

Household consumption

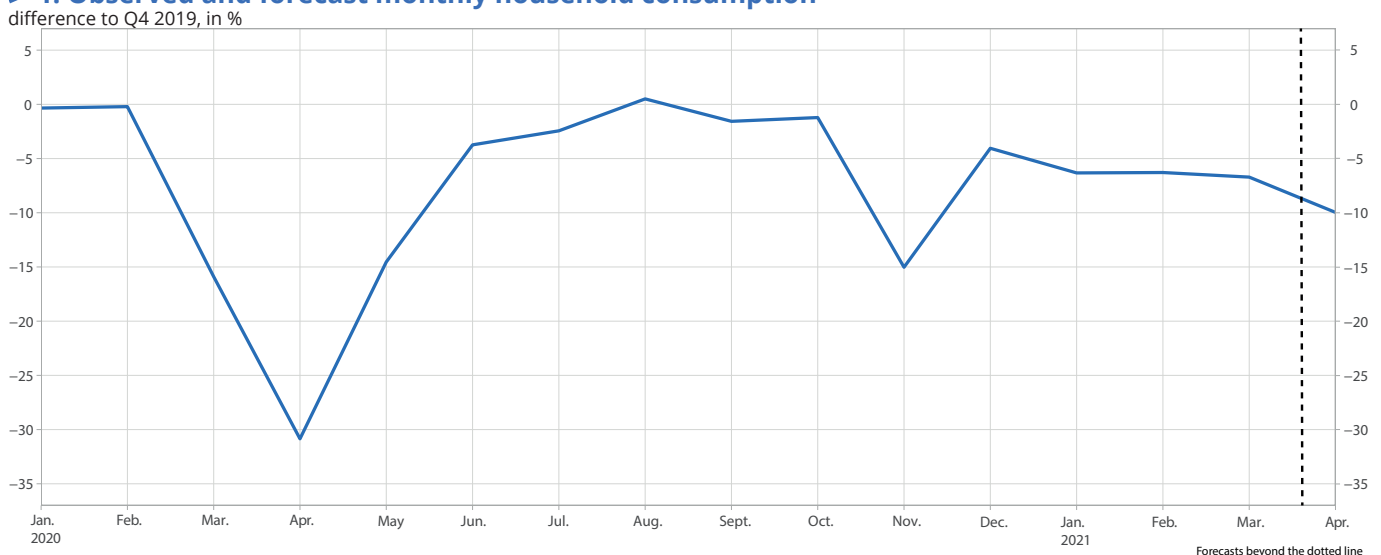
After being relatively stable in January and February, at 6% below its Q4 2019 level, household consumption deteriorated in March, dropping to 7% below its pre-crisis level, in a context of local lockdowns introduced from the end of February and extended to 16 departments from 20 March. In April, the lockdown was rolled out to the whole country and appears to have resulted in a further decline in consumption, to -10% compared to the pre-crisis level. However, it does seem to have remained above the level reached during the November 2020 lockdown (15% below the pre-crisis level) and is much higher than that in the April 2020 lockdown (31% below this level). As in November 2020, the deterioration in consumption in April is probably due mainly to the decline in spending on manufactured goods, held in check by the closure of “non-essential” businesses (clothing-footwear, household equipment to a lesser extent) and by the restrictions on movement (spending on fuel). In services, spending levels were already very depressed at the start of the year with the effect of the health restrictions (accommodation-catering, transport services, leisure spending) and are therefore unlikely to decline much further in April.

Since the *Economic Outlook* of 11 March 2021, the first estimate from the accounts for Q1 2021, published at the end of April, suggested a very slight increase in

household consumption in Q1 (+0.3%, less dynamic than the +1% forecast in the last *Economic Outlook*). In fact, household consumption in February remained at its January level (6% below the Q4 2019 level, ► **Figure 1**, against -4% estimated in the *Economic Outlook* of 11 March). It then deteriorated in March (-7% below the pre-crisis level, against -6% in the *Economic Outlook*) in the context of stronger health measures and especially, from 20 March, the lockdown in place in several departments.

From CB bank card transaction amounts and sales data from major retail outlets, available up to 25 April, household consumption can be estimated for April, when lockdown was extended to the entire country at the start of the month. The profile of the weekly CB bank card transaction amounts, compared to a similar week in 2019, predictably shows a marked decline from the first week of lockdown (► **Figure 2**, week 14 of 2021) which persists during the following weeks. However, the decline in CB transaction amounts appears to be less pronounced than in November 2020: consumption behaviour seems to have been less affected by the April 2021 lockdown than by that of last autumn, and certainly by that of spring 2020. This also seems to be the case for mobility behaviour (► **Focus**).

► 1. Observed and forecast monthly household consumption



How to read it: in April 2021, household consumption is expected to stand at 10% below its Q4 2019 level.
Source: INSEE calculations from various sources

French economic outlook

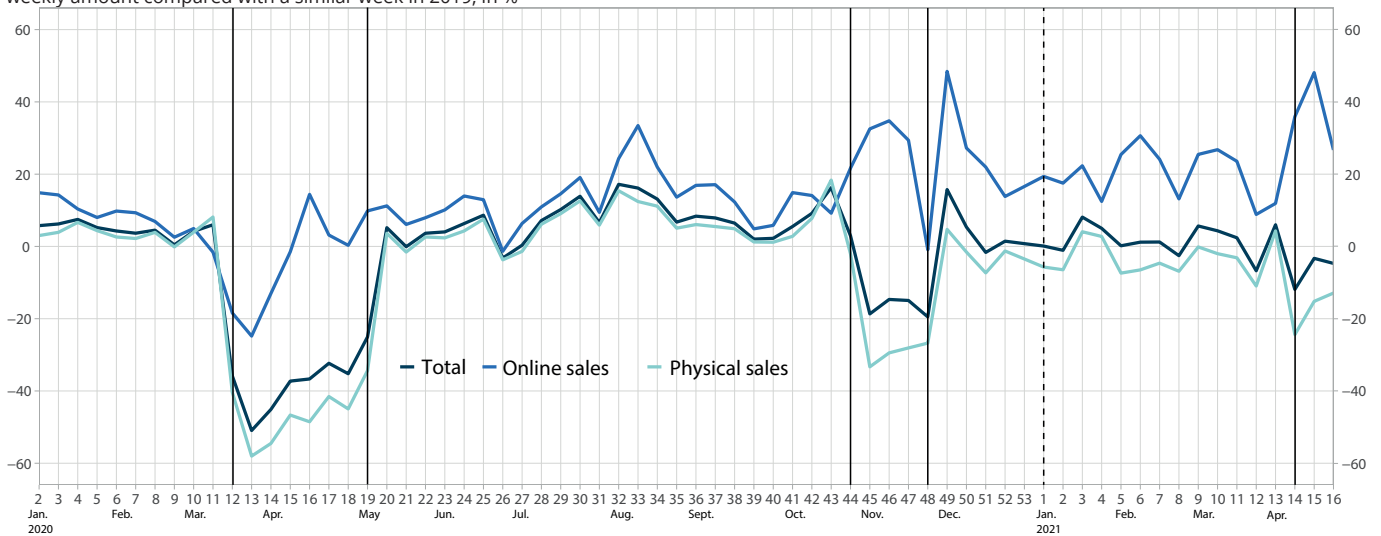
However, as in November, the sharp decline in bank card transactions stems from the drop in physical sales, while online sales increased strongly.

Household consumption in April would therefore seem to be 10% below its Q4 2020 level, suggesting a considerable decline compared to March but still less pronounced than in November 2020 (-15% compared to Q4 2019). Consumption of industrial goods in particular

would appear to have decreased significantly, standing at -9% compared to its pre-crisis level, whereas in previous months it had been fairly close to this level. This downturn would seem to be mainly the result of the decline in spending on clothing-footwear, which suffered from the closure of “non-essential” businesses, and spending on household equipment, apart from electronic and computer equipment (► **Figure 3**). It would also seem to be the result of lower consumption

► 2. Weekly CB bank card transaction amounts

weekly amount compared with a similar week in 2019, in %



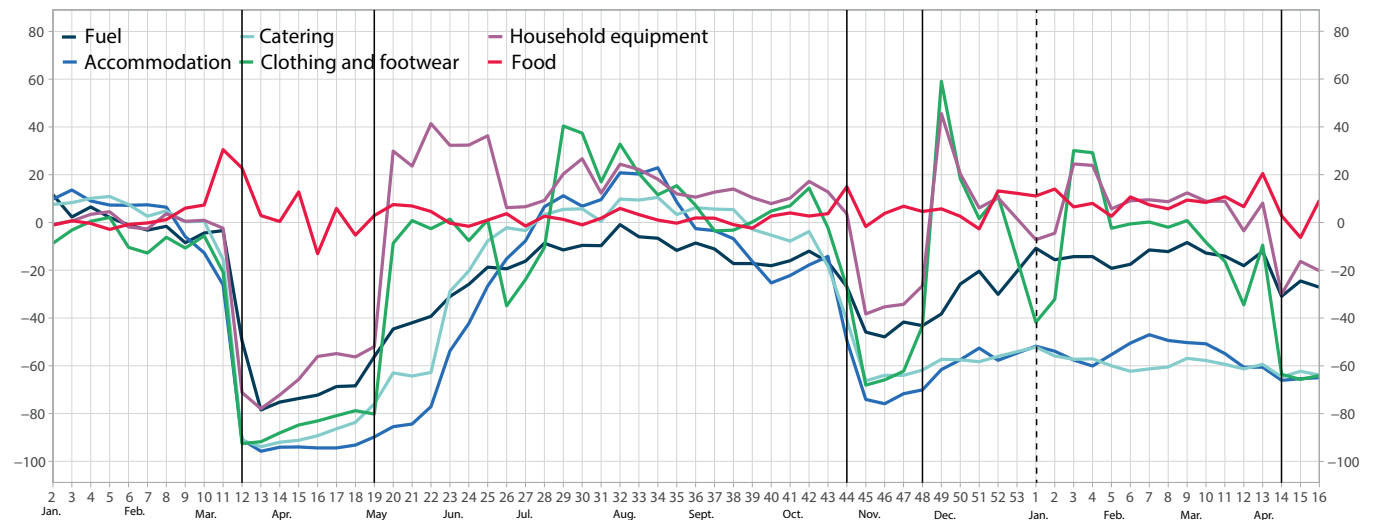
How to read it: in week 16 of 2021 (19 – 25 April), total CB bank card transaction amounts were 5% down on the amount in week 16 of 2019. The vertical lines show the dates that “non-essential” businesses closed and reopened during the 2020 lockdowns and the national lockdown in spring 2021. As each amount is compared to that of a similar week in 2019, for the differences shown for the end of 2020 and the start of 2021 there is therefore a break in the reference week (end of 2019 then start of 2019). This break is indicated by the vertical dotted line at week 1 of 2021.

Note: the dynamism of these CB transaction amounts from March 2020 onwards may reflect a higher use of CB bank card payments. This factor has been taken into account when estimating losses or increases in consumption compared to the pre-crisis level.

Source: Cartes Bancaires CB, INSEE calculations

► 3. Weekly CB bank card transaction amounts and sales by major hyper and supermarkets, for various types of goods and services

weekly amount compared with a similar week in 2019, in %



How to read it: in week 16 of 2021 (19 – 25 April), CB bank card transaction amounts related to purchases of fuel were 27% lower than amounts in week 16 of 2019. The vertical lines show the dates that “non-essential” businesses closed and reopened during the 2020 lockdowns and the national lockdown in spring 2021. As each amount is compared to that of a similar week in 2019, for the differences shown for the end of 2020 and the start of 2021 there is therefore a break in the reference week (end of 2019 then start of 2019). This break is indicated by the vertical dotted line at week 1 of 2021.

Note: the dynamism of these CB transaction amounts from March 2020 onwards may reflect a higher use of CB bank card payments. This factor has been taken into account when estimating losses or increases in consumption compared to the pre-crisis level.

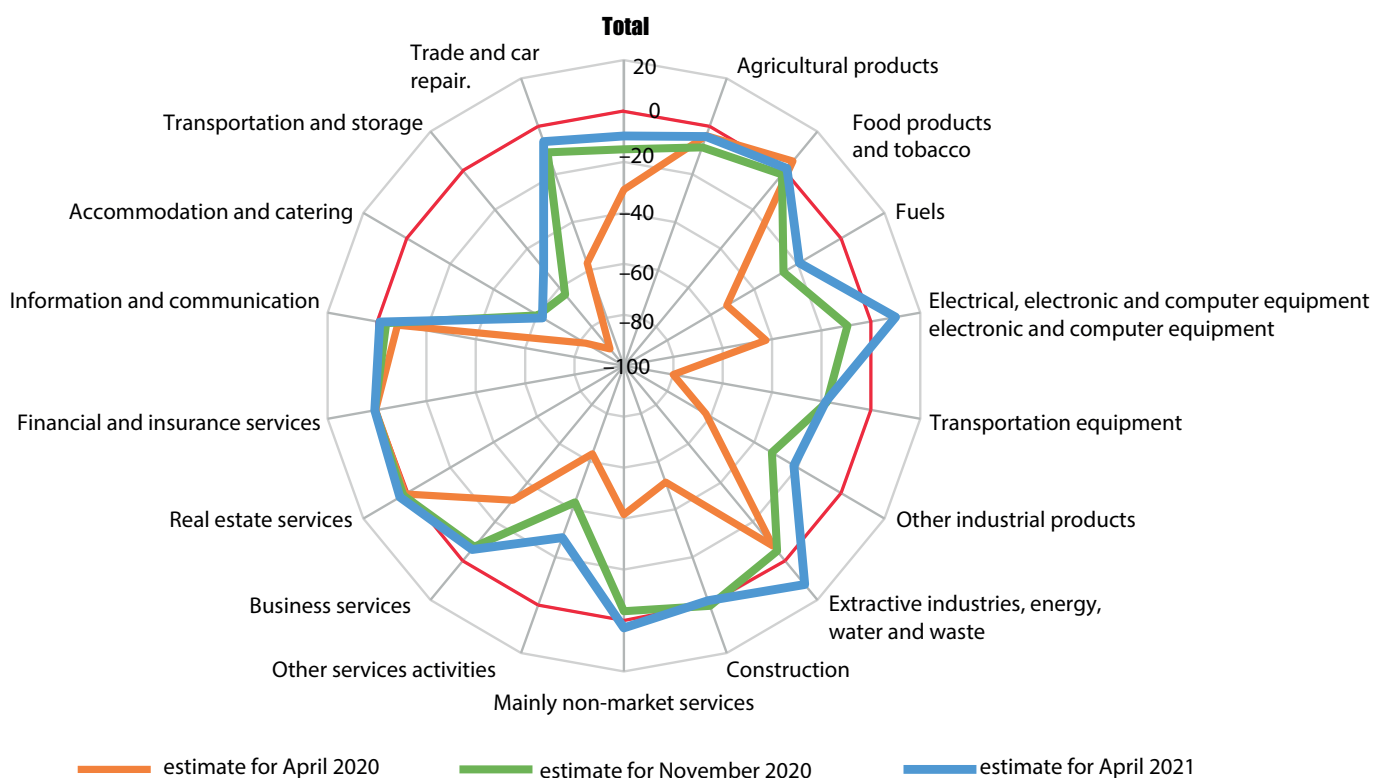
Source: Cartes Bancaires CB (except for food), cash register data from several supermarket chains (for food), INSEE calculations

of fuel, due to the restrictions on mobility, although the downturn in November 2020 was much more pronounced (► **Figure 3**). Consumption of capital goods (especially electrical and IT) was very dynamic in previous months, but would appear to have weakened in April, although remaining above its pre-crisis level. However, the particularly low temperatures in April would seem to have resulted in more spending on energy, offsetting the decline in consumption overall.

Concerning market services, household consumption was already very depressed in March and the preceding months, and would appear to have declined only slightly

in April (-15% compared to the Q4 2019 level, after -14% in March). This deterioration would seem to be due mainly to spending that was directly affected by lockdown: transport services, services to households, accommodation and catering (especially spending on accommodation, which saw a slight upturn in February and March but appears to have deteriorated once again in April, ► **Figure 3**). In non-market services, household consumption in April would seem to have remained at its March level, slightly higher than pre-crisis. Likewise in construction, where spending levels in March, which were slightly below the pre-crisis level, do not appear to have changed significantly in April.

►4. Estimated household consumption in April 2021, November 2020 and April 2020 compared to Q4 2019



How to read it: in April 2021, fuel consumption would appear to be 19% below its Q4 2019 level, whereas it was 27% and 53% below in November 2020 and April 2020 respectively.
 Source: INSEE calculations from various sources

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The third lockdown introduced at national level on 3 April would therefore seem to have led to a smaller loss of consumption than in the November 2020 lockdown and much smaller than in April 2020 during the first lockdown (► **Figure 4** and **5**). The smaller decline in consumption compared to November is probably due mainly to the less severe mobility restrictions, resulting in more spending on fuel and

transport services, but also led to less of a decline in spending on manufactured goods (spending on household equipment and computer and electronic equipment). Consumption of services to households would also appear to have been affected less in April 2021 than in November 2020, as some activities (hairdressers, etc.) remained open. ●

►5. Estimated and forecast level of household consumption

difference in the Q4 of 2019, in %

Products	Share of consumption*	2020			2021			
		April	November	Q1	January	February	March	April
Agriculture, forestry and fishing	3%	-3.9	-8.8	-4.1	-3.2	-4.9	-4.2	-4
Industry	44%	-34.6	-15.5	-1.3	-1.1	-0.7	-1.8	-9
Manufacture of food products, beverages and tobacco-based products	15%	4.9	-1.9	2.0	3.2	1.1	1.8	1
Coke and refined petroleum	4%	-52.6	-26.5	-7.1	-5.8	-8.9	-6.5	-19
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3%	-42.5	-9.5	13.7	11.4	15.4	14.2	10
Manufacture of transport equipment	6%	-80.1	-17.8	-8.4	-6.2	-8.5	-10.4	-18
Manufacture of other industrial products	12%	-62.3	-31.9	-4.1	-6.7	-0.3	-5.1	-23
Extractive industries, energy, water, waste treatment and decontamination	4%	-7.6	-5.0	2.3	4.3	1.0	1.5	12
Construction	2%	-51.3	0.3	-1.3	-0.8	-1.2	-1.8	-2
Mainly market services	46%	-28.2	-17.9	-14.1	-13.5	-13.9	-13.8	-15
Trade; repair of automobiles and motorcycles	1%	-57.1	-10.9	-1.2	-3.7	-0.5	0.8	-6
Transport and storage	3%	-91.3	-63.5	-45.2	-41.9	-46.4	-47.2	-50
Accommodation and catering	7%	-82.3	-60.4	-59.0	-60.4	-58.2	-58.4	-62
Information and communication	3%	-8.3	-3.7	-1.8	0.7	-1.1	-1.1	-1
Financial and insurance activities	6%	0.6	0.9	0.9	0.8	0.9	0.9	1
Real estate activities	19%	0.8	1.7	3.0	3.1	2.9	3.1	3
Scientific and technical activities; administrative and support services	2%	-31.1	-7.2	-9.0	-10.9	-7.3	-8.8	-6
Other service activities	4%	-63.2	-42.9	-22.8	-19.7	-24.7	-23.9	-28
Mainly non-market services	5%	-41.6	-3.6	2.7	2.4	2.7	3.0	3
Territorial correction		-97.4	-81.0	-68.8	-60.0	-71.1	-75.3	-75
Total		-30.9	-15.0	-6.4	-6.3	-6.3	-6.7	-10

* Weight in final household consumption spending, excluding territorial correction (2018)

■ Forecast

How to read it: in April 2021, the level of household consumption of accommodation and catering services would appear to be 62% lower than in Q4 2019.

Source: INSEE calculations from various sources