

Household income

In Q3 2023, household gross disposable income (GDI) decelerated (+0.9% after +1.5% in Q2), with earned income and wealth income slowing, although the latter still remained relatively buoyant. At the same time, household consumer prices also slowed but were sustained nevertheless (+1.0%). Thus the purchasing power of household GDI per consumption unit contracted slightly (-0.2%) in Q3.

In Q4 2023, household GDI is expected to accelerate (+1.3%), driven notably by the dynamism of earned income (large payouts under the value sharing bonus (PPV) scheme and a one-off purchasing power bonus for civil servants). Social benefits are expected to increase, bolstered mainly by the revision of supplementary pensions. Meanwhile, household consumer prices are likely to slow (+0.7%), with the result that purchasing power of GDI per consumption unit looks set to bounce back (+0.4%).

Over the whole of 2023, overall purchasing power is expected to increase moderately (+0.8%), and gains in purchasing power per consumption unit (CU) look set to be positive but modest (+0.3%), in a context of high inflation. In nominal terms, earned income in 2023 is still expected to be the main contributor to change in GDI (► **Figure 3**). In real terms, GDI purchasing power gains are expected to be bolstered more by income from wealth (► **Focus In 2023, wealth income is expected to be dynamic, driven by the rise in interest rates**) than by earned income or social benefits.

In H1 2024, household GDI should remain dynamic across Q1 (+1.2%), then slow in Q2 (+0.6%). GDI growth at the start of the year is expected to reflect mainly the rise in social benefits (+2.8%), especially as a result of indexing basic pensions to inflation and the payment of a means-tested fuel allowance. Meanwhile, earned income is expected to remain virtually stable in Q1, in reaction to the sizeable bonus payouts in the previous quarter. It is likely to accelerate only modestly in Q2, due to the slowdown in wages and virtual stability forecast for employment. Wealth income is also expected to slow, assuming that the increase in the ECB base interest rate comes to an end. However, household consumer prices are also expected to decelerate in H1, with the result that purchasing power per consumption unit should pick up again in Q1 (+0.5%), before coming to a standstill in Q2 (+0.1%).

For 2024, the mid-year growth overhang for purchasing power (i.e. the annual variation forecast if purchasing power in H2 were to remain fixed at the level forecast for Q2) is expected to be relatively dynamic (+1.2%, or +0.8% per consumption unit) compared to GDP growth. However, this mid-year overhang is not a prediction of change in purchasing power across the whole of 2024 because, by definition, it does not include possible movements in GDI and consumer prices in H2. ●

► 1. Components of household gross disposable income

(variations in %)

	Quarterly changes											Annual changes		
	2022				2023				2024			2022	2023	2024 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2				
Gross disposable income (100%)	-0.8	1.1	3.1	3.4	0.9	1.5	0.9	1.3	1.2	0.6	5.1	7.4	3.5	
including:														
Earned income (73%)	1.8	1.3	2.3	1.6	1.1	0.8	0.7	1.7	0.1	0.5	7.7	5.2	2.3	
Gross wages and salaries (65%)	1.7	1.5	2.2	1.7	1.2	0.8	0.8	1.9	0.1	0.5	8.3	5.6	2.5	
GOS of sole proprietors* (8%)	2.8	0.0	3.0	0.6	0.4	0.4	-0.1	0.0	0.4	0.1	3.3	2.6	0.5	
Social benefits in cash (34%)	-2.0	-0.1	3.1	0.7	0.9	0.2	0.6	1.3	2.8	0.6	0.4	3.9	4.7	
Property income, of which GOS of pure households (20%)	0.8	1.5	3.9	5.9	4.7	3.4	2.1	0.2	2.1	0.9	7.3	15.9	4.9	
Social contributions and taxes (-26%)	6.2	0.4	1.6	-3.2	4.6	-0.6	0.9	1.6	1.2	0.5	7.7	3.4	3.1	
Household consumer prices	1.1	1.8	1.7	1.8	2.0	1.4	1.0	0.7	0.6	0.3	4.9	6.5	2.2	
Purchasing power of gross disposable income	-1.9	-0.7	1.4	1.6	-1.0	0.1	-0.1	0.6	0.6	0.3	0.2	0.8	1.2	
Purchasing power per consumption unit	-2.1	-0.8	1.3	1.5	-1.2	0.0	-0.2	0.4	0.5	0.1	-0.4	0.3	0.8	

■ Forecast.

* the gross operating surplus (GOS) of sole proprietors is the balance of the operating account of sole proprietorships. This is mixed income as it remunerates work carried out by the owner of the sole proprietorship, and possibly members of their family, but it also contains profit made as a sole proprietor.

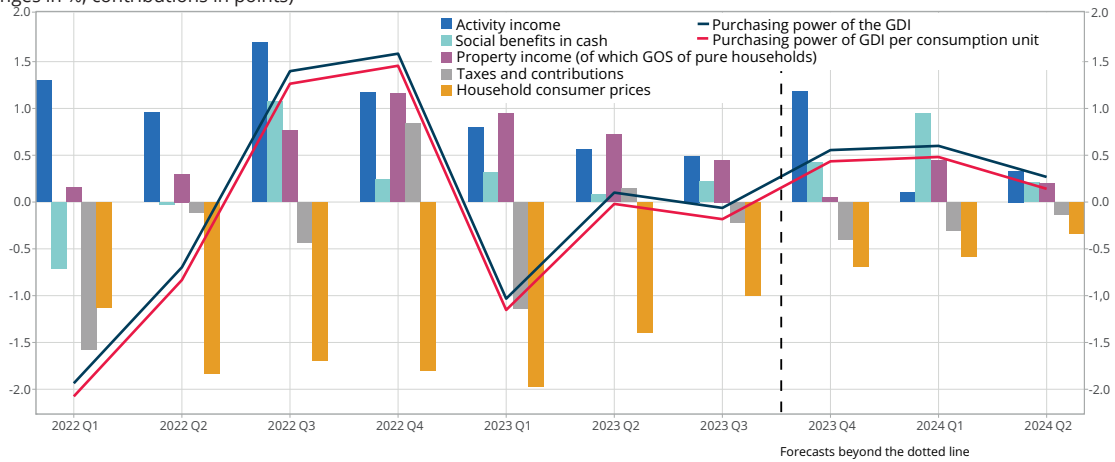
Note: figures in brackets give the structure for 2022.

How to read it: after an increase of 0.9% in Q3 2023, household gross disposable income would rise more sharply in Q4 (+1.3%).

Source: INSEE.

► 2. Quarterly variation in purchasing power of household gross disposable income (GDI) and its main contributions to variations in GDI

(quarterly changes in %, contributions in points)

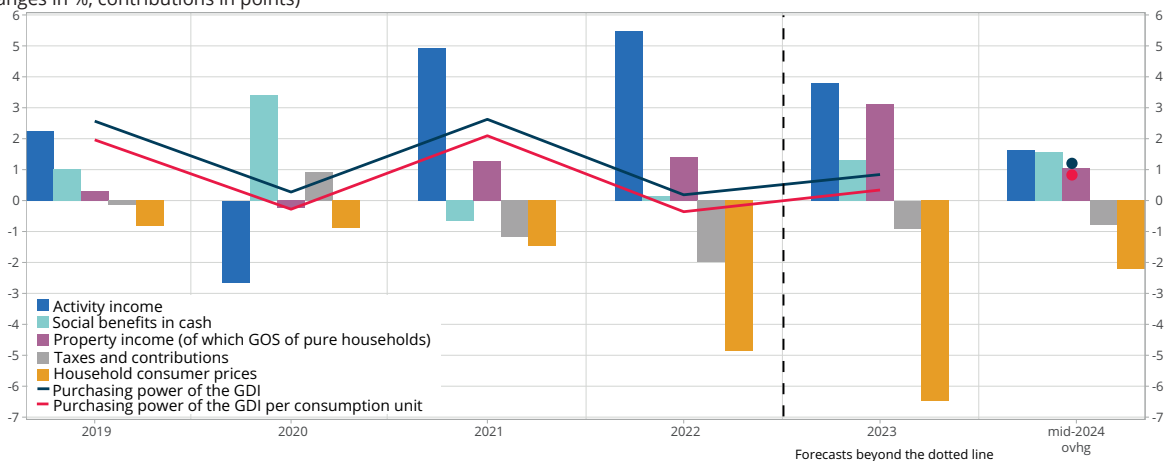


How to read it: the purchasing power of household GDI per consumption unit is expected to rise by 0.4% in Q4 2023. Activity income would contribute +1.2 points to this rise.

Source: INSEE.

► 3. Annual variation in purchasing power of household gross disposable income (GDI) and its main contributions to variations in GDI

(annual changes in %, contributions in points)

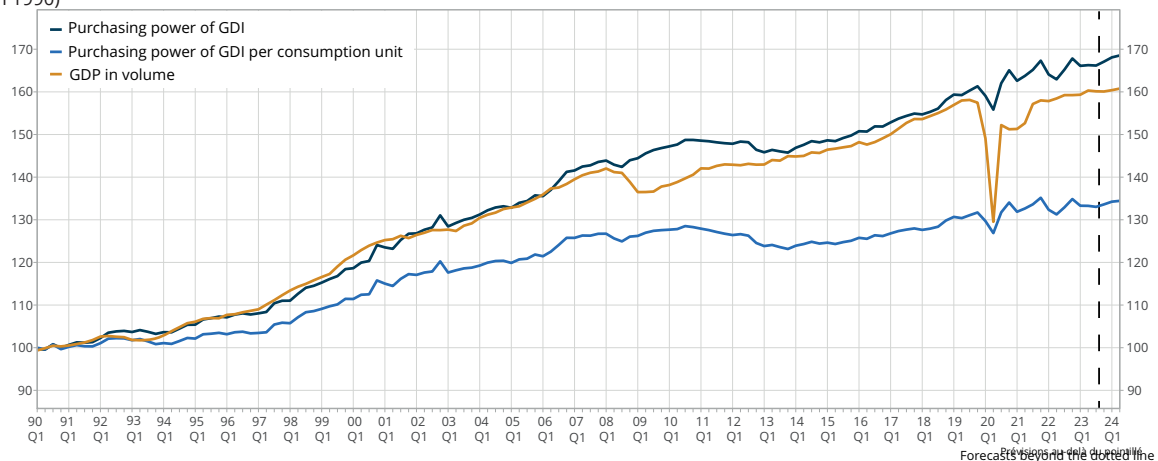


How to read it: the purchasing power of household GDI per consumption unit is expected to rise by 0.3% on average in 2023. Activity income would contribute +3.8 points to this rise.

Source: INSEE.

► 4. Change in purchasing power of household gross disposable income (GDI) and of GDP since 1990

(base 100 in 1990)



Source: INSEE.