

Perceived inflation increases slightly more in rural areas

In the monthly economic outlook survey of households carried out by INSEE, respondents are asked about their perception of inflation. From their responses regarding their perception of recent price changes¹ a balance of opinion is calculated which, over a long period, appears to be strongly correlated to the consumer price index (or CPI ► [Figure 1](#)). Since the start of the year in particular, more and more households say that prices in general have risen (balance of opinion changed from -39 points in December 2020 to -4 points in September 2021), linked to the rise in the CPI over the period (0.0% year-on-year in December 2020 to 2.1% year-on-year in September 2021). In September, this balance was at its highest since 2013, slightly above the high point reached at the end of 2018, also in a context linked to an increase in CPI as a result of a rise in energy prices. However, it is still very far below the levels reached in 2011-2012 and 2008.

This balance of opinion on past inflation has been rising since the beginning of 2021 for all categories of household. Affluent households (highest income quartile) are certainly less likely than lower-income households to respond that prices have increased sharply, but this observation already applied before 2021, and this gap has not widened this year (► [Figure 2](#)).

In addition, as the increase in the CPI was driven mainly by energy prices, and especially by the price of oil, households living in rural areas, who are more dependent on their cars for moving about, seemed to feel the growth in inflation in recent months more keenly than households in urban areas (► [Figure 3](#)): their balance of opinion increased from March 2021, a few months before that of residents of urban areas, who only perceived sharp increases from May 2021. ●

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¹ The question that households were asked is as follows: "Do you find that over the last twelve months, prices have... increased sharply/ increased moderately/ increased slightly / stagnated / fallen?". The balance of opinion distinguished between the percentage of households that replied "increased sharply" and those that replied "increased slightly", "stagnated" or "fallen".

► 1. Balance of opinion on past change in prices and inflation measured by the Consumer Price Index (CPI)

in %



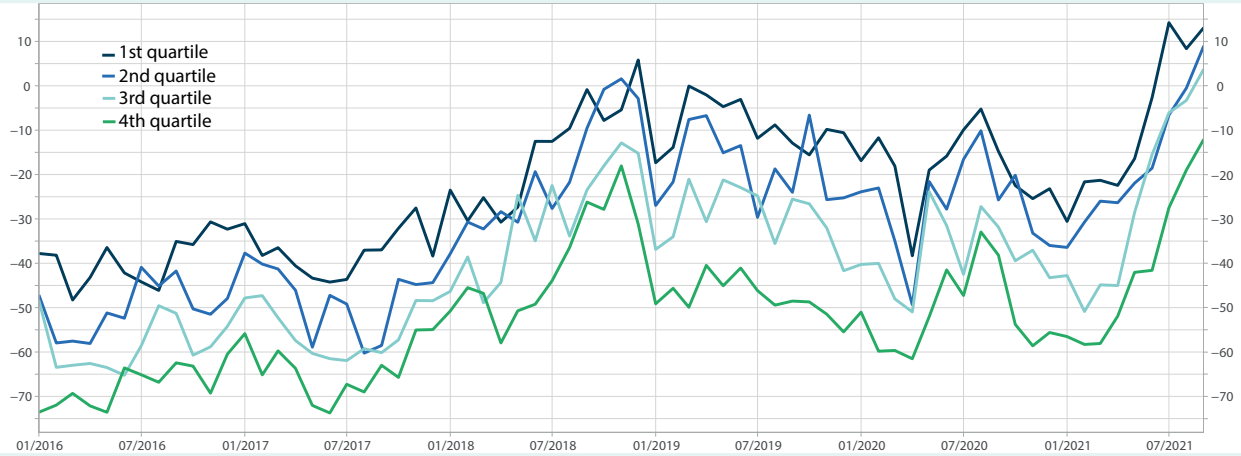
Scope: all of France for the CPI, Metropolitan France for the balance of opinion.

Source: INSEE, consumer price index and monthly household survey

French economic outlook

► 2. Balance of opinion on past change in prices, by income quartile

in points



How to read it: the 1st quartile corresponds to the most modest 25% of households; the 4th to the most affluent 25%.

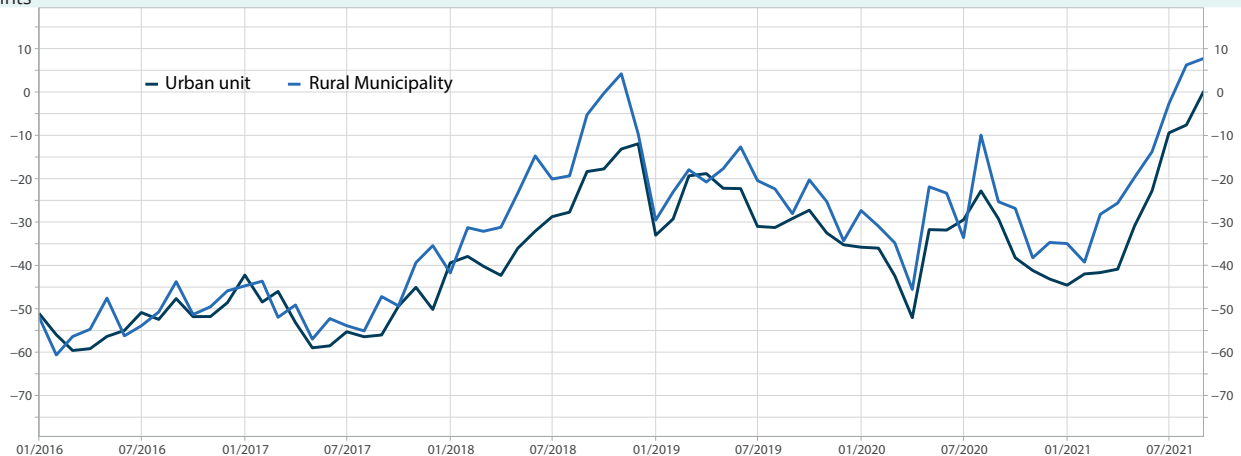
Data not seasonally adjusted.

Scope: Metropolitan France

Source: INSEE, consumer price index and monthly household survey

► 3. Balance of opinion on past change in prices, according to area of residence

in points



Data not seasonally adjusted.

Scope: Metropolitan France

Source: INSEE, consumer price index and monthly household survey

Bibliography

Arion G., Beatriz M., Sueur E., Leclair M. and Morer N. (March 2019), «Perceived inflation, measured inflation: are there differences between categories of households?» March 2019 *Economic outlook* Special analysis. ●