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EcoBrief

French household savings rate: one last rise before a decrease?

Q1 2024 saw the household savings rate rise to 17.6% (from 17.2% in Q4 2023), thanks to moderate growth in consumption (+0.1% q/q in volume terms) in Q1 and higher growth in purchasing power (+0.6% q/q). While the savings rate has fluctuated at around 2.5 points above its pre-COVID level (14.6% in 2019) since mid-2021, we expect it to now fall back down to this 2019 level by the end of 2025. Significant support for household consumption.

The French National Institute of Statistics and Economic Studies (INSEE) has published its 2nd estimate of growth in Q1 2024, as well as that of agent accounts, including household savings. This publication is the first since the national accounts switched to using 2020 as a base year. Beyond these methodological changes, it shows an already very relative decline in the household savings rate.

It increased from 17.2% to 17.6% of household gross disposable income between Q4 2023 and Q1 2024, thanks to very moderate growth in household consumption (+0.1% q/q in volume terms) and a higher increase in household purchasing power (+0.6% q/q, +0.5% q/q per consumption unit). It should be noted that the savings rate has fluctuated in a low range since the second half of 2021, sitting at a significantly higher average level than during the pre-pandemic period (2.5 points above the pre-COVID rate on average, which was 14.6% in 2019).

Even though the household savings rate has remained at this high level, this has been due to sluggish growth in household consumption, which is still below normal levels (+0.9% in 2023, for example), affected in particular by the impact of inflation on the consumption of goods (mainly food and energy), followed by the effect of rising interest rates on the consumption of durable goods. However, household consumption should return to more normal growth levels (+1.3% in volume terms in 2024 and in 2025, according to our forecasts) thanks to disinflation and a relative fall in interest rates. Against this backdrop, the household savings rate is expected to fall back down towards 15.5% in the second half of 2025 (just slightly above its pre-Covid level).

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