

# Household consumption and investment

In Q4 2022, household consumption fell back sharply (-1.2% compared to the previous quarter). Gas and electricity consumption tumbled due to the mild weather in October and November and also probably to behavioural adjustments in a context of rising energy prices and encouragement to save energy. In addition, this decline was accentuated by the recording in the accounts of the “energy cheque” paid out to households as consumption by general government, not by households. Food purchases also declined significantly, as they had done throughout 2022, in line with the rise in food prices. This decline may also reflect purchases more focused on lower quality products (► **Focus** on changes in consumption habits in 2022). Despite the continuing catch-up in purchases of transport equipment, purchases of goods (including energy and food) declined for the fifth consecutive quarter. In services, consumption increased moderately, driven mainly by transport services.

In Q1 2023, consumption is expected to pick up slightly (+0.2% forecast). Energy consumption is likely to rebound significantly, sustained by temperatures more in line with seasonal norms than in the previous quarter, but without completely offsetting the sharp drop at the end of 2022 as energy-saving behaviours are likely to continue. Purchases of refined petroleum products are also expected to rebound, mainly driven by the consumption of heating oil. The catch-up is also likely to continue in purchases of transport equipment, which remain well below their pre-health crisis level, despite a rebound in H2 2022. Food consumption is expected to continue to decline, in a context of high inflation, but less markedly than during 2022. Thus, all in all it is likely that the consumption of goods will make a positive contribution to growth in consumption, for the first time since the end of 2021. In services, consumption is expected to rebound in accommodation and catering, after a slight decline in the previous quarter, but with a concern over the impact of strikes, which would weigh more heavily on the consumption of transport services.

In Q2 2023, consumption is expected to remain virtually stable (+0.1% forecast), assuming stability in the purchase of goods and a trend increase in services. The share of electricity and gas consumption attributed to households is likely to increase substantially when data are seasonally adjusted, mainly due to the end of energy cheques providing aid to households (and at the same time a reduction in consumption by general government). Food consumption could continue to decline amid high inflation, unless households choose to restrict themselves to other goods and services.

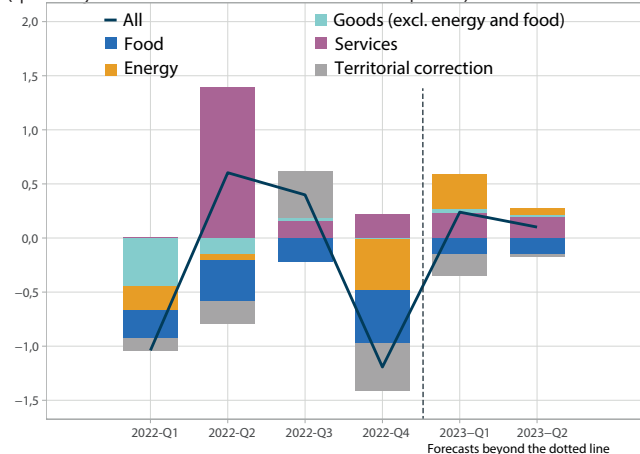
Given the expected decline in purchasing power in H1 2023, the slight rebound in household consumption early in the year then its virtual stability in Q2 are expected to lead to a slipping back of the savings ratio, after the strong rise in Q4 2022. It should remain above its pre-health crisis level, however.

Finally, household investment, in decline since Q2 2022, is likely to continue to fall throughout H1 2023. The production of individual housing is expected to drop further, against a backdrop of rising interest rates. Investment in services, which has been faltering since Q3 2022, is also expected to follow the same downward trend, linked to a sluggish real estate market. ●

# French economic outlook

## ► 1. Past and expected quarterly consumption (left) and household savings ratio (right)

(quarterly variations in % and contributions in points)



(in % of gross disposable income)



Note: territorial correction represents purchases made by French residents abroad (also counted in imports) minus purchases by non-residents made in France (counted in exports). The other contributions to household consumption (food, energy, etc.) refer exclusively to consumption in France.  
How to read it: in Q1 2023, household consumption is expected to increase by 0.2% compared to the previous quarter. The household savings rate is expected to rise by 17.0% of gross disposable income.  
Source: INSEE.

## ► 2. Estimated and projected quarterly household consumption

(quarterly and annual variations, in %, SA-WDA)

Products	weight <sup>(1)</sup>	2021				2022				2023		2021	2022	2023 ovhg
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
<b>Agricultural products</b>	<b>3 %</b>	<b>1.0</b>	<b>-3.8</b>	<b>-1.7</b>	<b>2.3</b>	<b>-1.8</b>	<b>-0.8</b>	<b>-1.1</b>	<b>-3.8</b>	<b>1.2</b>	<b>1.2</b>	<b>-2.5</b>	<b>-4.0</b>	<b>-1.5</b>
<b>Manufactured products</b>	<b>40 %</b>	<b>2.4</b>	<b>-3.3</b>	<b>3.8</b>	<b>-0.5</b>	<b>-1.6</b>	<b>-1.3</b>	<b>-0.4</b>	<b>-1.0</b>	<b>-0.4</b>	<b>-0.4</b>	<b>4.4</b>	<b>-2.5</b>	<b>-2.0</b>
Food products	15 %	0.9	-2.3	-0.1	0.1	-1.3	-2.4	-1.3	-2.7	-1.3	-1.3	-0.5	-4.9	-5.4
Coke and refined petroleum	4 %	10.2	-2.1	10.4	0.2	-2.8	-2.2	1.0	-1.4	1.1	0.0	14.1	0.1	0.0
Capital goods	3 %	1.4	-3.5	-0.5	-3.0	0.6	-0.4	1.2	-2.6	1.2	-0.2	6.9	-3.1	-0.4
Transport equipment	6 %	1.0	-1.4	-0.8	-1.1	-2.1	-2.0	1.3	2.5	1.0	0.0	5.4	-3.8	3.0
Other industrial products	12 %	3.1	-5.8	10.3	-0.8	-2.0	0.5	-0.9	-0.1	-0.7	0.2	7.6	0.6	-1.0
<b>Energy, water, waste</b>	<b>5 %</b>	<b>-0.7</b>	<b>4.0</b>	<b>-3.7</b>	<b>2.2</b>	<b>-4.4</b>	<b>-1.2</b>	<b>0.0</b>	<b>-10.0</b>	<b>7.5</b>	<b>1.4</b>	<b>4.2</b>	<b>-6.9</b>	<b>0.0</b>
<b>Construction</b>	<b>2 %</b>	<b>-0.7</b>	<b>7.1</b>	<b>-1.0</b>	<b>-0.4</b>	<b>-1.3</b>	<b>5.4</b>	<b>-1.7</b>	<b>-3.1</b>	<b>0.0</b>	<b>0.1</b>	<b>13.8</b>	<b>1.9</b>	<b>-1.8</b>
<b>Trade(2)</b>	<b>1 %</b>	<b>3.3</b>	<b>1.3</b>	<b>0.8</b>	<b>0.8</b>	<b>-0.7</b>	<b>-0.8</b>	<b>-1.1</b>	<b>1.8</b>	<b>0.9</b>	<b>0.2</b>	<b>10.5</b>	<b>-0.1</b>	<b>1.6</b>
<b>Market services excluding trade</b>	<b>46 %</b>	<b>-1.6</b>	<b>5.1</b>	<b>11.6</b>	<b>1.4</b>	<b>0.1</b>	<b>2.8</b>	<b>0.4</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>5.7</b>	<b>10.5</b>	<b>2.0</b>
Transport	4 %	6.9	6.6	39.8	8.0	3.4	6.5	0.3	2.0	-0.1	0.3	16.3	35.9	3.3
Accommodation and food	8 %	-21.6	44.1	59.5	-0.4	-2.3	12.6	0.2	-0.2	0.5	0.3	15.3	39.3	3.6
Information-communication	3 %	-0.5	1.6	2.1	1.0	0.0	-0.8	1.3	1.0	0.1	0.5	2.5	2.5	1.6
Financial services	5 %	1.1	0.7	0.8	0.3	0.2	0.3	0.3	0.3	0.4	0.3	3.0	1.5	1.1
Real estate services	19 %	0.8	0.5	0.3	0.5	0.3	0.4	0.2	0.4	0.4	0.3	1.5	1.4	1.1
Business services	2 %	0.1	3.8	7.0	2.6	0.5	0.0	0.5	0.6	0.4	0.6	11.2	7.3	1.5
Household services	4 %	-1.5	4.0	25.3	5.9	0.6	2.7	1.4	1.0	1.1	1.1	14.2	21.2	4.1
<b>Non-market services</b>	<b>5 %</b>	<b>2.7</b>	<b>0.6</b>	<b>1.3</b>	<b>2.2</b>	<b>-0.1</b>	<b>0.1</b>	<b>-0.1</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>11.8</b>	<b>2.5</b>	<b>0.5</b>
<b>Territorial correction</b>	<b>-1 %</b>	<b>-7.2</b>	<b>-66.3</b>	<b>658.8</b>	<b>6.9</b>	<b>11.8</b>	<b>17.6</b>	<b>-31.9</b>	<b>47.1</b>	<b>15.0</b>	<b>2.0</b>	<b>17.2</b>	<b>91.6</b>	<b>32.4</b>
Imports of tourism services		-3.4	16.3	35.3	10.4	2.3	2.6	9.6	-4.7	-1.9	2.0	17.6	37.1	1.1
Exports of tourism services		-4.1	0.6	74.9	9.5	4.9	6.9	-3.5	6.8	3.3	2.0	17.5	49.1	10.0
<b>Total</b>	<b>100 %</b>	<b>0.5</b>	<b>1.2</b>	<b>5.4</b>	<b>0.6</b>	<b>-1.0</b>	<b>0.6</b>	<b>0.4</b>	<b>-1.2</b>	<b>0.2</b>	<b>0.1</b>	<b>5.2</b>	<b>2.7</b>	<b>-0.2</b>

■ Forecast.

(1) weight in household final consumption expenditure in current euros in Q4 2019.

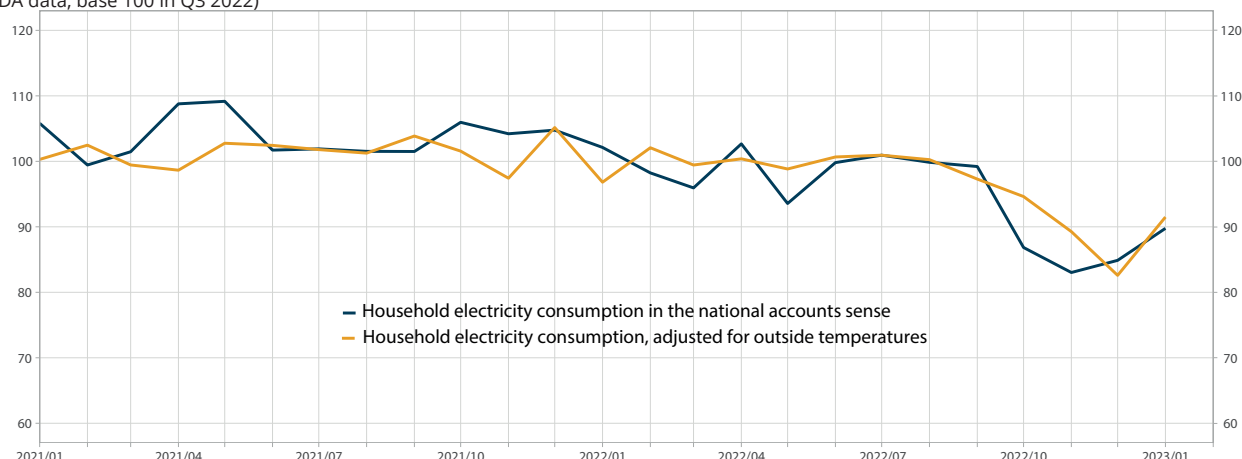
(2) this item corresponds to sale and repair of motor vehicles and motorbikes. Expenditure in retail trade excluding motor vehicles and motorbikes is allocated to the corresponding products.

How to read it: in Q1 2023, household consumption of energy, water and waste would increase by 7.5% compared to the previous quarter.

Source: INSEE calculations from various sources.

## ► 3. Monthly household electricity consumption, with and without correction for outside temperatures

(SA-WDA data, base 100 in Q3 2022)



Last point: January 2023.

How to read it: in October 2022, household electricity consumption was 13% less than its average level in Q3 2022. Of this 13% decline, about 8 points would seem to be due to the mild weather in October.

Source: INSEE.

## ► 4. Household consumption, investment and savings ratio

(quarterly changes and difference to Q4 2019, in %)

	2021				2022				2023		2021*	2022*	2023* ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
<b>Consumption:</b> quarterly changes	0.5	1.2	5.4	0.6	-1.0	0.6	0.4	-1.2	0.2	0.1	5.2	2.7	-0.2
difference to Q4 2019	-5.9	-4.8	0.4	1.0	0.0	0.6	1.0	-0.2	0.0	0.1	-1.9	0.7	0.6
<b>Savings ratio:</b> as % of gross disposable income	20.8	20.1	16.7	17.2	16.9	15.8	16.1	17.8	17.0	16.3	18.7	16.6	16.5
difference in points to Q4 2019	5.3	4.6	1.2	1.7	1.4	0.3	0.6	2.3	1.5	0.8	3.2	1.1	16.5
<b>Investment:</b> quarterly changes	0.4	4.0	1.2	-0.7	0.0	-0.1	-0.7	-0.9	-0.4	-0.3	17.0	0.3	-1.7
difference to Q4 2019	-1.5	2.4	3.6	2.9	2.9	2.7	2.0	1.0	0.6	0.3	3.1	3.4	1.6

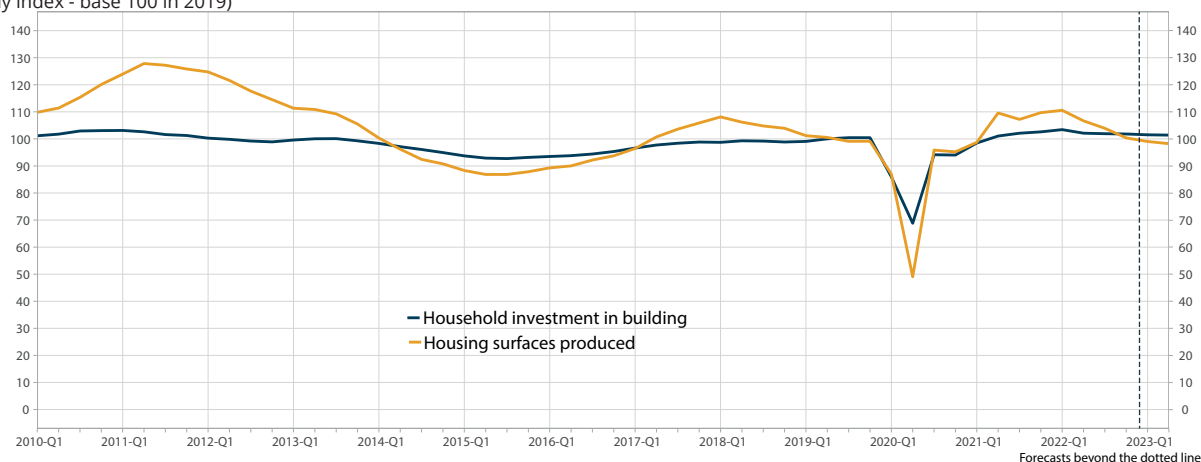
■ Forecast.

\* annual variations for the last three columns (apart from the annual average for savings ratio).

Source: INSEE.

## ► 5. Household investment in construction and housing space produced

(quarterly index - base 100 in 2019)



Note: housing space produced represents one of the two components of household investment in construction, the other being major maintenance work (not shown in this figure). Note that housing space produced in a given quarter is distinct from housing starts in that quarter as it is based on considering the distribution over time of investments made while the construction work is in progress. In the national accounts, a housing space is not considered as fully produced at the time of the housing start, but its value is spread over the duration of the work, estimated statistically.

How to read it: in Q1 2023, household investment in construction -expressed as base 100 in 2019- is expected to reach 101.5. Housing space produced -expressed as base 100 in 2019- is expected to be 99.1.

Source: INSEE.