

Statistical bulletin

Consumer trends, UK: October to December 2019

Household final consumption expenditure (HHFCE) for the UK, as a measure of economic growth. Includes all spending on goods and services by members of UK households.



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Next release:
30 June 2020

Notice

26 November 2019

ONS has identified a processing error which affects the annual chained volume measure (CVM) and implied deflator for a small number of household final consumption expenditure (HHFCE) components. The error affects figures for 2017, 2018 and 2019 and has an impact on top level HHFCE, total gross domestic product (GDP) and Real Household Disposable Income (RHDI). At component level, the biggest impact is on the UK tourist and foreign tourist expenditure HHFCE categories.

Figures will be corrected when the relevant periods are next open for revision. For 2018 and 2019, this will be in the 2019 Q3 editions of Consumer Trends, Quarterly National Accounts and Quarterly Sector Accounts, published on 20 December 2019. For 2017 it will be in the 2020 Q2 editions, published in September 2020.

Revisions in the 2019 Q3 publications if all else was equal:

The impact on 2018 annual CVM growth at top level (national concept) HHFCE is -0.13pp. The impact on 2018 GDP CVM growth is -0.03pp. Quarterly impacts on top level HHFCE are shown below, with the impact on quarterly GDP in brackets:

2018Q1 = -0.12pp (-0.02pp)
2018Q2 = -0.01pp (0.00pp)
2018Q3 = 0.00pp (0.00pp)
2018Q4 = +0.02pp (0.00pp)
2019Q1 = 0.00pp (0.00pp)
2019Q2 = -0.01pp (0.00pp)

Within Quarterly Sector Accounts, RHDI would see revisions range from -0.2pp in 2018Q1 to +0.2pp in 2018Q3 and 2019Q2.

Please note that for 2019 Q3 we are open to other data revisions back to 2018 Q1 so these are not likely to be the final revisions seen due to the other data revisions.

Revisions in the 2020 Q2 publications if all else was equal:

In addition to the 2018 revisions noted above, there will be a further round of revisions when we open 2017 data for revisions in the 2020 Q2 Consumer Trends and Quarterly National Accounts publications.

The impact on 2017 annual CVM growth at top level (national concept) household final consumption expenditure is -0.15pp. The impact on GDP CVM growth is -0.05pp. Quarterly impacts on top level HHFCE are shown below, with the impact on quarterly GDP in brackets:

2017Q1 = -0.02pp (0.00pp)
2017Q2 = -0.06pp (-0.01pp)
2017Q3 = -0.05pp (-0.01pp)
2017Q4 = +0.04pp (+0.01pp)

Comparing 2020 Q2 publications with 2019 Q3 publications, the revision to 2018 annual CVM growth at top level (national concept) HHFCE is +0.15pp. This equates to a revision of +0.03pp to annual CVM growth in GDP. Quarterly revisions then only affect top level HHFCE at +0.15pp in 2018Q1. The equivalent 2018 Q1 impact on GDP is +0.03pp.

Within Quarterly Sector Accounts, RHDI would see revisions range from -0.1pp in five of the affected quarters to +0.2pp in 2018Q3 and 2019Q2.

In the Quarter 2 2020 publications, the revisions to total HHFCE, GDP and RHDI will be made in line with the revisions policy for Blue Book 2020. This will include any methodological improvements and new supply-use balancing for these years. This will mean that these are not likely to be the final revisions seen due to the other changes being made at that time.

We apologise for any inconvenience caused.

The components affected are:

04.1.2* 'Other actual rentals' ADOP, UWHJ, CSM2, CSM3

09.2.2* 'Musical instruments and major durables for indoor recreation' ADQN, XYJT, AWOA, AWRS

11.1.2* 'Canteens' ADYF, ZAYC, AWOP, AWSH

0 'Household final consumption expenditure: domestic concept' ABQJ, ZAKW, UTJA, UTJN

TOURIM 'UK tourist expenditure abroad' ABTC, ABTD, GDPE, GDPF

TOUREX 'Foreign tourist expenditure' CCHX, CCV0, GDPB, GDPD

Net tourist expenditure ABTG, ABTH Household final consumption expenditure: national concept ABPF, ABJR, ABQU, ABJS

these components feed into higher- level COICOP series which have not all been listed.

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1 . Main points

- In Quarter 4 (Oct to Dec) 2019, household spending (adjusted for inflation) growth was 0.0% compared with Quarter 3 (July to Sept) 2019.
- The largest negative contribution to growth was from net tourism, which fell by negative 13.2% compared with Quarter 3 2019.
- The largest positive contribution to growth was from housing, water, gas, electricity and other fuels, which increased by positive 0.6% compared with Quarter 3 2019.
- Household spending grew by positive 0.9% in Quarter 4 2019 compared with Quarter 4 2018.
- Current price spending decreased by negative 0.1% in Quarter 4 2019 compared with Quarter 3 2019.

2 . Things you need to know about this release

As the UK leaves the EU, it is important that our statistics continue to be of high quality and are internationally comparable. During the transition period, those UK statistics that align with EU practice and rules will continue to do so in the same way as before 31 January 2020.

After the transition period, we will continue to produce our national accounts statistics in line with the UK Statistics Authority's [Code of Practice for Statistics](#) and in accordance with internationally agreed statistical guidance and standards.

The Withdrawal Agreement outlines a need for UK Gross National Income (a fundamental component of the national accounts, which includes gross domestic product (GDP)) statistics to remain in line with those of other EU countries until the EU budgets are finalised for the years in which we were a member. To ensure comparability during this cycle, the national accounts will continue to be produced according to [European System of Accounts \(ESA\) 2010](#) definitions and standards.

The quarterly consumer trends data are typically published around 90 days after the end of the quarter.

Unless otherwise stated, all figures are [chained volume measures](#) and seasonally adjusted.

The data are consistent with [Blue Book 2019](#).

Household final consumption expenditure (HHFCE) includes spending on goods and services except for: buying or extending a house, investment in valuables (for example, paintings and antiques) or purchasing second-hand goods. Explanations for these exceptions and the related concepts are available in [Consumer trends QMI](#).

Household expenditure is used in the national accounts to measure the contribution of households to economic growth and accounts for about 60% of the expenditure measure of [GDP](#). There are two measures: current prices, which are also known as nominal, cash or value series and are expressed in terms of the prices of the time period being estimated, and chained volume measure, which removes the effects of inflation.

The estimate of HHFCE where net tourism expenditure is included is called the UK national estimate. When net tourism is excluded, this produces the aggregate total UK domestic expenditure. Lower-level analyses in this bulletin are based on the domestic concept. This is discussed in greater detail in [Definitions and conventions for UK HHFCE \(Word, 58KB\)](#).

[Time series data](#) for consumer trends are also available.

3 . Household spending (adjusted for inflation) was flat (0.0% growth) in Quarter 4 (Oct to Dec) 2019

In Quarter 4 (Oct to Dec) 2019, the [chained volume measure](#) of household spending was flat against the positive 0.3% growth suggested by early predictors in the [Bank of England Monetary Policy Report for January 2020](#) (page 21). The [current price](#) value of household spending decreased by negative 0.1% compared with Quarter 3 (July to Sept) 2019. Figure 1 shows the levels of current price and volume spending from Quarter 1 (Jan to Mar) 1997 onwards.

In Quarter 4 2019, the value of household spending in current prices increased by positive 1.8% on the same quarter in 2018. Over the same period, the volume measure of household spending increased by positive 0.9%.

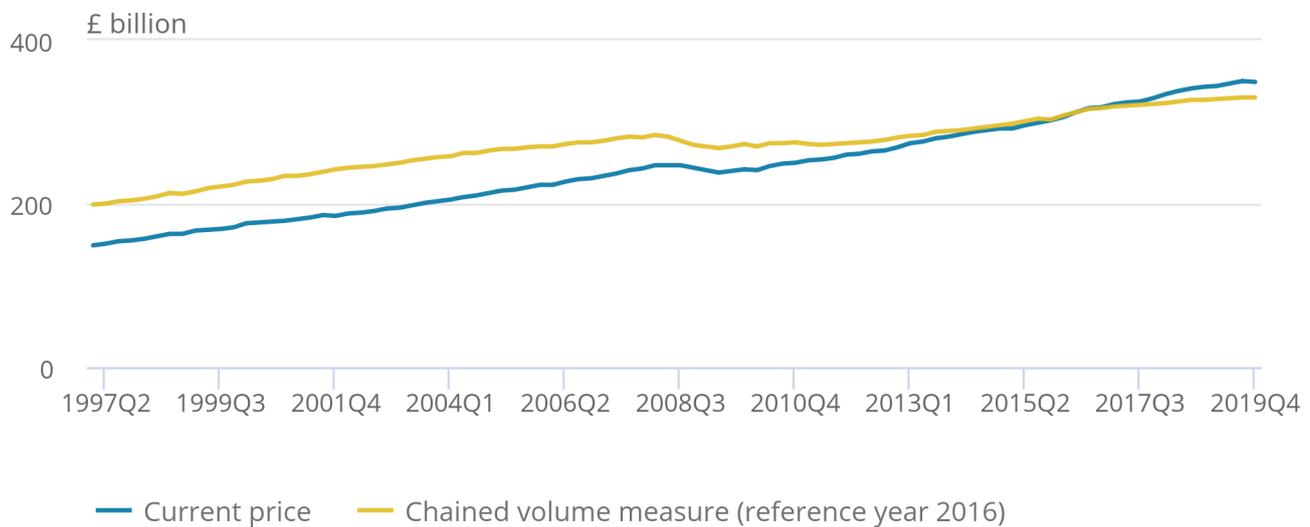
The main contribution to national growth was from net tourism, which contributed negative 0.16%. The UK national aggregate of household consumption in the accounts includes spending overseas by UK residents and excludes spending in the UK by non-residents. However, the data collected to estimate the UK domestic aggregate do the reverse, as they include expenditure in the UK by non-residents and exclude expenditure outside the UK by UK residents. To get to the national concept, net tourism is added to the domestic aggregate and it is calculated as the difference between the UK tourist expenditure abroad and the foreign tourist expenditure in the UK. In Quarter 4 2019, foreign tourist expenditure (seasonally adjusted) increased by positive 6.5% compared with Quarter 3 2019 as a result of increases in both the number of visitors to the UK and the amount they spent there.

Figure 1: Levels of current price and volume spending since 1997

Quarterly household final consumption expenditure total, seasonally adjusted, UK, Quarter 1 (Jan to Mar) 1997 to Quarter 4 (Oct to Dec) 2019

Figure 1: Levels of current price and volume spending since 1997

Quarterly household final consumption expenditure total, seasonally adjusted, UK, Quarter 1 (Jan to Mar) 1997 to Quarter 4 (Oct to Dec) 2019



Source: Office for National Statistics – Consumer trends

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. Details of the source surveys and other data used for the compilation of household final consumption expenditure (HHFCE) estimates can be found on the [Consumer trends methodology page](#).

4 . What are the main contributors to domestic top-level growth?

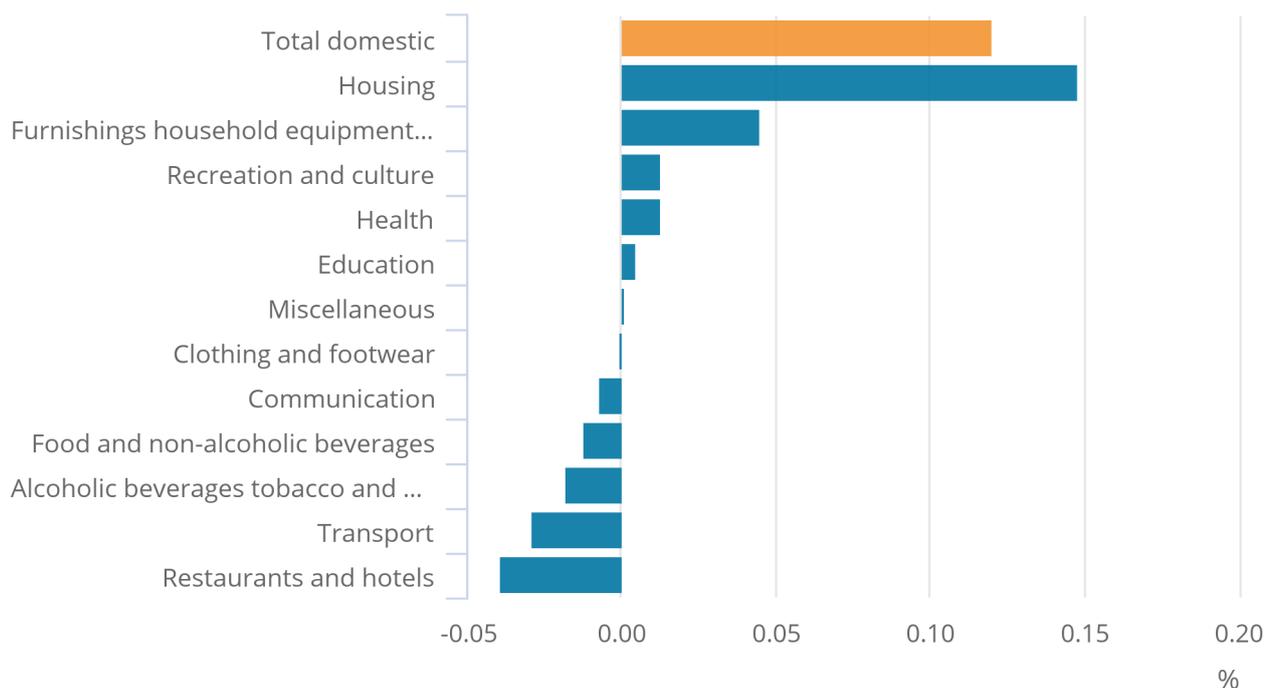
Domestic growth in consumer spending in Quarter 4 (Oct to Dec) 2019 was positive 0.1%. Figure 2 shows the main contribution to this growth was from housing, water, gas, electricity and other fuels, which contributed positive 0.15%. The largest negative contribution was from restaurants and hotels, which contributed negative 0.04% to overall growth.

Figure 2: 6 of the 12 COICOPs contributed positively to the 0.1% overall domestic growth in Quarter 4 2019

Contribution to overall growth, domestic measure, chained volume measure, seasonally adjusted, by COICOP, UK, Quarter 3 (July to Sept) 2019 to Quarter 4 (Oct to Dec) 2019

Figure 2: 6 of the 12 COICOPs contributed positively to the 0.1% overall domestic growth in Quarter 4 2019

Contribution to overall growth, domestic measure, chained volume measure, seasonally adjusted, by COICOP, UK, Quarter 3 (July to Sept) 2019 to Quarter 4 (Oct to Dec) 2019



Source: Office for National Statistics – Consumer trends

Notes:

1. COICOP – Classification of Individual Consumption According to Purpose.
2. Details of the source surveys and other data used for the compilation of household final consumption expenditure (HHFCE) estimates can be found on the [Consumer trends methodology page](#).

The positive 0.15% contribution from housing, water, gas, electricity and other fuels was because of its positive 0.6% quarter-on-quarter growth. Within that category, the growth was mainly caused by 7.7% quarter-on-quarter growth in mains gas and liquified petroleum gas (LPG). This coincides with the lowest Quarter 4 average temperature since 2012, according to the [Department for Business, Energy and Industrial Strategy's Energy trends: UK weather publication](#).

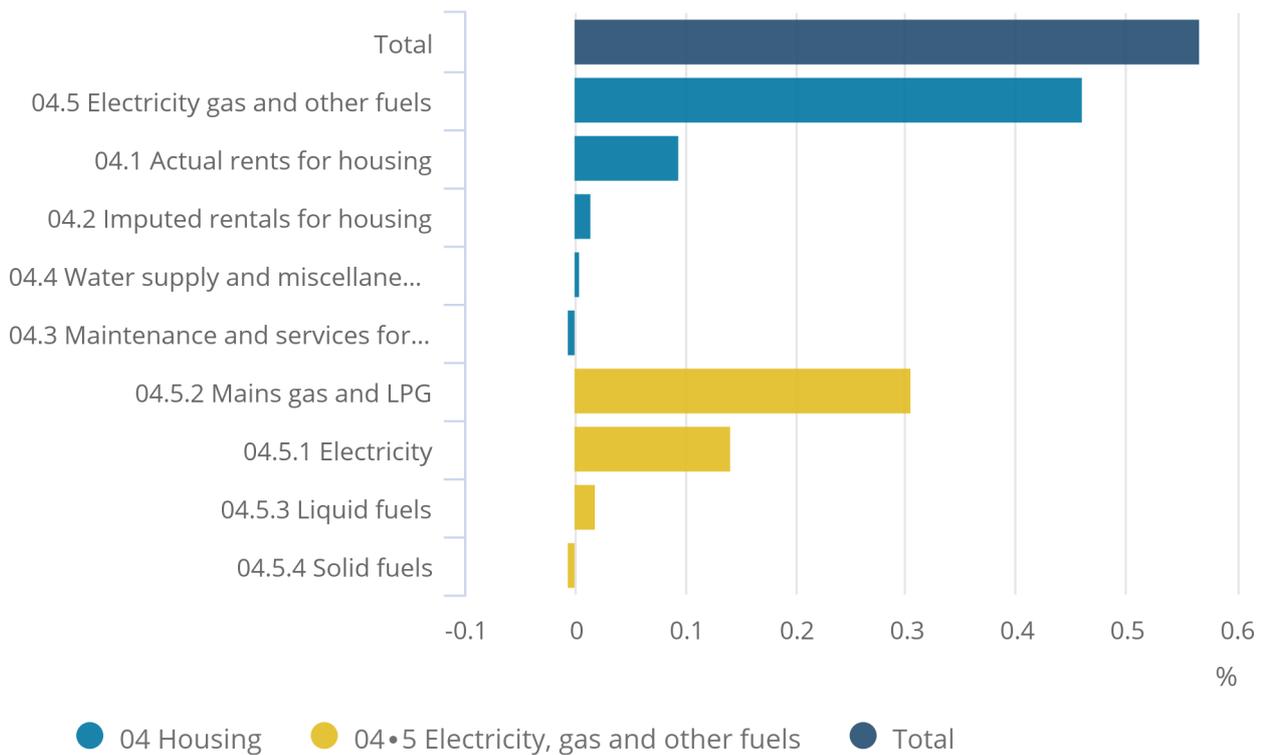
Figure 3 shows the breakdown of contributions to the positive 0.6% quarter-on-quarter growth in housing, water, gas, electricity and other fuels.

Figure 3: Mains gas and liquid petroleum gas was the largest contributor to positive growth in housing

Contribution to growth in housing, chained volume measure, seasonally adjusted, by COICOP, UK, Quarter 3 (July to Sept) 2019 to Quarter 4 (Oct to Dec) 2019

Figure 3: Mains gas and liquid petroleum gas was the largest contributor to positive growth in housing

Contribution to growth in housing, chained volume measure, seasonally adjusted, by COICOP, UK, Quarter 3 (July to Sept) 2019 to Quarter 4 (Oct to Dec) 2019



Source: Office for National Statistics – Consumer trends

Notes:

1. COICOP – Classification of Individual Consumption According to Purpose.
2. Details of the source surveys and other data used for the compilation of household final consumption expenditure (HHFCE) estimates can be found on the [Consumer trends methodology page](#).

At the most detailed level we record, Table 1 shows the areas that displayed the highest growth in the latest quarter and their contributions to domestic growth. Both areas are included in the largest positive contributor category: housing, water, gas, electricity and other fuels.

Table 1: Main positive contributions to overall household final consumption expenditure (HHFCE) growth
Chained volume measure, seasonally adjusted, by four-digit COICOP, UK, Quarter 4 (Oct to Dec) 2019

COICOP	Description	Contribution to growth (%)
04.5.2	Mains gas and liquid petroleum gas	0.08
04.5.1	Electricity	0.04

Source: Office for National Statistics – Consumer trends

Notes

1. COICOP – Classification of Individual Consumption According to Purpose. [Back to table](#)
2. Details of the source surveys and other data used for the compilation of household final consumption expenditure (HHFCE) estimates can be found on the Consumer trends methodology page. [Back to table](#)

Table 2 shows the areas that displayed the largest decline in Quarter 4 2019. While at the three-digit level, restaurants and hotels showed the largest negative contribution to the overall growth, looking at the lowest possible level, life insurance was the main negative contribution. The negative contribution in restaurants and cafés is consistent with the [Bank of England Agents' summary of business conditions for Quarter 4 2019](#), which reported: “In consumer services, contacts said that the weaker economic outlook weighed on spending at restaurants, especially in the mid-range price bracket.”

Table 2: Main negative contributions to overall household final consumption expenditure (HHFCE) growth
Chained volume measure, seasonally adjusted, by four-digit COICOP, UK, Quarter 4 (Oct to Dec) 2019

COICOP	Description	Contribution to growth (%)
12.5.1	Life insurance	-0.08
11.1.1	Restaurants and cafes	-0.03

Source: Office for National Statistics – Consumer trends

Notes

1. COICOP – Classification of Individual Consumption According to Purpose. [Back to table](#)
2. Details of the source surveys and other data used for the compilation of household final consumption expenditure (HHFCE) estimates can be found on the Consumer trends methodology page. [Back to table](#)

5 . Household spending per head

In 2019, current price spending per head grew by £393 when compared with 2018, an increase of positive 1.9%. Total spending per head reached £20,797 in 2019, with housing, water, gas, electricity and other fuels making the largest contribution, at £5,309. The second and third largest contributions to overall spending per head were transport and miscellaneous where spending in 2019 reached £2,789 and £2,624 respectively. In volume terms, spending per head showed an increase of positive 0.6% (£122).

6 . Household final consumption expenditure revisions and changes, Quarter 4 (Oct to Dec) 2019

In common with all components of UK gross domestic product (GDP), household final consumption expenditure (HHFCE) estimates are subject to the [revisions policy for the UK National Accounts](#). This allows revisions to estimates to be made at particular times of the year.

In the Quarter 4 (Oct to Dec) 2019 release, estimates of HHFCE have been revised from Quarter 1 (Jan to Mar) 2019.

Table 3 shows revisions to HHFCE since the previous edition of consumer trends, from Quarter 3 (July to Sept) 2019. They reflect updated data from suppliers, mainly caused by positive revisions for recreation and culture and clothing and negative revisions for transport.

Table 3: Revisions to household final consumption expenditure (HHFCE)
Seasonally adjusted, UK, Quarter 4 (Oct to Dec) 2019

Periodicity	£ million	%	%
	Revisions to value (current prices)	Revisions to growth (current prices)	Revisions to growth (volume measure)
Q1 2019	-467	-0.1	-0.1
Q2 2019	-416	–	0.1
Q3 2019	184	0.2	–

Source: Office for National Statistics – Consumer trends

Notes

1. Q1 refers to Quarter 1 (Jan to Mar) Q2 refers to Quarter 2 (Apr to June) Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec). [Back to table](#)

7 . Related links

[Family spending in the UK](#)

Bulletin | Released on 19 March 2020

This comes from the Living Costs and Food Survey (LCF), which surveys households on their income and expenditure on consumer goods and services. We primarily use data from the LCF to compile household final consumption expenditure (HHFCE) data on food.

[Non-financial business economy, UK \(Annual Business Survey\): 2017 provisional results](#)

Bulletin | Released on 8 November 2018

The Annual Business Survey (ABS) includes the turnover of businesses in the retail sector. We primarily use these data to compile HHFCE data on clothing and footwear.

[Retail sales, Great Britain: February 2020](#)

Bulletin | Released on 26 March 2020

This comes from the retail sales inquiry (RSI), which surveys businesses in the retail sector on their sales. We primarily use data from retail sales to assign a quarterly path to the annual figures received from the ABS.

[GDP quarterly national accounts, UK: October to December 2019](#)

Bulletin | Released on 31 March 2020

Household expenditure data feeds into gross domestic product (GDP), contributing to about 60% of the expenditure measure. The quarterly national accounts release also contains analysis on the data included within this publication and its implications for the wider economy.

[UK Economic Accounts time series](#)

Dataset | Released on 31 March 2020

Further quarterly national accounts, quarterly sector accounts and financial accounts tables.

8 . Quality and methodology

[Consumer trends guidance](#) offers fuller details regarding this publication.

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Consumer trends QMI](#). This also includes details on changes to estimates and methodology in Blue Book 2018.

We have published a [quality assurance of administrative data report](#). This details the findings of our investigation into the quality of the data sources that are used in household final consumption expenditure (HHFCE) estimates.

Full information on the Classification of Individual Consumption According to Purpose (COICOP) classification system can be found on the UN Statistics Division website.

Quality of the estimates

Household expenditure volume series are chain-linked annually. Estimates in this bulletin are now based on 2016 price structures; that is, the chained volume measure estimate in 2016 equals the current price value of expenditure in 2016. Growth in each year up to and including 2016 is calculated at average prices of the previous year. Growth from 2016 onwards is calculated at average prices of 2016. Volume series are only additive for the most recent periods; that is, annual data for 2016 onwards and quarterly data for Quarter 1 (Jan to Mar) 2017 onwards.

Very few statistical revisions arise as a result of “errors” in the popular sense of the word. All estimates, by definition, are subject to statistical “error” but in this context the word refers to the [uncertainty](#) inherent in any process or calculation that uses sampling, estimation or modelling. Most revisions reflect either the adoption of new statistical techniques or the incorporation of new information that allows the statistical error of previous estimates to be reduced. Only rarely are there avoidable “errors” such as human or system failures, and such mistakes are made clear when they do occur.

Coherence

Household final consumption expenditure (HHFCE) estimates published in this bulletin are a component of the gross domestic product (GDP) expenditure approach. The GDP estimates contain data from three different approaches (output, expenditure and income approach). In the UK, the estimates of the three approaches are balanced to produce the best estimate of GDP.