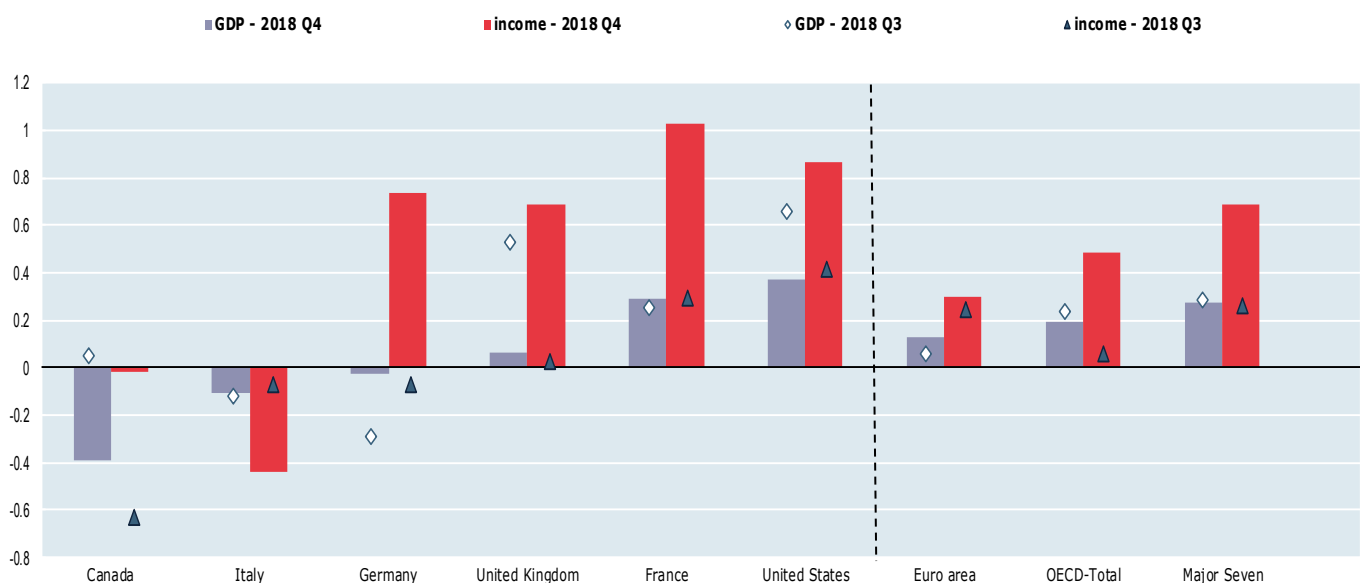


**Growth and economic well-being:
OECD household income growth picks up in the fourth quarter of 2018, outpacing GDP growth.**

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, picked up to 0.5% in the **OECD area** in the fourth quarter of 2018, compared with 0.1% in the third quarter of 2018, outpacing real GDP growth per capita, which stood at 0.2% in the fourth quarter.

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



In the **United States**, growth in real household income per capita picked up to 0.9% in the fourth quarter of 2018 (from 0.4% in the previous quarter), while real GDP per capita growth slowed to 0.4% (from 0.7%).

In **France**, real household income per capita grew at a robust rate of 1.0% in the fourth quarter, compared to 0.3% in the previous quarter. Growth in real GDP per capita remained stable at 0.3%.

In the **United Kingdom** and **Germany**, growth in real household income per capita accelerated strongly to 0.7% in the fourth quarter (from 0.0% and -0.1% respectively in the previous quarter). On the other hand, real GDP per capita growth slowed to 0.1% in the **United Kingdom** (from 0.5% in the previous quarter), while it was flat in **Germany** (from -0.3% in the previous quarter).

In **Italy**, real household income per capita continued to contract in the fourth quarter of 2018 by (minus) 0.4%. Real GDP per capita contracted as well by (minus) 0.1% in the fourth quarter.

In **Canada**, real household income per capita was flat in the fourth quarter, while real GDP per capita contracted by (minus) 0.4%.

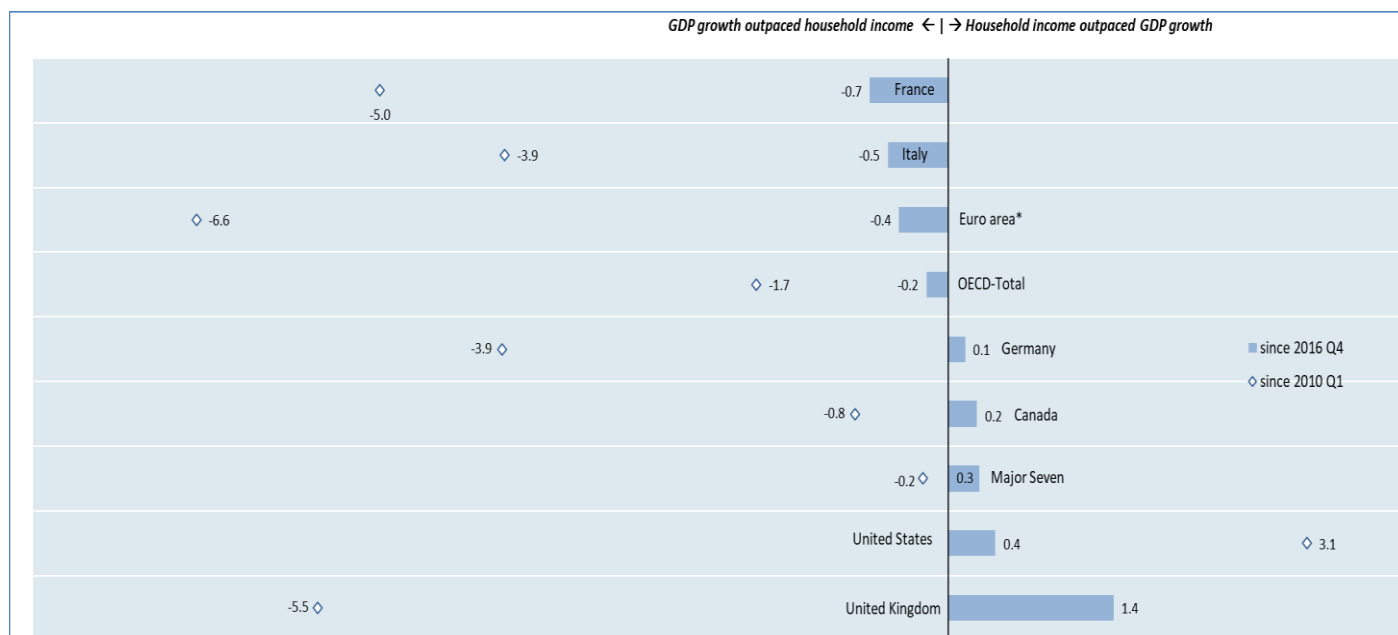
In the **euro area**, growth in real household income per capita accelerated slightly in the fourth quarter, from 0.2% to 0.3%. Growth in real GDP per capita was stable at 0.1%.

Over the last two years, in the OECD as a whole, growth in real GDP per capita outpaced growth in real household income per capita by 0.2 percentage point. Among the **Major Seven economies**, the gap was largest in France (0.7 pp) and Italy (0.5 pp). By contrast, growth in real household income per capita outpaced real GDP per capita growth in the United Kingdom (1.4 pp), the United States (0.4 pp), Canada (0.2 pp) and Germany (0.1 pp).

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 (5.5 pp), while in the United States growth in real household income outpaced growth in real GDP by 3.1 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 -5.4.

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

	2016	2017				2018				Cumulative growth over the last 8 quarters
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
OECD-Total *	0.5	0.4	0.6	0.5	0.5	0.7	0.2	0.1	0.5	3.3
Major Seven*	0.3	0.6	0.5	0.4	0.3	0.6	0.3	0.3	0.7	3.8
Canada	0.2	0.2	1.2	1.3	0.2	-0.4	0.2	-0.6	0.0	2.0
France	-0.1	0.2	0.5	0.4	0.3	-0.5	0.6	0.3	1.0	2.8
Germany	0.6	0.5	0.3	0.3	0.0	1.1	0.0	-0.1	0.7	3.0
Italy	-0.1	0.1	0.2	0.6	0.6	-0.6	1.1	-0.1	-0.4	1.5
Japan	0.5	0.0	0.2	0.5	-0.1	0.4
United Kingdom	-2.2	-0.6	2.1	-0.2	0.2	0.0	0.8	0.0	0.7	3.2
United States	0.5	0.9	0.4	0.4	0.4	0.9	0.3	0.4	0.9	4.6
Euro area	0.0	0.3	0.5	0.6	0.3	0.2	0.6	0.2	0.3	3.1

* .Aggregates for the OECD - Total and the Major Seven include data for Japan up to 2018 Q1; zones' estimates are done from 2018 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 8 quarters
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
OECD-Total	0.7	0.5	0.6	0.6	0.6	0.3	0.5	0.2	0.2	3.5
Major Seven	0.3	0.6	0.5	0.5	0.4	0.3	0.6	0.3	0.3	3.5
Canada	0.2	0.9	0.8	-0.1	0.0	0.1	0.4	0.0	-0.4	1.7
France	0.5	0.7	0.6	0.6	0.7	0.2	0.1	0.3	0.3	3.5
Germany	0.3	1.0	0.4	0.5	0.5	0.3	0.4	-0.3	0.0	2.9
Italy	0.5	0.6	0.4	0.4	0.4	0.3	0.1	-0.1	-0.1	2.1
Japan	0.3	0.9	0.4	0.7	0.5	0.0	0.5	-0.5	0.6	3.0
United Kingdom	0.6	0.3	0.1	0.4	0.2	-0.1	0.2	0.5	0.1	1.7
United States	0.3	0.3	0.6	0.5	0.4	0.4	0.9	0.7	0.4	4.2
Euro area	0.7	0.6	0.6	0.6	0.6	0.4	0.4	0.1	0.1	3.5

>> 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

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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