

# Household consumption and investment

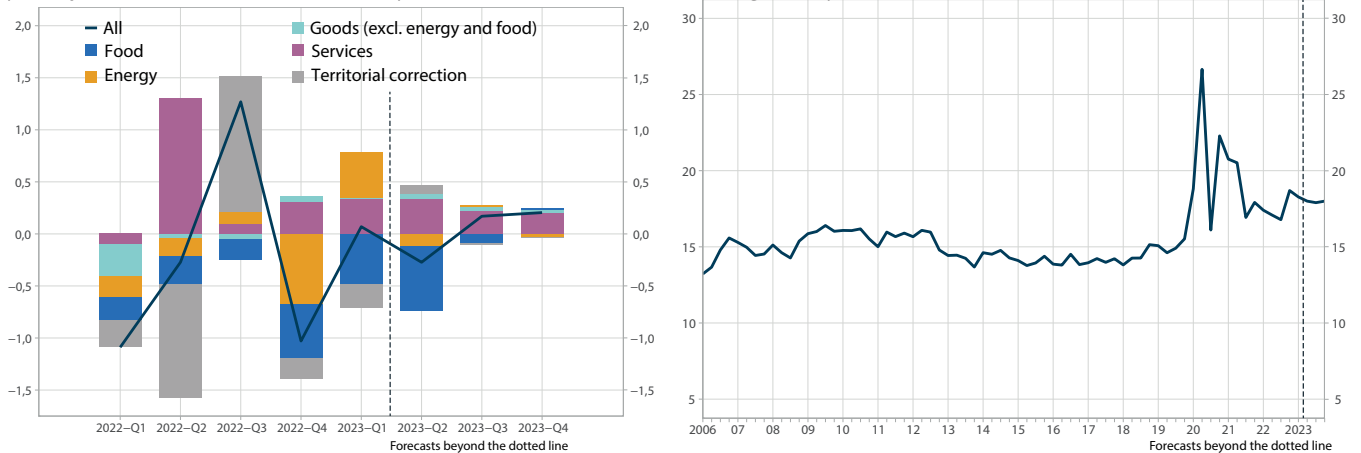
After a sharp decline at the end of 2022 (-1.0%), household consumption remained virtually stable in Q1 2023 (+0.1%, ► **Figure 1**). The slump in energy consumption in Q4 2022 was the main contributor to the overall trend in consumption, and it has only partially rebounded: although weather conditions were not as mild as at the end of last year, households’ energy-saving behaviour persisted (► **Figure 2**). In addition, purchases of manufactured goods fell back further: this was especially the case for food products, in line with the ongoing acceleration in their year-on-year prices. This drop in consumption recorded in the national accounts may reflect not only a fall in amounts consumed, but also changes in the product ranges bought. In services, household consumption, driven by accommodation-catering services, increased at a similar pace overall to that at the end of 2022 (► **Figure 3**).

In Q2 2023, household consumption is expected to decline slightly (-0.3%). Inflation is likely to continue to affect the purchase of food products, which are expected to fall back for the sixth consecutive quarter, bringing down the consumption of goods overall. However, the consumption of services is expected to continue to increase at the same pace as in previous quarters: in particular, spending on accommodation-catering should recover a degree of buoyancy, whereas consumption of transport services is expected to be at a standstill, as a result of rail transport strikes in April.

In H2 2023, household consumption looks set to pick up again, albeit modestly (+0.2% forecast per quarter), in a context of slowing consumer prices and nominal income supported by the buoyancy of wages. Regarding goods, the decline in purchases of food products is expected to ease or even come to a halt at the end of the year, leading to virtual stability in the consumption of goods overall in Q4 2023. In services, consumption is expected to continue to improve, slowing slightly. All in all, household consumption is likely to fall back a little in 2023 (-0.2%), after +2.1% in 2022. Given the expected trend in households’ purchasing power, it is likely that their savings ratio will continue to fall in Q2 then remain virtually stable for the rest of the year. It should therefore reach about 18% in H2, still substantially higher than in 2019 (15.0%).

Finally, household investment, in continuous decline for the last year, is likely to continue to fall, in a context where access to credit is tightening (► **Figure 4**). This drop is expected to result in the production of fewer dwellings, both individual and collective (► **Figure 5**), and more generally the downturn in real estate transactions looks set to continue. ●

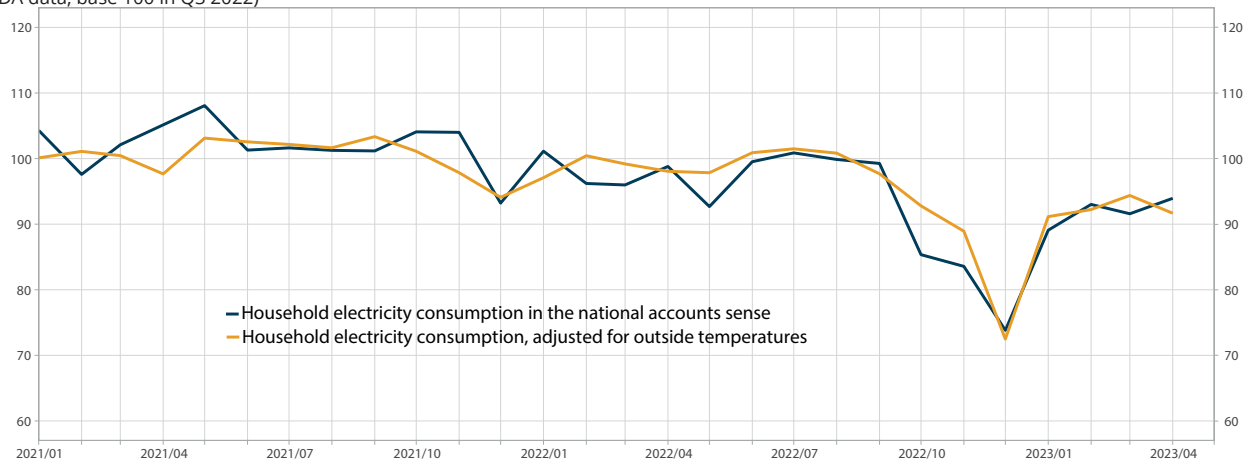
► 1. Past and expected quarterly consumption (left) and household savings ratio (right) (quarterly variations in % and contributions in points) (in % of gross disposable income)



Note: territorial correction represents purchases made by French residents abroad (also counted in imports) minus purchases by non-residents made in France (counted in exports). The other contributions to household consumption (food, energy, etc.) refer exclusively to consumption in France. How to read it: in Q2 2023, household consumption is expected to fall by 0.3% compared to the previous quarter. The household savings ratio is expected to stand at to 18.0% of gross disposable income. Source: INSEE.

## ► 2. Monthly household electricity consumption, with and without correction for outside temperatures

(SA-WDA data, base 100 in Q3 2022)



Last point: April 2023.

How to read it: in January 2023, household electricity consumption was 11% less than its average level in Q3 2022. Adjusted for the weather conditions (which were slightly milder than seasonal norms), consumption would have been 9% lower than in the third quarter of 2022.

Source: INSEE.

## ► 3. Estimated and projected quarterly household consumption

(quarterly and annual variations, in %, SA-WDA)

Products	weight <sup>(1)</sup>	2022				2023				2021	2022	2023
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
<b>Agricultural products</b>	<b>3%</b>	-2.3	-1.3	-1.5	-4.3	-1.7	-1.1	0.2	0.2	-2.8	-6.2	-6.6
<b>Manufactured products</b>	<b>40%</b>	-1.4	-0.9	-0.4	-1.0	-1.0	-1.8	-0.1	0.1	4.1	-1.9	-3.5
Food products	15%	-1.0	-1.5	-1.0	-2.6	-2.9	-4.2	-0.7	0.1	-0.4	-3.2	-8.9
Coke and refined petroleum	4%	-2.8	-2.6	1.5	-1.0	1.1	-3.9	0.2	-0.4	10.2	-0.7	-2.6
Capital goods	3%	0.1	-0.6	0.8	-2.3	-0.3	0.0	-0.5	-0.2	7.9	-3.7	-2.1
Transport equipment	6%	-1.3	-1.2	1.3	2.7	1.8	1.7	1.2	0.7	3.6	-2.8	6.4
Other industrial products	12%	-2.0	0.4	-1.1	-0.2	-0.7	-0.3	-0.1	0.0	7.8	0.2	-1.6
<b>Energy, water, waste</b>	<b>5%</b>	-1.9	-1.7	1.3	-13.3	9.6	1.2	0.1	-0.1	4.6	-6.5	-0.5
<b>Construction</b>	<b>2%</b>	0.8	0.4	-2.7	-0.3	2.9	0.2	0.3	0.2	14.7	2.5	1.7
<b>Trade<sup>(2)</sup></b>	<b>1%</b>	-1.2	-0.5	-1.0	2.0	-0.7	-0.2	0.0	0.5	10.6	-0.1	0.2
<b>Market services excluding trade</b>	<b>46%</b>	-0.2	2.8	0.3	0.6	0.7	0.6	0.4	0.3	5.9	9.7	2.7
Transportation	4%	-0.1	7.4	-1.1	2.4	2.7	0.0	0.6	0.0	18.1	29.9	6.1
Accommodation and food	8%	-1.7	11.9	0.2	-0.1	0.3	1.1	0.2	0.1	15.5	37.1	4.0
Information-communication	3%	0.0	-0.5	1.5	0.9	0.2	0.3	0.4	0.6	3.7	3.2	2.0
Financial services	5%	-0.2	-0.1	0.1	0.3	0.4	0.4	0.3	0.3	3.0	0.3	1.2
Real estate services	19%	0.2	0.3	0.2	0.4	0.4	0.4	0.3	0.3	1.5	1.3	1.5
Business services	2%	1.0	0.5	0.6	0.3	0.4	0.8	0.4	0.3	11.6	8.6	1.9
Household services	4%	-0.8	2.2	1.1	1.2	1.6	1.9	1.2	1.1	13.8	19.2	6.0
<b>Non-market services</b>	<b>5%</b>	0.1	0.4	0.1	0.5	-0.1	0.5	0.5	0.5	9.9	2.8	1.2
Territorial correction	-1%	20.0	68.9	-48.7	15.1	14.5	-4.6	1.0	1.0	16.2	150.6	-2.4
Imports of tourism services		-11.2	-12.5	40.7	-5.4	5.8	-0.3	1.0	1.0	17.6	21.0	16.1
Exports of tourism services		-1.1	19.4	-8.8	1.0	8.9	-1.9	1.0	1.0	17.2	53.3	8.5
<b>Total</b>	<b>100%</b>	-1.1	-0.3	1.3	-1.0	0.1	-0.3	0.2	0.2	5.1	2.1	-0.2

■ Forecast.

(1) weight in household final consumption expenditure in current euros in Q4 2019.

(2) this item corresponds to sale and repair of motor vehicles.

How to read it: in Q2 2023, household consumption of energy, water and waste would increase by 1.2% compared to the previous quarter.

Source: INSEE.

# French economic outlook

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

(quarterly changes and difference to Q4 2019, in %)

	2022				2023				2021*	2022*	2023*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
<b>Consumption:</b>											
quarterly changes	-1.1	-0.3	1.3	-1.0	0.1	-0.3	0.2	0.2	5.1	2.1	-0.2
difference to Q4 2019	-0.5	-0.7	0.5	-0.5	-0.4	-0.7	-0.5	-0.3	-1.9	0.1	-0.1
<b>Savings ratio:</b>											
as % of gross disposable income	17.4	17.1	16.8	18.7	18.3	18.0	17.9	18.0	19.0	17.5	18.1
difference in points to Q4 2019	1.9	1.6	1.3	3.2	2.8	2.5	2.4	2.5	4.0	2.5	3.0
<b>Investment:</b>											
quarterly changes	-1.7	1.0	-1.0	-1.2	-2.3	-2.7	-2.0	-1.5	15.4	-1.3	-6.7
difference to Q4 2019	2.9	3.9	2.8	1.6	-0.7	-3.4	-5.3	-6.8	5.0	3.7	-3.2

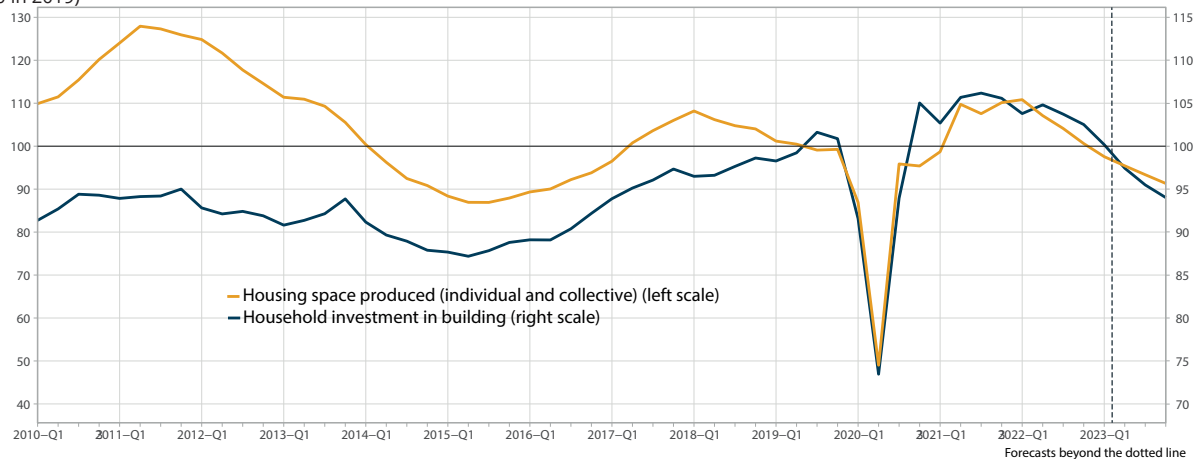
■ Forecast.

\* for the last three columns, annual variations (apart annual average for savings ratio) and difference to the average level for 2019.

Source: INSEE.

## ► 5. Housing space produced and household investment in construction

(base 100 in 2019)



Note: housing space produced represents one of the two components of household investment in construction, the other being major maintenance work (not shown in this figure). Note that housing space produced in a given quarter is distinct from housing starts in that quarter as it is based on considering the distribution over time of investments made while the construction work is in progress. In the national accounts, a housing space is not considered as fully produced at the time of the housing start, but its value is spread over the duration of the work, estimated statistically.

How to read it: in Q1 2023, household investment in construction was 0.2% above its 2019 average. Housing space produced was 2.4% below the 2019 level.

Source: INSEE.