

Level and structure of household consumption, 2010

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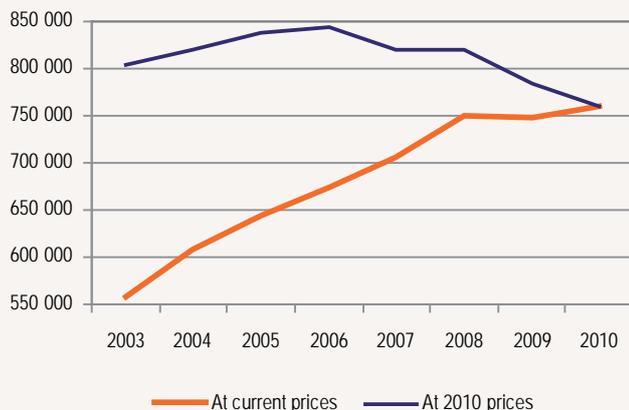
Level and structure of consumption expenditure

In 2010, the annual average consumption expenditure per capita was HUF 759,608, 3.2% less at constant prices than in the previous year. The further decrease in household consumption, although by 1.1% lower than in the year before, occurred in spite of the fact that, due to the changes in personal income tax introduced in 2010, real wages grew even despite the higher inflation. Household consumption was however restrained by the declining number of employed people, the increasing burden of paying off consumer debts and the rising costs of living.

Figure 1

Per capita expenditure of households

Thousand HUF



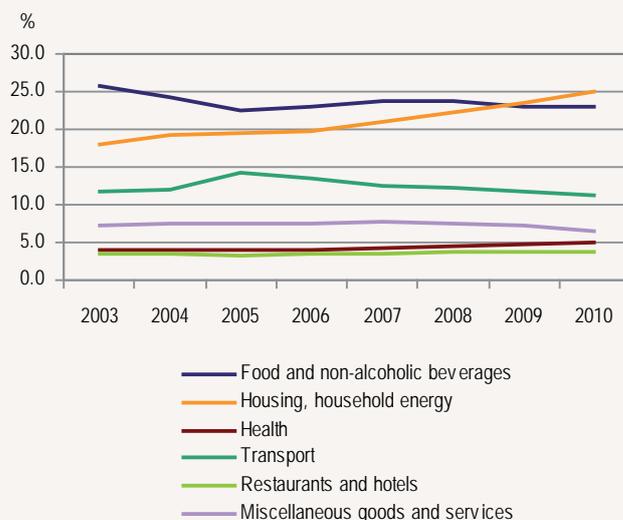
Source: Household Budget and Living Conditions Survey.

There was no significant change in the structure of household consumption in 2010 either; in total expenditure, the three largest consumption groups were invariably *housing, water, electricity, gas and other fuels* (24.9%), *food and non-alcoholic beverages* (23%) and *transport* (11.1%). Within the three mentioned categories, expenditure on housing and household

energy of HUF 189,353 on the average exceeded at constant prices by 1.7% the level in 2009, while the per capita expenditure on food (HUF 160,255) decreased by 1.8% on real value compared to the previous year. Expenditures in the main category transport fell by 13.8% compared to 2009 (HUF 84,508). The change in consumption expenditure well reflects that the rise in costs of housing limited the amounts which can be spent on everyday goods. In addition to restraining food consumption, households could save up money on the so-called luxury expenditure (e.g. hairdresser, beauty treatment, watches, jewellery); this is shown by the fact that expenditure on the main group *miscellaneous goods and services* declined by 11.2% on real value. At national level, expenditure on communication and furnishings diminished by 2.8% and 3.3%, respectively, while people spent by 4.9% more on clothing and footwear. The amount of health expenditure was almost unchanged.

Figure 2

Structure of per capita expenditure of households



The gap between the consumption of the richest and the poorest did not essentially change in 2010 either: in the highest income decile, consumption expenditure was on the average four times as much as in the lowest income decile. The difference was below average, i.e. two-fold in the expenditure spent on food, but it was very large in the expenditure spent on transport, culture and restaurants and hotels. Consumption expenditure of households showed significant regional discrepancies. In 2010, consumption expenditure per capita diminished below the national average in three regions: by 0.9% in Central Hungary, 1.5% in Central Transdanubia and 1.7% in Southern Great Plain. On the contrary, an extremely large expenditure decrease occurred in the economically and socially underdeveloped regions of Southern Transdanubia (7.6%) and Northern Great Plain (7.0%), where the composition of the population by economic activity is more disadvantageous as well, and the proportion of unemployed people exceeds significantly the national average.

Consumption expenditure of households is basically determined by whether they raise children or not. The per capita consumption of families with children accounted for three fourths of the national average and two thirds of the consumption of childless households. The poorer financial potential of families with children is connected among others with the lower activity in the labour market and with the fact that poorer and lower educated parents have more children, so they are over-represented among households with children. In 2010, the nominal value of family allowance and other family benefits remained unchanged, so their real value fell, which increased the disadvantage of families with children. The per capita consumption in respect of housing expenditure and food consumption lagged significantly behind both the national average and the consumption of childless households. While the former, as a unit expenditure, was less because of the higher average number of family members, the less food consumption could be attributed to the lower calorie need of children on the one hand and to the deliberate expenditure reduction on the other, as it is the easiest to save up money on food expenditure. Furthermore, the increasing catering and food supports provided to families with three or more children also contributed to the decline of eating at home. At the same time, in certain categories (e.g. clothing, body care products), the per capita expenditure of households with children differed only slightly from the one in childless households, moreover, they spent more on books than the latter group, as these families intend to meet the needs of children as far as possible even at the expense of adults.

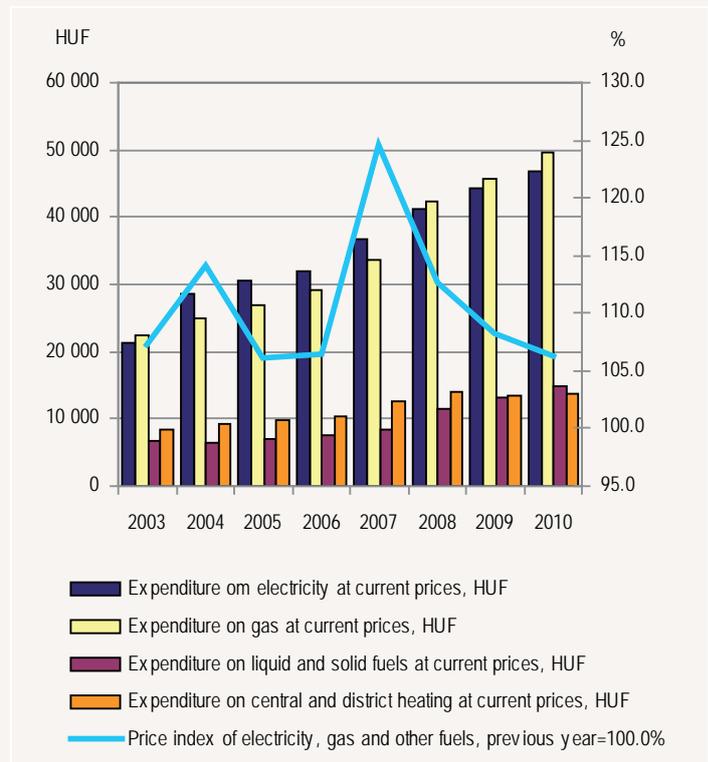
In 2010, the consumption expenditure per capita of pensioners (HUF 879,671) did not change at constant prices compared to the previous year, which can be attributed first of all to the fact that the price index of food, housing and medicaments representing higher proportions in the structure of their consumption was below or hardly exceeded the general price index, as opposed to the price index of e.g. fuels and transport, whose changes affect less the consumption of pensioners.

Expenditure on housing, water, electricity, gas and other fuels

Dwelling maintenance costs represent the largest item in the expenditure of Hungarian households. Following the 2% decrease in the costs in 2009, a slight (1.7%) growth occurred in real value in 2010. Electricity, gas and other fuels continued to account for two thirds of dwelling maintenance costs (HUF 125 thousand per capita), which were at constant prices almost the same as in the previous year. In 2010, the rise of energy prices continued to slow down, though it still exceeded the consumer price index: in 2010, the rise of energy prices was 6.3% compared to the 8.2% in 2009. The considerably increasing costs of central or district heating and rents on real value (15.6% and 14.2%, respectively) contributed only slightly to the rise in total dwelling maintenance costs, since their proportion in the entire group is low. Some of the maintenance and repair works postponed in 2009 were accomplished in 2010, the pace of decrease in such expenditure slowed down significantly. Housing expenditure per capita was the highest, HUF 230 thousand in Central Hungary, 21.6% more than the national average, while it was the lowest, HUF 160 thousand in Northern Great Plain, which lagged behind the national average by 15.5%. Households in need saved up money to the highest degree on the expenditure on services; in the richer region of Central Hungary, people spent nearly four times as much on estate tax, common charges and other housing services as in Northern Great Plain and Northern Hungary which have poorer financial potential. In case of expenditure on household energy, the dispersion is much lower, the gap between the highest level in Central Hungary and the lowest one in Northern Great Plain is 14.6% (HUF 135 thousand and HUF 118 thousand, respectively).

Figure 3

Energy expenditure of households



Expenditure on food

In 2010, the per capita expenditure of households on food amounted to HUF 160 thousand, which represented a 1.8% fall at constant prices compared to the previous year. Though the decrease in the volume of consumption was smaller than in 2009, it is still perceptible that households endeavour to restrain their food consumption due to the economic recession. Beyond the above, the continuous decline of consumption from own production and the increasing significance of eating out played a role in the fall. The latter is furthered by the increasing number of meal and holiday vouchers as well. These allowances enable that also poorer strata can spend more on eating out, though in their case, eating at home is invariably dominant. Within total consumption, the national proportion of 21.1% of the main group food and non-alcoholic beverages did not change, but it differed between 18% and 24% by regions.

Table 1

Food volumes consumed by households

Denomination	2003	2006	2009	2010
Bread and cereals	98.9	90.0	83.0	83.3
Meat	59.5	57.9	53.2	53.7
Eggs, pc	174	167	148	148
Milk, litre	63.0	58.6	53.5	52.9
Condensed, powdered milk, cheese, curd	5.2	5.8	5.5	5.5
Oils, fats	19.8	18.5	17.1	16.9
Potatoes	37.7	33.5	30.0	29.1
Vegetables	57.3	53.9	51.6	47.8
Fruit	51.5	44.6	42.2	37.1
Sugar	15.9	13.8	13.9	13.5

Food represents a lower proportion (18.3%) in the consumption in Central Hungary, where living standard is higher than in the other regions, while in Southern Great Plain, households spend 24.5% of their annual expenditure on food. There is a striking decrease (10.0%) in the real value of expenditure spent on potato consumption, which can be attributed to the nearly one third rise of potato price.

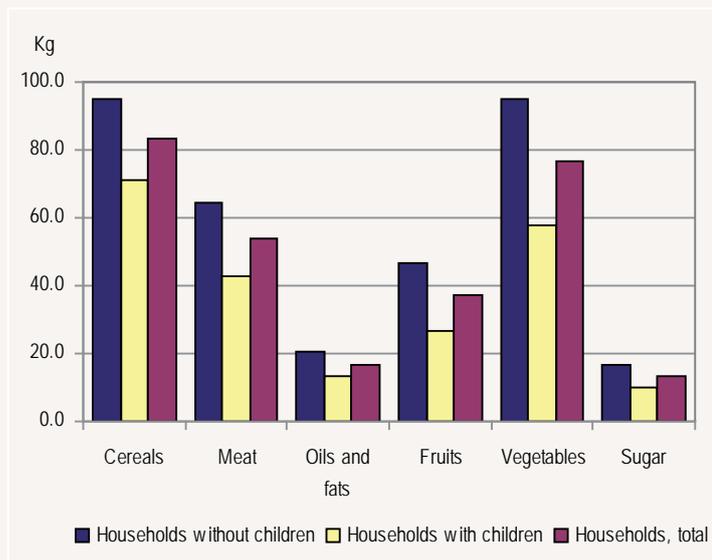
The unfavourable financial situation of households was reflected in the change in the structure of food consumption: on the one hand, the consumption of cereals, and within that the consumption of bread increased, and on the other hand fruit and vegetable consumption fell (in 2010, the per capita consumption of vegetable was 3.8kg, while that of fruit was 5.1kg less than in 2009). However, people endeavour to change their consumption habits towards a more healthy nutrition; within meat consumption, the proportion of poultry grew, while the consumption of edible animal fats and sugar decreased. Fish consumption is invariably low. The per capita expenditure on food consumption and the consumed quantity grow along with the increase in the age of the household head: they are the lowest in the age-group under 30 and the highest among people aged 65–74 years. This is partly due to the fact that elderly people invite more often their younger relatives to dinner or lunch and they eat out much more rarely.

The structure of food consumed by households showed significant regional differences in line with the financial potential of the regions and with the regionally different consumer prices. In the central region richer than the others, less bread, pork and edible animal fats, while more dairy products, vegetables and fruit were consumed. In the poorer region of Southern Great Plain, bread consumption was by 21.3% higher than the average. At the same time, meat consumption in this region was also higher (by 28.1%) than the national average and vegetable and fruit consumption exceeded the average as well (the latter resulted from the outstandingly high proportion – almost the double of the national average – of consumption from own production).

Food consumption reflects to a great extent the financial conditions of households, so there were considerable differences between the food expenditure of households with and without children. Families with children have much less disposable income than those without children, which is reflected in the volume and structure of their food expenditure as well: they spent one third less on food than childless households. The most significant difference was in vegetable and fruit consumption, they spent about the half on fruit and their expenditure on vegetables was also by 40.1% less than in childless households.

Figure 4

Food consumption of households with or without children, 2010

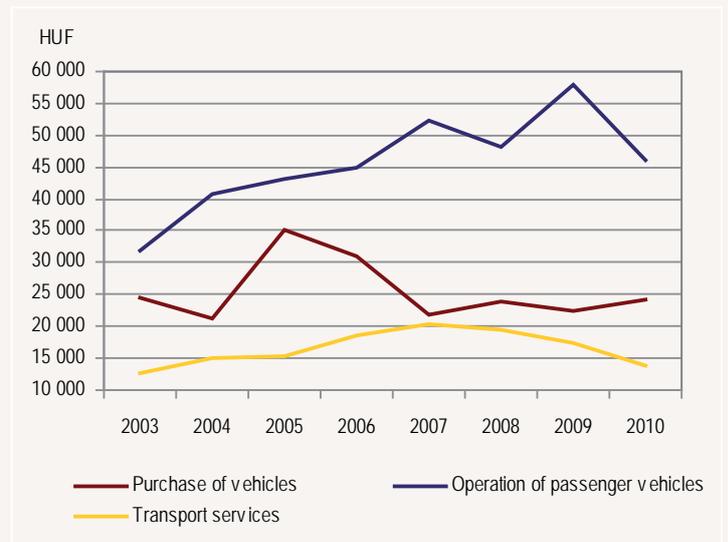


Expenditure on transport

The main expenditure group of transport is the third largest item in household expenditure: in 2010, households spent on the average HUF 85 thousand on such services, 13.8% less at constant prices than in 2009. Within this, 9.0% more was spent on real value on the purchase of vehicles, in which the higher instalments of vehicles bought on credit, played a significant role. 20.3–19.7% less was spent on the operation of vehicles and on transport services. Due to the extremely high fuel prices (price index: 121.0%), passenger cars were used less frequently, and the expenditure spent on fuels decreased by 28.0%. In urban and interurban passenger transport, first of all transport of fixed tracks was chosen, which resulted in a considerable fall (33.2% on real value) in passenger transport expenditure compared to 2009.

Figure 5

Expenditure on transport at constant prices (previous year=100%)



Stock of consumer durables owned by households

The social attitudes of consumption and the continuous expansion of the info-communication market are well reflected in the stock of consumer durables owned by the population. Households replace more frequently these articles, and they purchase more up-to-date, energy saving products. For example, along with the decrease in the number of refrigerators, the number of combined fridge-freezers increased, that of plasma and LCD television sets grew by two thirds, the stock of portable PCs increased by one third, and the number of digital cameras per 100 households was 34 as opposed to 30 a year earlier. The shift from fixed phone lines to mobile phones continued. The stock of passenger cars grew by 3.6%. In 2010, the supply with consumer durables continued to improve. In the majority of households, there is a microwave oven, nearly all of them have washing machines and television sets and 86.7% of households possess mobile phones as well. Nearly half of the households have a passenger car, but, despite the continuous improvement, this indicator still lags significantly behind the one in the developed European countries. The number of households equipped with air-conditioner and alarm of great value is invariably low: in 2010, their number per hundred households was 4 and 3, respectively. In respect of wide-spread articles, there are no significant regional differences, but in case of dishwashers, digital cameras and personal computers which are still considered luxury articles in many households, the difference in the financial position of people living in the different regions of the country is strongly manifested. In these regards, households in Central Hungary and Central Transdanubia are better equipped than e.g. in Northern Hungary and Northern Great Plain. The number of households with mobile phones is balanced in the whole country.

Stock of some consumer durables

Table 2

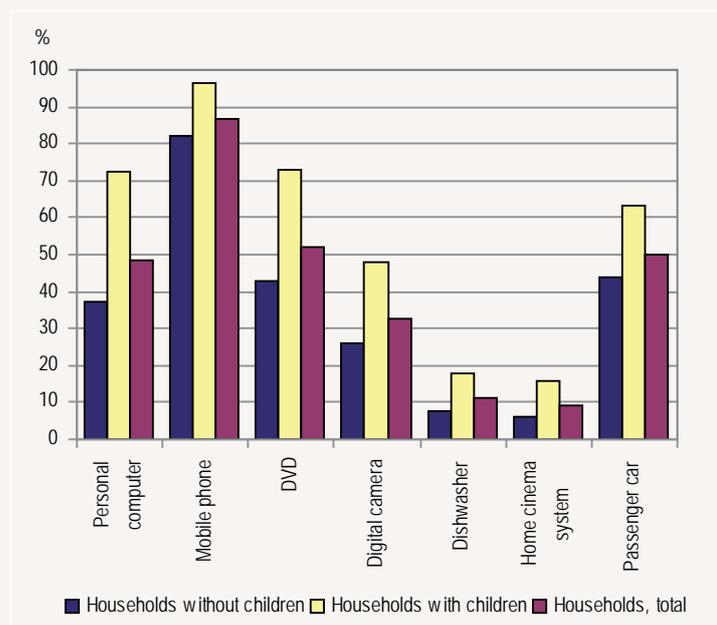
(piece per 100 households)

Denomination	2003	2006	2009	2010
Refrigerator	79	72	65	62
Fridge-freezer	30	36	40	43
Automatic, semi-automatic washing machine	70	83	83	84
Microwave oven	67	80	86	87
Colour television set	135	144	151	154
Of which: plasma, LCD-television set	:	:	8	13
Digital camera	:	:	30	34
Personal computer	30	41	50	51
Portable PC	:	3	14	19
Mobile phone	124	158	176	178
Passenger car	52	54	55	57

The difference in the stock of consumer durables is more significant if we examine households by age composition, which results first of all from the differences in the demands and the lifestyle of the different age-groups.

Stock of consumer durables of households with or without children, 2010

Figure 6



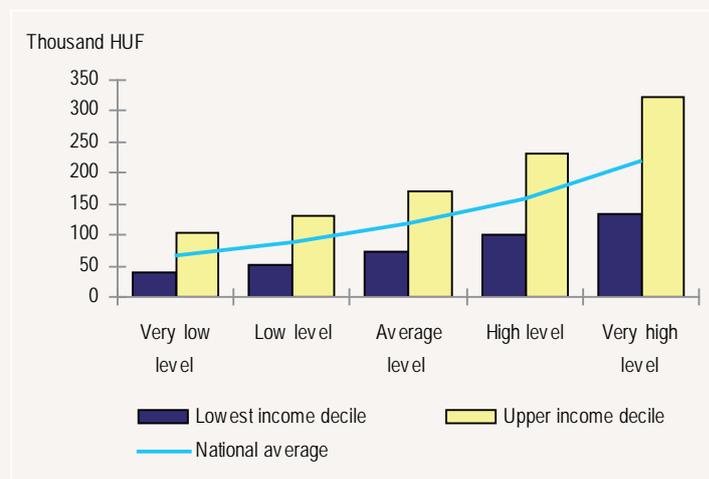
Accordingly, up-to-date IT and communication electronic equipment as well as passenger cars are much less wide-spread among people over 60 years of age than among young and middle-aged people. It is interesting to observe that while consumption expenditure of households with children lags both behind the expenditure of childless households and the national average, they are much better equipped with consumer durables. This divergence can be attributed partly to the difference in lifestyle and partly to the fact that the adult members of households often intend to meet the needs of their children by pushing their own needs into the background.

Income expectations of households and the subjective judgement of their financial situation, 2011

In 2011, according to the subjective judgement of households, an income of HUF 118 thousand per capita was needed for an average subsistence level, 7.3% more than in the previous year. For a very low subsistence level a monthly income of HUF 69 thousand per capita, while for a very high level that of HUF 218 thousand per capita was deemed necessary. There is a close correlation between how much income a household deems necessary for an average, a lower or a higher subsistence level and its living standard and actual income situation. Households with low income in the three lower income decile felt that they are on an average subsistence level with about 45% less income than those in the three upper income decile. Subjective judgements showed significant regional differences: in the most developed region of Central Hungary, where the wage and price level is the highest, an income of HUF 141 thousand per capita was deemed necessary for an average subsistence level, while in the much poorer region of Southern Great Plain, this amount was HUF 108 thousand.

Income expectations of households for different subsistence levels, 2011 (capita/month)

Figure 7



Further information,
data (links):

[Tables](#)
[Methodology](#)

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