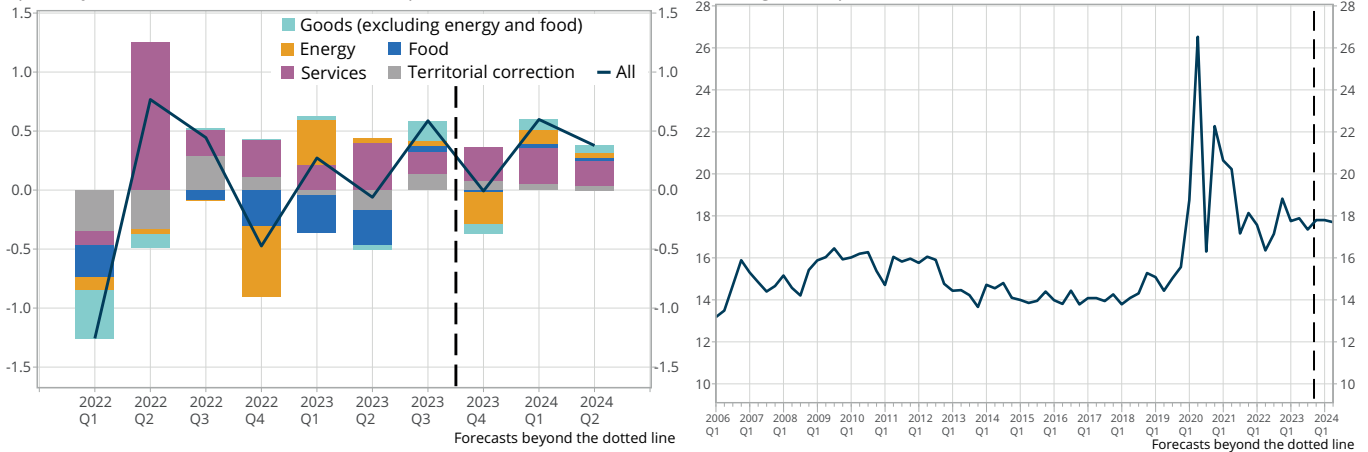


Household consumption and investment

In Q3 2023, household consumption bounced back (+0.6%), after being virtually stable in the previous quarter (► **Figure 1**). For the first time since the start of 2021, purchases of goods (including energy and food) contributed more to the growth in consumption than purchases of services. The catch-up in automobile purchases continued, although they are still below their pre-health crisis level. In addition, for the first time since mid-2021, the consumption of food products picked up, linked to the major slowdown in food prices over the period. Meanwhile, the consumption of services decelerated and was at a standstill, notably in sectors linked to leisure (accommodation-catering, services to households).

In Q4 2023, with household confidence in the economic situation having improved somewhat, although still low, consumption is expected to be stable (0.0% forecast), held back mainly by the decline in electricity and gas consumption. Although temperatures were relatively mild in October, this accounts for only part of the drop in electricity consumption expected for the quarter (► **Figure 2**), with moderating behaviour also playing a part, perhaps linked to price levels: in September, over 50% of households reported that they had changed their behaviour regarding energy consumption in

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

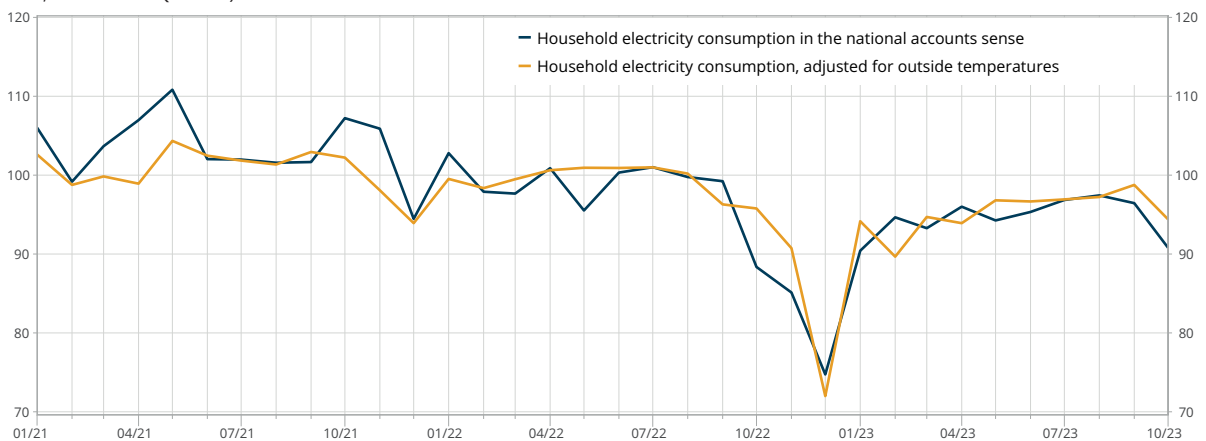


Note: territorial correction represents purchases made by French residents abroad (also counted in imports) minus purchases by non-residents made in France (counted in exports). The other contributions to household consumption (food, energy, etc.) refer exclusively to consumption in France.

How to read it: in Q4 2023, household consumption is expected to be stable compared to the previous quarter. The household savings rate is expected to rise by 17.8% 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: October 2023.

How to read it: in October 2023, household electricity consumption was 9% less than its average level in Q3 2022. Adjusted for the effects of weather conditions (slightly milder than seasonal norms), consumption would have been 6% lower than in the Q3 2022.

Source: INSEE.

the home over the last twelve months (► **Focus** from the October 2023 *Economic Outlook*). Assuming that this moderating behaviour persists into Q4 and taking seasonal variations into account, a sharp decline is expected in electricity and gas consumption (-5.8%, ► **Figure 3**). Food consumption looks set to move downwards slightly: despite the slowdown in food product prices, consumer data already available for October suggest a further decline in purchases in this sector. Regarding services, momentum is expected to be sustained mainly by consumption in accommodation-catering, where CB bank card transaction data suggest a positive change in the course of October. With purchasing power relatively dynamic (+0.6% forecast in Q4), the stability forecast for consumption should result in a rise in the savings ratio, which would then be well above its pre-health crisis level (► **Focus** covering households' opinion on their savings ratio).

In H1 2024, household consumption should be relatively dynamic (+0.6% forecast in Q1 then +0.4% in Q2). In Q1, electricity and gas consumption looks set to bounce back in reaction to its sharp decline the previous quarter. Food consumption is expected to pick up moderately across the half-year, in line with the fall in inflation forecast in this sector. Consumption is expected to continue to increase in services, slowing slightly in Q2 2024. The savings ratio will probably be stable in Q1 2024 then decline slightly in Q2, against a backdrop of purchasing power remaining buoyant in Q1 and improving only moderately in Q2.

Household investment is likely to continue its decline (► **Figure 4**), in a context where access to credit is tightening. Despite the fact that investment in renovation and improvement work on the home is expected to recover, housing space produced has fallen substantially since the start of 2022, and looks set to continue this decline over the entire forecasting period (► **Figure 5**). ●

► 3. Estimated and projected quarterly household consumption

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

Products	weight ⁽¹⁾	2022				2023				2024		2022	2023	2024 ovhg
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Agricultural products	3%	-2.0	-0.6	0.0	-3.2	-0.3	0.7	0.3	-0.4	0.1	0.0	-6.1	-2.3	0.1
Manufactured products	40%	-1.6	-0.2	-0.2	-0.5	-0.7	-0.9	0.6	-0.2	0.3	0.2	-1.8	-1.7	0.4
Food products	15%	-1.4	0.1	-0.6	-1.4	-2.0	-2.2	0.3	0.0	0.2	0.2	-3.0	-4.8	0.0
Coke and refined petroleum	4%	-2.5	-2.7	1.9	-1.7	1.4	-0.7	-0.6	-0.8	-0.1	0.0	-0.7	-0.6	-1.2
Capital goods	3%	0.0	-0.2	0.4	-1.5	-0.4	-0.9	3.1	-0.5	1.0	0.3	-3.7	-0.7	2.2
Transport equipment	6%	-1.3	-1.0	1.0	2.7	1.8	1.3	2.0	0.4	0.8	0.6	-2.8	6.4	2.9
Other industrial products	12%	-2.1	0.4	-0.9	-0.3	-0.9	-0.5	0.1	-0.5	0.2	0.2	0.2	-1.9	-0.1
Energy, water, waste	5%	-2.2	-0.9	0.0	-12.5	9.3	1.0	0.8	-5.8	2.7	0.9	-6.5	-1.9	-0.6
Construction	2%	-0.6	2.4	-2.7	1.0	-0.8	-2.9	-0.7	0.0	-0.1	0.0	2.5	-3.3	-1.2
Trade(2)	1%	-1.1	-1.0	-0.4	1.7	-0.3	0.0	-1.7	0.9	0.0	0.0	-0.1	-0.1	-0.2
Market services excluding trade	46%	-0.2	2.6	0.6	0.5	0.5	0.9	0.4	0.6	0.6	0.4	9.7	2.9	1.8
Transport	4%	-0.4	5.3	1.9	2.3	0.9	2.5	0.6	0.6	0.7	0.5	29.9	7.3	2.5
Accommodation and food services	8%	-2.2	11.8	0.6	0.4	-0.2	1.9	-0.1	1.0	1.0	0.3	37.1	4.7	2.4
Information-communication	3%	0.4	-0.4	1.3	-0.1	1.3	0.2	2.0	0.2	0.5	0.5	3.2	3.0	2.1
Financial services	5%	-0.2	-0.1	0.1	0.3	0.4	0.5	0.4	0.5	0.6	0.6	0.3	1.4	1.8
Real estate services	19%	0.3	0.3	0.2	0.4	0.3	0.4	0.4	0.4	0.4	0.4	1.3	1.4	1.3
Business services	2%	1.2	0.2	0.9	0.4	0.6	0.2	0.4	0.7	0.6	0.4	8.6	1.9	1.7
Household services	4%	-0.6	2.2	1.4	0.8	1.8	1.0	0.1	1.0	1.0	0.2	19.2	4.7	2.2
Non-market services	5%	0.1	0.4	-0.1	0.7	0.1	0.7	0.2	0.1	0.2	0.3	2.8	1.2	0.8
<i>Territorial correction</i>	<i>-1%</i>	<i>24.5</i>	<i>18.9</i>	<i>-13.9</i>	<i>-6.2</i>	<i>2.5</i>	<i>9.7</i>	<i>-7.1</i>	<i>-4.1</i>	<i>-2.9</i>	<i>-2.1</i>	<i>149.0</i>	<i>-3.4</i>	<i>-8.7</i>
<i>Imports of tourism services</i>		<i>-6.4</i>	<i>-0.6</i>	<i>9</i>	<i>2.3</i>	<i>-1.4</i>	<i>-0.3</i>	<i>6.6</i>	<i>4.0</i>	<i>2.5</i>	<i>2.0</i>	<i>20.7</i>	<i>8.8</i>	<i>10.4</i>
<i>Exports of tourism services</i>		<i>4.1</i>	<i>7.3</i>	<i>-1.3</i>	<i>-1.0</i>	<i>0.1</i>	<i>3.5</i>	<i>1.1</i>	<i>1.0</i>	<i>0.6</i>	<i>0.6</i>	<i>52.6</i>	<i>3.8</i>	<i>3.2</i>
Total	100%	-1.3	0.8	0.4	-0.5	0.3	-0.1	0.6	0.0	0.6	0.4	2.1	0.6	1.2

■ 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 and motorbikes. Expenditure in retail trade excluding motor vehicles and motorbikes is allocated to the corresponding products.

How to read it: in Q4 2023, household consumption of energy, water and waste is expected to fall by 5.8% 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				2024		2022*	2023*	2024* ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Consumption: <i>quarterly changes</i>	-1.3	0.8	0.4	-0.5	0.3	-0.1	0.6	0.0	0.6	0.4	2.1	0.6	1.2
<i>difference to Q4 2019</i>	-0.7	0.1	0.5	0.0	0.3	0.2	0.8	0.8	1.4	1.8	0.1	0.7	1.9
Savings ratio: <i>as % of gross disposable income</i>	17.6	16.4	17.1	18.8	17.8	17.9	17.4	17.8	17.8	17.7	17.5	17.7	17.8
<i>difference in points to Q4 2019</i>	2.0	0.8	1.5	3.2	2.2	2.3	1.8	2.2	2.2	2.1	1.9	2.1	2.2
Investment: <i>quarterly changes</i>	-1.8	1.3	-1.2	-1.3	-1.8	-1.3	-1.1	-1.0	-1.0	-0.8	-1.2	-4.8	-3.2
<i>difference to Q4 2019</i>	2.8	4.1	2.8	1.5	-0.4	-1.6	-2.7	-3.7	-4.6	-5.4	3.7	-1.3	-4.4

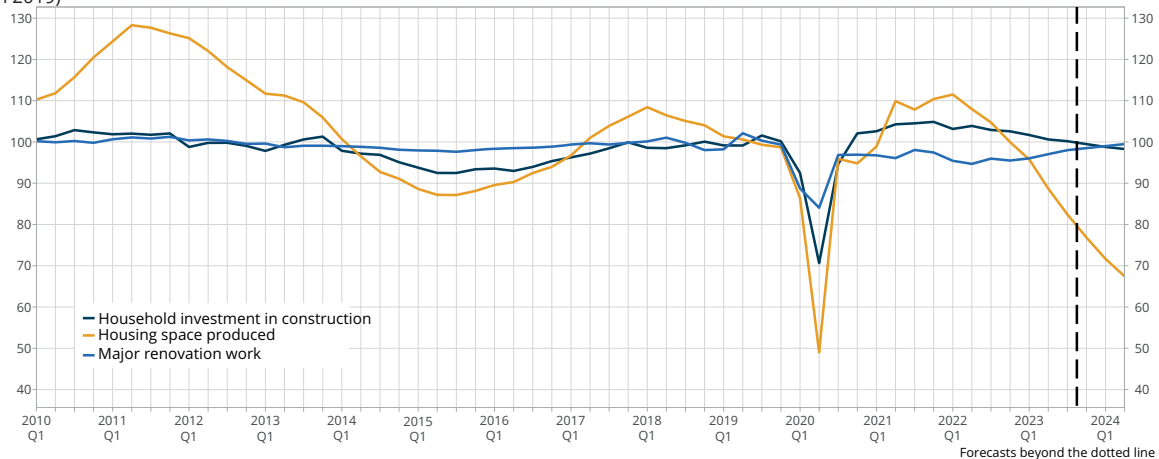
■ Forecast.

* annual variations for the last three columns (apart from the annual average for savings ratio).

Source: INSEE.

► 5. Household investment in construction and its components

(base 100 in 2019)



Note: the two components of household investment in construction are housing space produced and major maintenance work. 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. Major renovation work is measured based on turnover in the sector, adjusted for variation in production prices.

How to read it: in Q4 2023, household investment in construction -expressed as base 100 in 2019- is expected to reach 99.5.

Source: INSEE.