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Household consumption declines in 2020 amid pandemic-triggered restrictions



Household consumption, a key measure of consumer activity in the economy, fell in 2020 amid the impact of home orders and the subsequent warnings by the health authorities against going out for shopping, dining out, travel and other recreational activities.

According to the Census and Statistics Department, household consumption measured through the Personal Consumption Expenditure (PCE) index, which is available through the quarterly PCE index, fell 4.1 percent in 2020, the same period in 2018, albeit such

expenditure was somewhat muted due to the Easter Sunday shock in 2019, the growth in household consumption, according to the department, fell from the 0.7 percent increase in 2018.

The data showed that the people and companies stockpiled cash from the onset of the pandemic, as they had limited spending options while the companies held on to their liquidity because their businesses came to a

grinding halt with the closure of the economy.

This was amply demonstrated by the surge in bank deposits — both demand and savings — and time deposits.

However, there was a spike in the household consumption in the three months from July through September with the economy returning to near normalcy, triggered mainly by the pent-up demand.

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