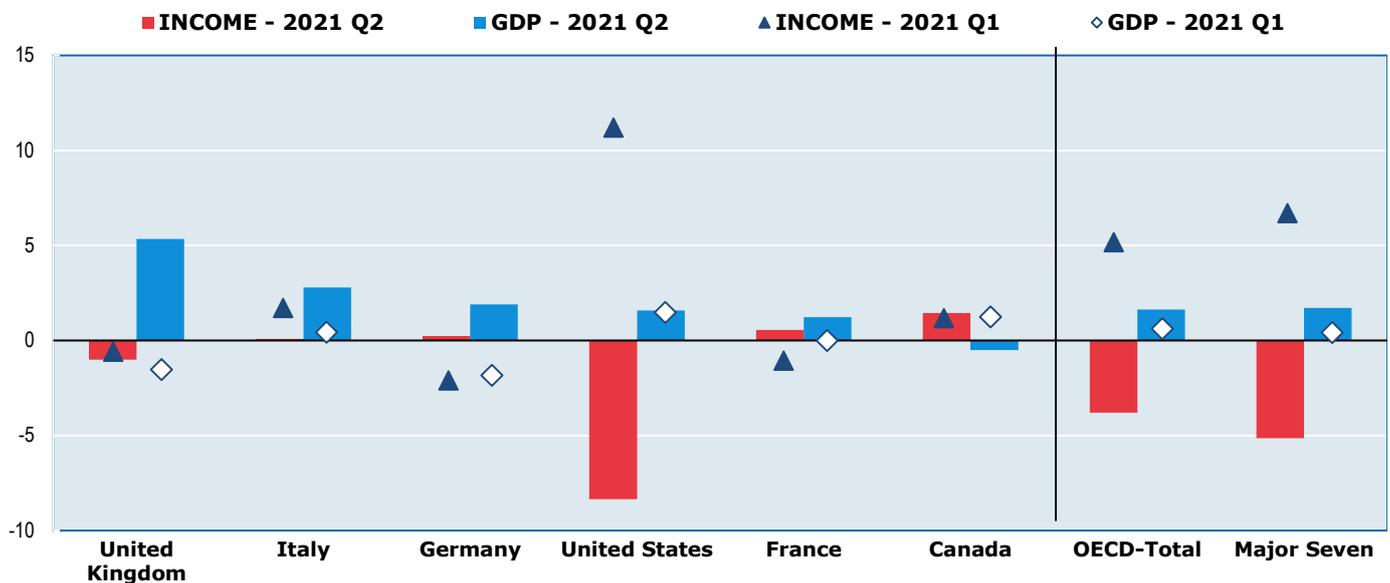


Household income in the OECD area fell sharply in the second quarter of 2021, despite strong growth in GDP

Real household income per capita fell by 3.8% in the **OECD area** in the second quarter of 2021 following growth of 5.2% in the first quarter. The fall was driven by a sharp drop in household income in the **United States**, as fiscal support provided by the government during the COVID-19 pandemic began to be withdrawn. The decline in real household income per capita occurred despite the rise of 1.6% in GDP per capita across the **OECD area** in the second quarter of 2021, which included increases in GDP per capita in all but three **OECD countries**.

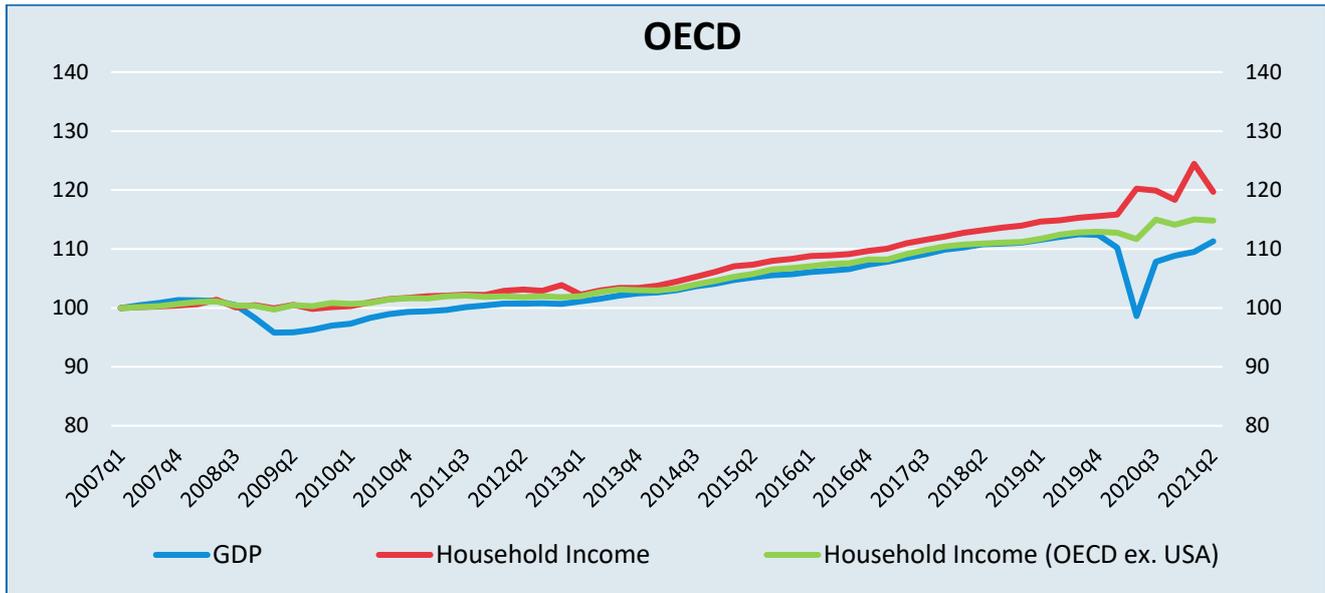
Real household income per capita and real GDP per capita
Percentage change on the previous quarter, seasonally adjusted data



Among the **major seven economies** excluding **Japan**, for which 2021 quarterly estimates are not yet available (see Country notes), real household income per capita rose most in **Canada**, up by 1.4% in the second quarter of 2021, despite a decline of 0.5% in GDP per capita. Real household income per capita also grew in **France** (up by 0.6%) and **Germany** (0.2%). By contrast, real household income per capita fell sharply in the **United States** (minus 8.3%). This drop followed an increase of 11.2% in the **United States** in the first quarter of 2021 when large-scale, pandemic-related monetary transfers were made to households.

Across other **OECD countries**, the strongest growth in real household income per capita in the second quarter of 2021 was in **Chile** (22.1%), reflecting the government's policy of giving people early access to their pensions. Increases were also observed in **Slovenia** (6.2%), **Austria** (2.1%), **Belgium** (1.9%) and **Norway** (1.7%). On the other hand, real household income per capita fell in **Greece** (minus 4.0%), **Hungary** (minus 2.7%), the **Netherlands** (minus 2.1%) and **Spain** (minus 1.2%).

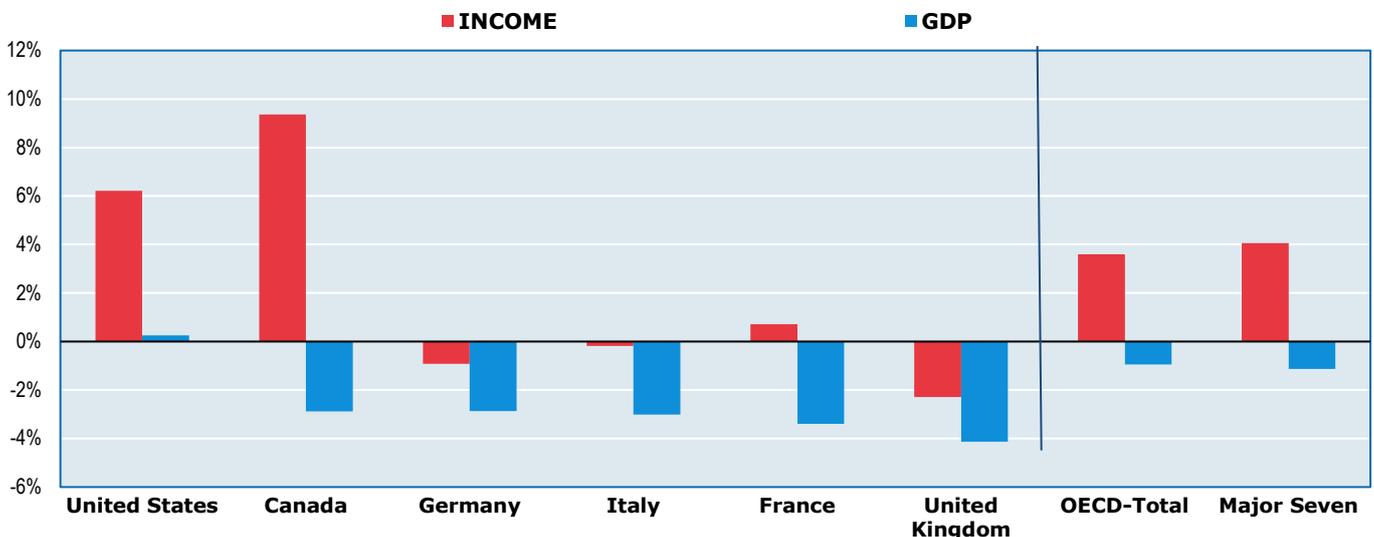
Real household income per capita and real GDP per capita: 2007 Q1 = 100



From a longer-term perspective, fiscal stimulus in the **United States**, including the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 and the American Rescue Plan Act of 2021, has resulted in strong household income growth relative to GDP growth throughout the pandemic. The large size of the fiscal stimulus has made the **United States** a key contributor to household income growth for the **OECD area**. When the contribution from the **United States** is excluded, real household income per capita has still grown since the onset of the pandemic, but growth has been both smoother and more restrained, maintaining its long-term trend despite a fall in GDP per capita.

In the **OECD area**, real GDP per capita in the second quarter of 2021 remained below its level in the fourth quarter of 2019, before the start of the COVID-19 pandemic. By contrast, real household income per capita exceeded this level by 3.6%. Over this period, the strongest growth in real household income per capita was in **Canada**, at 9.4%. The **United States** also saw strong growth in real household income per capita (6.2%) and was the only one of the **major seven economies** to experience an increase in real GDP per capita over this period. Over the course of the pandemic, real household income per capita has changed less than GDP per capita in the other **major seven economies** (excluding Japan) ranging from a decrease of 2.3% in the **United Kingdom** to an increase of 0.7% in **France**.

Real household income per capita and real GDP per capita
Cumulative percentage change since 2019 Q4, seasonally adjusted data



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

	2019			2020				2021		Cumulative growth since Q4 2019
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
OECD-Total *	0.2	0.4	0.2	0.2	3.8	-0.3	-1.3	5.2	-3.8	3.6
Major Seven*	-0.1	0.4	0.2	0.4	6.9	-2.6	-1.6	6.7	-5.1	4.1
Canada	0.7	0.4	0.3	0.8	13.1	-5.5	-1.1	1.2	1.4	9.4
France	0.0	0.6	0.6	-1.3	-1.0	1.9	1.6	-1.1	0.6	0.7
Germany	-0.3	0.3	-0.1	1.2	-3.6	3.9	-0.4	-2.1	0.2	-0.9
Italy	0.7	-0.3	-0.3	-1.4	-4.2	6.1	-2.3	1.7	0.1	-0.2
Japan	0.5	1.0	-0.9	0.4
United Kingdom	0.9	-0.9	1.1	-2.0	-3.5	4.5	0.5	-0.6	-1.0	-2.3
United States	-0.5	0.4	0.5	0.8	10.4	-4.3	-2.1	11.2	-8.3	6.2

* 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

	2019			2020				2021		Cumulative growth since Q4 2019
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
OECD-Total	0.5	0.4	-0.1	-1.9	-10.5	9.3	1.0	0.6	1.6	-0.9
Major Seven	0.4	0.5	-0.3	-2.1	-10.5	9.4	0.9	0.4	1.7	-1.1
Canada	0.8	0.0	-0.5	-2.3	-11.5	9.0	2.2	1.2	-0.5	-2.9
France	0.4	0.0	-0.4	-5.7	-13.5	18.4	-1.2	0.0	1.2	-3.4
Germany	-0.5	0.4	-0.1	-1.8	-10.0	9.0	0.7	-1.8	1.9	-2.9
Italy	0.3	0.1	-0.4	-5.6	-12.7	15.8	-1.5	0.4	2.8	-3.0
Japan	0.2	1.0	-2.6	-0.5	-7.9	5.5	2.9	-0.9	0.5	-0.9
United Kingdom	0.0	0.4	-0.2	-2.8	-19.7	17.2	0.9	-1.5	5.3	-4.1
United States	0.7	0.5	0.3	-1.4	-9.0	7.4	1.0	1.5	1.6	0.2

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 2021 – February 2022

Technical notes for OECD Growth and economic well-being News Release

A key indicator of material or economic well-being is household income per capita after deducting taxes and social contributions and including social benefits. This provides a better picture of people's economic well-being than gross domestic product (GDP) per capita. It shows the resources that households have at their disposal to buy goods and services or save for the future.

Over the long term, average annual growth rates of household income per capita and GDP per capita tend to be similar, since incomes earned by households account for much of the total income generated through production in the economy, as recorded by GDP. However, over shorter periods, especially during economic recessions or expansions, trends in household income and GDP may differ significantly. Many factors can contribute to such a divergence; for instance, changes in taxes or social benefits, or changes in how companies allocate their earnings between dividends, retained earnings and compensation of employees.

Data shown in this release was last updated on the 31st of October 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. The income measure of GDP measures the income earned from that production, or the amount spent on final goods and services (less imports). While GDP is the single most important indicator to capture 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 person in the population.

Real household income per capita

In this release, household income refers to the national accounts measure 'gross disposable income of households', which equals total income received by households after deduction of taxes on income and wealth and social contributions. It includes monetary social benefits (such as unemployment benefits), but 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 for 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 person in the population. Note that households in this release include 'non-profit institutions serving households' (e.g. non-profit sports membership clubs) as these cannot be separated from households in the national accounts of many countries.

The deflators used for these two measures (GDP and household income) may differ, sometimes significantly, particularly in resource rich and export intensive economies.

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.

For **Japan**, gross disposable income of households is not yet available beyond the first quarter of 2020. To compile the **OECD area** and **Major Seven** economy aggregates, the OECD forecasts Japan's household income for the latest quarters using the measure of **net** disposable household income which is published quarterly by Japan's Cabinet Office.

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