

Household consumption

The first week out of lockdown saw a sharp rebound in household consumption, although levels did not return to “normal”. According to information collected over the period 11 to 17 May 2020, household consumption appears to be around 6% below its expected level in a normal period of activity (Table 1), an increase of 25 percentage points over its estimated level in the Point de Conjoncture of 7 May (–32% loss of consumption). This strong rebound relates particularly to spending on manufactured goods, linked to the reopening of non-essential businesses (household equipment, textiles, clothing, etc.), and to the consumption of services (personal services to households). In the case

of some consumption expenditure the increase has been less dynamic (fuel, transport services), while spending associated with activities that are still subject to restrictions remains low (accommodation, cultural activities, etc.).

As in the previous Points de Conjoncture, this estimate is based on assumptions of loss or gain in consumption compared to a “normal” period of activity, applied to different goods and services. These assumptions are based on information from various sources (bank card transactions and scanner data account for 50% of consumption amounts) and external information (accounts for 4%). For 45% of consumption, the assumptions

1 - Estimated difference in household consumption level compared with a “normal” situation

Products	Share of consumption* (%)	Difference (%)	Contributions (percentage points)	Reminder of estimated difference in Point de Conjoncture of 7 May** (%)
Agriculture, forestry and fishing	3	8	0	3
Industry	44	6	3	-33
Manufacture of food products, beverages and tobacco-based products	15	10	1	5
Coke and refined petroleum	4	-41	-2	-72
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3	57	2	-35
Manufacture of transport equipment	6	-16	-1	-89
Manufacture of other industrial products	13	15	2	-54
Extractive industries, energy, water, waste treatment and decontamination	5	1	0	3
Construction	2	-39	-1	-75
Mainly market services	46	-17	-8	-31
Trade; repair of automobiles and motorcycles	1	14	0	-68
Transport and storage	3	-56	-2	-80
Accommodation and catering	7	-67	-5	-87
Information and communication	3	3	0	-9
Financial and insurance activities	6	0	0	0
Real estate activities	19	0	0	0
Scientific and technical activities; administrative and support services	2	-28	-1	-52
Other service activities	4	-15	-1	-77
Mainly non-market services	5	-19	-1	-37
Total	100	-6	-6	-32

* weight in final household consumption spending (excluding territorial correction)

** the estimate given in the Point de Conjoncture of 7 May 2020 covered the period 6 to 26 April 2020.

How to read it: the level of household consumption of products derived from coke and refined petroleum products (or agrifood industries) is currently 41% lower (or 10% higher) than that usually seen in a normal period of economic activity, contributing a 2 percentage point decline (or a 1 percentage point increase) to household consumption overall.

Source: INSEE calculations from various sources

also reflect the consequences of regulatory measures taken to combat the spread of Covid-19 (business closures, etc.) and specific consumption behaviours (constant need for certain types of product, etc.).

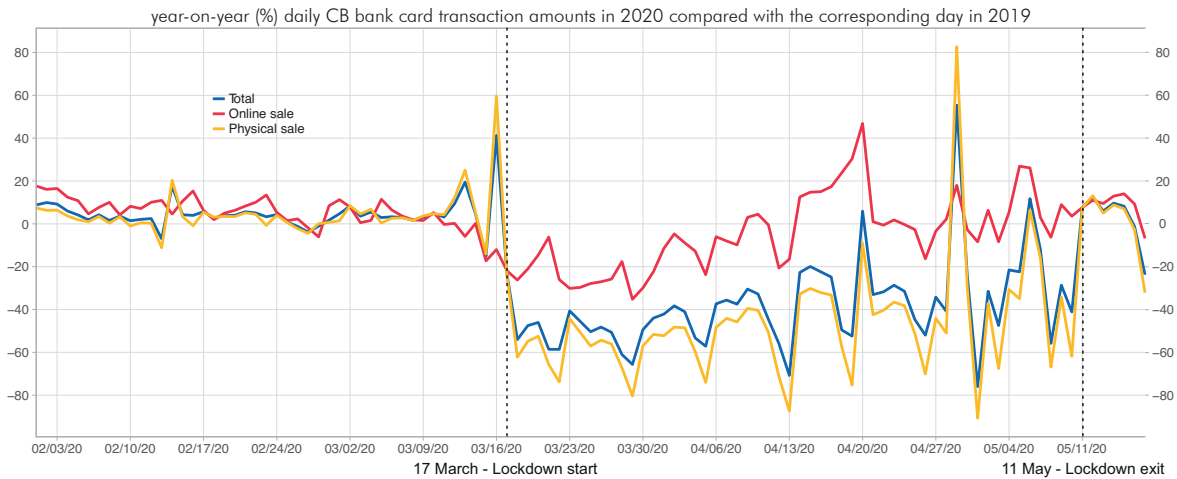
Taking into account the availability of the different types of data used, this estimate covers the first week out of lockdown, i.e. from 11 to 17 May. This differs slightly from the estimate for loss of activity, which covers a longer time period, including the second week after the lifting of lockdown (see *Economic Activity Sheet*).

During the week of 11 to 17 May, household consumption expenditure seems to have been “only” 6% below its pre-crisis level, an increase of 25 percentage points over the estimate given in *Point de Conjoncture* of 7 May.¹ This rebound in consumption is reflected in the total amount

of bank card transactions, up sharply compared with the period in lockdown (*Graph 1*). In particular, the rebound in payments relating to physical sales reflects the reopening of non-essential businesses and the return to more normal consumption habits.

Consumption of manufactured products appears to have exceeded its level for a normal period of activity by 6%, contributing 3 points to the upturn in total consumption with an increase of 39 percentage points over the estimated level in the *Point de Conjoncture* of 7 May. Some spending certainly appears to have rebounded strongly, as a result of the reopening of non-essential businesses. For example, bank card transaction spending on clothing and footwear was much closer to the 2019 level than it had been during lockdown, while transactions for household

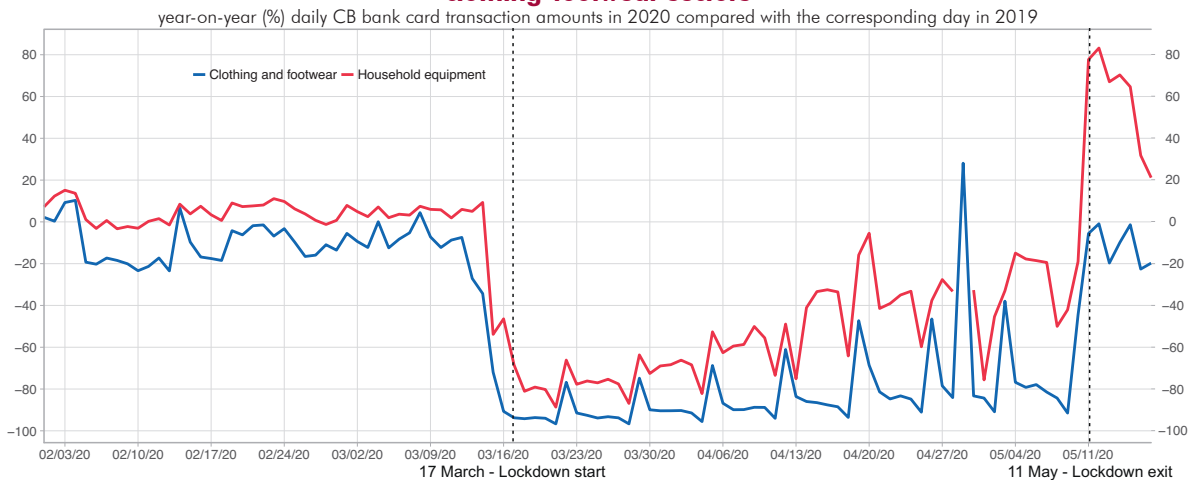
1 - CB bank card transactions in store and online



Note: the very high year-on-year level on Wednesday 29 April 2020 is linked to the fact that the corresponding day in 2019 was Wednesday 1st May, a public holiday, when CB bank card transaction amounts, all types of sale combined, were particularly low.

Source: Cartes Bancaires CB, INSEE calculations

2 - CB bank card transactions in the household equipment and clothing-footwear sectors



How to read it: the amount in CB bank card transactions for purchases of clothing-footwear on Monday 11 May 2020 was 6% lower than on Monday 13 May 2019.

Note: for a clearer understanding, the value corresponding to household equipment for Wednesday 29 April 2020 has been removed because the corresponding day in 2019 was Wednesday 1st May, when the associated year-on-year amount was very high.

Source: Cartes Bancaires CB, INSEE calculations

French economic outlook

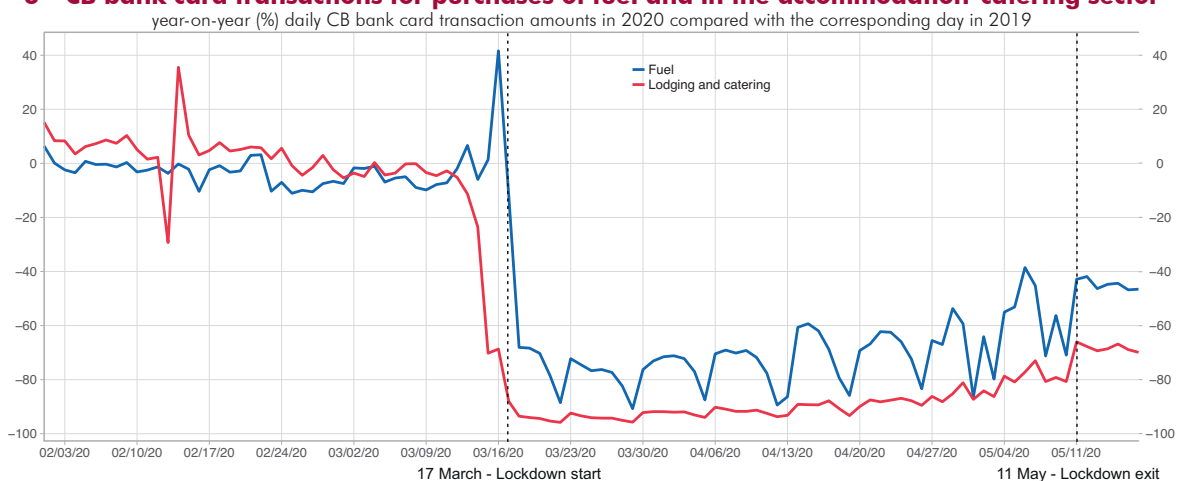
equipment even appear to have greatly exceeded their 2019 level (*Graph 2*). Spending on fuel also appears to have increased, but to a lesser extent, probably as a result of the restrictions on long distance travel (*Graph 3*). The exit from lockdown does not appear to have affected the buoyancy of household spending on agrifood products (*Graph 4* on spending on agricultural and agrifood products excluding tobacco, based on scanner data).

Consumption of mainly market services seems to be 17% down on a normal activity situation, contributing -8 points to the overall decline in household consumption, but this is nevertheless an increase of 14 percentage points over the level estimated in the *Point de Conjoncture* of 7 May. This rebound is probably due mainly to the consumption of personal services to households (laundry, hairdressing, etc.) and repair services. Unsurprisingly, services associated with activities that are still subject to restrictions appear to have

remained at particularly low consumption levels, for example air transport, activities related to the arts and entertainment, and also accommodation and catering, although for these last two, consumption has increased slightly compared with lockdown (*Graph 3*).

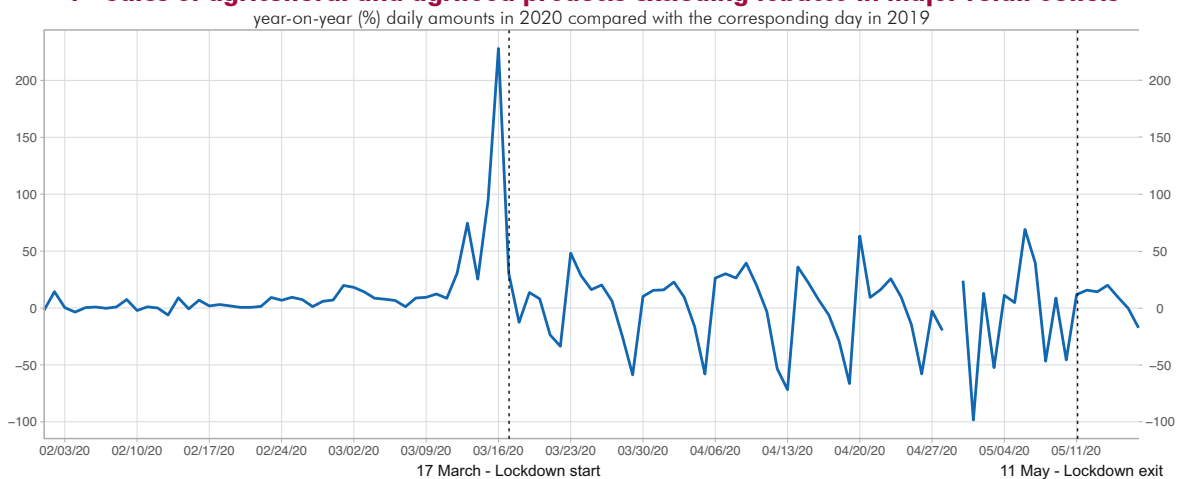
Mainly non-market services also seem to have experienced a rebound in consumption, through the resumption of local outpatient care and market teaching services, although they have not yet returned to their normal level of activity (-19% loss of consumption, contributing -1 point to overall loss). With the upswing in home renovation also, household consumption in the construction branch appears to have increased compared with lockdown, but only gradually (-39% loss of consumption, or a contribution of -1 point to overall loss, and after -75% loss in the *Point de Conjoncture* of 7 May). Finally, consumption of agricultural products seems to be 8% up on its normal level, the same as agrifood products.

3 - CB bank card transactions for purchases of fuel and in the accommodation-catering sector



How to read it: the amount in CB bank card transactions for purchases of fuel on Monday 11 May 2020 was 42% lower than on Monday 13 May 2019
Source: Cartes Bancaires CB, INSEE calculations

4 - Sales of agricultural and agrifood products excluding tobacco in major retail outlets



How to read it: the amount in sales of agricultural and agrifood products excluding tobacco in major retail outlets on Monday 4 May 2020 was 11% higher than on Monday 6 May 2019.

Note: for a clearer understanding, the value corresponding to Wednesday 29 April 2020 has been removed because the corresponding day in 2019 was Wednesday 1st May, when the associated year-on-year amount was very high.

Source: scanner data from several major supermarkets and hypermarkets, INSEE calculations

These changes relate to the first week post-lockdown and do not anticipate subsequent changes. In some cases, the rebound in consumption is directly linked to the lifting of lockdown, especially where levels exceed “normal” consumption: these levels of

consumption are on the face of it unlikely to be sustained over the long term. However, in the case of other consumption items, whose growth is currently more limited, they have only just begun to catch up and it is therefore likely that they will continue to increase. ■