

Household income

In Q4 2023, growth in household gross disposable income (GDI) was sustained (+1.0% in current euros, as in the previous quarter), while household consumer prices slowed substantially (+0.3% after +1.0% in Q3, ► [Figure 1](#)). Thus the purchasing power of GDI picked up significantly at the end of the year (+0.7% after 0.0% in Q3, ► [Figure 2](#)). Across all of 2023, there were only modest gains in purchasing power (+0.8%), especially when related to consumption units (+0.3%, ► [Figure 3](#)). The purchasing power of GDI was buoyed up mainly by the momentum of wealth income in 2023 (+15.4%), with part of the increase due to the accounting effect of FISIMs (► [Focus](#) "In 2023, wealth income is expected to be dynamic, driven by the rise in interest rates", *Economic Outlook*, December 2023). Without the FISIM effect, wealth income increased less dramatically (+8.5%), but still more than earned income (+5.1%).

In Q1 2024, household GDI should accelerate slightly (+1.2% in current euros), driven by social benefits (+2.5%) which have been boosted mainly by the indexing of basic pensions to inflation in January 2024. Earned income is expected to increase only slightly (+0.3%), due to the downturn in the government payroll. For civil servants, the revision of the index point on 1st January 2024 is unlikely to make up for the after-effects of the one-off purchasing power bonus paid to them at the end of 2023. At the end of 2023, after several very dynamic quarters linked to the rise in interest rates, wealth income¹ was at a standstill, due to the increase in property taxes which reduced the income of home-owning households. At the beginning of 2024, it is expected to increase steadily, although at a slower pace than in 2023. In the case of life insurance there is a delay in passing on interest rates, thus GDI purchasing power per consumption unit should pick up again in Q1 (+0.5%).

In Q2 2024, household GDI is expected to slow (+0.8% in current euros). Earned income should improve moderately, as a result of wage rises (+0.6%) and social benefits are likely to decelerate after their strong growth in the previous quarter. When the buoyancy of consumer prices is taken into account, purchasing power per consumption unit should remain stable in Q2 (0.0%).

For 2024, the mid-year growth overhang for purchasing power (i.e. the annual variation forecast if purchasing power in H2 were to remain fixed at the level forecast for Q2) is expected to be relatively dynamic (+1.2%, i.e. +0.8% per

¹ Wealth income includes income from property (net interest on deposits and loans, dividends and other investment income) and households' real estate income.

► 1. Components of household gross disposable income

(% change)

	Quarterly changes										Annual changes		
	2022				2023				2024		2022	2023	2024 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Gross disposable income (100%)	-0.6	1.0	3.2	3.2	1.0	1.4	1.0	1.0	1.2	0.8	5.1	7.3	3.4
Earned income (73%)	1.8	1.2	2.4	1.7	1.1	0.7	0.7	1.0	0.3	0.6	7.7	5.1	2.0
Gross wages and salaries (65%)	1.7	1.4	2.3	1.8	1.2	0.8	0.7	1.1	0.2	0.6	8.3	5.4	2.1
GOS of sole proprietors* (8%)	2.8	-0.1	3.0	0.7	0.5	0.4	-0.1	0.1	0.4	0.2	3.3	2.7	0.7
Social benefits in cash (34%)	-2.0	0.0	3.1	0.7	1.0	0.3	0.7	1.2	2.5	1.0	0.4	3.9	4.6
Property income, of which GOS of pure households (20%)	0.8	1.5	3.9	5.8	4.6	3.3	2.1	-0.3	2.3	1.2	7.3	15.4	4.9
of which income from assets excluding FISIM											6.6	8.5	4.3
Social contributions and taxes (-26%)	5.4	0.9	1.2	-2.4	4.1	-0.4	0.5	0.0	1.4	0.8	7.7	3.0	2.1
Household consumer prices**	1.1	1.8	1.7	1.9	2.0	1.4	1.0	0.3	0.5	0.7	4.9	6.4	2.2
Household consumption prices excluding FISIM											4.6	4.8	1.9
Purchasing power of gross disposable income	-1.7	-0.8	1.5	1.3	-0.9	0.0	0.0	0.7	0.6	0.1	0.2	0.8	1.2
Purchasing power per consumption unit	-1.9	-1.0	1.4	1.2	-1.1	-0.1	-0.1	0.6	0.5	0.0	-0.3	0.3	0.8

■ Forecast.

* the gross operating surplus (GOS) of sole proprietors is the balance of the operating account of sole proprietorships. This is mixed income as it remunerates work carried out by the owner of the sole proprietorship, and possibly members of their family, but it also contains profit made as a sole proprietor.

** Since 2022, variations in household consumer prices differ from variations in the Consumer Price Index (CPI) as a result of the accounting effect of the earlier increase in interbank rates (► [Focus](#) "In 2023, wealth income is expected to be dynamic, driven by the rise in interest rates", *Economic Outlook*, December 2023).

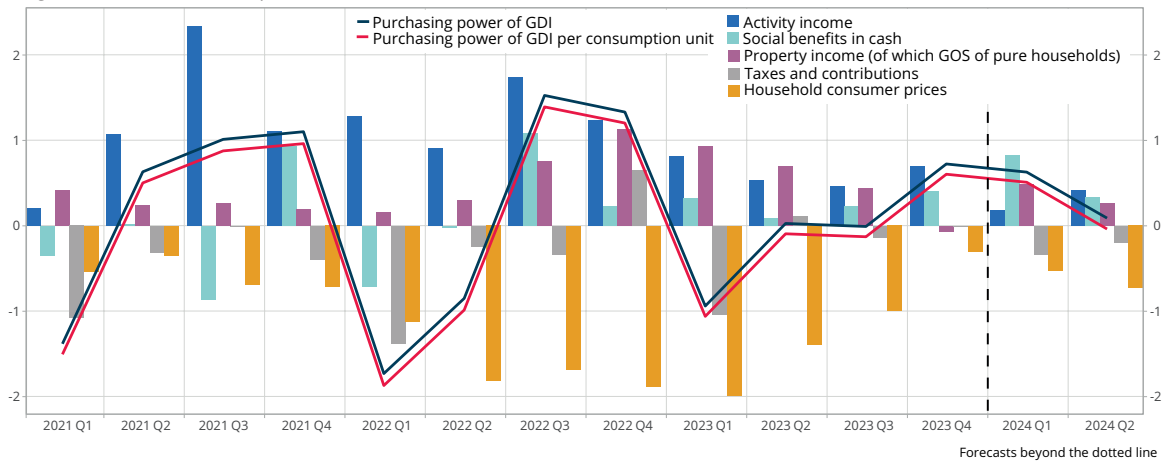
Note: figures in brackets give the structure for 2022.

How to read it: after an increase of 1.0% in Q4 2023, household gross disposable income would continue to rise in Q1 2024 (+1.2 %).

Source: INSEE.

consumption unit) compared to GDI growth. This difference mainly reflects the time lag in raising social benefits which are indexed to earlier inflation whereas, on average, prices have slowed compared to 2023. However, this mid-year overhang is not a prediction of change in purchasing power across the whole of 2024 because, by definition, it does not include possible shifts in GDI and consumer prices in H2. ●

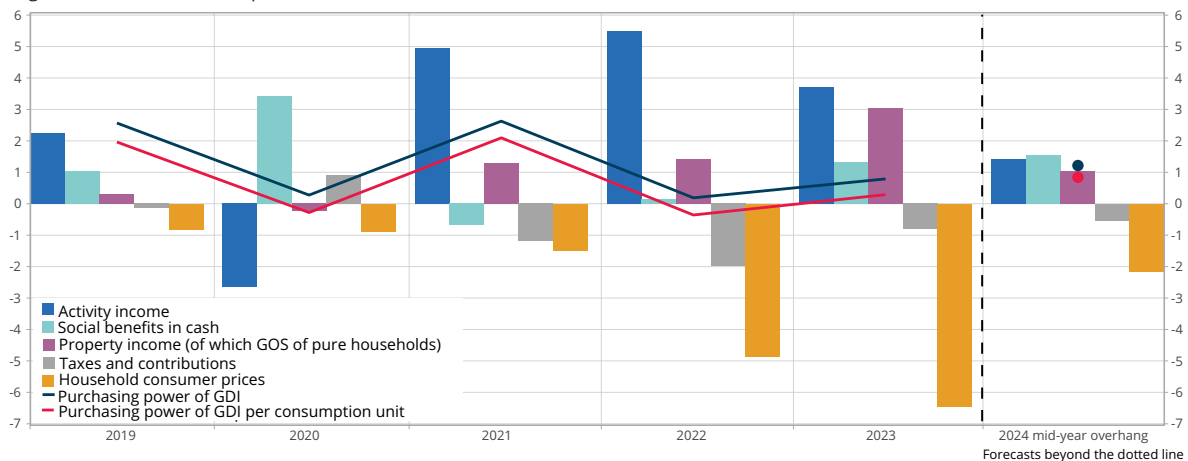
► 2. Quarterly variation in purchasing power of household gross disposable income (GDI) and its main contributions (quarterly changes in %, contributions in points)



How to read it: the purchasing power of household GDI per consumption unit is expected to rise by 0.5% in Q1 2024. Social benefits are expected to contribute +0.8 points to the increase in household GDI.

Source: INSEE.

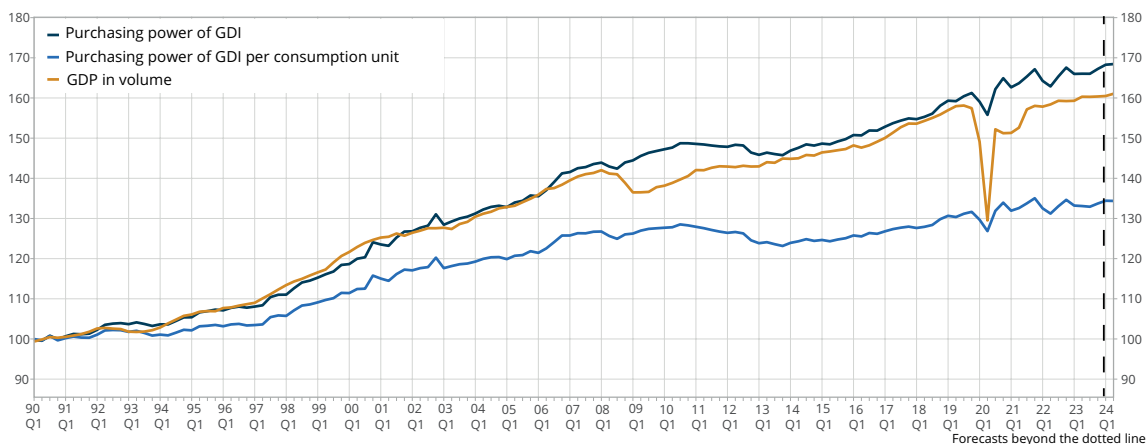
► 3. Annual variation in purchasing power of household gross disposable income (GDI) and its main contributions (annual changes in %, contributions in points)



How to read it: the overhang of GDI purchasing power per consumption unit is expected to be +0.8% by mid-2024. Social benefits are expected to contribute +1.5 points to the increase in household GDI.

Source: INSEE.

► 4. Change in purchasing power of household gross disposable income (GDI) and of GDP since 1990 (base 100 in 1990)



Source: INSEE.