

Household income

In Q3 2024, household gross disposable income (GDI) remained dynamic (+1.0% adjusted for the effect of Financial Intermediation Services Indirectly Measured – FISIM,¹ as in the previous quarter), buoyed by dynamic social benefits and the decline in income tax paid by households. Wealth income slowed down, as did earned income. Meanwhile, disinflation continued as household consumer prices slowed further in Q3 excluding the FISIM effect (+0.2% after +0.5% in the previous quarter). Thus the purchasing power of household GDI accelerated in the summer (+0.9% after +0.5% in Q2, ► [Figure 1](#)).

In Q4 2024, it is likely that household GDI will be at a standstill (0.0% excluding the FISIM effect). Earned income is expected to maintain the same pace as in the summer (+0.5%): in the civil service, the increase in the minimum wage introduced on 1st November will probably be offset by the axing of the one-off purchasing power bonus (GIPA), but gross wages are expected to be driven, on the one hand, by the payment of bonuses for the Olympic and Paralympic Games for some categories of public employees, and on the other hand, by relatively dynamic government employment. Social benefits are expected to be vigorous once again, driven by the increase in additional pensions. Wealth income, excluding the FISIM effect, is likely to edge down towards the end of the year, with interest income beginning to reflect the cuts in base interest rates and the increase in property tax likely to affect home-owners' income (landlords and owner-occupiers). Finally, social and tax deductions from income look set to rebound at the end of the year, mainly due to the expected increase in the rate of local residence tax on second homes. Household consumer prices, excluding the FISIM effect, should remain virtually stable (+0.1%), and GDI purchasing power is therefore likely to fall back slightly in the last quarter of 2024 (-0.1%, ► [Figure 2](#)).

¹ In the national accounts, FISIM measure banking intermediation activity and are sensitive to changes in interbank interest rates. In a period of falling interbank rates in 2024, FISIM started to fall back after two strong years of growth in 2022 and 2023. Thus GDI was pushed down, as were household consumer prices, but the FISIM effect on household purchasing power was more or less neutral (► [Focus](#) on measuring wealth income and FISIM in the national accounting, December 2023).

► 1. Components of household gross disposable income (variations in %)

	Quarterly changes									Annual changes			
	2023				2024				2025		2023	2024	2025 ovgh
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Gross disposable income (100%)	1.4	1.6	1.4	1.6	1.1	0.4	0.9	-0.1	0.4	0.0	8.0	4.2	0.9
<i>Of which Gross disposable income excluding Sifim</i>	0.8	0.8	1.1	1.4	1.1	1.0	1.0	0.0	0.5	0.1	5.8	4.2	1.3
Earned income (69%)	1.0	0.8	1.0	1.4	0.4	0.8	0.5	0.5	0.3	0.2	5.2	3.1	1.3
<i>Gross wages and salaries (62%)</i>	1.0	0.7	1.0	1.5	0.5	0.9	0.5	0.6	0.2	0.2	5.3	3.3	1.3
<i>GOS of sole proprietors* (7%)</i>	0.7	1.0	0.9	0.6	-0.1	0.2	0.6	-0.5	0.8	0.0	4.6	1.4	0.8
Social benefits in cash (33%)	0.9	0.5	0.7	1.4	2.8	1.0	1.2	0.8	1.1	0.5	4.7	6.0	2.9
Property income, of which GOS of pure households (23%)	5.9	4.9	2.6	1.2	2.0	-1.1	0.2	-1.3	0.0	-0.2	17.1	4.4	-1.3
<i>Of which Income from assets excluding FISIM</i>	3.0	1.5	1.2	0.2	2.5	1.3	0.8	-0.9	0.6	0.2	7.0	4.8	0.8
Social contributions and taxes (-25%)	3.5	0.7	0.3	0.4	2.6	0.9	-0.4	1.8	0.8	0.8	3.6	4.2	2.8
Household consumer prices**	2.4	1.8	1.1	0.5	0.7	-0.1	0.1	0.0	0.1	0.1	7.1	2.0	0.2
<i>Of which Income from assets excluding FISIM</i>	1.7	1.0	0.8	0.2	0.8	0.5	0.2	0.1	0.3	0.2	4.8	2.1	0.7
Purchasing power of gross disposable income	-1.0	-0.2	0.3	1.1	0.3	0.5	0.9	-0.1	0.2	-0.1	0.9	2.1	0.6
Purchasing power per consumption unit	-1.1	-0.4	0.2	1.0	0.2	0.4	0.7	-0.2	0.1	-0.2	0.3	1.5	0.2

■ 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.

** The dynamics of household consumer prices in 2023 differ significantly from those of the Consumer Price Index (CPI) as a result of the accounting effect of the earlier increase in interbank rates.

Note: numbers in brackets give the structure for 2023.

How to read it: household gross disposable income (GDI) excluding the effect of FISIM rose by 1.0% in the third quarter of 2024.

Source: INSEE.

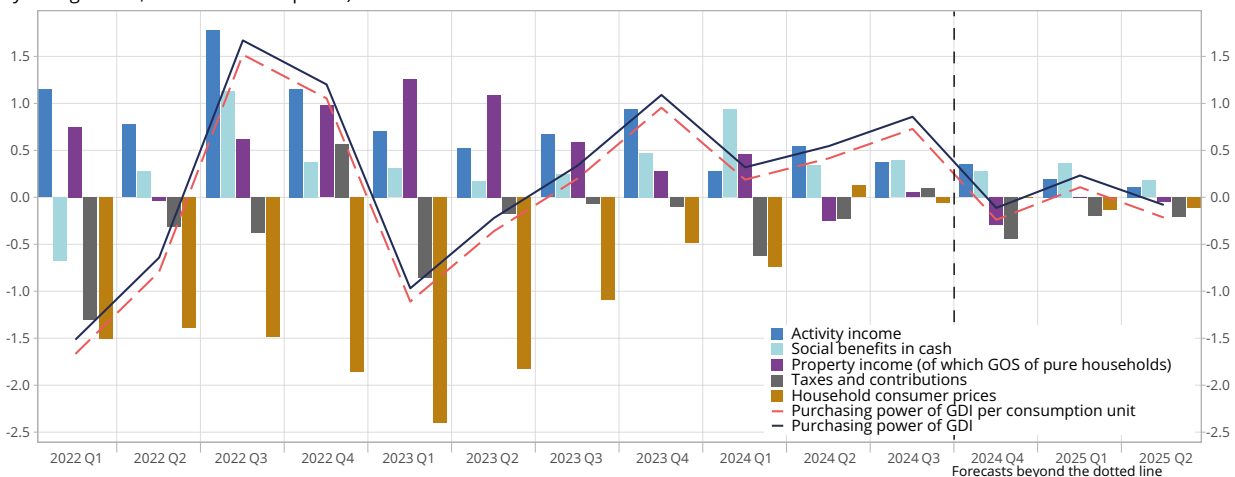
French economic outlook

Across the whole of 2024, purchasing power overall looks set to increase more than expected growth (+2.1% and +1.1% respectively) and purchasing power per consumption unit should pick up (+1.5% after +0.3% in 2023) in this context of disinflation (► [Figure 3](#)). In real terms, social benefits in cash are expected to be the main contributor to change in household purchasing power in 2024 since there is a time lag in their indexing on earlier inflation, especially the 5.3% increase in basic pensions at the beginning of the year.

In H1 2025, household GDI is expected to grow at the beginning of the year before slowing down in the spring (+0.5% in Q1, then +0.1% in Q2 adjusted for the FISIM effect). Social benefits should remain dynamic early in the year with the indexing of basic pensions on earlier inflation, which is likely to be applied automatically if the social security finance law is not passed. Sole proprietors' income is likely to benefit from the increase in the consultation fee for general practitioner doctors, effective at the end of December. Gross wages paid to households are expected to slow significantly, driven mainly by changes in wages, whereas employment should remain more or less stable. It is likely that social and tax contributions will spontaneously increase faster than income at the beginning of 2025: in particular, income tax yields should pick up since the wage bill paid to households increased more than the consumer price index in 2024. A possible freeze on the income tax scale in 2025 is unlikely to have any effect on tax contributions paid by households in H1 2025, as it will probably be recorded mainly when adjustments are made in the summer i.e. in H2.

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

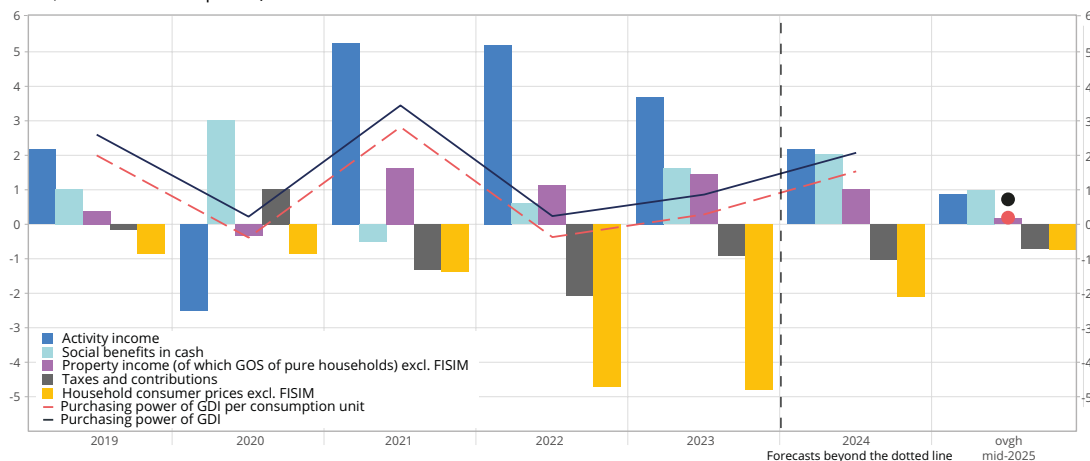
(quarterly changes in %, contributions in points)



How to read it: the purchasing power of household GDI increased by 0.9% in Q3 2024. Social benefits contributed +0.4 points to the increase in household GDI.
Source: INSEE.

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

(annual changes in %, contributions in points)



Note: the 2025 point is a mid-year growth overhang.

How to read it: GDI purchasing power (excluding the FISIM effect) would increase by 2.1% in 2024. Social benefits would contribute +2.0 points to the increase in household GDI excluding the FISIM effect.

Source: INSEE.

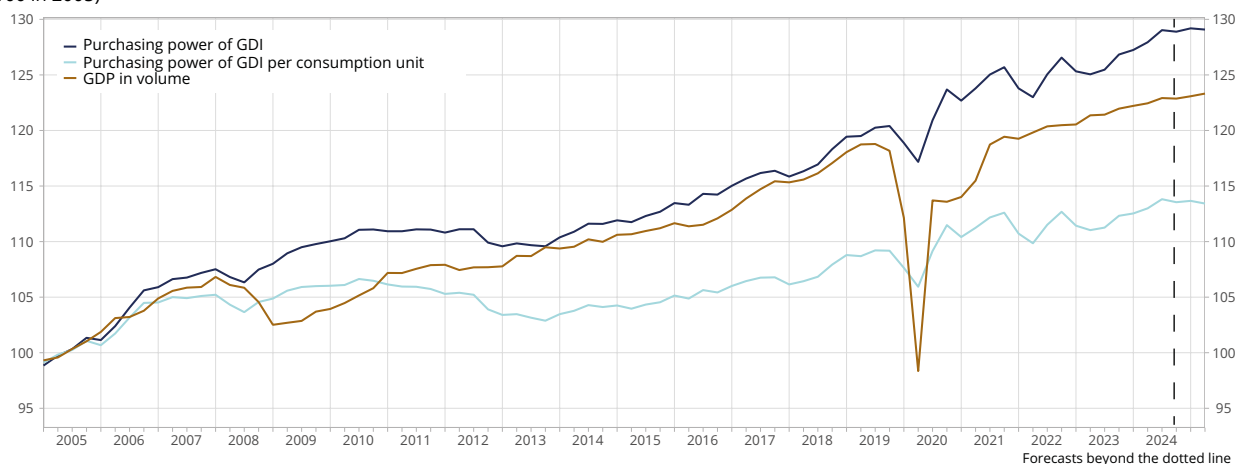
Home-owners' income should rebound automatically in Q1 2025 after the increase in property tax affected the end of 2024. However, the rest of property income (excluding the FISIM effect) is expected to contract: interest rates are likely to reflect the new cuts expected in the ECB's base interest rate; dividend payments to households by companies are expected to slow, as a result of less favourable financial results in 2024; other investment income should increase, including life insurance in particular, along with loans, and the rates applied should stabilise.

Finally, consumer prices are expected to remain moderate in H1 2025 (+0.3% in Q1, then +0.2% in Q2 excluding the FISIM effect), and thus household GDI purchasing power will be sluggish throughout but with an uneven profile from one quarter to the next (+0.2% then -0.1%, ► [Figure 4](#)).

For 2025, the mid-year overhang for change in purchasing power (i.e. the annual change forecast if purchasing power were to remain stable in H2, at the level forecast for Q2) is virtually the same (+0.6%, i.e. +0.2% per consumption unit) as the GDP growth overhang. ●

► 4. Change in purchasing power of household gross disposable income (GDI) and of GDP since 2005

(base 100 in 2005)



Last point: Q2 2025.

Source: INSEE.