

A detailed analysis of final consumption expenditure by households

Inside this newsletter

This newsletter gives a detailed analysis of the changes in final nominal consumption expenditure by households according to purpose.

1. The composition of total nominal consumption expenditure by households in 2000.
2. How have the shares of individual household consumer markets in total consumption expenditure changed over the last two decades?
3. Shares of major categories of total nominal household consumption expenditure highlight a shift to services.

Summary

- In 2000 food, beverages and tobacco had the largest share in total consumption expenditure by households, followed by transport, housing and miscellaneous goods and services.
- Over the past two decades the shares of clothing and footwear, housing and electricity and furnishings and equipment, have shown a clear *downward* trend. In contrast, service-orientated markets such as health and education, as well as miscellaneous goods and services, have shown a marked *increase* in their shares in total household expenditure.
- The share of durables and semi-durables in total household consumption expenditure has declined over the years, while that of services has increased.

Implications & outlook

Over the past few years there has been a clear shift in household spending in favour of services. The reasons for this may be twofold:

- Urbanisation (at around 3% p.a.) has resulted in many people gaining access to services such as medical care and telecommunications for the first time.
- As the gap between income-groups have widened, spending power has increasingly shifted to the higher income groups. These groups tend to spend a much higher proportion of their income on services, such as education, health and telecommunication.

The share of services in total household consumption expenditure is expected to continue rising, as the economy, in general, is increasingly moving toward a more knowledge-based and service-orientated economy.

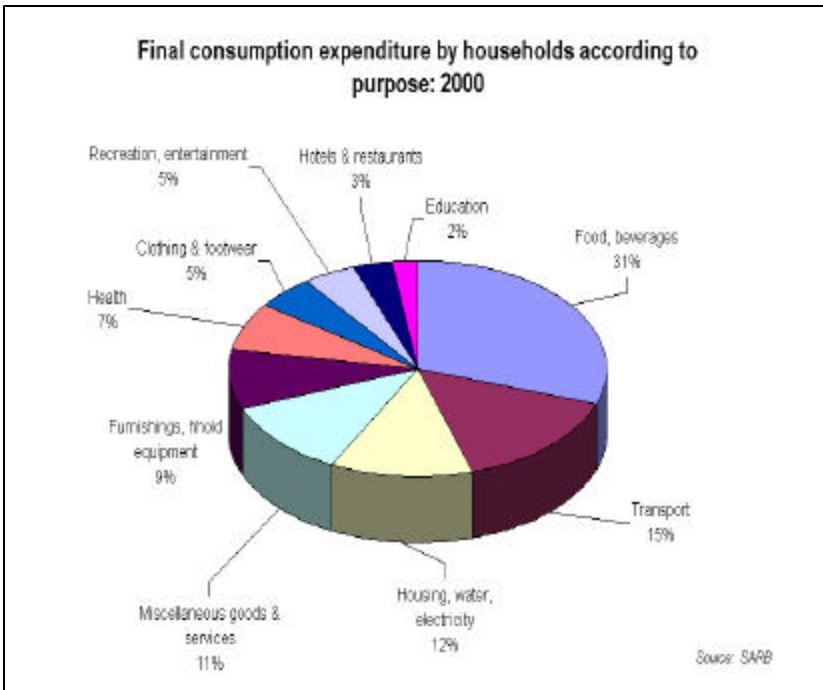
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1. The composition of total nominal consumption expenditure by households in 2000.

According to the S.A. Reserve Bank, the following markets had the largest shares in total nominal consumption expenditure by households in 2000:

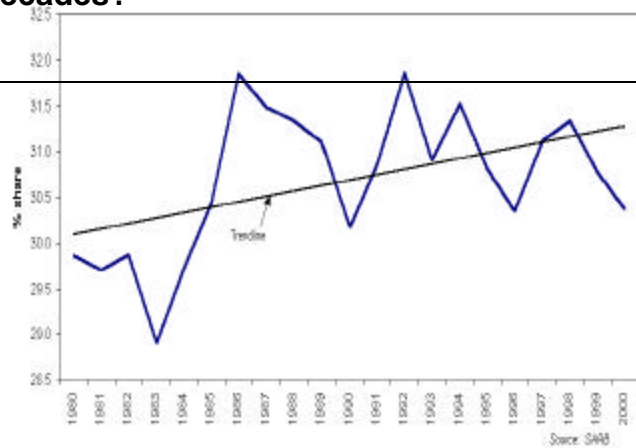
1. Food, beverages & tobacco (31%)
2. Transport (15%)
3. Housing, water, electricity, gas & other fuels (12%)
4. Miscellaneous goods & services (11%)
5. Furnishings, household equipment and maintenance (9%)




maintenance (9%)

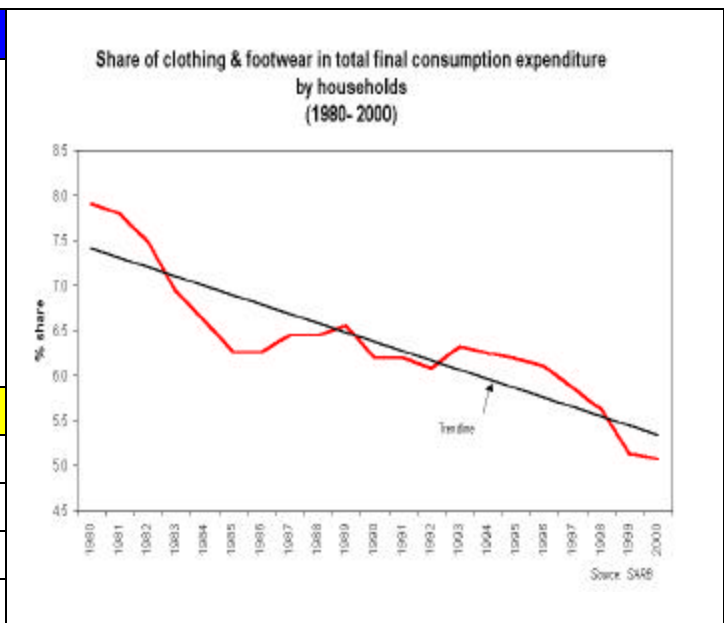
2. How have the shares of individual household consumer markets in total consumption expenditure changed over the last two decades?


Share of food, beverages & tobacco in total final consumption expenditure of households (1980-2000)

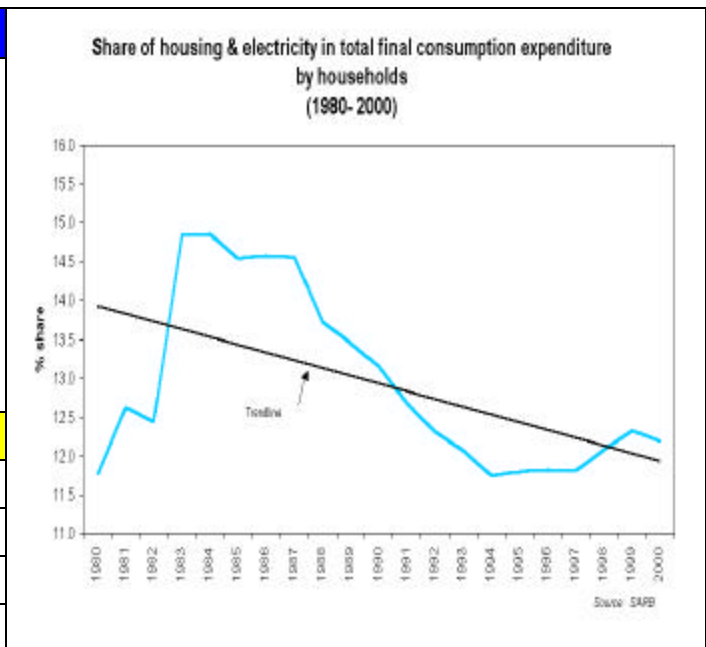



Food, beverages & tobacco	
The share of food & beverages has fluctuated somewhat over the past 20 years, and has declined since 1998. However, the overall trend over the past two decades have been slightly upward (see graph).	
Avg share in total consumption expenditure (%)	
1980-1985	29.8%
1986-1990	31.2%
1991-1995	31.2%
1996-2000	30.8%

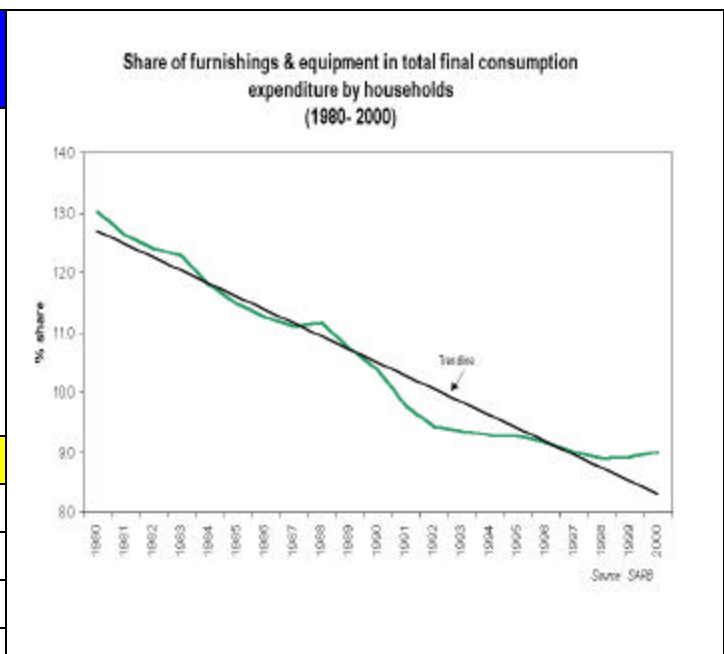
Clothing and footwear	
<p>The share of clothing & footwear has declined over the past 20 years – from an average of 6.8% in the 1980s to 5.9% in the 1990s</p>	
	
Avg share in total consumption expenditure (%)	
1980-1985	7.2%
1986-1990	6.4%
1991-1995	6.2%
1996-2000	5.6%



Housing, water, electricity, gas & other fuels	
<p>The share of housing & electricity has generally declined over the past 20 years. After showing a sharp increase in the period from 1983-1987, it declined markedly until it stabilized in 1994. After accelerating again briefly over the period 1997-1999, it declined in 2000.</p>	
	
Avg share in total consumption expenditure (%)	
1980-1985	13.5
1986-1990	13.9
1991-1995	12.1
1996-2000	12.0



Furnishings, household equipment and routine maintenance	
<p>The share of furnishings & household equipment has declined significantly over the past two decades.</p>	
	
Avg share in total consumption expenditure (%)	
1980-1985	12.3%
1986-1990	10.9%
1991-1995	9.4%
1996-2000	9.0%



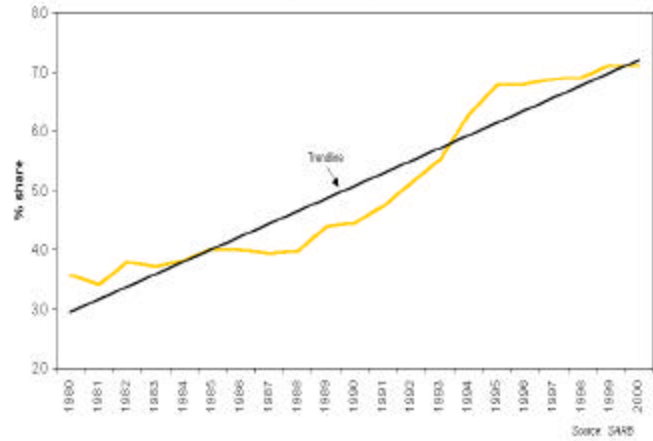
The share of health in total consumption expenditure has risen consistently over the past 20 years, reaching an average of 3.9% in the 1980s and 6.3% in the 1990s.



Avg share in total consumption expenditure (%)

1980-1985	3.7%
1986-1990	4.2%
1991-1995	5.7%
1996-2000	7.0%

Share of health in total final consumption expenditure by households (1980-2000)



Transport

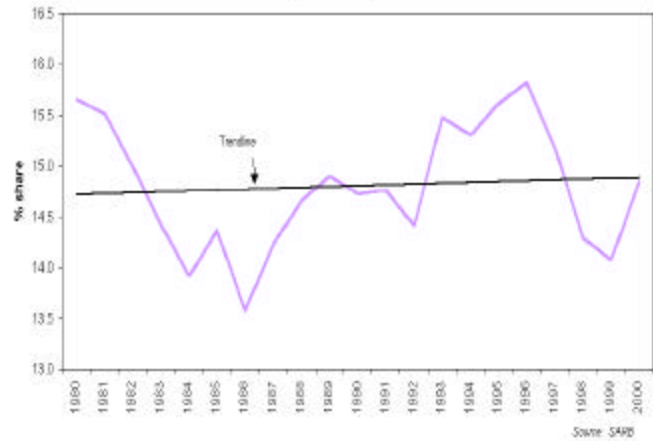
The share of transport in total household consumption expenditure has stayed more or less constant over the past two decades.



Avg share in total consumption expenditure (%)

1980-1985	14.8%
1986-1990	14.4%
1991-1995	15.1%
1996-2000	14.8%

Share of transport in total final consumption expenditure by households (1980-2000)



Recreation, entertainment and culture

The share of recreation & entertainment has fluctuated somewhat over the past 20 years. After increasing significantly over the period 1987-1992, it has been showing a continual declining trend since.




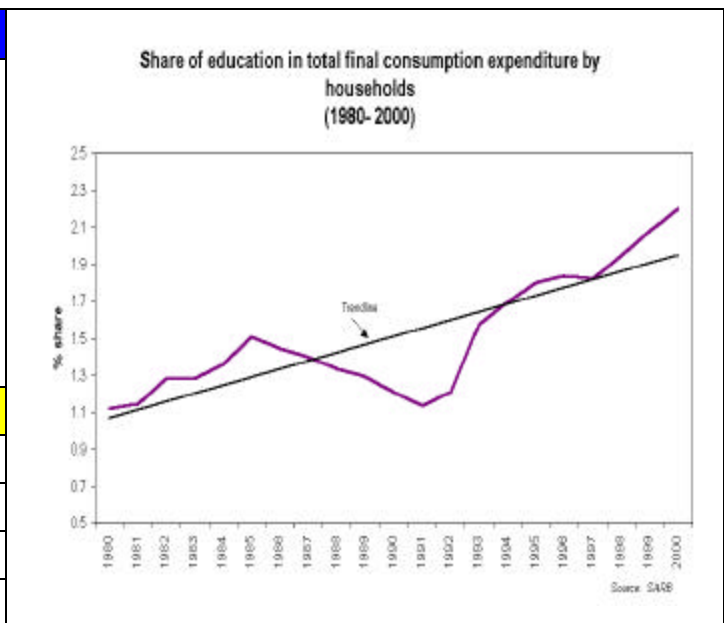
Avg share in total consumption expenditure (%)


1980-1985	5.4%
1986-1990	4.9%
1991-1995	5.3%
1996-2000	4.7%

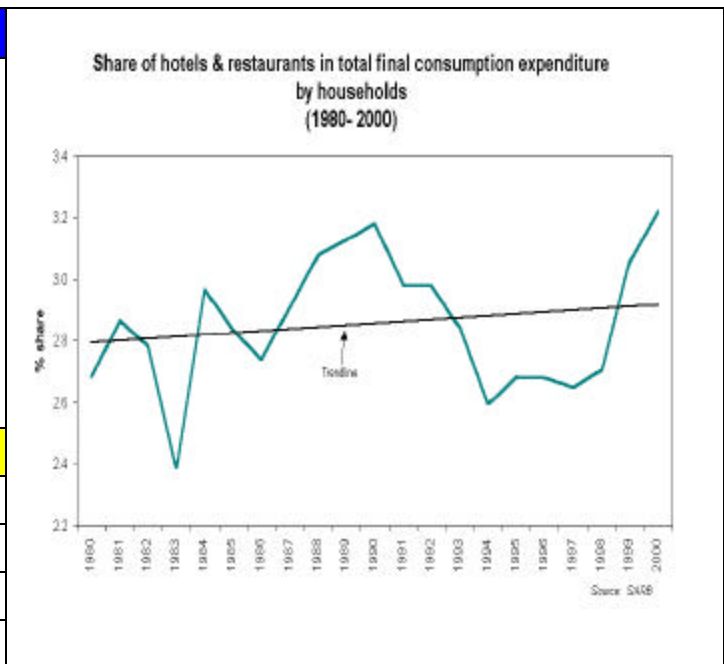
Share of recreation & entertainment in total final consumption expenditure by households (1980-2000)




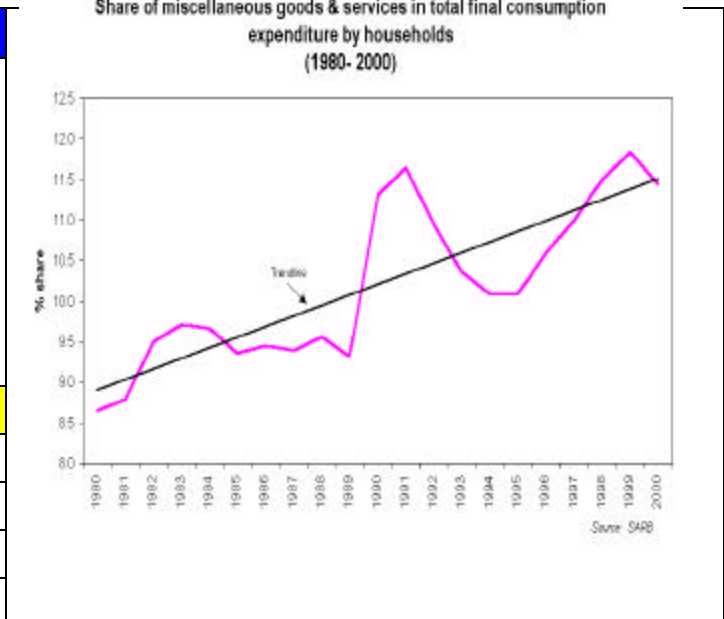
Education	
<p>The share of education in total household expenditure has shown an overall increase since 1980. From 1985-1991 it declined to some extent, but it has since recovered.</p>	
	
Avg share in total consumption expenditure (%)	
1980-1985	1.3%
1986-1990	1.3%
1991-1995	1.5%
1996-2000	2.0%



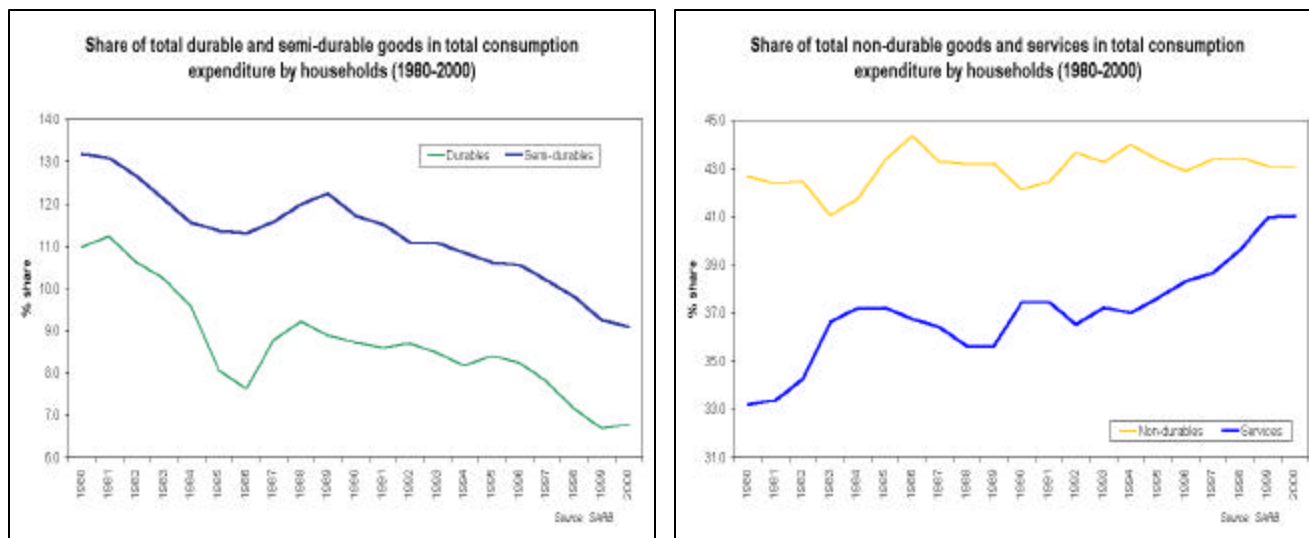
Hotels, cafes and restaurants	
<p>The share of food & beverages have fluctuated somewhat over the past 20 years, and have slightly declined since 1998. However, the overall trend over the past two decades have been slightly upward (see graph).</p>	
	
Avg share in total consumption expenditure (%)	
1980-1985	2.8%
1986-1990	3.0%
1991-1995	2.8%
1996-2000	2.9%



Miscellaneous goods & services	
<p>The share of miscellaneous goods & services increased markedly over the past two decades.</p>	
	
Avg share in total consumption expenditure (%)	
1980-1985	9.3%
1986-1990	9.8%
1991-1995	10.6%
1996-2000	11.3%



3. Shares of major categories of total nominal household consumption expenditure highlight a shift to services



As is clearly highlighted in the above graphs, the share of both durables and semi-durables in total nominal consumption expenditure by households has declined since the 1980s. In contrast, however, the share of services has increased substantially, while the share of non-durables has stayed relatively constant.