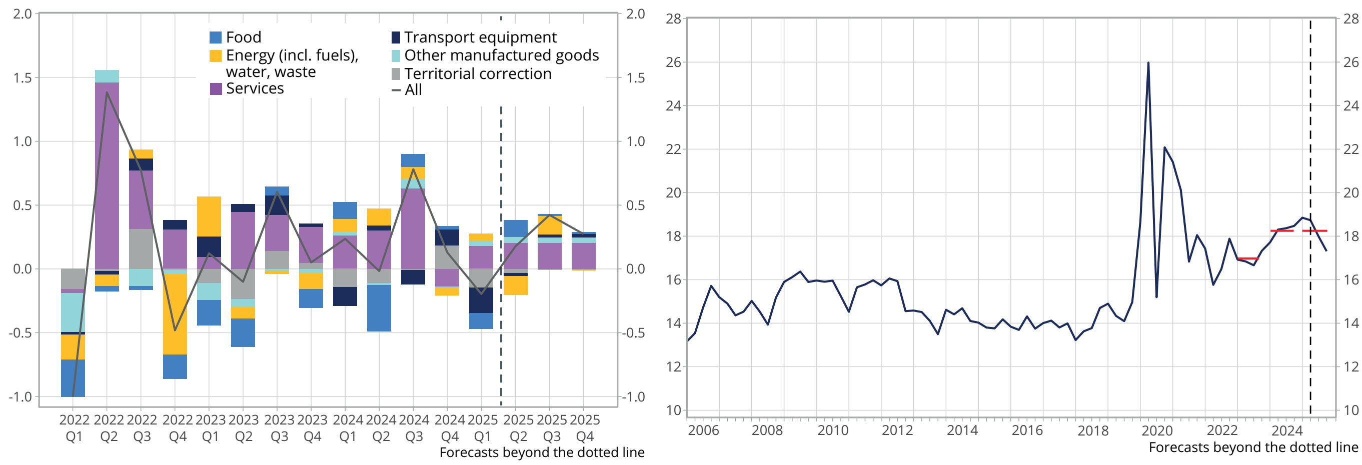
Household consumption and investment

In Q1 2025, household consumption fell unexpectedly (-0.2% after +0.1%; ►Figure 1), despite the purchasing power gains recorded during 2024. The household savings rate has risen again, standing at 18.8% at the beginning of the year, the highest rate since the end of the 1970s, excluding the exceptional lockdown periods during the health crisis, in a context in which four out of ten households claim to be putting money aside and seven out of ten report that they are limiting their consumption (►Focus on reasons for saving). The consumption of goods fell back sharply (-0.5% after +0.2%) and purchases of food goods contracted (-0.8%). While the sharp drop in tobacco consumption, following the January price rise, contributed to this downturn (-0.1 point of the total drop in consumption over the quarter), food consumption excluding tobacco also contracted slightly, by -0.1% (partly due to the timing of the Easter festivities in April, unlike last year when the event took place in March). Car purchases edged down significantly after the substantial increases at the end of 2024, when households brought forward their purchases in anticipation of the introduction of public policies likely to raise the prices of new cars (including changes to the bonus and malus scales). The scale of the downturn at the start of 2025 was such that it has taken purchases of transport equipment back below their summer 2024 level. In services, consumption returned to a more trend-based pace (+0.3% after -0.2%), after the jolt due to the organisation of the Paris Olympic and Paralympic Games, which had provided a one-off boost in the summer that was wiped out in the autumn. However, spending on accommodation and food services fell back.

In Q2 2025, consumption is expected to pick up only moderately (+0.2%). The consumption of goods is set to stabilise and food purchases are likely to rally (+0.8%) in reaction to the decline recorded at the start of the year. Similarly, fuel consumption is likely to be buoyed up by the drop in the price per barrel. Conversely, transport equipment purchases are expected to keep falling. Above all, spending on gas and electricity is likely to plummet (-3.0%) as a result of temperatures being well above seasonal norms in the spring. In services, consumption is set to grow at the same rate as at the start of the year (+0.3%).

►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 2025, household consumption fell by 0.2% compared to the previous quarter. Consumption of transport equipment contributed -0.2 points to the fall in consumption.
Source: INSEE.

Note: the red lines correspond to the average values for the years 2023, 2024 and 2025.
How to read it: in Q1 2025, the household savings rate stood at 18.8% of gross disposable income.
Source: INSEE.

In H2 2025, consumption should continue to grow only moderately (+0.4% and then +0.3% per quarter; ►**Figure 2**). Food purchases are likely to stabilise, held back by more vigorous prices. The consumption of transport equipment is expected to regain some momentum (+0.5% per quarter). From Q3 onwards, gas and electricity consumption should return to its usual level, assuming that temperatures are closer to seasonal averages. All in all, the consumption of goods is expected to pick up again in the summer (+0.5%), driven by the return to normal housing energy consumption, before rising moderately in the autumn (+0.2%). In services, consumption is likely to maintain the pace set in H1 (+0.3% per quarter).

Over 2025 as a whole, household consumption is expected to increase at a moderate pace, slowing slightly compared with the previous year (+0.7% after +1.0% in 2024), and growing at the same rate as household purchasing power (+0.7%; ►**Figure 3**). In 2024, purchasing power had surged (+2.5%) without triggering a massive acceleration in consumption. On the one hand, perceptions of inflation were slow to adjust (►**Focus** on European household savings ratios, *Economic outlook*, December 2024), and on the other hand, a proportion of these purchasing power gains came from income from wealth and benefits, particularly pensions, which increased around twice as fast as wages. A detailed analysis of bank account data shows that retired people, whose consumption has not kept pace with their substantial pension increases, appear to be responsible for two thirds of the rise in the savings rate in 2024 (►**Focus** on the analysis of the rise in savings in 2024 based on bank data). This difference between the buoyancy of benefits and earned income is set to continue in 2025, with the former growing twice as fast as the latter (►**Sheet Household income**). In addition, households' perceptions of price

►2. Estimated and projected quarterly household consumption
(quarterly and annual variations, in %, SA-WDA)

Products	weight(1)	2023				2024				2025				2023	2024	2025
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
All goods	**43%**	**0.4**	**-0.7**	**0.4**	**-0.6**	**0.3**	**-0.5**	**0.4**	**0.2**	**-0.5**	**0.0**	**0.5**	**0.2**	**-1.5**	**-0.3**	**0.0**
Food goods	**16%**	**-1.2**	**-1.4**	**0.4**	**-0.9**	**0.8**	**-2.2**	**0.6**	**0.2**	**-0.8**	**0.8**	**0.1**	**0.1**	**-3.3**	**-1.3**	**-0.2**
Agricultural products	2%	-0.7	1.4	-0.1	-0.3	0.4	-1.5	-0.2	0.5	0.8	-0.1	0.1	0.1	-2.4	-0.6	0.7
Food product	14%	-1.3	-1.9	0.5	-1.0	0.9	-2.3	0.8	0.1	-1.1	1.0	0.1	0.1	-3.4	-1.4	-0.4
Coke and refined petroleum	**4%**	**-1.5**	**-1.5**	**-0.6**	**-0.6**	**2.1**	**0.5**	**0.4**	**-0.4**	**1.1**	**0.2**	**-0.2**	**-0.2**	**-3.9**	**1.4**	**1.1**
Other industrial products	**18%**	**0.1**	**0.0**	**0.7**	**0.0**	**-0.6**	**0.1**	**-0.2**	**0.6**	**-0.9**	**0.1**	**0.4**	**0.4**	**0.6**	**-0.1**	**-0.1**
Capital goods	3%	-0.5	-1.5	1.7	-0.4	0.3	0.6	0.2	1.2	0.3	0.7	0.5	0.5	-1.6	1.3	2.4
Transport equipment	5%	3.3	1.3	3.0	0.5	-2.8	0.8	-2.2	2.5	-4.0	-0.5	0.5	0.5	8.0	-0.6	-3.2
Other industrial products	11%	-1.0	-0.2	-0.5	-0.2	0.2	-0.3	0.7	-0.4	0.3	0.3	0.3	0.3	-1.9	-0.3	0.7
Energy, water, waste	**5%**	**10.1**	**-0.5**	**0.1**	**-2.3**	**0.5**	**2.5**	**1.6**	**-0.8**	**0.3**	**-3.0**	**3.0**	**0.0**	**-1.8**	**1.1**	**0.2**
All services	**58%**	**0.2**	**0.8**	**0.5**	**0.5**	**0.5**	**0.5**	**1.1**	**-0.2**	**0.3**	**0.3**	**0.3**	**0.3**	**2.6**	**2.2**	**1.3**
Construction	**2%**	**0.1**	**0.1**	**-0.1**	**-0.2**	**-0.3**	**-0.3**	**-0.5**	**-0.5**	**0.5**	**0.4**	**0.2**	**0.2**	**0.3**	**-1.0**	**0.2**
Trade (2)	**0%**	**-0.3**	**-0.3**	**-0.8**	**-0.1**	**-2.3**	**0.4**	**-1.0**	**-1.4**	**0.5**	**-0.2**	**-0.2**	**-0.2**	**0.9**	**-3.3**	**-1.2**
Market services excluding trade	**51%**	**0.2**	**0.9**	**0.5**	**0.4**	**0.6**	**0.5**	**1.2**	**-0.2**	**0.3**	**0.3**	**0.3**	**0.4**	**2.8**	**2.4**	**1.4**
Transport	3%	0.2	2.3	1.0	1.1	1.6	0.1	0.4	0.1	0.2	0.8	0.5	0.5	6.7	3.8	1.5
Accommodation and food	9%	-1.1	1.8	-0.2	-0.5	1.1	1.0	0.3	0.5	-0.6	0.3	0.3	0.3	3.3	2.1	0.6
Information-communication	4%	0.3	0.1	2.0	0.2	1.2	-0.3	1.3	2.5	0.2	0.5	0.5	0.5	2.8	3.5	3.4
Financial services	8%	0.8	0.7	0.6	0.4	-0.1	0.2	0.3	0.4	0.4	0.3	0.3	0.3	2.6	1.0	1.4
Real estate services	20%	0.3	0.3	0.4	0.4	0.3	0.4	0.4	0.3	0.4	0.3	0.3	0.3	1.5	1.5	1.5
Business services	3%	0.3	2.0	0.7	1.9	0.0	-0.9	1.7	0.1	1.8	0.0	0.4	0.5	5.2	2.5	2.9
Household services	4%	0.9	0.7	0.3	1.0	2.1	2.2	9.4	-7.5	0.0	0.3	0.3	0.3	3.9	7.7	-0.4
Non-market services	**5**	**-0.1**	**0.2**	**0.8**	**1.6**	**-0.9**	**1.5**	**0.3**	**-0.2**	**0.7**	**0.4**	**0.4**	**0.3**	**1.8**	**2.0**	**1.6**
Total consumption in France	**101%**	**0.2**	**0.1**	**0.5**	**0.0**	**0.4**	**0.1**	**0.8**	**-0.1**	**-0.1**	**0.2**	**0.4**	**0.3**	**0.8**	**1.1**	**0.8**
Territorial correction	-1%	14.6	27.3	-12.7	-4.7	15.7	10.4	0.6	-16.0	15.2	2.7	0.5	0.5	6.1	14.4	6.1
Imports of tourism services		-0.1	-3.2	5.6	2.0	-0.2	-1.1	2.1	3.6	1.8	0.5	0.5	0.5	10.2	4.3	6.1
Exports of tourism services		2.5	2.8	1.2	0.6	2.9	1.5	1.7	-1.1	4.5	1.0	0.5	0.5	9.3	6.5	6.1
Total consumption of residents	**100%**	**0.1**	**-0.1**	**0.6**	**0.1**	**0.2**	**0.0**	**0.8**	**0.1**	**-0.2**	**0.2**	**0.4**	**0.3**	**0.7**	**1.0**	**0.7**

Forecast

(1) weight in household final consumption expenditure in current euros in 2024.

(2) this item corresponds to sale and repair of motor vehicles and motorbikes.

How to read it: in Q1 2025, household consumption of food goods fell by 0.8% compared with the previous quarter.
Source: INSEE.

trends over the past twelve months are slowly returning to normal but are still well above their pre-healthy-crisis level (▶**Figure 4**). On average over 2025 as a whole, the savings ratio is therefore expected to remain stable at 18.2%. Despite the forecast turnaround in income from wealth, the other factors underlying the wait-and-see attitude should remain in place. In quarterly terms, the savings ratio is set to remain very high in Q2 (18.7%), before dropping sharply in H2 2025, due to the timing of income tax, which is expected to increase substantially (▶**Sheet Household income**). Consequently, by the end of 2025, household consumption should be only 3.5 points above its 2019 level, while the sum of payroll and benefits in real terms is expected to be 7 points higher (▶**Figure 5**).

Household investment remained virtually stable in Q1 2025 (+0.1% after +0.8%). Investment in construction continued to plummet (-0.8%), at a rate comparable to previous quarters. Household investment in services, which reflects real-estate transactions in older properties (agency and notary fees), continued to recover strongly (+3.1% after +5.3%). This increase is likely to be due, on the one hand, to the lower interest rate environment and, on the other hand, to the practice of bringing forward certain sales in anticipation of the increase in the duty on transfer for valuable consideration ("DMTO") implemented by the departments in April. Household investment should be stable in Q2. Household investment in construction is expected to decline less sharply than in the winter (-0.3%). The balances of opinion among enterprises in new housing have been picking up since April (▶**Figure 6**), while building permits and housing starts are beginning to recover after several months of decline. Household investment in services is likely to retain a degree of momentum the spring, before stalling in the summer with the introduction of increases in the tax on transactions, against a backdrop of declining home purchasing intentions since the start of the year. In H2, household investment in construction is set to stabilise gradually, driven by the recovery in new-build construction, and despite less buoyant activity in the maintenance and improvement sector, which is set to be hit particularly hard by the suspension of the *MaPrimeRénov'* renovation support scheme in the summer. All in all, household investment is likely to contract sharply in Q3 (-1.1%) and remain on a downward trend in Q4 (-0.4%). ●

▶3. Household consumption. investment and savings ratio
(quarterly and annual variations, in %, SA-WDA data)

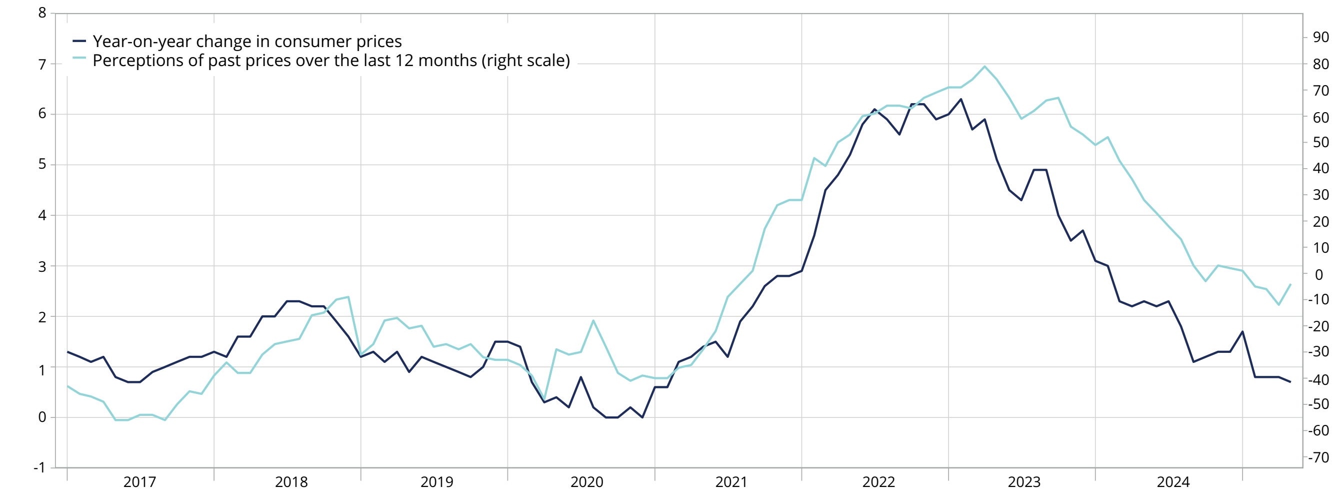
	2023				2024				2025				2023*	2024*	2025*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Consumption: *quarterly changes*	0.1	-0.1	0.6	0.1	0.2	0.0	0.8	0.1	-0.2	0.2	0.4	0.3	0.7	1.0	0.7
Purchasing power: *quarterly changes*	-1.0	-0.2	0.4	0.9	0.7	0.7	0.9	0.3	0.3	0.0	-0.5	-0.6	0.8	2.5	0.7
Savings ratio: *as % of gross disposable income*	16.9	16.8	16.7	17.3	17.7	18.3	18.4	18.5	18.8	18.7	18.0	17.3	16.9	18.2	18.2
Investment: *quarterly changes*	-3.2	-0.5	-2.5	-1.7	-2.3	-0.8	-0.6	0.8	0.1	0.0	-1.1	-0.4	-7.7	-5.6	-0.6

■ Forecast

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

Source: INSEE.

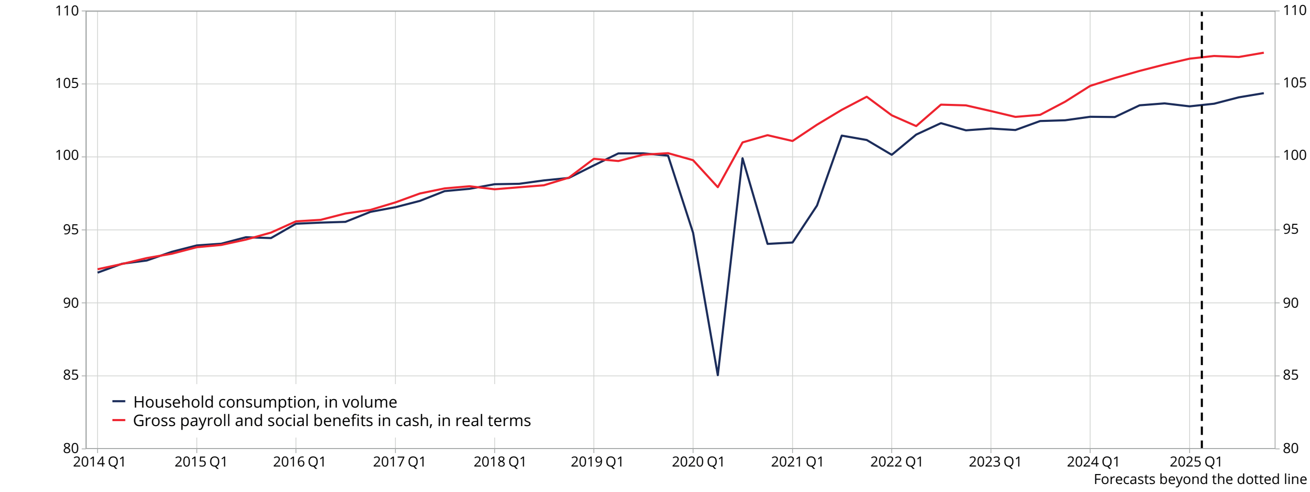
▶4. Year-on-year change in the consumer price index and perceptions of past prices over the last twelve months
(year-on-year in % and balance of opinion in points)



Last point: May 2025.
How to read it: in May 2025, the year-on-year change in consumer prices stood at +0.7% and the balance of opinion among households on price trends over the last twelve months was -4.
Source: INSEE.

►5. Household consumption in volume and payroll, and social benefits in real terms

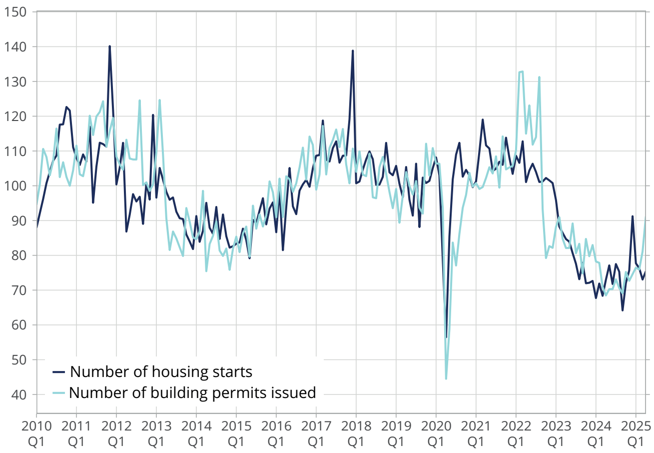
(base 100 in 2019)



Note: gross payroll and social benefits are deflated by the consumer price index (CPI).
How to read it: in Q1 2025, household consumption in volume terms was 3.5 points above its 2019 level. The sum of payroll and social benefits in cash, in real terms, was 6.7 points above its 2019 level.
Source: INSEE.

►6a. Household investment in construction and housing starts

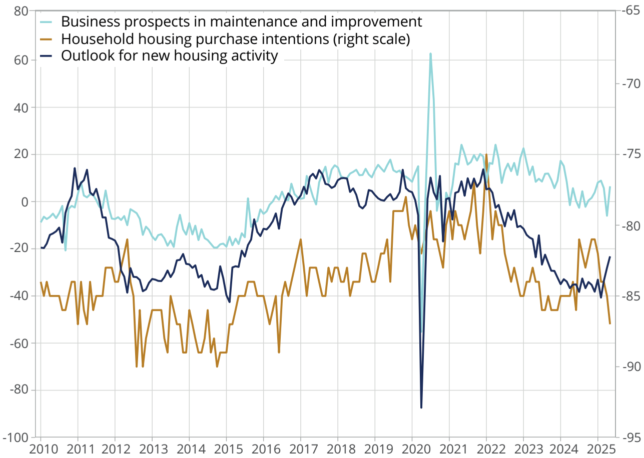
(base 100 in 2019, SA data)



Last point : April 2025.
How to read it: in April 2025, the number of building permits issued was 9 points below its 2019 average.
Source: SDES.

►6b. Balances of opinion on expectations for activity in the next three months in construction

(balance of opinion, SA data)



Last point: May 2025.
How to read it: in May 2025, the balance of opinion on expectations for activity in the next three months in the construction of new homes stands at -41%.
Source: monthly business survey of the construction industry, INSEE.