, purchases of transport equipment rebounded –after five quarters of decline– and the same for fuel (driven by a very dynamic September), but inflation continued to affect purchases of food products, down substantially since Q1. On the services side, the strong catch-up effects measured in Q2 lessened in transport services and accommodation-catering. The household savings ratio increased in Q3, due to this stability in consumption and an increase in purchasing power in this quarter.

In Q4 2022, household consumption is expected to fall back considerably (-0.7%). Energy consumption (electricity and gas) is likely to decline significantly, due to the mild weather in October-November and changes in behaviour as a result of price hikes, and more generally because of uncertainties linked to the energy context (► **Focus** on electricity consumption). It is likely that spending on food products will continue to decline, in a context of high inflation. Bank card transactions indicate a decrease in the consumption of accommodation-catering services in October, with no clear rise in November, suggesting a downturn in this spending across the quarter. Consumption of coke and refined petroleum products is likely to be down, due to the substantial decline in purchases of heating oil and despite stability in fuel consumption, affected by stocking then destocking phenomena linked with the period of strikes in the refineries (► **Focus** on supply chain difficulties in petrol stations). In this context where consumption is expected to be in decline, the savings ratio is likely to increase compared to the previous quarter, also driven by rising purchasing power.

In H1 2023, household consumption is likely to be a little vigorous (+0.4% forecast in Q1 then +0.2% in Q2). Concerning goods, consumption is expected to pick up in Q1. Assuming temperatures in line with seasonal norms, gas and electricity consumption look set to rebound, despite the increase in regulated tariffs scheduled for early 2023, but are unlikely to offset the sharp drop expected in Q4 2022. Moderation behaviour will probably continue to temper energy consumption. Food purchases are expected to see a slight rebound effect on average over the half-year, after four quarters of decline. In services, household consumption is likely to follow trend changes, although tempered by stable spending in accommodation-catering in Q1. The savings ratio is expected to fall back in H1 2023, in line with a declining purchasing power. However, it is likely to remain above its pre-health crisis level.

Finally, household investment, which declined in Q3 2022, is likely to continue to fall back in Q4 and also in H1 2023. After fairly substantial growth in 2021, the production of individual housing slowed in H1 2022, slipped back in Q3 and is likely to continue to decline at the end of the year. This downturn is expected to intensify in H1 2023, contributing to the decline in household investment. Investment in services ran out of steam in Q3 in line with a less dynamic real estate market, and looks set to continue to decline over the forecasting period. ●

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



How to read it: in Q4 2022, household consumption is expected to decrease by 0.7% compared to the previous quarter. The household savings rate is expected to rise by 17.8% of gross disposable income.

Source: INSEE

## ► 2. Estimated and projected quarterly household consumption

quarterly and annual variations, in %, SA-WDA

Products	weight*	2021				2022				2023		2021	2022	2023 ovhg
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
<b>Agricultural products</b>	<b>3 %</b>	<b>0.2</b>	<b>-3.9</b>	<b>-1.0</b>	<b>2.5</b>	<b>-2.1</b>	<b>-0.6</b>	<b>-1.7</b>	<b>-1.8</b>	<b>0.3</b>	<b>0.5</b>	<b>-2.6</b>	<b>-3.4</b>	<b>-1.7</b>
<b>Manufactured products</b>	<b>40 %</b>	<b>2.2</b>	<b>-3.5</b>	<b>3.9</b>	<b>-0.3</b>	<b>-1.7</b>	<b>-1.5</b>	<b>-0.6</b>	<b>-0.7</b>	<b>0.2</b>	<b>-0.1</b>	<b>4.4</b>	<b>-2.5</b>	<b>-1.1</b>
Food products	15 %	0.5	-2.5	0.5	0.3	-1.4	-2.6	-1.7	-1.6	-0.2	0.3	-0.5	-4.7	-2.7
Coke and refined petroleum	4 %	10.2	-2.1	10.4	0.2	-2.9	-2.2	1.1	-0.7	-0.2	-0.4	14.1	0.2	-1.0
Capital goods	3 %	1.3	-3.6	-0.6	-2.6	0.1	-0.5	1.1	-1.1	0.1	0.0	6.9	-3.1	-0.2
Transport equipment	6 %	1.2	-2.1	-1.1	-0.1	-2.0	-2.9	1.0	0.4	0.0	0.0	5.4	-4.7	0.0
Other industrial products	12 %	3.3	-5.9	10.2	-0.8	-2.0	0.4	-0.8	0.1	0.2	0.2	7.6	0.6	0.1
<b>Energy, water, waste</b>	<b>5 %</b>	<b>-1.4</b>	<b>5.1</b>	<b>-4.2</b>	<b>2.0</b>	<b>-5.4</b>	<b>-0.1</b>	<b>-0.4</b>	<b>-11.4</b>	<b>4.0</b>	<b>0.0</b>	<b>4.2</b>	<b>-7.8</b>	<b>-5.4</b>
<b>Construction</b>	<b>2 %</b>	<b>-2.6</b>	<b>7.9</b>	<b>0.2</b>	<b>-0.5</b>	<b>-3.2</b>	<b>-3.2</b>	<b>-3.2</b>	<b>-1.2</b>	<b>-0.8</b>	<b>-0.6</b>	<b>13.8</b>	<b>-5.9</b>	<b>-4.6</b>
<b>Trade**</b>	<b>1 %</b>	<b>3.2</b>	<b>1.2</b>	<b>0.6</b>	<b>1.1</b>	<b>-1.2</b>	<b>-1.0</b>	<b>-1.4</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.3</b>	<b>10.5</b>	<b>-1.2</b>	<b>-1.5</b>
<b>Market services excluding trade</b>	<b>46 %</b>	<b>-1.5</b>	<b>5.1</b>	<b>11.5</b>	<b>1.2</b>	<b>0.2</b>	<b>2.9</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>5.7</b>	<b>10.4</b>	<b>1.7</b>
Transport	4 %	7.1	6.6	39.8	7.6	3.4	6.2	0.4	-0.3	0.0	0.5	16.3	34.7	1.8
Accommodation and food	8 %	-21.5	44.3	59.5	-1.0	-2.4	13.0	0.1	-0.6	0.0	0.5	15.3	38.8	2.9
Information-communication	3 %	-0.4	1.6	2.2	0.8	0.2	-0.7	1.7	0.7	0.2	0.2	2.5	2.8	1.6
Financial services	6 %	1.1	0.7	0.8	0.3	0.2	0.3	0.3	0.6	0.5	0.4	3.0	1.5	1.4
Real estate services	19 %	0.8	0.5	0.2	0.6	0.3	0.4	0.2	0.4	0.4	0.4	1.5	1.4	1.1
Business services	2 %	0.3	4.1	7.0	1.6	1.0	0.5	0.0	0.8	0.6	0.4	11.2	7.3	1.7
Household services	4 %	-1.1	3.8	24.9	6.0	0.9	2.5	1.0	0.6	0.0	0.5	14.2	20.8	2.0
<b>Non-market services</b>	<b>5 %</b>	<b>2.6</b>	<b>0.6</b>	<b>1.3</b>	<b>2.3</b>	<b>-0.1</b>	<b>-0.6</b>	<b>0.4</b>	<b>0.9</b>	<b>0.4</b>	<b>0.4</b>	<b>11.8</b>	<b>2.3</b>	<b>1.5</b>
<i>Territorial correction</i>	<i>-1 %</i>	<i>-3.9</i>	<i>-57.8</i>	<i>412.7</i>	<i>23.4</i>	<i>18.1</i>	<i>19.5</i>	<i>-6.3</i>	<i>0.0</i>	<i>0.0</i>	<i>2.0</i>	<i>16.6</i>	<i>123.5</i>	<i>2.5</i>
Imports of tourism services		-4.5	15.7	38.4	9.4	-0.5	1.8	3.9	0.0	0.0	2.0	17.7	30.9	3.9
Exports of tourism services		-4.4	1.0	69.6	13.0	4.6	7.3	0.4	0.0	0.0	2.0	17.5	51.3	3.4
<b>Total</b>	<b>100 %</b>	<b>0.4</b>	<b>1.2</b>	<b>5.6</b>	<b>0.5</b>	<b>-1.2</b>	<b>0.4</b>	<b>-0.1</b>	<b>-0.7</b>	<b>0.4</b>	<b>0.2</b>	<b>5.2</b>	<b>2.2</b>	<b>0.0</b>

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

\*\* this item corresponds to sale and repair of motor vehicles and motorbikes. Expenditure in retail trade excluding motor vehicles and motorbikes is allocated to the corresponding products.

■ Forecast

How to read it: In Q4 2022, household consumption of energy, water and waste would decrease by 11.4% compared to the previous quarter.

Source: INSEE

# French economic outlook

## ► 3. Household consumption, investment and savings ratio

quarterly changes, in % (unless otherwise stated), SA-WDA

	2021				2022				2023		2021*	2022*	2023* ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
<b>Consumption:</b>													
quarterly changes	0.4	1.2	5.6	0.5	-1.2	0.4	-0.1	-0.7	0.4	0.2	5.2	2.2	0.0
difference to Q4 2019	-5.9	-4.8	0.5	1.0	-0.2	0.1	0.1	-0.6	-0.3	-0.1	-	-	-
<b>Savings ratio:</b>													
as % of gross disposable income	21.0	20.2	16.5	17.2	16.8	15.8	16.6	17.8	16.6	16.2	18.7	16.8	16.3
difference in points to Q4 2019	5.5	4.7	1.0	1.7	1.3	0.3	1.1	2.3	1.1	0.7	-	-	-
<b>Investment:</b>													
quarterly changes	0.3	4.0	1.2	-0.6	0.1	0.0	-0.7	-0.5	-0.9	-1.1	17.0	0.7	-2.4
difference to Q4 2019	-1.6	2.4	3.6	2.9	3.0	3.0	2.3	1.8	0.9	-0.2	-	-	-

■ Forecast

\* for the last three columns: annual variations in household consumption and investment, average annual savings ratio level.

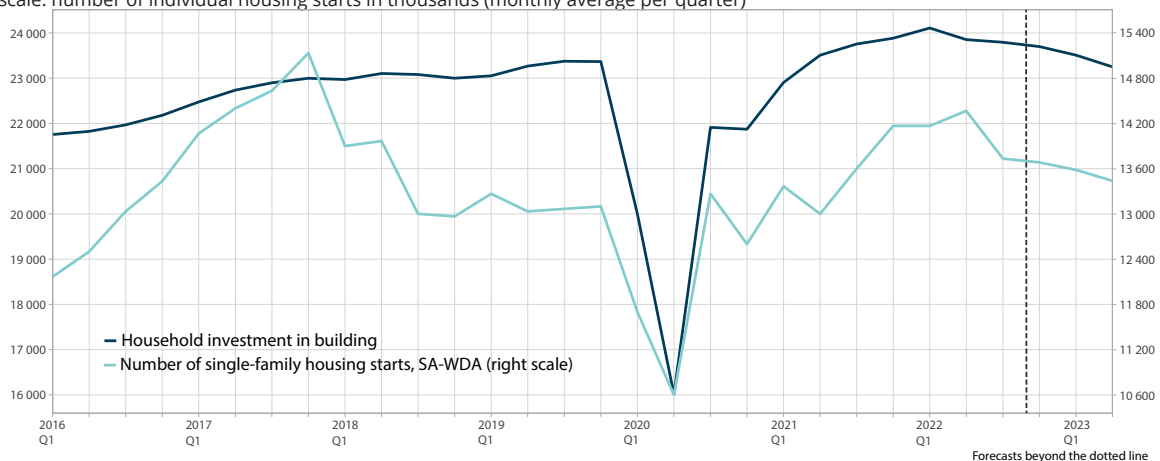
How to read it: in Q4 2022, household consumption is expected to decline by 0.7% compared to the previous quarter.

Source: INSEE

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

left-hand scale: household investment in billions of euros (volumes chained to previous year's prices)

right-hand scale: number of individual housing starts in thousands (monthly average per quarter)



How to read it: in Q4 2022, household investment in construction is expected to reach 23,700 billion euros, in volumes chained to the previous year's prices.

The average number of individual dwellings started per month is expected to reach 13,700 thousands in Q4 2022.

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