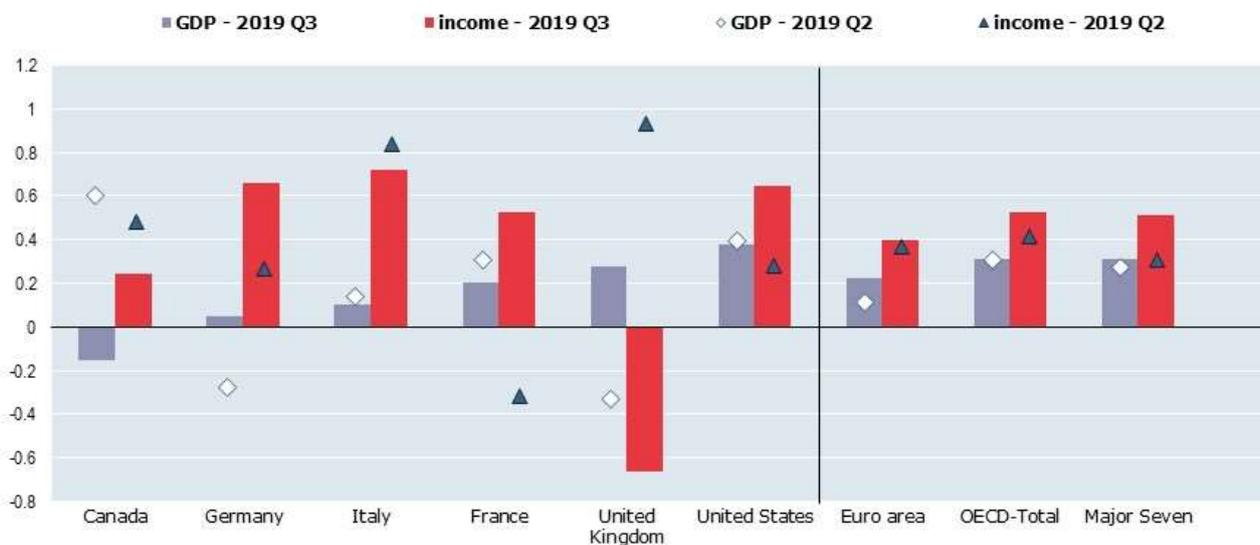


## Growth and economic well-being: Third quarter of 2019 Household income growth continues to outpace GDP growth.

Growth in real Household income per capita provides a better picture of changes in households' economic well-being than real GDP growth per capita, which it outpaced for the fourth straight quarter in the third quarter of 2019. Growth in real household income per capita in the **OECD area** increased slightly to 0.5%, while GDP growth per capita was stable at 0.3%.

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



With the exception of the **United Kingdom**, growth in real household income per capita outpaced GDP growth per capita in all **Major Seven economies** in the third quarter of 2019, especially in **Germany** and **Italy** where real household income growth per capita outpaced GDP growth per capita by 0.6% in both countries.

In **France**, and **Germany**, real household income per capita growth picked up markedly in the third quarter of 2019, to 0.5% and 0.7%, respectively (from -0.3% and 0.3%, in the second quarter). Real household income per capita also picked up in the **United States**, by 0.6% (from 0.3% in the second quarter of 2019). In the **United Kingdom**, real household income per capita remained volatile and contracted significantly in the third quarter of 2019, (by minus 0.7%), unwinding much of the growth (0.9%) recorded in the second quarter.

Over the last eight quarters, all **Major Seven economies**, except the **United Kingdom**, saw household income growth outpace GDP growth, although **Canada** recorded the lowest growth (0.9%) in household income over the period.

Over a longer period however, since the first quarter of 2010, all **Major Seven economies**, except the **United States** and **Canada**, saw growth in real household income lag growth in real GDP. In the **euro area** the gap over the period was (minus) 5.6 percentage points compared to the **United States** where real household income per capita (up 21.8% over the period) outpaced GDP growth by 5.2 percentage points.

**Growth in real GDP per capita has outpaced growth in 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 real 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 -3.3.

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

	2017		2018				2019			Cumulative growth over the last 8 quarters
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
OECD-Total *	0.5	0.7	0.8	0.3	0.2	0.4	0.5	0.4	0.5	3.9
Major Seven*	0.5	0.5	1.0	0.5	0.4	0.6	0.6	0.3	0.5	4.5
Canada	1.3	-0.1	0.0	-0.2	-0.6	0.6	0.6	0.5	0.2	0.9
France	0.4	0.5	-0.5	0.7	0.2	1.0	0.5	-0.3	0.5	2.6
Germany	0.6	0.4	1.0	0.0	0.1	0.7	0.2	0.3	0.7	3.4
Italy	0.7	0.1	-0.6	1.0	-0.2	0.1	0.2	0.8	0.7	2.2
Japan	0.5	-0.1	0.3	..	..	..	..	..	..	..
United Kingdom	0.4	0.3	0.2	0.6	0.1	0.8	-0.8	0.9	-0.7	1.3
United States	0.4	0.7	1.5	0.6	0.6	0.6	1.0	0.3	0.6	6.1
Euro area	0.8	0.5	0.1	0.5	0.1	0.5	0.7	0.4	0.4	3.1

\* See the [Methodological note](#) for further details on zone total estimates.

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

	2017		2018				2019			Cumulative growth over the last 8 quarters
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
OECD-Total	0.7	0.7	0.3	0.5	0.2	0.1	0.4	0.3	0.3	2.8
Major Seven	0.6	0.6	0.3	0.5	0.3	0.2	0.6	0.3	0.3	3.0
Canada	0.0	0.0	0.3	0.1	0.2	-0.2	0.0	0.6	-0.2	0.8
France	0.6	0.7	0.2	0.1	0.3	0.4	0.3	0.3	0.2	2.5
Germany	0.8	0.7	0.0	0.3	-0.2	0.1	0.4	-0.3	0.1	1.2
Italy	0.4	0.6	0.2	0.0	-0.1	0.1	0.3	0.1	0.1	1.3
Japan	0.7	0.4	-0.4	0.5	-0.5	0.3	0.7	0.5	0.5	2.0
United Kingdom	0.2	0.2	-0.1	0.4	0.4	0.1	0.5	-0.3	0.3	1.5
United States	0.6	0.7	0.5	0.8	0.6	0.1	0.7	0.4	0.4	4.2
Euro area	0.7	0.7	0.2	0.3	0.1	0.3	0.4	0.1	0.2	2.4

**>> 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](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](http://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](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](http://stats.oecd.org/Index.aspx?DataSetCode=QASA_TABLE801)

**>> Contacts:**

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**>> Next release:** 6 August 2020

## 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.

*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](http://www.oecd.org/sdd/na/QSA_Methodological_Note.pdf)