

Household consumption

The lifting of the lockdown caused a sharp rebound in household consumption in May, although it did not get back to its level in a “normal” situation. Some spending increased substantially, returning to or even exceeding its normal level, especially in manufactured goods, while other expenditure has still not caught up with its pre-crisis level (fuel, transport services, catering). In June it is likely that these catch-up effects will continue for the products concerned, and conversely that the additional consumption seen in May will ease. Ultimately, household consumption expenditure in June is expected to be 5% below that of the corresponding level in a normal period of activity, or similar to that estimated in May over the first weeks out of lockdown (Table 1).

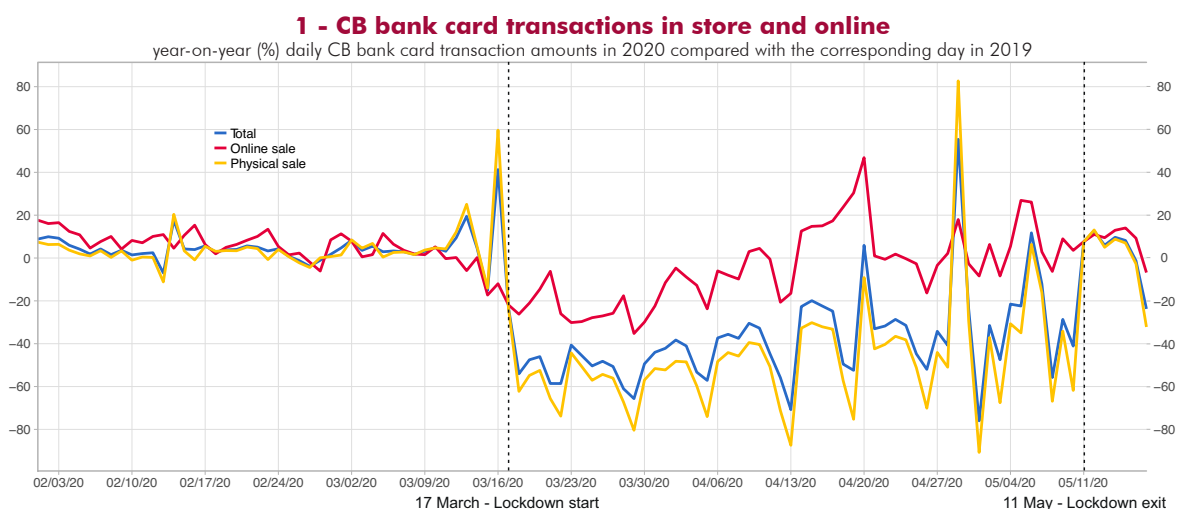
As in the previous *Points de Conjoncture*, the estimate produced here is based on assumptions of loss or gain in consumption compared to a “normal” period of activity, applied to different goods and services. These assumptions are based mainly on information from bank card transaction data and scanner data (Box). They also reflect the consequences of the regulatory measures in force from the start of the health crisis (authorisations for some businesses to open, etc.) and specific consumption behaviours (constant need for certain types of product, etc.).

In the first week after lockdown was lifted, from 11 to 17 May, household consumption rebounded strongly (*Point de Conjoncture* of 27 May). Since then, and more specifically from 18 May to 7 June, household consumption appears to have remained at this same level overall, still slightly below “normal” (-7%). This can be seen mainly

from the total amount in bank card transactions, which has remained broadly similar to the 2019 level since the end of lockdown (Graph 1). Also, after the wide divergence observed during lockdown, the dynamics of physical sale and online sale payments are now similar, a sign that people are resuming their more usual consumption habits.

In fact, if we paint a picture of household consumption for the three weeks following that of 11 May, it includes some opposing trends that are not yet complete – decline in some of the extra consumption observed at the very beginning of lockdown, increase in spending as it catches up to the pre-crisis level – and this is in a context where several activities are still subject to restrictions on reopening. In June, if we assume that these trends are likely to continue, consumption is expected to remain at a similar level to the last weeks of May, settling at 5% below its level in a normal situation.

In June, consumption of manufactured products looks set to be 5% above its level in a situation of normal activity, contributing to an upturn in total consumption of 2 points. Some areas of spending are likely to continue the catch-up that began when lockdown ended, such as spending on fuel (Graph 2) or purchase of transport equipment. However, for other manufactured goods, the strong rebound in consumption, or even excessive consumption, observed at the moment the lockdown was lifted could ease as a backlash effect. This is likely to be the case notably for capital goods, where although consumption is up on its pre-crisis level, it is nevertheless likely to weaken compared to the first week out of lockdown. In addition, household spending on



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

agrifood products is expected to lose momentum, linked to the gradual return to working on site and the reopening of restaurants and schools.

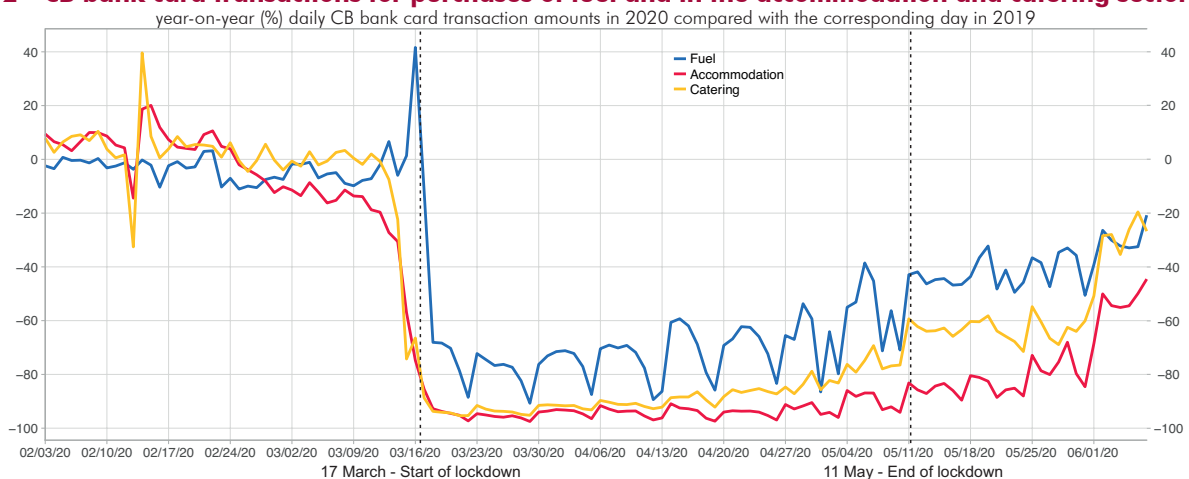
In June, consumption of mainly market services is expected to be 12% lower than in a normal situation, or a contribution of -6 points to the overall loss of household consumption. As in the case of manufactured goods, some services where consumption increased strongly when lockdown was lifted are now weakening (especially personal services to households, including, for example, laundries and hairdressing). In contrast, for other services, consumption is likely to continue its catch-up effect, especially in catering and accommodation and also land transport. Finally, consumption levels for services that are still subject to restrictions in their activity will probably remain particularly weak, such as air transport, for example, or cultural activities.

In mainly non-market services, consumption is expected to continue to pick up, with the gradual resumption of local outpatient care and market teaching services, but without yet returning to normal activity (-14% loss of consumption in June, contributing -1 point to overall loss).

Similarly, in the construction branch, the upswing in renovation work appears to have increased household consumption, although it is still likely to remain below its normal level (-34% loss of consumption in June, or a contribution of -1 point to overall loss).

In addition, using recent data (consumption of goods and businesses' declarations of turnover), it has been possible to refine the estimates for loss of consumption in April, putting it at -31% of its level in a normal situation. For the month of May, which included both a period of lockdown (until 10 May) and a period out of lockdown (from 11 May), loss of consumption is estimated at -14% on average over the entire month. Taking into account the forecast for June and the estimates for April and May, household consumption across all of Q2 is expected to be 17% below the corresponding level of activity in a normal situation. Thus after a 5.6% drop in Q1, it is likely to fall by about another 12% in Q2 2020. However, this forecast must of course be viewed with a great deal of uncertainty, given the current economic situation. ■

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



How to read it: on Tuesday 2 June 2020, bank card transactions in the catering sector were 28% down on Tuesday 4 June 2019.

Source: Cartes Bancaires CB, INSEE calculations

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

Products	Share of consumption* (%)	Variance for the period from May 18 to June 7 (in %)	Difference forecast for June (in %)	Contributions for June (percentage points)
Agriculture, forestry and fishing	3	7	3	0
Industry	44	4	5	2
Manufacture of food products, beverages and tobacco-based products	15	8	3	0
Coke and refined petroleum	4	-34	-12	0
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3	41	27	1
Manufacture of transport equipment	6	-18	1	0
Manufacture of other industrial products	13	14	11	1
Extractive industries, energy, water, waste treatment and decontamination	5	-3	0	0
Construction	2	-40	-34	-1
Mainly market services	46	-16	-12	-6
Trade; repair of automobiles and motorcycles	1	16	2	0
Transport and storage	3	-57	-42	-1
Accommodation and catering	7	-56	-35	-3
Information and communication	3	-1	-1	0
Financial and insurance activities	6	0	0	0
Real estate activities	19	0	0	0
Scientific and technical activities; administrative and support services	2	-26	-19	0
Other service activities	4	-27	-31	-1
Mainly non-market services	5	-17	-14	-1
Total	100	-7	-5	-5

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

How to read it: the level of household consumption in accommodation and catering services in June is expected to be 35% lower than that usually observed in a normal period of economic activity, contributing to a 3-percentage point reduction in household consumption overall.

Source: INSEE calculations from various sources

Box: What can we learn from scanner data for purchases in major retail outlets since the health crisis began?

Since the beginning of the health crisis and the publication of *Point de Conjoncture* on 26 March, the loss of household consumption has been estimated mainly from high-frequency data sources: bank card transaction data and also, from the *Point de Conjoncture* of 7 May onwards, scanner data, which gives information on purchase amounts in major retail outlets (supermarkets, hypermarkets, etc.). In the period of lockdown, many businesses and specialist retail outlets were closed, while the large stores remained open. It was therefore likely that there would be a shift in consumption behaviour, with the result that purchases in the large outlets would increase compared to other points of sale. Although scanner data provide information on the nature of these purchases in the major outlets, using these data alone would lead to a choice deferral bias towards these purchases. Meanwhile, bank card transaction data record purchases made in major retail outlets but not the nature of these purchases. It therefore seems appropriate to combine these two data sources to arrive at a suitable estimate for the consumption of certain products during lockdown.

One way to illustrate this is to take the field of bank card transactions, and consider the share of transactions made in large retail outlets (supermarkets and hypermarkets) in the total number of transactions. By considering only bank card transactions, this ensures that we are in a homogeneous field, without loss of generality in the conclusions reached. Thus, during lockdown there was a substantial increase in transactions in major retail outlets as a share of total bank card transactions: in January and February 2020, major retail outlets represented about 20% of all bank card transactions, and this situation was relatively stable (*Graph 3*). This percentage increased significantly during lockdown, reaching more than 45% at the end of March and remaining above 35% until lockdown ended. Since then, it has declined considerably, returning to a level close to, although higher than, that of January and February. In fact, while bank card transaction levels at the start of lockdown were very much lower than in 2019, transactions in major outlets demonstrate a much more dynamic profile, exceeding the 2019 level, on average.

At a detailed level of product categories, scanner data are a valuable source of information because, not only do they cover all types of payment (bank card, cheque, cash, etc.), but they also differentiate between type of goods sold.¹ They can therefore be used to show, at a more detailed level, shifts in consumption towards the major retail outlets observed at the aggregated level. Three categories of consumed goods are considered below: food (agricultural and agrifood products excluding tobacco), clothing-footwear and household equipment. For each category, we compare the dynamics of the amounts spent on purchases in large retail outlets during lockdown (as indicated by the scanner data) with the amounts spent elsewhere. Since no information is available on payments by cash or cheque, the amounts spent on purchases outside the major retail outlets are limited to bank card transactions. This limitation on the analysis is unlikely to call into question the main trends observed, however.

The vast majority of food as a consumption item is bought in supermarkets and hypermarkets (*Graph 4*²). During lockdown, purchases of food from supermarkets were slightly more dynamic than purchases (by bank card) in other points of sale (*Graph 5*). In addition, in both cases, these purchases are above their 2019 level, a consequence of the context of lockdown (implementation of teleworking, eating lunch at home, closure of restaurants, etc.). In any case, for food products, it seems essential that purchases in large retail outlets are taken into account in order to properly estimate the variation in consumption during the health crisis.

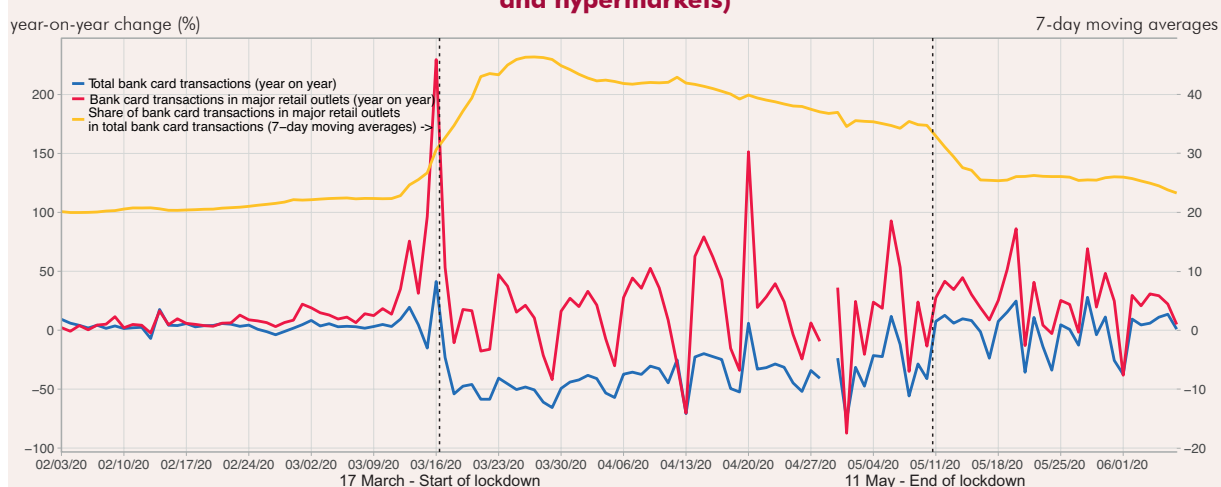
Purchases of clothing-footwear, however, mainly concern specialist sales outlets, while large retail outlets represent only a minority share (*Graph 4*). However, a shift in consumption behaviour does appear during lockdown: the loss of consumption seems less for clothing-footwear purchases in major retail outlets than for purchases (by bank card) in other outlets (*Graph 6*). In both cases, however, there was a considerable loss of consumption throughout lockdown, despite a slight upturn in April, especially in purchases in large retail outlets. Since the lockdown was lifted and shops selling non-essential items reopened, the consumption dynamics have converged: purchases of clothing-footwear in supermarkets are slightly below their 2019 level, as are purchases (by bank card) in other outlets.

1. Bank card transactions in major retail outlets provide the total amount of the transactions but do not differentiate according to type of goods.

2. For each category of product, the aim is to approximate the share of purchases in major retail outlets as a proportion of total purchases. However, there are several limitations because, on the one hand, the major retail outlets considered do not cover all of the major retail chains and, on the other hand, purchases other than in supermarkets are limited to bank card transactions only.

Finally, like clothing-footwear, household equipment is a category of product where normally only a very small proportion of purchases are made in major retail outlets (Graph 4). However, a clear shift in consumption appeared during lockdown (Graph 7): purchases of household equipment in supermarkets showed a much smaller loss compared to 2019 than purchases elsewhere (and by bank card). At the end of lockdown, the reopening of non-essential businesses and outlets resulted in additional consumption of household equipment compared to 2019 in specialist sales outlets but also in supermarkets and hypermarkets. Here too, scanner data are necessary to properly record the loss of consumption that occurred during lockdown. ■

3 - Total bank card transactions and bank card transactions in major retail outlets (supermarkets and hypermarkets)

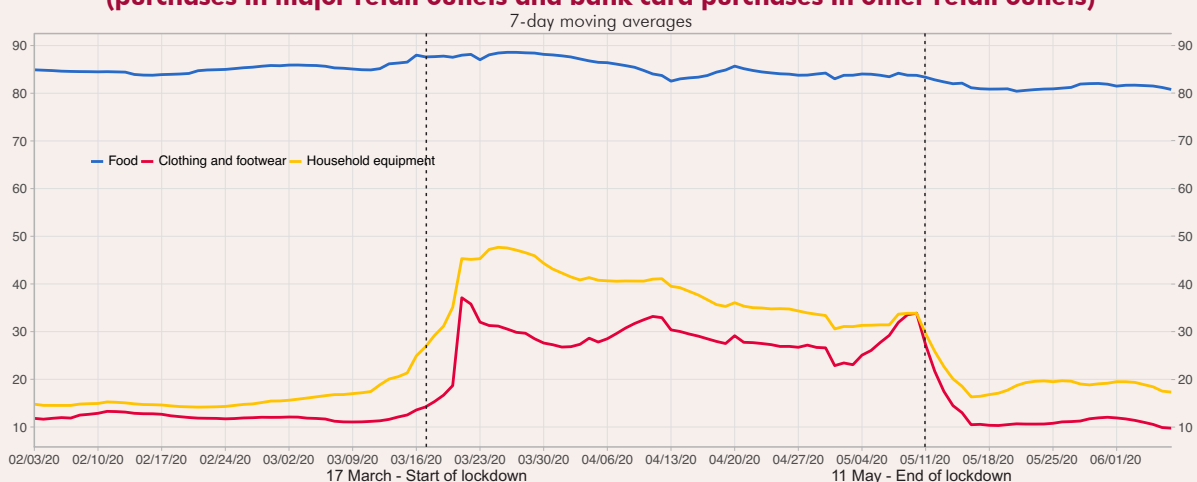


Note: transactions in major retail outlets means bank card transactions in supermarkets and hypermarkets. For clarity, the year-on-year value corresponding to Wednesday 29 April 2020 has been removed because the corresponding day in 2019 was Wednesday 1st May, when the associated year-on-year level was very high.

How to read it: on Tuesday 2 June 2020, bank card transactions were 9% higher than on Tuesday 4 June 2019. On this same day, bank card transactions in supermarkets and hypermarkets represented 26% (7-day moving averages) of total bank card transactions.

Source: Cartes Bancaires CB, INSEE calculations

4 - Purchase amounts in major retail outlets, as a proportion of total purchases (purchases in major retail outlets and bank card purchases in other retail outlets)



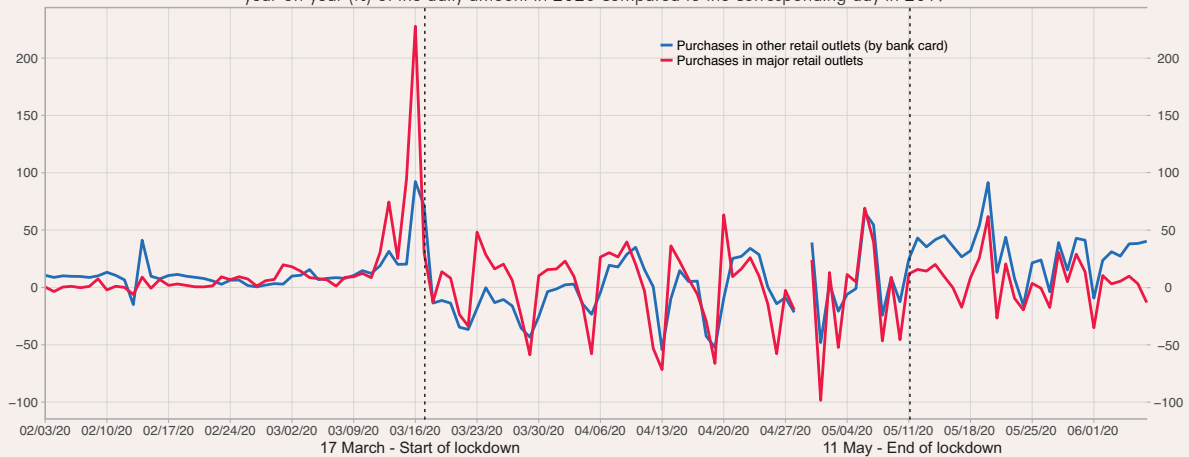
Note: for each product category, the ratio is that of purchases in major retail outlets (as provided by scanner data) to the aggregation of purchases in major retail outlets (scanner data) and bank card purchases in other retail outlets (bank card transaction data).

How to read it: on Tuesday 2 June 2020, purchases of food products in major retail outlets represented 82% (7-day moving averages) of total food purchases (purchases in major retail outlets and bank card purchases in other outlets).

Source: scanner data from several supermarket and hypermarket chains, Cartes Bancaires CB, INSEE calculations

5 – Agricultural and agrifood products excluding tobacco: purchases in major retail outlets and purchases (by bank card) in other retail outlets

year-on-year (%) of the daily amount in 2020 compared to the corresponding day in 2019



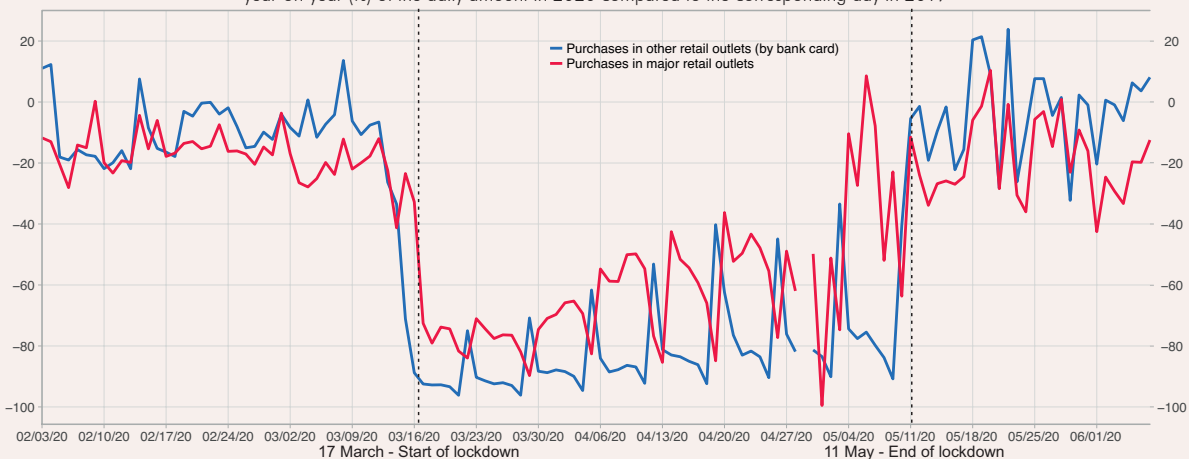
Note: purchases in other outlets are limited to bank card transactions. For clarity, the values corresponding to Wednesday 29 April 2020 have been removed because the corresponding day in 2019 was Wednesday 1st May, when the associated year-on-year levels were very high.

How to read it: on Tuesday 2 June 2020, bank card transactions in other retail outlets were 24% higher than on Tuesday 4 June 2019

Source: scanner data from several supermarket and hypermarket chains, Cartes Bancaires CB, INSEE calculations

6 – Clothing-footwear: purchases in major retail outlets and purchases (by bank card) in other retail outlets

year-on-year (%) of the daily amount in 2020 compared to the corresponding day in 2019



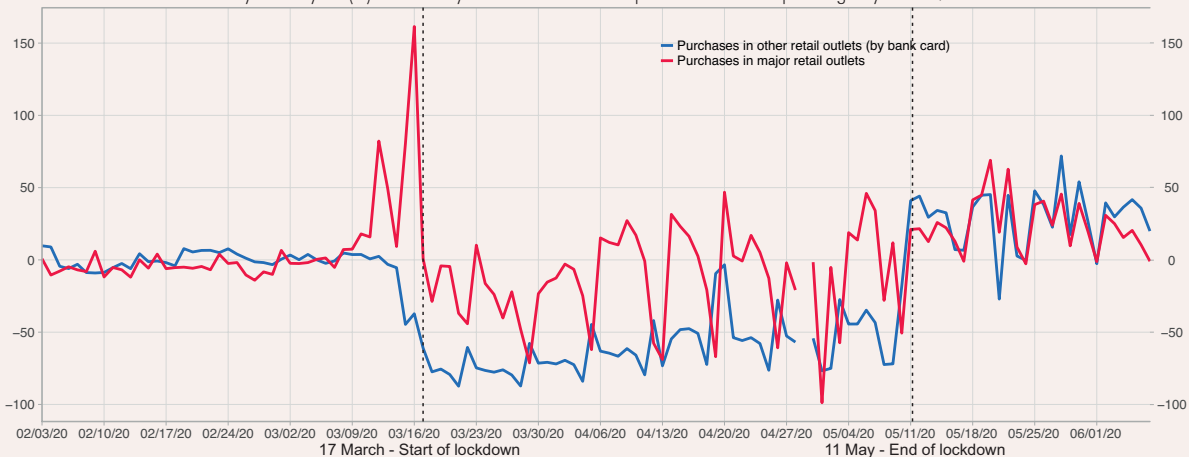
Note: purchases in other outlets are limited to bank card transactions. For clarity, the values corresponding to Wednesday 29 April 2020 have been removed because the corresponding day in 2019 was Wednesday 1st May, when the associated year-on-year levels were very high.

How to read it: on Tuesday 2 June 2020, bank card transactions in other retail outlets were 1% higher than on Tuesday 4 June 2019.

Source: scanner data from several supermarket and hypermarket chains, Cartes Bancaires CB, INSEE calculations

7 – Household equipment: purchases in major retail outlets and purchases (by bank card) in other retail outlets

year-on-year (%) of the daily amount in 2020 compared to the corresponding day in 2019



Note: purchases in other retail outlets are limited to bank card transactions. For clarity, the values corresponding to Wednesday 29 April 2020 have been removed because the corresponding day in 2019 was Wednesday 1st May, when the associated year-on-year levels were very high.

How to read it: on Tuesday 2 June 2020, bank card transactions in other retail outlets were 39% higher than on Tuesday 4 June 2019.

Source: scanner data from several supermarket and hypermarket chains, Cartes Bancaires CB, INSEE calculations