

French economic outlook

Compared to before the health crisis, the balance of opinion among the most more modest households on their ability to save than those wealthier households

The household savings ratio has risen to particularly high levels since the health crisis. Although down in Q3 2023, it is still significantly above its pre-crisis level. However, it is possible that this average rate masks disparities, depending on households' standard of living. Although there is no savings ratio per category of household available sub-annually, households' balance of opinion on their saving capacity, published from INSEE's Monthly Consumer Confidence Survey, can be used to analyse differences in households' reported behaviour according to their standard of living. Since 2021, the least well-off categories have contributed less than the wealthiest to upward movements in this balance of opinion, and more to downward trends. At the end of 2023, the balance of opinion of the least well-off households on their saving capacity was significantly below its level before the health crisis, whereas for the wealthier households, it was closer to, or even slightly above this level. These disparities between categories of household may help explain why, on average, households' balance of opinion on their saving capacity is nearer to its pre-health crisis level than their savings ratio.

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At the end of 2023, households' savings ratio exceeded its pre-health crisis level, while the balance of opinion on their saving capacity was closer to it

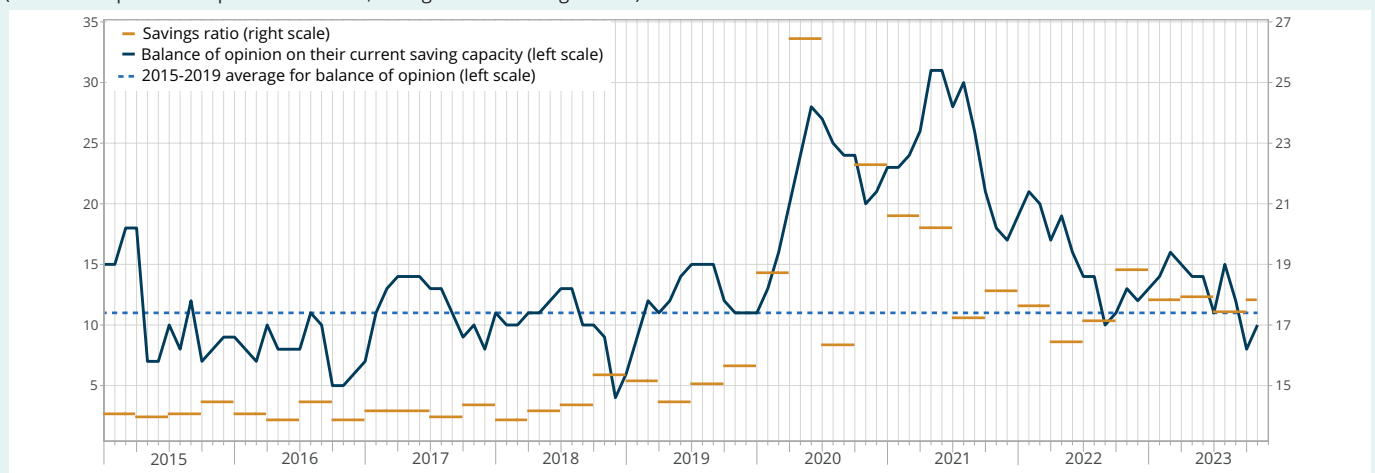
In Q3 2023, the savings ratio of households in France was 17.4%, almost 2 points higher than its Q4 2019 level (► **Figure 1**). In the course of 2020, changes in savings ratio were particularly irregular, with the pace set by periods of lockdown and health restrictions: after rising to almost 27% in Q2 2020, the savings ratio returned to around 16% in the following quarter. In Q4 2020 and H1 2021, still affected by restrictions on activity and curfews, the savings ratio remained particularly high, at over 20%. Since mid-2021, fluctuations in the savings ratio have

been reduced, but it is still at a high level, an average of around 17.5%, with the average savings ratio historically not exceeding 15%.

Households' balance of opinion on their saving capacity (► **Methodology box**) also increased very sharply at the start of the health crisis (in Q2 2020, the difference between this level and the 2015-2019 average reached +13 points). After falling back in Q2 and Q3 2020, the balance recovered significantly again in H1 2021. Since its high point in June 2021, the balance has generally been on a downward trend, approaching its pre-crisis average, despite rallying strongly between the end of 2022 and the start of 2023. In Q3 2023, the balance was 2 points above its level before the health crisis.

► 1. Households' balance of opinion on their current saving capacity and savings ratio

(balance of opinion in % points – left scale, savings ratio in % – right scale)



Last point: November 2023 for the balance of opinion; Q4 2023 for the savings ratio (forecast for this last point).

Note: the balance shown here is not seasonally adjusted, unlike the series commented on in Informations rapides on the Monthly Consumer Confidence Survey (CAMME). However, by comparing the seasonally adjusted series with this non-adjusted one, both of them published in the macroeconomic database on the INSEE website, we can see that seasonal variations affect the balance of opinion on current saving capacity slightly.

How to read it: in November 2023, households' balance of opinion on their saving capacity is 10 points. For Q4 2023, households' savings ratio is expected to be 17.8%.

Scope: for the balance of opinion: households living in mainland France in ordinary housing; for the savings ratio: households living on French territory within the meaning of the national accounts.

Source: INSEE, monthly consumer confidence survey (Camme) and quarterly national accounts.

In Q4 2023 –for which the quarterly accounts are not yet available–, the savings ratio obtained from purchasing power and consumption forecasts should remain significantly higher than its 2015-2019 average (+3.5 points). Conversely, households’ balance of opinion on their saving capacity has fallen again in recent months, returning to a level close to its 2015-2019 average, and even slightly below (on average over October and November 2023, the balance was a little less than two points below its 2015-2019 average).

In 2022 and 2023, downturns in the balance of opinion on saving capacity originated mainly from the least well-off households

Households’ savings ratio and the balance of opinion on their saving capacity do not always align. In Q4 2022, the savings ratio was already well above its 2015-2019 average (+4.3 points), whereas the balance of opinion was relatively close to its pre-health crisis average (+1 point), having declined more or less continuously between March and September 2022.

There may be several reasons for a relatively low balance of opinion on saving capacity in a context where the savings ratio is clearly well above its long-term average. Firstly, performing the comparison between data on the national accounting scale and households’ opinion on their financial situation has its own limitations. For example, households may not report the fact that they “have money left to save” in an inflationary context where the feeling that savings are losing their value due to rising prices may be ever-present, even if a large proportion of the household income remains unspent, compared to past times. In addition, the share of households that say

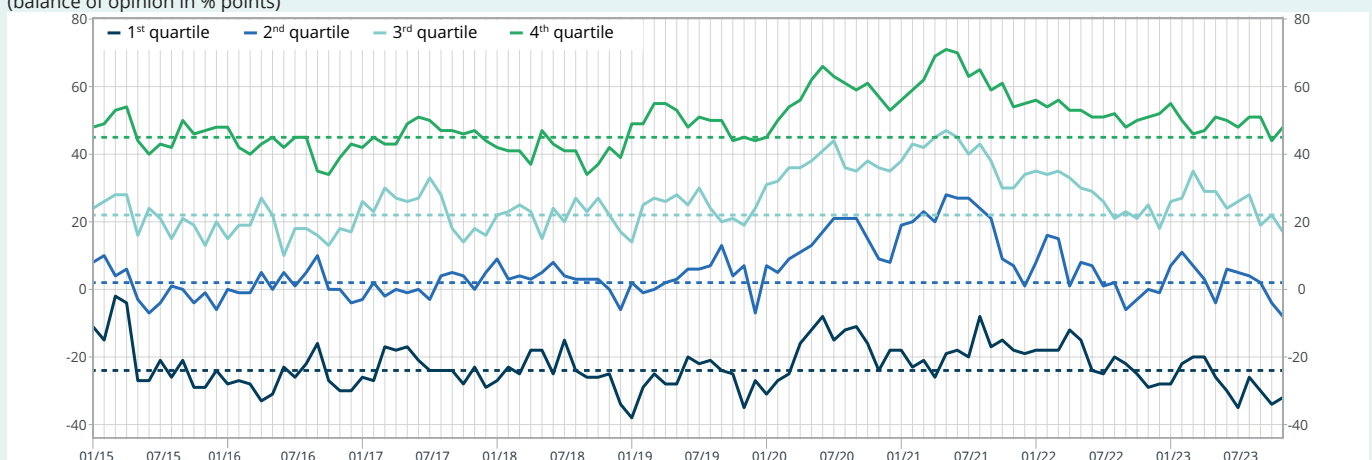
they save may remain constant, but we can imagine a higher savings ratio if those households who are saving increase the proportion of their income that they put aside. However, with the data available here, it is not possible to test this type of hypothesis.

A disconnect between the savings ratio and households’ balance of opinion on their saving capacity may also be explained by different behaviours from one income category to another. The balance of opinion automatically declines if the share of households saying that they save declines and/or if the share of households saying that they are dipping into their savings or getting into debt increases. However, if, for example, the share of households that say they save decreases mainly in the less well-off household categories, who, structurally, save a smaller proportion of their income, then the savings ratio, at a macroeconomic level, will decline significantly less than the balance of opinion.

In fact, in 2022, the balance of opinion tumbled in Q2 and Q3 (-10 points between March and September 2022), driven down mainly by the sharp decline in the balance of opinion of households in the second quartile of the standard of living scale (-22 points for this category of household; (► [Figure 2](#) and ► [Methodology box](#))). Overall, across 2022, the decline in the balance of opinion concerns all categories of household, but there was a significantly smaller decline for those in the top quartile of the standard of living scale (-4 points between January and December 2022, against -10 points for the first quartile of the scale, -9 for the second, -17 for the third). In 2022, improvements in standards of living offset between 80 and 85% of the rise in spending linked to inflation for the least well-off 80% of households, against

► 2. Households’ balance of opinion on their current saving capacity, by standard of living quartile

(balance of opinion in % points)



Last point: November 2023

Note: the dotted lines correspond to the balance of opinion averages over the period 2015-2019.

How to read it: in November 2023, households’ balance of opinion in the first quartile of the standard of living scale (the least well-off 25% of households) stood at -32 points.

Scope: households living in mainland France in ordinary housing.

Source: INSEE, monthly consumer confidence survey (Cammé).

French economic outlook

95 and 110% respectively for households in the 9th and 10th deciles of the living standards scale (► [Abdouni and al., 2003](#)).

In 2023, the decline in the balance of opinion since the start of Q2 (-5 points between April and November 2023) was also not distributed uniformly among standard of living categories: households in the first quartile of the standard of living scale (the least well-off 25% of households) experienced the most pronounced decline (-13 points). Thus, households' balance of opinion in the first half of the scale is well below its pre-crisis level (-9 points for households in the first quartile of the standard of living scale on average in October and November 2023, -8 points for those in the second quartile), while that of the wealthiest households is closer to its pre-crisis level (-2 points for households in the third quartile, +1 point for households in the fourth quartile).

Symmetrically, the least well-off households are less affected by upward movements in the balance of opinion on saving capacity

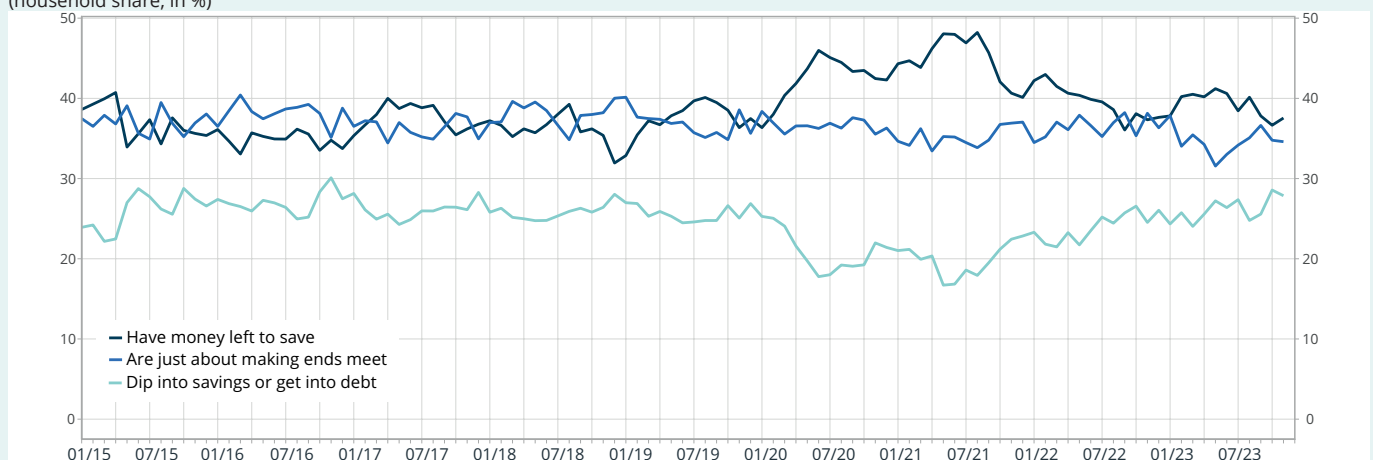
During 2020, changes were observed in the balance of opinion on saving capacity, with an upward trend between March and July, then moving downwards between August and November 2020, for each standard of living category. However, in H1 2021, with some health restrictions still in place, the rebound in the balance of opinion was not observed for the 25% of households with the lowest standard of living, although it was apparent for the other three standard of living categories.

Between Q4 2022 and Q1 2023, households' balance of opinion on their saving capacity picked up (+6 points between September 2022 and March 2023), which is consistent with the sharp increase in the savings ratio in Q4 2022 –driven both by a very dynamic purchasing power (+1.6%) and household consumption in steep decline (-0.5%)– then with its relative stability in Q1 2023. However, the balance of opinion did not recover uniformly from one category of households to another. The increase in the balance of opinion was in fact significantly more pronounced for “middle classes” of households, in the second and third quartiles of the standard of living scale (+14 points and +12 points respectively between September 2022 and March 2023). Overall, the increase in the balance of opinion over this period can be explained more by an increase in the share of households saying that they are able to save (+5 points) than by a drop in the share of households saying that they have dipped into their savings or got into debt (-2 points, ► [Figure 3](#)).

In Q4 2023 (as an average over October and November, i.e. the last months available when this study was being finalised), the share of households reporting that they had got into debt or dipped into their savings was greater than before the health crisis (+2 points between the October-November 2023 average and the 2015-2019 average). The households most concerned by this increase are those in the first half of the standard of living scale. Specifically, the least well-off 25% of households are now more likely to say they are getting into debt (+4 points between the average share in 2015-2019 and the

► 3. Share of households saying that they have money left to save, are just about making ends meet or are getting into debt/dipping into savings

(household share, in %)



Note: the “Money to save” curve groups together the questionnaire modalities: “you have a lot of money left to save” and “you have some money left to save”. Similarly, the “Dip into savings or get into debt” curve groups together “you are dipping into your savings” and “you are getting into debt”. Over the period under consideration here, the two extreme modalities (“you have a lot of money left to save” and “you are getting into debt”) are relatively stable on average in all households, so that movement in the balance of opinion is mainly driven by the other three modalities.

How to read it: in November 2023, 38% of households said they had some money to save.

Scope: households living in mainland France in ordinary housing.

Source: INSEE , monthly consumer confidence survey (Camme).

average share in October-November 2023, ► **Figure 4**) and fewer are saying that they have a little money to put aside (-5 points). For their part, more households in the second quartile of the standard of living scale are dipping into their savings a little (+6 points between the average share in 2015-2019 and the average share in October-November 2023) and report less frequently that they put a little money aside (-3 points).

The fact that the increases in balances of opinion on saving capacity have tended to be concentrated recently in the wealthiest categories –whose marginal propensity to consume is relatively low (► **Crawley and Kuchler, 2021**)– may help explain, at the macroeconomic level, the relative sluggishness of household consumption and why the savings ratio remains above its pre-health crisis level (► **Household consumption and investment**).

► 4a. Proportion of households saying that they have money left to save, are just about making ends meet or are getting into debt/dipping into their savings, before the health crisis and in Q4 2023

(in %)

	First quartile		Second quartile		Third quartile		Fourth quartile	
	Average 2015-19	Average Oct-Nov 2023	Average 2015-19	Average Oct-Nov 2023	Average 2015-19	Average Oct-Nov 2023	Average 2015-19	Average Oct-Nov 2023
Save a lot of money aside	0	1	1	1	1	2	4	6
Put some money aside	16	12	30	26	42	40	56	56
Just make ends meet	43	42	42	40	36	34	25	22
Draw on reserves	29	29	24	30	19	21	14	14
Get into debt	12	16	4	3	2	2	2	2
All	100	100	100	100	100	100	100	100

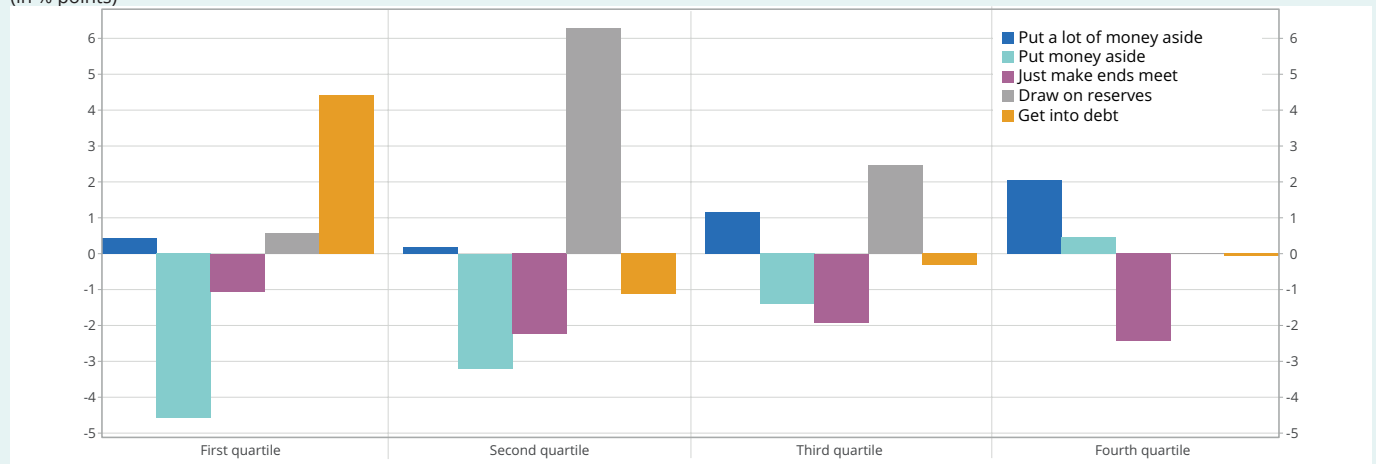
Lecture : among households in the first quartile of the standard of living scale, on average across all months between 2015 and 2019, 12% said they were getting into debt. This proportion was 16% on average in October and November 2023.

Champ : households living in mainland France in ordinary housing.

Source : INSEE , monthly consumer confidence survey (Camme).

► 4b. Changes (in percentage points) between pre-health crisis (2015-2019) and Q4 2023 in proportions of households saying they have money left to save, are just about making ends meet or are getting into debt/dipping into their savings

(in % points)



Lecture : the graph shows the differences in proportions measured between the October-November 2023 average and the 2015-2019 average. Thus, on average during October and November 2023, the share of households in the first quartile of the standard of living scale who say they are getting into debt exceeds its average value between 2015 and 2019 by 4 points.

Champ : households living in mainland France in ordinary housing.

Source : INSEE , monthly consumer confidence survey (Camme).

Methodology – Households’ balance of opinion on their saving capacity and construction of the standard of living categories, from the CAMME survey

As part of the Monthly Consumer Confidence Survey of households (CAMME survey), every month INSEE collects the responses of around 2,000 households on their opinion about their economic environment and their personal situation. This survey is harmonised at European level.

Households’ balance of opinion on their saving capacity is calculated from responses to the question “Which of these statements best describes the current financial situation of your household?”. Five response modalities are offered: “You have a lot of money left to save”, “You have some money left to save”, “You just about make ends meet”, “You are dipping into your savings”, “You are getting into debt”. The balance is the difference between the share of households saying they save a little or a lot of money and the share that say they are dipping into their savings or getting into debt.

Households are also asked about the amount of their income, with the following question: “What is the average total monthly income of your household? Take all types of income into account: wages, retirement pensions, unemployment benefits, family allowances, etc. Give the amount before taxes are deducted”.

They are also interviewed about the composition of their household. Combined with the information on their income, this fact can be used to calculate a standard of living for each household, i.e. income per consumption unit.

This household standard of living may differ from the definition of standard of living usually used by INSEE. First, the amount given by households is not supposed to be net of income tax deducted at source, which is different from the definition of “disposable income” that INSEE usually uses to calculate standard of living. Second, the standard of living calculated here is based only on respondents’ declarations, which may not be fully in line with the tax classification for sources of income.

To classify households on the standard of living scale, the values of the quartiles are then calculated by calendar year, by weighting households according to weights specific to this survey. Households are then ranked on the standard of living scale, by comparing the value of their standard of living with that of the quartiles. As the quartile values are calculated over the entire year, the distribution of respondents from month to month may deviate slightly from the four equal shares calculated over the whole year. For example, in November 2023, respondents on the last quartile of the standard of living scale represent 28% of the sample. In addition, information on income and size of household is not always available, and some households may therefore not be classified on the standard of living scale (in November 2023, this information was missing for 8% of survey respondents). The results presented by standard of living are calculated based on the restricted scope of households that can be ranked on the standard of living scale, while the overall results are calculated based on all survey respondents.

The results presented here differ in several ways from those published by the Directorate-General for Economic and Financial Affairs of the European Commission (DG-ECFIN), despite being calculated from the same source. Firstly, the method used by the DG-ECFIN to calculate the balance of opinion consists in considering “positive responses” as the share of households that say they have “a lot” of money left to save added to the share that say they have “some” money left to save. The share of “negative responses”, calculated symmetrically, are then subtracted from these positive responses. Also, survey results are presented by the DG-ECFIN by income quartile and not by standard of living quartile. ●

Bibliography

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