Paris, 20 August 2018

News Release: OECD Growth and economic well-being

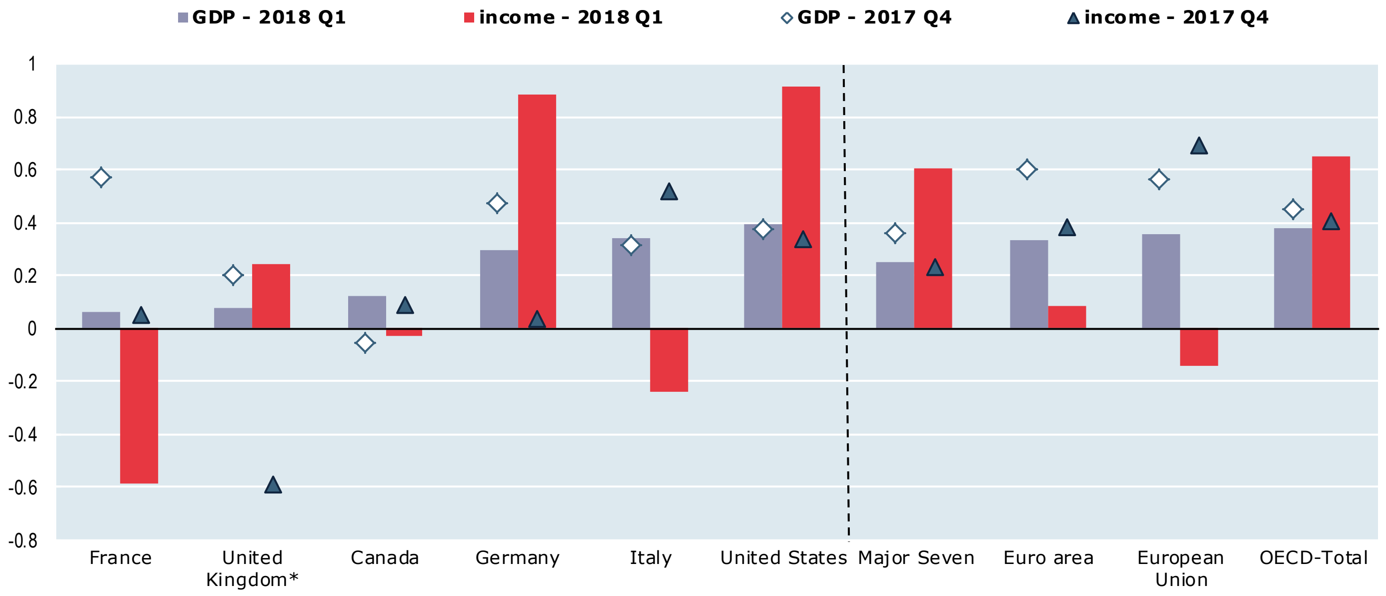
Quarterly Sector Accounts

Growth and economic well-being:
OECD household income up 0.7% in first 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 0.7% in the **OECD area** in the first quarter of 2018 compared with 0.4% in the fourth quarter of 2017, outpacing real GDP growth per capita, which slowed to 0.4% (from 0.5% in the fourth quarter of 2017). However, the totals for the **OECD** as a whole mask significant variations across countries.

Real household income and GDP per capita

Percentage change on the previous quarter, seasonally adjusted data



* See country note for the United Kingdom in the technical note.

In the **United States** and **Germany** growth in real household income per capita accelerated strongly to 0.9% in the first quarter of 2018, significantly outpacing growth in real GDP per capita (which remained at 0.4% in the **United States** and slowed to 0.3% in **Germany**).

In the **United Kingdom***, real household income per capita growth increased to 0.2% in the first quarter of 2018 (following the contraction of 0.6% in the previous quarter), marginally outpacing growth in real GDP per capita (0.1%).

In **Canada**, real household income per capita was unchanged in the first quarter of 2018 (following growth of 0.1% in the fourth quarter), marginally lagging growth in real GDP per capita, which picked up to 0.1% (from minus 0.1% in the previous quarter).

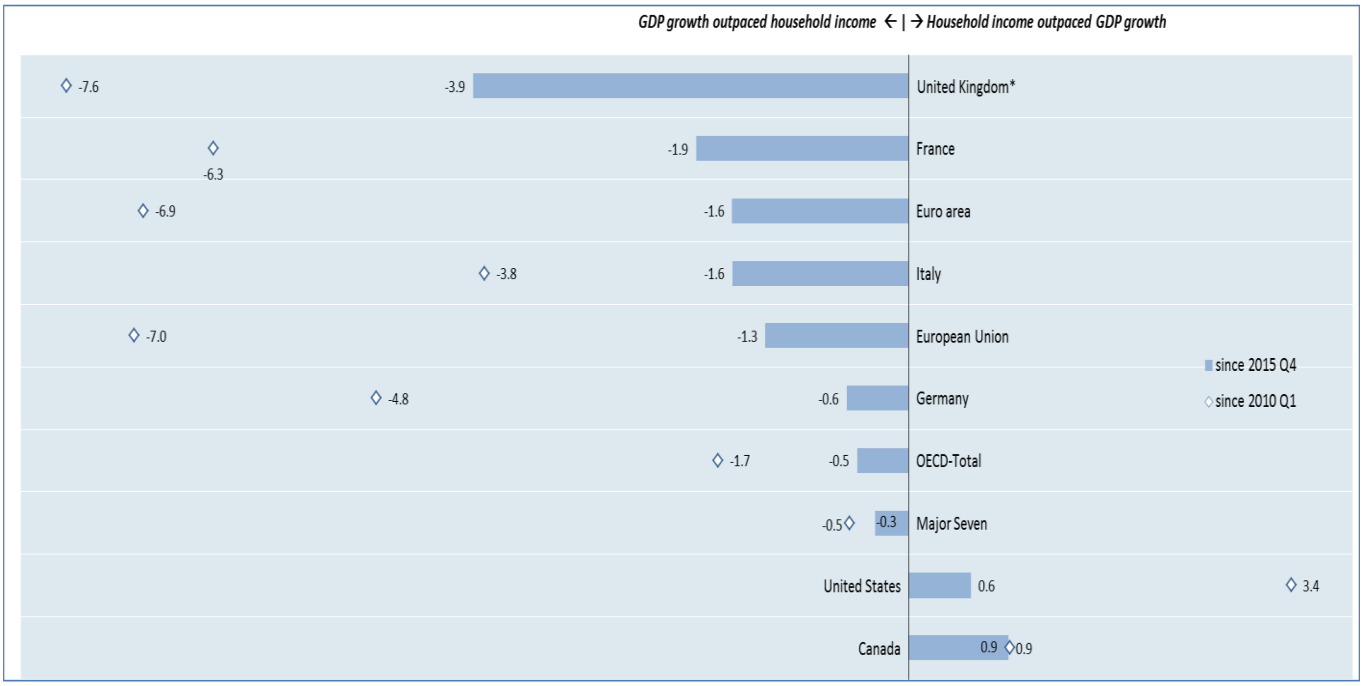
On the other hand, in **France**, and **Italy** real household income per capita contracted (by 0.6% and 0.2% respectively) in the first quarter of 2018, while real GDP per capita growth slowed to 0.1% (from 0.6% in the previous quarter) in **France,** and was stable at 0.3% in **Italy**.

Real household income per capita also contracted in the **European Union,** by (minus) 0.1%, lagging growth in real GDP per capita which slowed to 0.4%. In the **euro area**, growth in real GDP per capita also slowed (to 0.3%), outpacing growth in real household income per capita (which slowed to 0.1% in the first quarter of 2018) for the third straight quarter.

Over the last nine quarters, in the **OECD** as a whole, growth in GDP per capita outpaced growth in household income per capita by 0.5 percentage point. Among Major Seven economies, the gap was largest in the **United Kingdom*** (3.9 pp), followed by **France** (1.9 pp), **Italy** (1.6 pp), and **Germany** (0.6 pp). On the other hand, household income per capita growth outpaced GDP per capita growth in **Canada** (0.9 pp) and the **United States** (0.6 pp).

Since the first quarter of 2010, among the Major Seven economies, the gap was highest in the **United Kingdom** (7.6 pp), while in the **United States** and **Canada**, growth in real household income per capita outpaced growth in real GDP per capita by 3.4 pp and 0.9 pp respectively.

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



* See country note for the United Kingdom in the technical note.

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*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
OECD-Total	0.4	0.2	0.2	0.4	0.3	0.5	0.4	0.4	0.7	*3.6*
Major Seven	0.3	0.1	0.2	0.2	0.6	0.4	0.3	0.2	0.6	*3.1*
Canada	-1.9	2.2	0.7	0.4	-0.3	1.2	1.1	0.1	0.0	*3.4*
France	0.4	0.1	0.5	-0.1	0.2	0.5	0.3	0.1	-0.6	*1.4*
Germany	0.2	0.9	-0.3	0.7	0.6	0.5	0.1	0.0	0.9	*3.7*
Italy	0.4	0.5	-0.2	-0.2	0.6	-0.2	0.7	0.5	-0.2	*1.7*
Japan	1.0	..	..	..	..	..	..	..	..	..
United Kingdom*	-1.7	0.9	0.6	-2.2	-1.2	1.7	0.0	-0.6	0.2	*-2.2*
United States	0.5	-0.2	0.2	0.5	0.9	0.3	0.3	0.3	0.9	*3.9*
Euro area	0.9	0.1	0.2	0.2	-0.1	0.7	0.5	0.4	0.1	*3.1*
European Union	1.1	0.2	0.7	-0.3	-0.4	0.8	0.7	0.7	-0.1	*3.3*

..: Data not yet available

* See country note for the United Kingdom in the technical note.

Quarterly real GDP per capita

Percentage change on the previous quarter, seasonally adjusted data

	2016				2017				2018	*Cumulative growth over the last 9 quarters*
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
OECD-Total	0.4	0.3	0.2	0.6	0.5	0.6	0.6	0.5	0.4	*4.0*
Major Seven	0.4	0.2	0.3	0.3	0.5	0.5	0.5	0.4	0.3	*3.4*
Canada	0.5	-0.6	0.7	0.1	0.8	0.9	0.0	-0.1	0.1	*2.5*
France	0.6	-0.3	0.1	0.5	0.7	0.5	0.6	0.6	0.1	*3.3*
Germany	0.8	0.3	0.1	0.3	1.0	0.4	0.5	0.5	0.3	*4.3*
Italy	0.3	0.2	0.3	0.5	0.6	0.5	0.4	0.3	0.3	*3.3*
Japan	0.9	0.2	0.3	0.3	0.7	0.5	0.6	0.3	-0.2	*3.7*
United Kingdom	0.1	0.0	0.3	0.6	0.2	0.1	0.2	0.2	0.1	*1.7*
United States	0.2	0.4	0.3	0.2	0.3	0.6	0.5	0.4	0.4	*3.3*
Euro area	0.6	0.2	0.3	0.7	0.6	0.7	0.7	0.6	0.3	*4.7*
European Union	0.5	0.3	0.3	0.7	0.6	0.6	0.6	0.6	0.4	*4.6*

>> 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: Q2 2018 – 8 November 2018

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.

United Kingdom - Real household income data shown in this release has been compiled by the OECD based on nominal household income data published by the ONS in the "UK Economic Accounts time series dataset (UKEA)" – see https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/rphq/ukea. Sector accounts data for the UK are not yet validated by Eurostat due to sizeable consistency problems between the sectors.

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