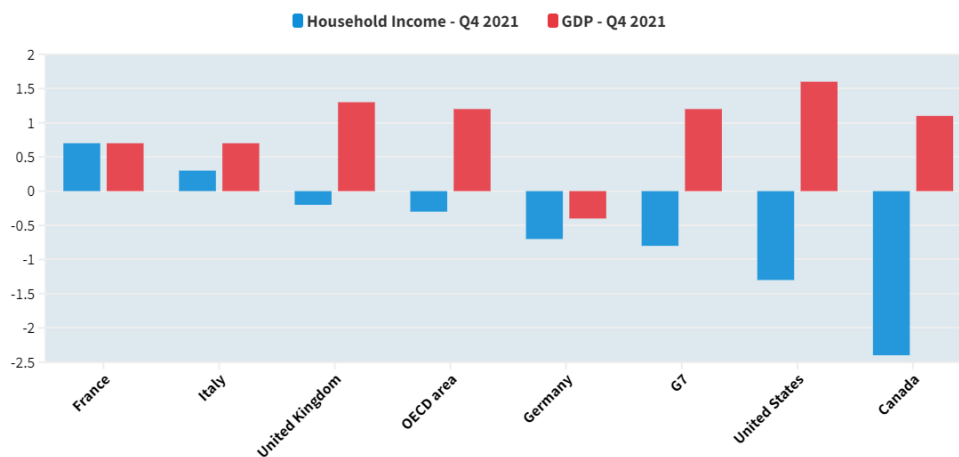


Household income falls slightly in OECD area in Q4 2021, despite continuing GDP growth

In the **OECD area**, GDP per capita rose by 1.2% quarter-on-quarter in the fourth quarter of 2021, but real household income per capita fell by 0.3% (**Figure 1**). Real household income per capita has stagnated during the past six months and trailed growth in GDP per capita for the third consecutive quarter. While the trend in GDP per capita reflects the recovery in economic activity after sharp declines in the early stages of the pandemic, the trend in household income per capita reflects, among other things, reductions in pandemic-related government assistance paid to households since early 2021. Nevertheless, household income was 3.8% higher in the fourth quarter of 2021 than it was in the fourth quarter of 2019, before the start of the pandemic.

Figure 1: Real household income per capita and real GDP per capita

Percentage change on the previous quarter, seasonally adjusted data



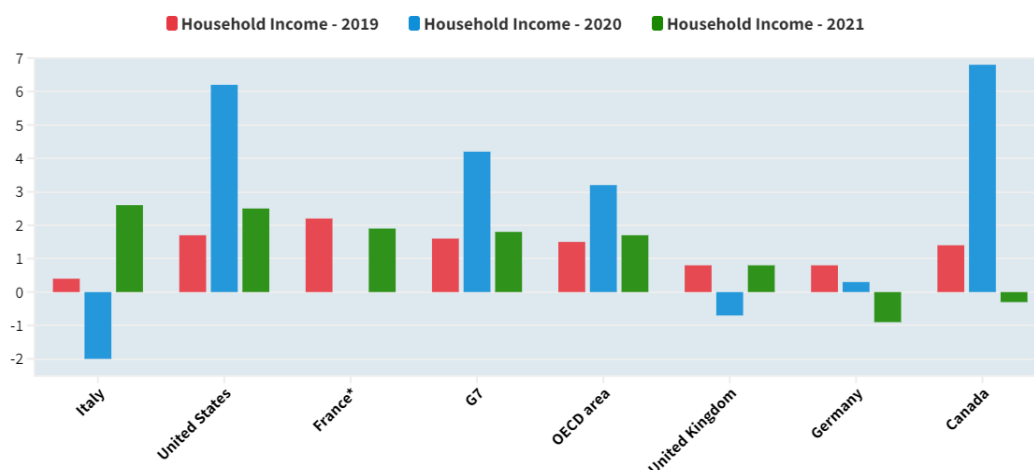
 OECD

Among the **G7 economies** (excluding **Japan**, for which 2021 quarterly household income estimates are not yet available: see Country notes), the largest decrease in real per capita household income in the fourth quarter of 2021 was in **Canada** (minus 2.4% quarter-on-quarter), as government transfers to households continued to decline. Households in the **United States**, **Germany** and the **United Kingdom** also experienced decreases in per capita income (minus 1.3%, minus 0.7% and minus 0.2% respectively). Conversely, real household income per capita rose in **France** (up by 0.7%) and **Italy** (up by 0.3%).

In other OECD countries, experience was mixed in the fourth quarter of 2021. There were decreases in per capita household income in **Belgium** (minus 3.0% quarter-on-quarter), **Finland** (minus 2.7%) and **Spain** (minus 1.6%). However, strong growth was recorded in **Hungary** (3.2%), **Portugal** (3.0%) and **Denmark** (2.2%).

Figure 2: Real household income per capita, 2019 - 2021

Annual percentage change



 OECD

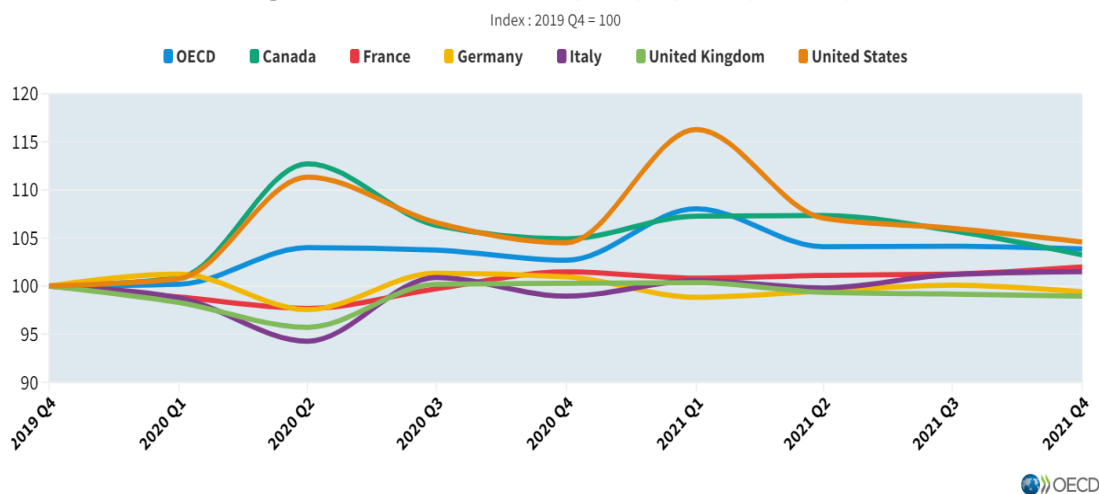
* In 2020, France recorded zero growth.

In 2021, year-on-year growth of GDP per capita in the **OECD area** was 5.1%, much stronger than the 1.7% growth in real household income per capita. **Italy, France, the United Kingdom and the United States** all recorded growth in household income per capita in 2021, but the **United States** was the only G7 country to record increases in both 2020 and 2021 (**Figure 2**).

The evolution of per capita household income over the course of the pandemic reflects both the size and timing of the government assistance payments (**Figure 3**). **Canada** and the **United States** made broad-based monetary payments to households in the second quarter of 2020, a policy repeated by the **United States** in the first quarter of 2021. As these temporary payments have tapered off, incomes have fallen.

The European G7 countries focused on providing assistance to businesses to protect employment and employee earnings. After an initial dip in the second quarter of 2020, household income levels rebounded and remained at broadly pre-pandemic levels. However, over the course of 2021 there was some divergence between European countries, with real household incomes per capita in **France and Italy** increasing, while **Germany and the United Kingdom** recorded declining household income per capita.

Figure 3: Real household income per capita, 2019 Q4 - 2021 Q4



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

	2019	2020				annual growth 2020	2021				annual growth 2021	Cumulative growth since Q4 2019
	Q4	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		
OECD area *	0.3	0.2	3.8	-0.3	-1.0	3.2	5.2	-3.7	0.1	-0.3	1.7	3.8
G7*	0.3	0.4	6.8	-2.5	-1.2	4.2	6.7	-5.0	-0.5	-0.8	1.8	3.2
Canada	0.3	0.9	11.7	-5.7	-1.3	6.8	2.3	0.1	-1.5	-2.4	-0.3	3.3
France	0.5	-1.1	-1.2	2.1	1.8	0.0	-0.6	0.3	0.1	0.7	1.9	2.0
Germany	-0.1	1.2	-3.6	3.9	-0.4	0.3	-2.1	0.7	0.6	-0.7	-0.9	-0.6
Italy	-0.6	-1.2	-4.6	7.0	-1.9	-2.0	1.6	-0.8	1.4	0.3	2.6	1.5
Japan	0.0	0.0	9.3	-7.3	0.5	3.8	0.5
United Kingdom	1.1	-1.7	-2.6	4.7	0.1	-0.7	0.1	-1.0	-0.2	-0.2	0.8	-1.0
United States	0.4	0.8	10.5	-4.3	-2.0	6.2	11.3	-7.9	-1.0	-1.3	2.5	4.6

*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				annual growth 2020	2021				annual growth 2021	Cumulative growth since Q4 2019
	Q4	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		
OECD area	-0.2	-1.9	-10.5	9.4	0.9	-5.0	0.7	1.6	1.0	1.2	5.1	1.4
G7	-0.4	-1.9	-10.4	9.4	0.9	-5.1	0.5	1.7	0.9	1.2	5.0	1.2
Canada	-0.3	-2.4	-11.3	8.9	2.2	-6.4	1.1	-1.1	1.1	1.1	3.9	-1.5
France	-0.5	-5.7	-13.5	18.5	-1.2	-8.1	0.1	1.4	2.9	0.7	6.7	0.4
Germany	-0.1	-1.8	-10.0	9.0	0.7	-4.6	-1.7	2.2	1.6	-0.4	2.9	-1.3
Italy	-0.7	-5.8	-12.4	16.2	-1.5	-8.6	0.5	2.8	2.6	0.7	7.2	0.8
Japan	-3.4	0.5	-7.9	5.4	1.9	-4.2	-0.4	0.4	-0.6	1.2	1.8	0.0
United Kingdom	-0.2	-2.6	-19.5	17.4	1.3	-9.7	-1.3	5.4	0.9	1.3	6.9	-1.0
United States	0.3	-1.4	-9.0	7.5	1.1	-3.8	1.5	1.6	0.5	1.6	5.5	2.7

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

>> 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: Q1 2022 – 4 August 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 (including pensions), 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 29th of April 2022.

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 does not provide 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 and pension payments), 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 2021. To compile the **OECD area** and **G7** 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.

For **France**, real household income data shown in this release has been compiled by the OECD based on nominal income data for the household and non-profit institutions serving households (NPISH) sector [published by the French national statistical office INSEE](#), adjusted with the implicit deflator (price index) of final consumption expenditure of households and NPISHs based on national currency. This is because sector accounts data for France have not yet been validated by Eurostat.

The estimation method to compile the OECD area and the G7 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