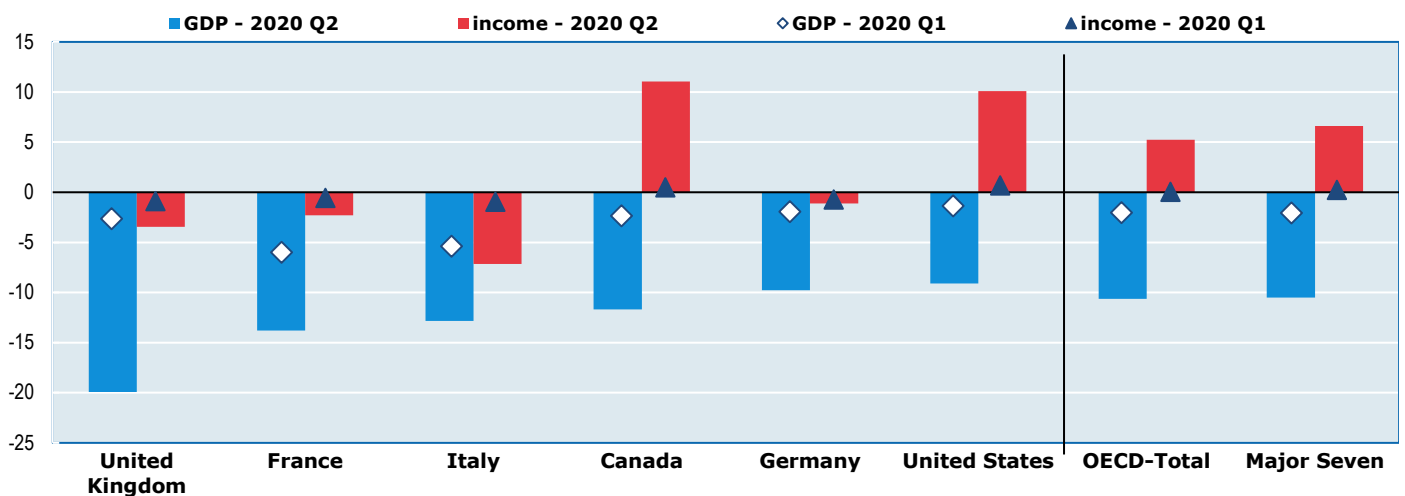


Growth and economic well-being: Government support measures continue to shield household income from economic impact of COVID-19 in second quarter of 2020

Despite the significant (10.6%) fall in real GDP growth per capita in the **OECD area** in the second quarter of 2020, growth in real household income per capita, which provides a better picture of changes in households' economic well-being, increased by 5.3% on the back of COVID-19 government support measures.

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

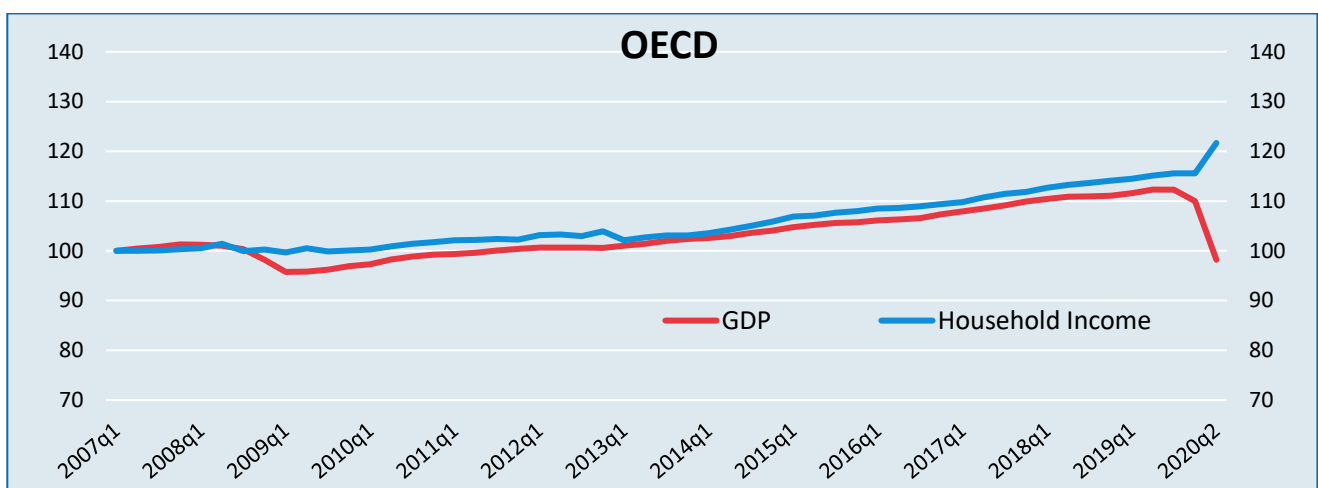


Most **OECD countries** saw household disposable income outperform GDP. While a majority recorded falls in both measures during the second quarter of 2020, **Canada** and the **United States** saw significant growth in household income per capita of 11.0% and 10.1% respectively, reflecting broad based monetary transfers to the household sector in response to COVID-19. Smaller increases in real household income per capita were also observed in **Ireland** (3.6%), **Australia** (2.7%) and **Finland** (1.1%).

Some care is needed in comparing movements across countries however, as the significant increase in household income for the **United States** reflects the large, but temporary, characteristics of the specific government support made in April 2020, namely the CARES Act of 2020. Indeed, the United States Bureau of Economic Analysis has already reported a decline of 4.4% in real disposable personal income for the third quarter of 2020.

For the **OECD area**, the significant divergence between household income growth and GDP growth resulted in the largest positive gap on record between the two measures (15.1 percentage points).

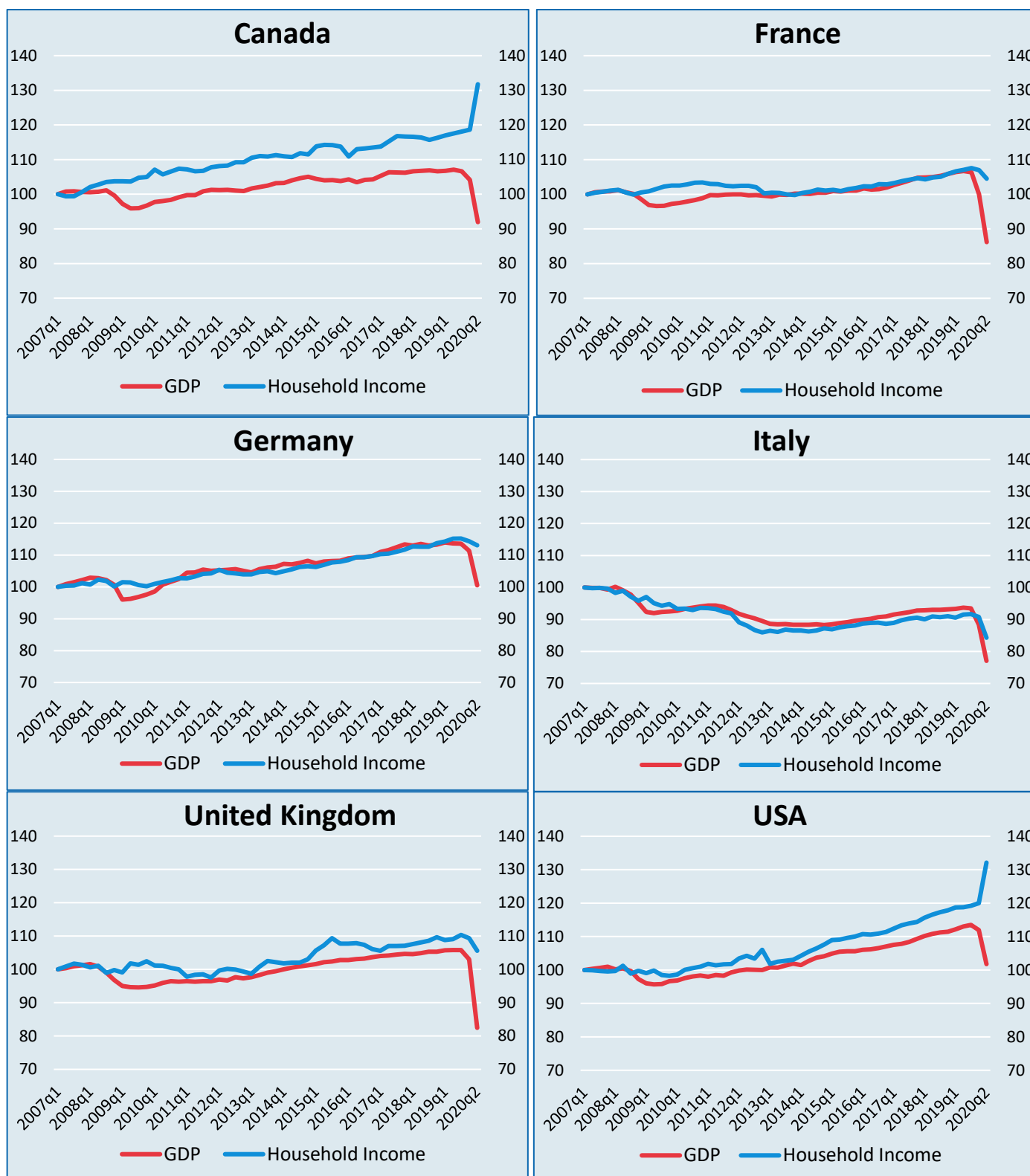
Real household income per capita and real GDP per capita in the OECD: 2007 Q1=100



Real household income per capita continued to fall in **Germany, France, the United Kingdom and Italy** by (minus) 1.2%, (minus) 2.3%, (minus) 3.4% and (minus) 7.2% respectively, following the more moderate declines (of minus 1.0% or less) in the previous quarter.

Household income growth held up much better than GDP growth, which fell significantly, in all **major seven economies**: by (minus) 19.9% in the **United Kingdom**, by (minus) 13.8% in **France**, by (minus) 12.8% in **Italy**, by (minus) 11.7% in **Canada**, by (minus) 9.8% in **Germany**, by (minus) 9.1% in the **United States** and by (minus) 7.9% in **Japan**.

Real household income per capita and real GDP per capita: 2007 Q1 = 100
Major Seven economies (Japan's Household income estimates are not available for the most recent quarters.)



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

	2018			2019				2020		Cumulative growth over the last 8 quarters
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
OECD-Total *	0.5	0.3	0.4	0.4	0.2	0.4	0.4	0.0	5.3	7.4
Major Seven*	0.7	0.3	0.7	0.4	0.0	0.4	0.3	0.2	6.6	9.1
Canada	-0.2	-0.6	0.6	0.6	0.5	-0.1	0.5	0.5	11.0	13.2
France	0.5	0.2	0.9	0.7	-0.2	0.5	0.5	-0.6	-2.3	-0.3
Germany	-0.1	0.0	1.0	0.4	0.2	0.6	0.0	-0.7	-1.1	0.4
Italy	1.0	-0.2	0.3	-0.5	0.8	0.2	0.1	-1.0	-7.2	-7.3
Japan	1.1	-0.6	1.3	-0.7
United Kingdom	0.4	0.5	1.0	-0.8	0.8	-0.5	1.1	-0.9	-3.4	-2.3
United States	0.8	0.6	0.5	0.7	-0.4	0.4	0.3	0.7	10.1	13.3

* 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

	2018			2019				2020		Cumulative growth over the last 8 quarters
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
OECD-Total	0.4	0.1	0.1	0.5	0.3	0.4	0.0	-2.0	-10.6	-11.3
Major Seven	0.4	0.1	0.3	0.6	0.2	0.5	-0.2	-2.1	-10.5	-11.1
Canada	0.1	0.2	-0.2	0.1	0.5	-0.2	-0.4	-2.4	-11.7	-13.8
France	0.1	0.3	0.5	0.5	0.2	0.1	-0.3	-6.0	-13.8	-17.9
Germany	0.4	-0.4	0.3	0.6	-0.5	0.3	-0.1	-1.9	-9.8	-11.4
Italy	0.1	0.0	0.2	0.2	0.3	0.1	-0.2	-5.4	-12.8	-17.2
Japan	0.3	-0.7	0.7	0.8	0.4	0.9	-2.4	-0.6	-7.9	-8.9
United Kingdom	0.2	0.4	0.0	0.4	-0.2	0.2	0.0	-2.7	-19.9	-21.3
United States	0.6	0.4	0.2	0.6	0.3	0.5	0.4	-1.4	-9.1	-8.1

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: Q3 2020 – 4 Feb 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 9th of November 2020

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