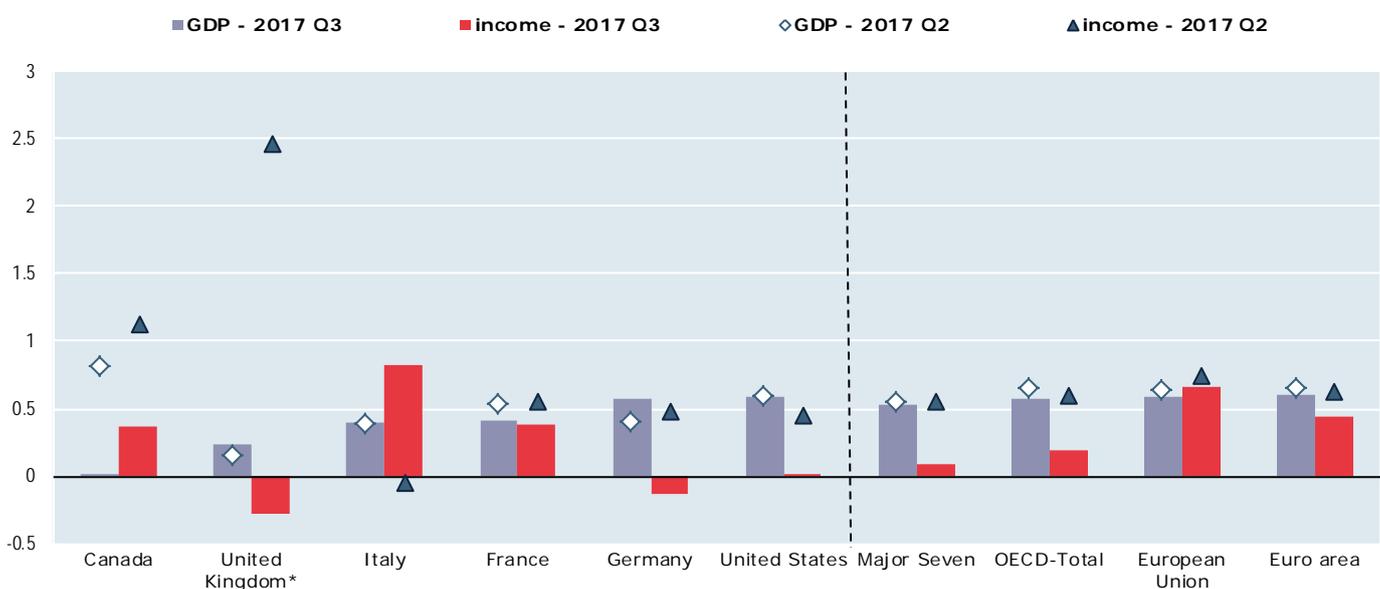


Growth and economic well-being: OECD household income growth continues to lag GDP growth, slowing to 0.2% in third quarter of 2017

Growth in real household income per capita, which provides a better picture of household's economic well-being than real GDP per capita, slowed markedly in the **OECD area** to 0.2% in the third quarter of 2017 from 0.6% in the second quarter; lagging growth in real GDP per capita (up 0.6%) for the fifth straight quarter.

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.

Among the **Major seven economies**, where data are available, growth in real household income per capita slowed markedly in all countries bar Italy.

The slowdown was sharpest in the **United Kingdom***, where real household income per capita contracted by 0.3% in the third quarter of 2017 following strong growth of 2.5% in the previous quarter. Real household income per capita has now contracted in six of the last eight quarters.

In **Germany** real household income per capita also contracted in the third quarter by minus 0.1%, compared to a growth of 0.5% in the previous quarter. Real GDP per capita growth on the other hand accelerated to 0.6% in the third quarter, from 0.4% in the previous quarter.

In the **United States** growth in real household income per capita slowed to 0.0% following 0.4% growth in the previous quarter, and was significantly outpaced by growth in real GDP per capita (up 0.6%) in the third quarter.

In **Canada** growth in real household income also decelerated sharply to 0.4% from 1.1% in the previous quarter, although it still outpaced real GDP per capita growth (0.0%) which also slowed markedly.

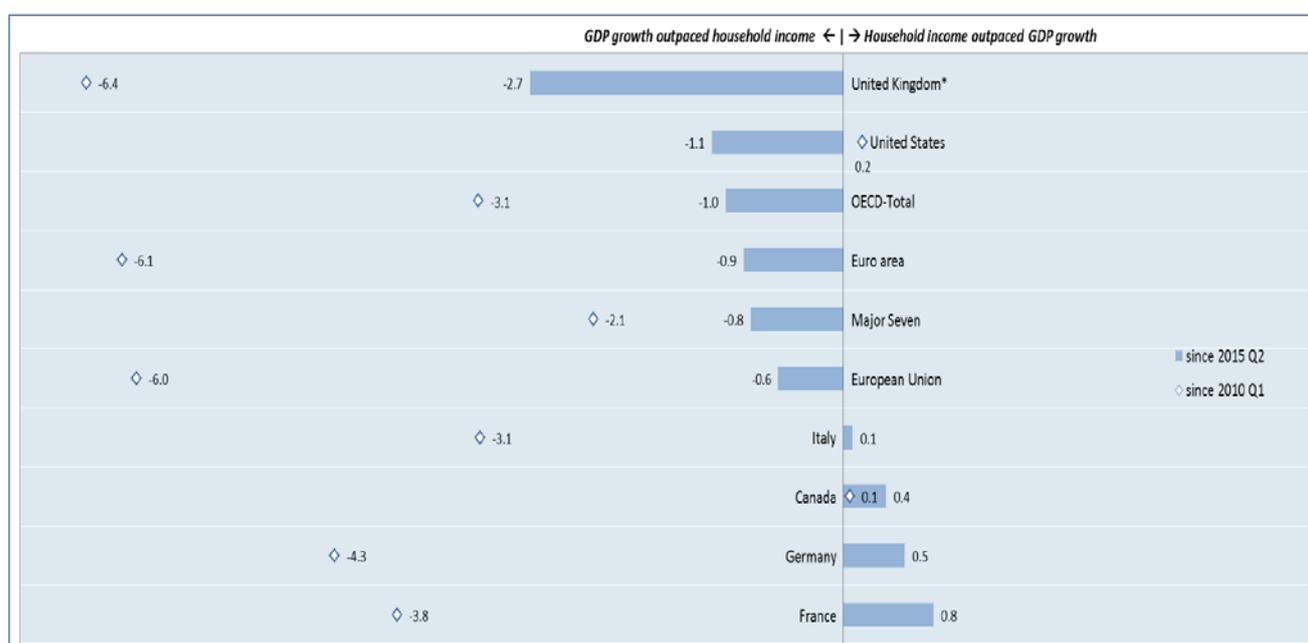
Growth in real household income per capita also slowed, albeit marginally, in **France** to 0.4% in the third quarter, the same growth rate as real GDP per capita which also decelerated slightly.

In **Italy**, real household income per capita picked-up strongly and increased by 0.8% in the third quarter of 2017, outpacing growth in real GDP per capita which was stable at 0.4%.

Growth in real household income per capita in the **European Union** was stable at 0.7%, slightly outpacing growth in real GDP per capita (0.6%). In the **euro area** growth in real household income per capita slowed to 0.4%, and was outpaced by growth in real GDP per capita for the sixth straight quarter.

Over the last two years, in the **OECD** as a whole, GDP per capita growth has outpaced growth in household income per capita by 1.0 percentage point. The gap has been most prominent in the **United Kingdom*** (2.7pp) and to a lesser extent the **United States** (1.1pp). On the other hand household income per capita growth outpaced GDP per capita growth in **Italy** (0.1pp), **Canada** (0.4pp), **Germany** (0.5pp) and **France** (0.8pp). Among the major seven economies the gap, since the financial crisis (2010 Q1), was highest in the **United Kingdom** (6.4pp), while in the **United States** and **Canada**, over the same period, real household income per capita marginally outpaced GDP per capita growth (by 0.2pp and 0.1pp respectively).

Growth in GDP per capita has outpaced household income in many OECD countries over the longer-term
Percentage points difference in cumulative growth rates of real household income 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

	2015		2016				2017			Cumulative growth over the last 9 quarters
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
OECD-Total	0.6	0.4	0.2	0.4	0.0	0.0	0.2	0.6	0.2	2.6
Major Seven	0.5	0.4	0.0	0.4	0.1	-0.4	0.4	0.6	0.1	2.1
Canada	0.2	0.1	-1.9	2.2	0.7	0.4	-0.4	1.1	0.4	2.7
France	0.5	0.5	0.3	0.2	0.5	0.2	0.2	0.5	0.4	3.4
Germany	0.8	0.3	0.1	1.0	-0.3	0.6	0.7	0.5	-0.1	3.5
Italy	1.4	0.3	0.3	0.4	-0.1	0.0	0.2	0.0	0.8	3.4
Japan	0.3	0.3	1.0
United Kingdom*	1.9	-0.9	-0.8	-0.1	0.1	-1.2	-1.3	2.5	-0.3	-0.1
United States	0.3	0.5	-0.1	0.4	0.0	-0.7	0.6	0.4	0.0	1.5
Euro area	0.5	0.1	0.8	0.2	0.2	0.2	0.2	0.6	0.4	3.3
European Union	0.6	0.3	1.0	0.1	0.6	0.1	-0.2	0.7	0.7	3.9

..: 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

	2015		2016				2017			Cumulative growth over the last 9 quarters
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
OECD-Total	0.4	0.2	0.2	0.4	0.3	0.6	0.3	0.7	0.6	3.6
Major Seven	0.2	0.0	0.2	0.3	0.4	0.3	0.3	0.6	0.5	2.9
Canada	0.3	-0.3	0.5	-0.6	0.7	0.1	0.7	0.8	0.0	2.3
France	0.3	0.1	0.5	-0.1	0.0	0.4	0.5	0.5	0.4	2.7
Germany	0.1	0.0	0.4	0.3	0.2	0.2	0.7	0.4	0.6	3.0
Italy	0.3	0.4	0.3	0.2	0.2	0.4	0.6	0.4	0.4	3.3
Japan	0.0	-0.2	0.6	0.4	0.3	0.4	0.4	0.7	0.7	3.3
United Kingdom	0.2	0.5	-0.1	0.3	0.4	0.6	0.2	0.2	0.2	2.6
United States	0.2	-0.1	0.0	0.4	0.5	0.2	0.1	0.6	0.6	2.6
Euro area	0.3	0.3	0.5	0.3	0.3	0.5	0.6	0.7	0.6	4.2
European Union	0.4	0.4	0.4	0.4	0.3	0.6	0.6	0.6	0.6	4.5

>> 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/std/na/QSA_Methodological_Note.pdf

>> Access data:

Interested in how households are doing? Visit our household's economic well-being dashboard: www.oecd.org/std/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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>> Next release: Q4 2017 – 7 May 2018; Q1 2018 – 20 August 2018; 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 to 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 sizable 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/std/na/QSA_Methodological_Note.pdf