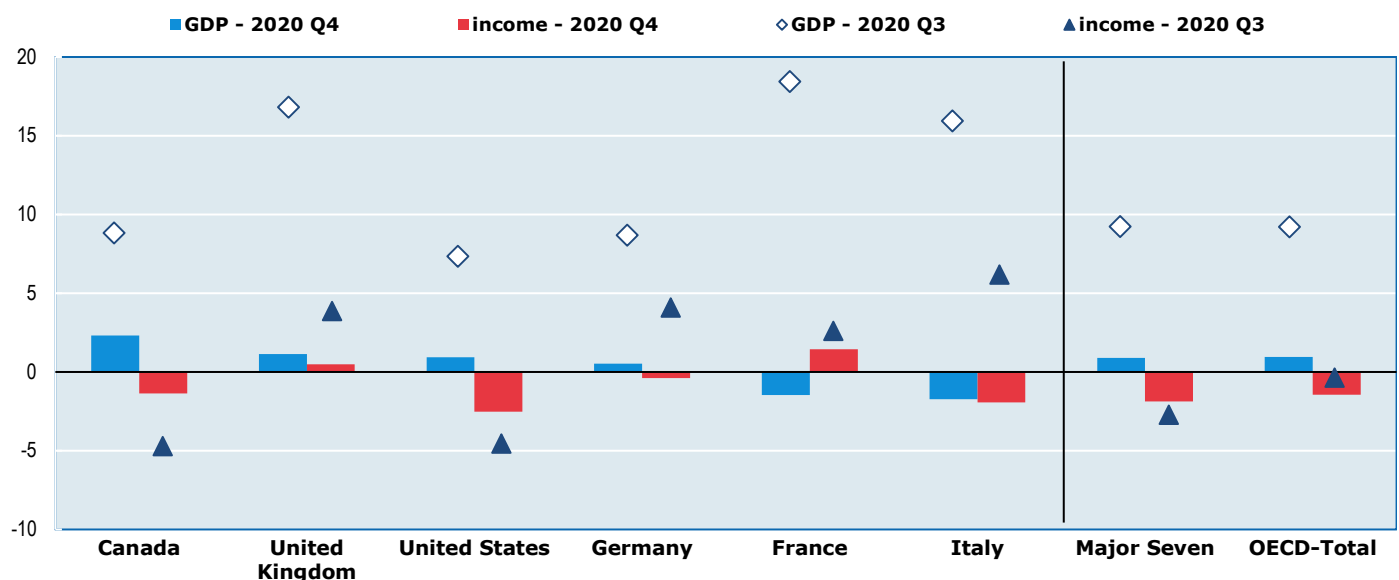


OECD household income falls in the fourth quarter of 2020, but grows overall during COVID affected year

Real household income per capita, which provides a better picture of people's economic well-being than GDP, fell by 1.4% in the **OECD area** in the fourth quarter of 2020. This decline occurred despite a continued rise in real GDP per capita for the **OECD area** by 1.0%, following the sharp increase by 9.2% recorded in the previous quarter. Cumulatively however, since 2019 Q4, real household income per capita increased by 2.0% in the **OECD area**, while real GDP per capita declined by 3.4%.

Overall, the decline of 1.4% is the largest quarterly decline in real household income per capita since 2013 Q1 and reflects many governments across OECD countries reducing the level of COVID related transfer payments to households, after the unprecedented levels of support provided earlier in 2020.

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



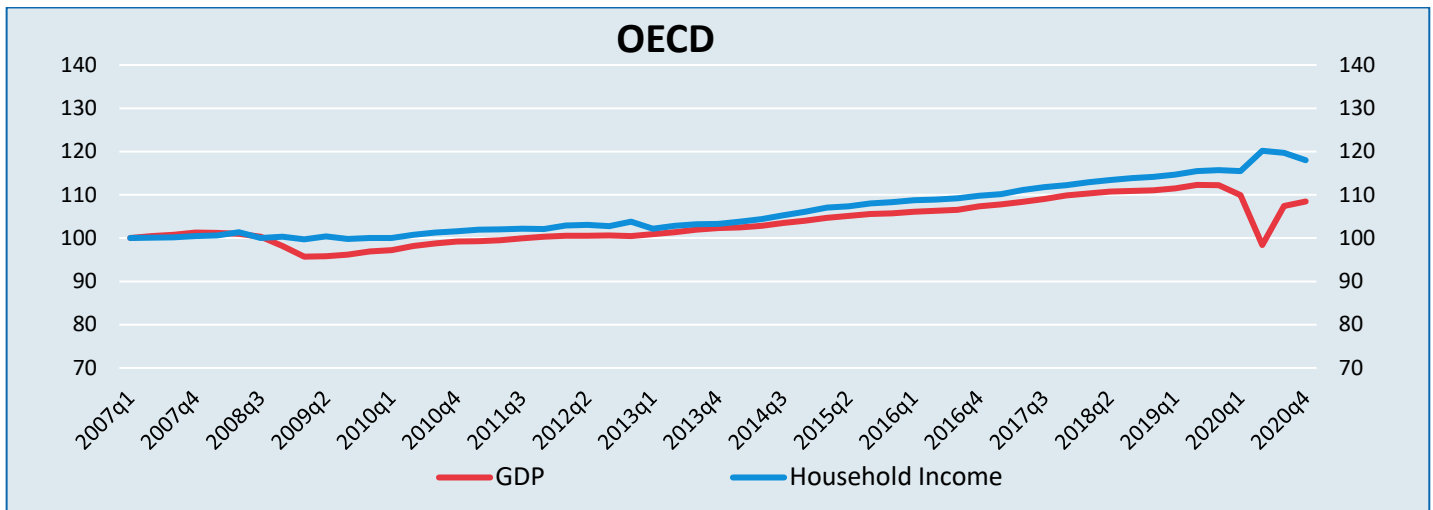
The **United States** and **Canada** continued to record falls in real household income per capita by (minus) 2.5% and (minus) 1.4% respectively, which followed strong declines in the previous quarter. This decline was despite both countries recording increases in real GDP per capita of 0.9% and 2.3% respectively. It should be noted that the **United States** recently enacted a second and third round of fiscal stimulus. The estimate of household income in this release does not reflect any payments associated with these policies; however, they are expected to have a significant impact on both household income for the **United States** and the entire **OECD area** in 2021 Q1.¹ Among the **major seven economies**, falls in household income were also recorded in **Italy** (minus 1.9%) and **Germany** (minus 0.4%), following strong increases in the previous quarter.

Across other OECD countries, household income per capita fell in **Australia** (minus 3.6%), **Chile** (minus 8.8%), **Denmark** (minus 3.8%), **Greece** (minus 1.9%) and **Spain** (minus 2.5%).

Conversely, within the **major seven economies**, **France** and the **United Kingdom** recorded positive growth in household income per capita in the fourth quarter, of 1.4% and 0.5% respectively, reflecting the quarterly variances across countries of the timing, duration and intensity of government policies in respect to COVID.

¹ Initial 2021 Q1 estimates, [published by the US BEA](#), show growth in HDI of 13.6% for 2021 Q1, a direct result of cash payments associated with the *Coronavirus Response and Relief Supplemental Appropriations Act of 2021* and the *American Rescue Plan Act of 2021*.

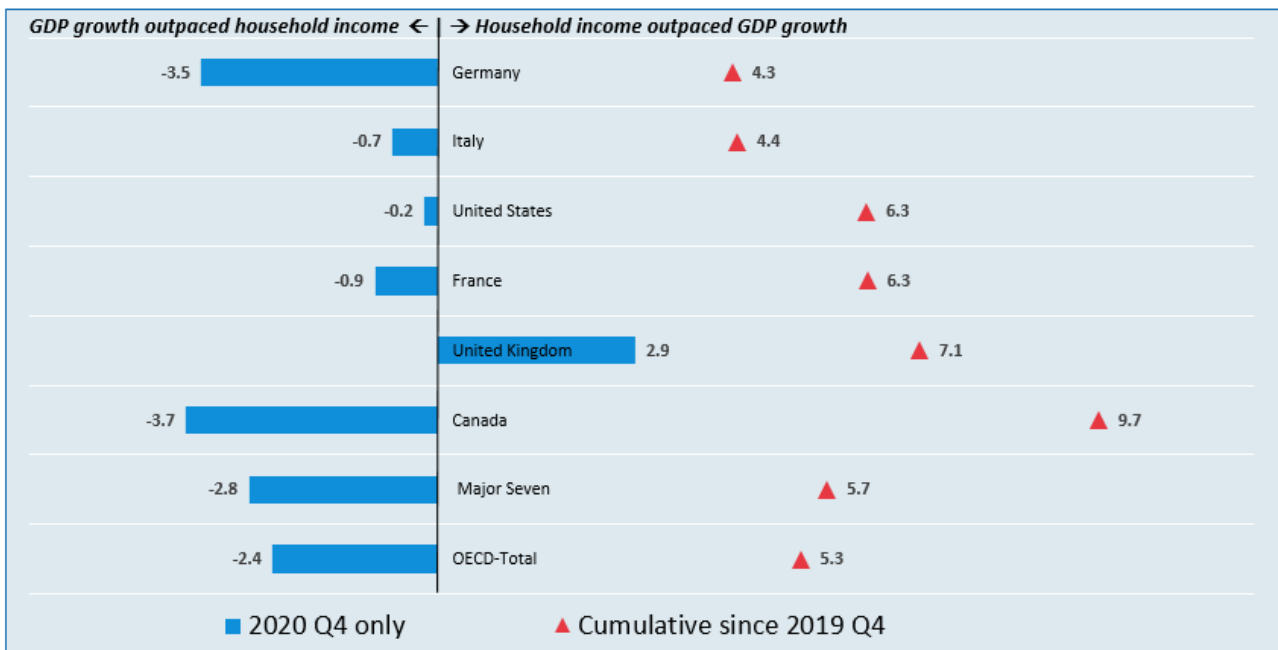
Real household income per capita and real GDP per capita: 2007 Q1 = 100



To remove some of the volatility, it is worthwhile to look at the cumulative growth of the measures. From this perspective, similar to the **OECD area**, all **major seven economies** recorded stronger growth in real household income per capita than real GDP per capita over the past 4 quarters. During 2020, the largest difference between the two indicators was observed in **Canada**, where growth in household income outpaced GDP growth by 9.7 percentage points, followed by the **United Kingdom** (7.1 percentage points), and the **United States** and **France** (both at 6.3 percentage points).

On a cumulative basis, over the course of 2020, real household income per capita outpaced growth in real GDP per capita in all reporting OECD countries, with the exception of **Denmark** where cumulative household income per capita fell by (minus) 3.8% compared to the decline in real GDP per capita of (minus) 1.7%

Percentage points difference in cumulative growth rates of real household income and GDP per capita



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

	2018	2019				2020				2020#	Cumulative growth over the last 4 quarters
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
OECD-Total *	0.3	0.4	0.3	0.4	0.2	-0.2	4.1	-0.4	-1.4	2.7	2.0
Major Seven*	0.6	0.4	0.0	0.5	0.2	0.1	7.0	-2.7	-1.9	3.9	2.3
Canada	1.0	-0.4	0.7	0.4	0.3	0.9	11.7	-4.7	-1.4	7.4	6.0
France	1.1	0.6	-0.3	0.4	0.4	-0.9	-1.9	2.6	1.4	-0.2	1.2
Germany	1.0	0.4	0.2	0.6	0.0	-1.1	-1.5	4.1	-0.4	0.1	1.0
Italy	0.1	0.0	0.9	-0.2	-0.3	-1.8	-3.8	6.2	-1.9	-2.2	-1.6
Japan	0.5	0.0	0.5	0.9	-0.9	0.5
United Kingdom	1.0	-0.8	1.2	-0.6	1.3	-1.7	-3.3	3.9	0.5	-1.2	-0.8
United States	0.5	0.7	-0.4	0.4	0.3	0.7	10.5	-4.6	-2.5	5.8	3.4

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

Calendar year growth rates presented in this table for countries are based on unadjusted data (i.e. not seasonally nor calendar adjusted).

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

	2018	2019				2020				2020#	Cumulative growth over the last 4 quarters
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
OECD-Total	0.2	0.4	0.3	0.4	0.0	-2.1	-10.5	9.2	1.0	-5.3	-3.4
Major Seven	0.3	0.5	0.2	0.5	-0.2	-2.1	-10.5	9.2	0.9	-5.4	-3.4
Canada	-0.2	-0.1	0.8	0.0	-0.5	-2.2	-11.6	8.8	2.3	-6.5	-3.7
France	0.6	0.5	0.2	0.1	-0.2	-5.9	-13.6	18.4	-1.5	-8.4	-5.1
Germany	0.3	0.6	-0.5	0.3	-0.1	-2.0	-9.7	8.7	0.5	-5.2	-3.3
Italy	0.2	0.1	0.3	0.1	-0.4	-5.5	-12.7	15.9	-1.7	-8.5	-6.0
Japan	0.6	0.6	0.1	1.1	-2.5	-0.5	-8.2	5.2	3.1	-4.8	-1.0
United Kingdom	0.0	0.4	0.0	0.3	-0.1	-3.0	-19.6	16.8	1.1	-10.4	-7.8
United States	0.2	0.6	0.3	0.5	0.4	-1.4	-9.1	7.3	0.9	-4.0	-2.9

Calendar year growth rates presented in this table for countries are based on unadjusted data (i.e. not seasonally nor calendar adjusted).

Note: As a consequence of measures put in place by governments to reduce the spread of the Coronavirus (COVID-19), many statistical agencies are facing unprecedented collection, compilation and methodological challenges to develop indicators across a number of domains. To address these challenges, the statistical community is developing guidance, both conceptual and practical, to help ensure the continued delivery of timely and reliable statistics. However, in some cases, there will inevitably be an impact on quality and, as such, the statistics included in this press release may be subject to larger, and more frequent, than normal revisions.

>> 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:

For further information journalists are invited to contact the OECD's Media Relations Division on (33) 1 45 24 97 00 or at news.contact@oecd.org; others should contact the Statistics and Data Directorate at stat.contact@oecd.org.

>> Next release: Q1 2021 – 5 August 2021

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.

Data shown in this release was last updated on the 4th of May 2021

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