

Effect of COVID-19 on household monetary spending¹

Due to the COVID-19 health crisis, household consumption habits were modified throughout 2020. Thus, in order to offer information that allows an exceptional analysis of the effects of health regulations, the INE has drawn up spending structures for different periods of 2020 (the period prior to confinement, the period of confinement, and the period of the new normality) to facilitate household spending analysis. In interpreting these results, we must take into account the survey's annual design, meaning that estimates for shorter periods not contemplated in the design are subject to greater variability.

1. Effect on the evolution of average expenditure per household

The average monetary expenditure per household thus fell by 14.4% for the year as a whole. The confinement period contributed strongly to this. In order to appreciate this effect, the year 2020 has been segmented into the three most relevant periods: that prior to confinement (until March 2020), that of confinement (from March to June 2020), and that of the so-called new normal (as of June 2020).

The average expenditure of households during confinement was 16,793 euros, a decrease of 28.2% compared to the same period of 2019. This expense was 81.8% lower than the average for the year as a whole.

The arrival of the new normal following confinement had a considerable impact on consumption. Thus, average spending grew to 20,818 euros, 24.0% more than during confinement. However, this expense in the new normal was 13.7% lower than in the same period in 2019.

Mean monetary consumption expenditure per household and annual rate by period

Period	Mean consumption expenditure 2019 (euros)	Mean consumption expenditure 2020 (euros)	Annual rate
TOTAL	23.976	20.522	-14,4
Previous to lockdown	24.073	22.994	-4,5
Lockdown	23.375	16.793	-28,2
New normal	24.131	20.818	-13,7

¹ Expenses refer to the cash flow. Non-monetary consumption -the main component of which is the imputed rent- is not included.

In a more detailed analysis, the groups most affected by confinement were *Clothing and footwear* and *Restaurants and hotels*, with spending decreases of 81% compared to the previous period. Expenses in *Transportation* (–46.1%) and *Leisure* (–44.3%) also showed notable decreases.

Although spending in these groups recovered after lockdown, it did not return to pre-pandemic levels.

On the other hand, the only groups whose spending increased during confinement were *Food* (with an increase of 14.1% compared to the previous period) and *Communications* (1.3%). In the case of *Food*, spending decreased 5.6% with the new normal.

Mean monetary consumption expenditure per household and rates according to period and expenditures groups

Expenditures groups	Year 2019	Year 2020	Previous to lockdown 2020	Lockdown 2020		New normal 2020	
				Mean consumption expenditure	Rate with previous to lockdown	Mean consumption expenditure	Rate with lockdown
TOTAL	23.976	20.522	22.994	16.793	-27,0	20.818	24,0
Food and non-alcoholic beverages	4.239	4.540	4.230	4.826	14,1	4.556	-5,6
Clothing and footwear	1.416	1.009	1.426	262	-81,6	1.094	317,6
Housing, water, electricity, etc.	3.382	3.280	3.475	3.085	-11,2	3.274	6,1
Transport	3.886	2.740	3.464	1.868	-46,1	2.761	47,8
Communications	944	938	931	942	1,3	939	-0,3
Recreation and culture	1.653	1.126	1.266	704	-44,3	1.205	71,1
Restaurants and hotels	2.806	1.680	2.454	459	-81,3	1.789	289,7
Others	5.650	5.209	5.748	4.646	-19,2	5.198	11,9

2. Effect on spending structure

The analysis is highly illustrative when viewed in light of the budget distribution for the different consumption expenses.

Thus, *Food*, which usually represents around 18% of the household budget, reached almost 29% during confinement. However, with the arrival of the new normal, its weight dropped to 21.9% (still above its usual levels prior to the pandemic).

The same happened with *Housing* expenses. During confinement these expenses grew to 18.4% of the total and in the new normal they decreased, though they remained higher than in previous periods.

It is worth highlighting three groups whose participation in the household budget was drastically reduced during confinement:

- *Restaurants and hotels* came to represent a mere 2.7% of total spending, compared to nearly 12% in the years before the pandemic.
- The weight of *Clothing and footwear* fell to 1.6%, while it usually represents 6%.
- *Transport* had a weight of only 11.1% during confinement, compared to the usual representation of 16%.

Monetary expenditure structure by period

Expenditures groups (%)	Period				
	Year 2019	Year 2020	Previous to lockdown 2020	Lockdown 2020	New normal 2020
TOTAL	100,0	100,0	100,0	100,0	100,0
Food and non-alcoholic beverages	17,7	22,1	18,4	28,7	21,9
Clothing and footwear	5,9	4,9	6,2	1,6	5,3
Housing, water, electricity, etc.	14,1	16,0	15,1	18,4	15,7
Transport	16,2	13,4	15,1	11,1	13,3
Communications	3,9	4,6	4,0	5,6	4,5
Recreation and culture	6,9	5,5	5,5	4,2	5,8
Restaurants and hotels	11,7	8,2	10,7	2,7	8,6
Others	23,6	25,4	25,0	27,7	25,0

With the new normal, representativity in total expenditure increased for all of these groups, but without reaching pre-pandemic levels.

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(Modified on 15 November)