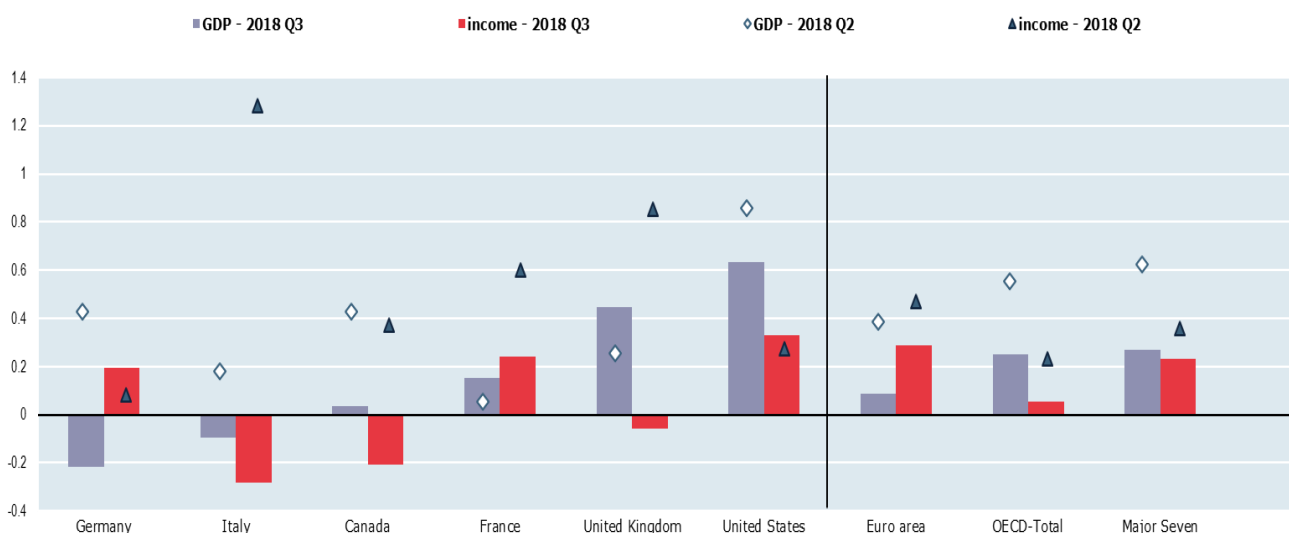


Growth and economic well-being: OECD household income growth continues to lag GDP growth in third quarter of 2018

Growth in real household income per capita, which provides a better picture of changes in households' economic well-being than real GDP growth per capita, slowed to 0.1 % in the **OECD area** in the third quarter of 2018, compared with 0.2% in the second quarter of 2018. While real GDP per capita growth slowed more significantly (to 0.3% from 0.6% in the second quarter of 2018), it continued to outpace growth in real household income per capita.

Real household income and GDP per capita
Percentage change on the previous quarter, seasonally adjusted data



In the **United States**, growth in real household income per capita was stable at 0.3% in the third quarter of 2018, while real GDP per capita growth slowed to a still robust 0.6% (from 0.9%).

In **France**, real household income per capita grew at the same pace as real GDP per capita (0.2%) (from 0.6% and 0.1% respectively, in the second quarter of 2018).

In the **United Kingdom**, growth in real household income per capita contracted by (minus) 0.1% (from 0.9%), while real GDP per capita growth accelerated slightly to 0.4% (from 0.3%).

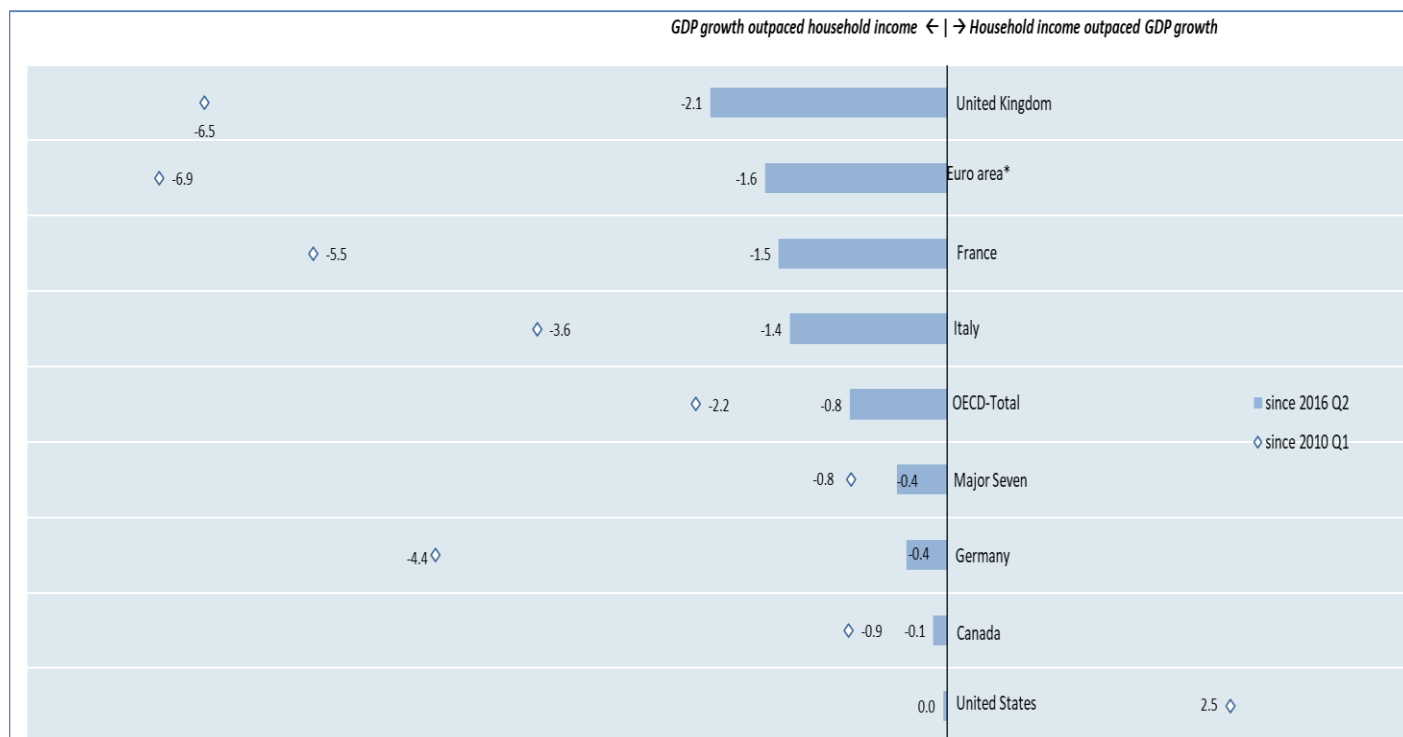
In **Italy** and **Canada**, growth in real household income per capita also contracted in the third quarter of 2018, by (minus) 0.3% and 0.2% respectively (from 1.3% and 0.4% respectively). Real GDP per capita growth also contracted by (minus) 0.1% in **Italy**, while it was flat in **Canada**.

In **Germany**, household income per capita grew by 0.2% (from 0.1%), while real GDP per capita contracted by (minus) 0.2% in the third quarter of 2018 (from 0.4%).

Over the last nine quarters, in the **OECD** as a whole, growth in real GDP per capita outpaced growth in real household income per capita by 0.8 percentage point. Among the **Major Seven economies**, the gap was largest in the **United Kingdom** (2.1 pp), followed by **France** (1.5 pp), **Italy** (1.4 pp), **Germany** (0.4 pp) and **Canada** (0.1 pp). In the **United States**, growth in household income per capita grew at the same pace as real GDP per capita.

Since the first quarter of 2010, among the **Major Seven economies**, the gap between growth in real household disposable income per capita and real GDP per capita was highest in the **United Kingdom** (6.5 pp), while in the **United States** growth in real household income per capita outpaced growth in real GDP per capita by 2.5 pp.

Growth in GDP per capita has outpaced household income per capita in many OECD countries since 2010
 Percentage points difference in cumulative growth rates of real household income per capita and GDP per capita



* :The difference in cumulative growth rates of real household income per capita and GDP per capita since 2010-Q1 for the euro area is significantly impacted by the relocation to Ireland of economic activities of a limited number of multinationals over this time period (see for more information the following [link](#)). When excluding the results for Ireland, the gap in growth rates since 2010-Q1 for the euro area would have been -5.7.

Quarterly real household income per capita
Percentage change on the previous quarter, seasonally adjusted data

	2016		2017				2018			Cumulative growth over the last 9 quarters
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
OECD-Total *	0.2	0.4	0.4	0.6	0.5	0.4	0.7	0.2	0.1	3.4
Major Seven*	0.2	0.2	0.6	0.5	0.3	0.3	0.6	0.4	0.2	3.3
Canada	0.3	0.2	0.2	1.2	1.3	0.2	-0.5	0.4	-0.2	3.1
France	0.5	-0.1	0.2	0.5	0.3	0.2	-0.5	0.6	0.2	1.9
Germany	-0.3	0.6	0.6	0.4	0.1	0.1	1.1	0.1	0.2	3.0
Italy	-0.2	-0.2	0.1	0.4	0.7	0.4	-0.4	1.3	-0.3	1.7
United Kingdom	0.7	-2.2	-0.6	2.1	-0.2	0.2	-0.3	0.9	-0.1	0.5
United States	0.2	0.5	0.9	0.3	0.3	0.3	0.9	0.3	0.3	4.2
Euro area	0.1	0.0	0.2	0.5	0.5	0.3	0.2	0.5	0.3	2.7

* .Aggregates for the OECD - Total and the Major Seven include data for Japan up to 2016 Q1; zones' estimates are done from 2016 Q2 onwards—see the [Methodological note](#) for further details.

Quarterly real GDP per capita
Percentage change on the previous quarter, seasonally adjusted data

	2016		2017				2018			Cumulative growth over the last 9 quarters
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
OECD-Total	0.2	0.6	0.5	0.6	0.6	0.5	0.4	0.6	0.3	4.2
Major Seven	0.3	0.3	0.5	0.5	0.5	0.4	0.2	0.6	0.3	3.8
Canada	0.7	0.2	0.9	0.8	-0.1	0.0	0.2	0.4	0.0	3.2
France	0.1	0.5	0.7	0.6	0.5	0.6	0.1	0.1	0.2	3.4
Germany	0.1	0.3	1.0	0.4	0.5	0.5	0.3	0.4	-0.2	3.4
Italy	0.4	0.5	0.6	0.4	0.5	0.4	0.4	0.2	-0.1	3.1
Japan	0.4	0.3	0.9	0.5	0.7	0.5	-0.3	0.7	-0.6	3.0
United Kingdom	0.3	0.6	0.3	0.1	0.4	0.2	-0.1	0.3	0.4	2.5
United States	0.3	0.2	0.3	0.6	0.5	0.4	0.4	0.9	0.6	4.2
Euro area	0.3	0.7	0.6	0.6	0.6	0.6	0.3	0.4	0.1	4.3

>> Methodological Notes:

Note that households in this release refer to households and non-profit institutions serving households (e.g. non-profit sports membership clubs). Further methodological information can be downloaded from:

http://www.oecd.org/sdd/na/QSA_Methodological_Note.pdf

>> Access data:

Interested in how households are doing? Visit our household's economic well-being dashboard: www.oecd.org/sdd/na/household-dashboard.htm

Quarterly growth rates of real household income per capita and real GDP for all OECD countries (when available) and geographic groupings, as well as historical data, can be downloaded from the OECD online data dissemination facility OECD.Stat at:

http://stats.oecd.org/Index.aspx?DataSetCode=HH_DASH

Also, the full set of non-financial quarterly sector accounts is available on OECD.Stat at http://stats.oecd.org/Index.aspx?DataSetCode=QASA_TABLE801

>> Contacts:

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>> Next release: Q4 2019 – 7 May 2019

Technical notes for OECD Growth and economic well-being News Release

A key indicator of households' material conditions, or economic well-being, is per capita household income, after deducting taxes and social contributions and including social benefits. It provides a better gauge than gross domestic product (GDP) of the resources households have at their disposal to buy goods and services or save for the future.

Over the very long term the average annual growth rates of the two statistics tend to be similar, since the incomes earned by households account for a large share of the total income generated through production in the economy, as recorded by GDP. However, over shorter time periods, especially during severe economic recessions or rapid expansions, trends in household disposable income and GDP may differ significantly. Many factors can contribute to such a divergence; for instance, changes in the government's policies related to taxes or social benefits, or in how companies allocate their earnings between dividends, retained earnings and compensation of employees.

Definition of the indicators

Real GDP per capita

Gross domestic product (GDP) is the standard measure of the value added generated through the production of goods and services in a country during a certain period. Equivalently, it measures the income earned from that production, or the total amount spent on final goods and services (less imports). While GDP is the single most important indicator to capture these economic activities, it falls short of providing a suitable measure of people's material well-being.

Real GDP per capita shows GDP, adjusted for inflation by the GDP deflator, per member of the population.

Real household disposable income per capita

Household disposable income equals the total income received, after deduction of taxes on income and wealth and social contributions, and includes monetary social benefits (such as unemployment benefits). It does not include in-kind transfers, such as those related to health and education provided free or at economically insignificant prices by government.

Household disposable income may be used either for final consumption or saving. Disposable income thus represents the maximum amount households can consume without reducing their net wealth (without taking into account holding gains or losses on assets).

Real household income per capita shows household disposable income, adjusted for inflation in household final consumption, per member of the population. Note that households in this release include households and non-profit institutions serving households (e.g. non-profit sports membership clubs) as these cannot be separately identified across all countries.

Because the composition of GDP and household final consumption differs, the evolution of deflators for these two measures can differ, sometimes significantly, particularly in resource rich and export intensive economies. The GDP deflator, for example, includes price changes in exports unlike the deflator for household final consumption which includes only the aggregate price of consumer goods and services acquired by households.

Country notes

The statistical data in this publication are supplied by and under the responsibility of the relevant statistical authorities. The use of such data by the OECD is without prejudice to the status of or sovereignty over any territory, or to the delimitation of international frontiers and boundaries.

United States – Data shown in this release corresponds to the BEA update of the 21st of December 2018.

Japan – Household income is currently compiled and provided by the national statistical authority only once a year. Therefore, it is not available for the most recent quarters.

The estimation method to compile the OECD-total and the Major Seven aggregates is available in the methodological note (see below).

Further information

Further methodological information can be downloaded from:

http://www.oecd.org/sdd/na/QSA_Methodological_Note.pdf