

How has households' opinion on their saving capacity changed during the health crisis?

During the health crisis in France, lockdown measures and the partial halt in economic activity have resulted in a sharp drop in household consumption. Since households' income losses were relatively moderate, their savings have increased significantly as a result.

The monthly consumer confidence survey (CAMME) measures how households perceive their current saving capacity. The corresponding balance of opinion has increased continuously since the start of the health crisis, and in June 2020 it reached its highest level since the series was begun (1970). This perception can vary according to the category of household, and especially according to the type of job held. Households in work, especially those with the most stable employment conditions (payroll employment, full-time jobs, open-ended jobs), are those whose saving capacity declared in the survey had increased most in recent months. The balance of opinion increased both for the most modest households and for the most wealthy; however, all other things being equal, it increased a little more for the latter.

Since the start of the health crisis, relatively more households have responded that their saving capacity has increased

After relative stability in H2 2019 and until February 2020, the aggregated balance of opinion on current household saving capacity increased sharply from March onwards, and reached a historic peak in June (*Graph 1*). In other words, a larger number of households replied that they "manage to save a little or a lot of money" rather than the opposite.¹ This trend is a direct reflection of the lockdown effect, which limited the opportunities to consume (household consumption in April fell to around 30% below its pre-crisis level, according to estimates in previous *Points de Conjoncture*), whereas gross disposable income was relatively unaffected, through various measures (partial activity, etc.). During April, households' gross disposable income would appear to have declined by "only" 2.7% compared with the pre-crisis level, thus the savings ratio climbed on a one-off basis to about 40% during lockdown.

Since lockdown measures started to be lifted, in an uncertain economic and health context, the balance of opinion on current saving capacity has not fallen. Household consumption has indeed rebounded strongly since 11 May, but it still remains below its pre-crisis level, while most incomes remain relatively well protected (maintaining the short-time unemployment scheme) or have picked up with the recovery of economic activity.

While most categories of household report an increase in their current saving capacity, this trend is more significant with those whose employment conditions are most stable

Balances of opinion on current saving capacity have jumped up for most categories of household (*Graphs 1 to 6*). At first glance, if we differentiate households according to their income level, this balance has jumped just as much for the most modest households as for the most wealthy. However, fairly clear differences appear according to type and conditions of activity. Among households in work, employees report an increase in their saving capacity since the start of the health crisis more often than the self-employed and business leaders. In addition, the balance of opinion of public-sector employees increased more strongly than that of private-sector employees. Lastly, among employees, those with open-ended contracts and those working full-time reported an increase in their saving capacity more often than those with fixed-term contracts and part-time workers. While the great majority of households have built up some "forced savings" during lockdown (given the constraints affecting consumption), the intensity of this phenomenon therefore seems quite naturally linked, at individual level, to their degree of job protection and income protection during this period.

1. The question asked in the monthly consumer confidence survey (CAMME) is as follows:

"Which of these statements best describes the current financial situation of your household?

- you manage to save a lot of money (+);
- you manage to save a little money (+);
- you just about make ends meet;
- you are dipping into your savings (-);
- you are getting into debt (-)"

The balance of opinion is calculated as the difference between the percentages of (+) and (-) responses.

Using a logistic regression² the robustness of these results can be assessed by separating the different effects, “all other things being equal (Table)”. More specifically, the regression takes into account simultaneously disparities in income, age, occupation status, zone of residence, type of job, work pattern and employment status. Wealthy households (or private or public sector employees, or full-time employees) are more likely to respond positively than modest

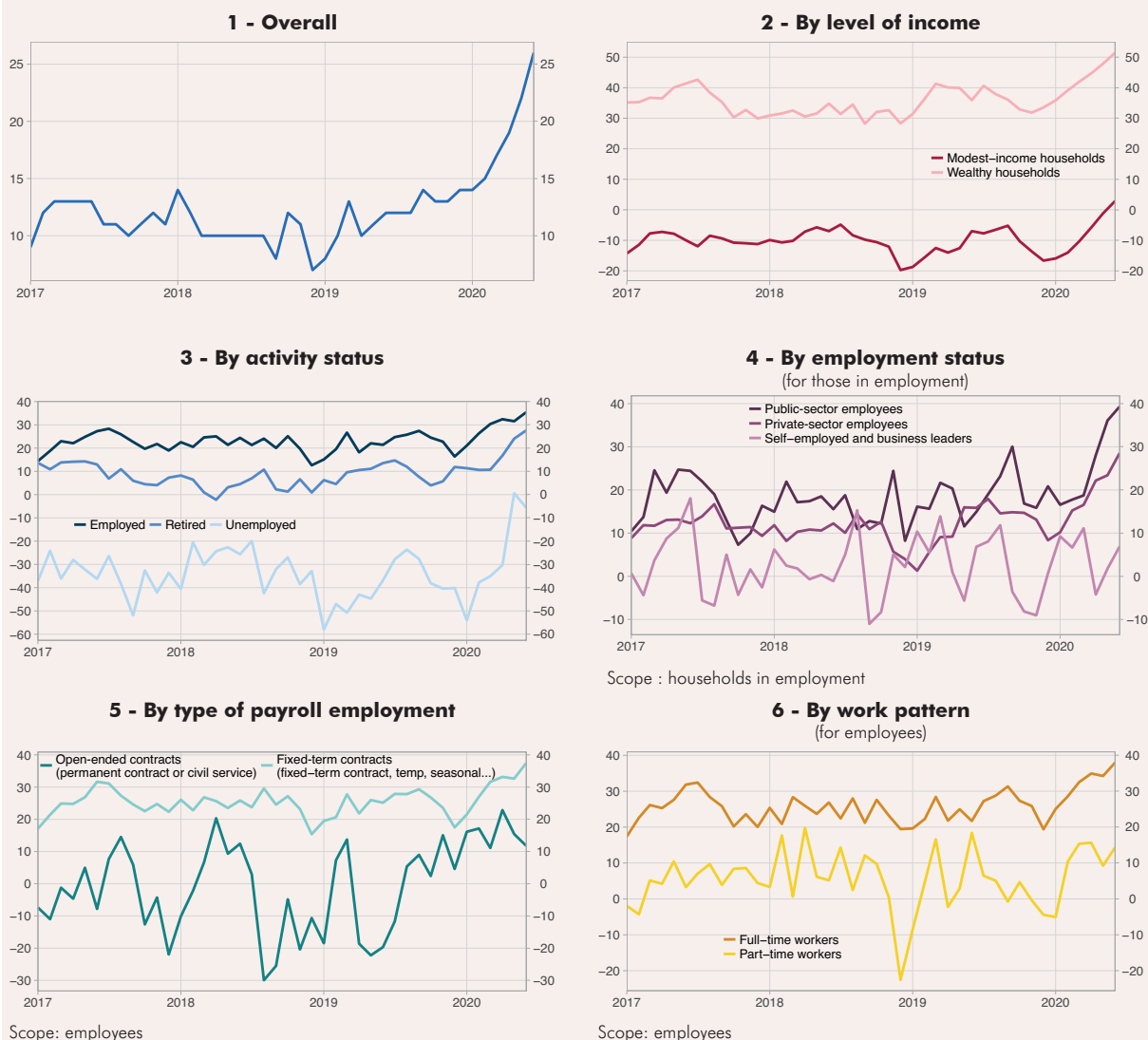
households (or self-employed and business leaders, or part-time employees), and these discrepancies have increased since the crisis.

However, at this stage, few differences emerge between categories of household concerning the balance of opinion on the opportunity to make major purchases. After nosediving during lockdown, it has rebounded fairly briskly since May. ■

2. For a general description of the model used, see: “Perceived inflation, measured inflation: are there differences between categories of households?” *Conjoncture in France*, March 2019 and “After dipping at the end of 2018, the household confidence indicators picked up in 2019 for households in all categories, albeit with certain nuances”, *Conjoncture in France*, December 2019.

Balances of opinion on current saving capacity

balances of responses (positive minus negative) in points (data seasonally adjusted for overall and raw for households by category)



How to read it: in June 2020, households' balance of opinion on their current saving capacity reached its highest level historically, at 26 points. For the analysis by category of household, the outlook survey data are not seasonally adjusted, unlike the balance of opinion at aggregated level.

Source : INSEE, INSEE Calculations

Table – estimate of a logistic regression of positive (rather than negative) responses on the subject of current saving capacity

Explanatory variables	Effect (odds ratio and significativity)
Standard of living	
Modest	Ref.
Wealthy	3.12***
Wealthy x (March to June 2020)	1.16**
Occupation status	
Unemployed	Ref.
In work	2.62***
Retired	1.87***
Other	1.42***
Employment status	
Public sector employees	Ref.
Self-employed or business leaders	0.67***
Self-employed or business leaders x (March to June 2020)	0.67***
Private sector employees	0.92***
Private sector employees x (March to June 2020)	1.08
Other ³	1.06***
Other x (March to June 2020)	1.2
Work pattern	
Part-time	Ref.
Full-time	1.14***
Other ⁴	0.70***
Full-time x (March to June 2020)	1.26*
Other x (March to June 2020)	1.33*
Type of employment	
Fixed-term	Ref.
Open-ended	1.44***
Period	
Rest of the period	Ref.
March to June 2020	0.9
Zone of residence	
Urban	Ref.
Rural	1.03*
Age	
Under 30	1.44***
30 – 44	1.16***
45 - 59	Ref.
60 – 74	1.07***
Over 75	1.04
Constant	
	0.1
Estimation period: January 2011 to June 2020	

How to read it: a respondent in work is 2.62 times more likely to give a positive response to the question on current saving capacity than a respondent from a household with the same characteristics but unemployed. This estimated probability is significantly different from zero with a 0.01% threshold.

Note: * (or **, ***) the odds ratio is significantly different from zero with a 0.1% (or 0.05%, 0.01%) threshold

Source: INSEE, CAMME survey, INSEE calculations

3. Individuals who are not employees, or self-employed or business leaders, or who are non-respondents

4. Individuals who are not employees, or who are non-respondents