

Household Income & Expenditure Trends in the First Quarter 2016

Household Income and Expenditure (Nationwide Households)

1. Income

- ☐ The average monthly household income amounted to 4,555 thousand won in the first quarter 2016, up 0.8% from the first quarter 2015. (At 2010 prices a drop of 0.2% from the first quarter 2015)
- ☐ The employee, self-employment and transfer income grew 0.3%, 3.3% and 0.7% from the first quarter 2015, respectively.
- ☐ The property income fell 21.0% from the first quarter 2015.

<Table 1> Average monthly income per household

(Unit: thousand won, %)

	Amount				Change		
	1Q 2015	4Q 2015	1Q 2016	Composition	1Q 2015	4Q 2015	1Q 2016
Income	4,517.3	4,301.6	4,555.2	100.0	2.6	0.9	0.8
Regular income	4,325.4	4,175.7	4,358.9	95.7	2.8	1.1	0.8
Employee income	3,013.8	2,894.8	3,021.8	66.3	3.8	0.9	0.3
Self-employment income	821.6	850.3	848.6	18.6	-4.6	0.4	3.3
Property income	23.7	17.6	18.7	0.4	17.9	-18.2	-21.0
Transfer income	466.4	413.0	469.7	10.3	10.4	4.7	0.7
Non-regular income	191.9	125.9	196.3	4.3	-2.1	-4.8	2.3

2. Consumption Expenditure

- ☐ The average monthly consumption expenditure per household marked 2,669 thousand won in the first quarter 2016, which rose by 0.6% from the first quarter 2015. (At 2010 prices a drop of 0.4% from the first quarter 2015)
- ☐ The expenditures on 'Transport', 'Restaurants and hotels' and 'Furnishings, household equipment and routine household maintenance' rose by 2.5%, 2.2% and 7.4%, respectively.
- ☐ The expenditures on 'Housing, water, electricity and other fuels', 'Clothing and footwear' and 'Food and non-alcoholic beverages' fell by 3.6%, 1.8% and 0.6%, respectively.

<Table 2> Average monthly consumption expenditure per household

(Unit: thousand won, %)

	Amount				Change		
	1Q 2015	4Q 2015	1Q 2016	Composition	1Q 2015	4Q 2015	1Q 2016
Consumption expenditure	2,653.4	2,549.7	2,668.8	100.0	0.0	1.7	0.6
Food and non-alcoholic beverages	351.4	342.6	349.4	13.1	2.3	-3.5	-0.6
Alcoholic beverages and tobacco	28.6	34.5	34.9	1.3	6.1	24.8	22.2
Clothing and footwear	154.7	191.7	151.9	5.7	-5.3	-5.2	-1.8
Housing, water, electricity and other fuels	335.8	255.1	323.9	12.1	3.8	-0.5	-3.6
Furnishings, household equipment and routine household maintenance	94.8	114.0	101.8	3.8	-3.0	3.8	7.4
Health	179.0	173.9	178.5	6.7	4.0	5.0	-0.3
Transport	315.6	348.5	323.3	12.1	-4.5	6.7	2.5
Communication	146.0	152.3	145.5	5.5	-8.4	2.6	-0.3
Recreation and culture	154.0	145.5	156.1	5.8	-0.1	8.3	1.3
Education	342.9	234.0	341.7	12.8	-1.6	3.2	-0.4
Restaurants and hotels	325.9	337.9	333.2	12.5	3.8	1.1	2.2
Miscellaneous goods and services	224.7	219.9	228.5	8.6	2.1	0.3	1.7

3. Non-consumption Expenditure

- ☐ The average monthly non-consumption expenditure per household totaled 852 thousand won in the first quarter 2016, which grew 0.3% from the first quarter 2015.
- ☐ The tax, social insurance and pension increased by 5.1%, 3.5% and 3.4%, respectively.
- ☐ The transfer between households and transfer to non-profit institutions fell by 3.3% and 2.8%, respectively.

<Table 3> Average monthly non-consumption expenditure per household

(Unit: thousand won, %)

	Amount				Change		
	1Q 2015	4Q 2015	1Q 2016	Composition	1Q 2015	4Q 2015	1Q 2016
Non-consumption expenditure	848.8	773.9	851.6	100.0	1.0	1.6	0.3
Regular tax	136.3	128.0	143.3	16.8	7.0	-0.3	5.1
Non-regular tax	16.3	14.5	15.3	1.8	-0.1	3.6	-6.0
Pension	123.9	126.9	128.1	15.0	4.4	2.2	3.4
Social insurance	125.3	129.2	129.7	15.2	5.0	2.6	3.5
Interest	82.1	84.7	81.8	9.6	-9.9	-0.8	-0.4
Transfer between households	258.7	184.3	250.1	29.4	-0.3	4.6	-3.3
Transfer to non-profit institutions	106.2	106.3	103.3	12.1	-1.3	-0.9	-2.8

4. Disposable Income and Surplus

- ☐ The average disposable income per household was 3,704 thousand won in the first quarter 2016, which went up 1.0% from the first quarter 2015.

- The surplus amounted to 1,035 thousand won in the first quarter 2016, which grew by 1.9% from the first quarter 2015.
- The surplus rate stood at 27.9%, up 0.3%p from the first quarter 2015.
- The average propensity to consume stood at 72.1%, down 0.3%p from the first quarter 2015.

<Table 4> Average monthly surplus and propensity to consume per household

(Unit: thousand won, %, %p)

	Amount			Change		
	1Q 2015	4Q 2015	1Q 2016	1Q 2015	4Q 2015	1Q 2016
Disposable income	3,668.4	3,527.7	3,703.6	3.0	0.7	1.0
Surplus	1,015.0	978.0	1,034.8	11.6	-1.9	1.9
Surplus rate	27.7	27.7	27.9	2.1	-0.7	0.3
Average propensity to consume	72.3	72.3	72.1	-2.1	0.7	-0.3

* The changes in the surplus rate and average propensity to consume are expressed as %p.

Note) Disposable Income = Income - Non-consumption Expenditure

Surplus = Disposable Income - Consumption Expenditure

Surplus Rate = (Surplus / Disposable Income) × 100

Average Propensity to Consume = (Consumption Expenditure / Disposable Income) × 100

5. Income and Expenditure by Income Quintile

- The income of the lowest quintile amounted to 1,410 thousand won in the first quarter 2016, down 2.9% from the first quarter 2015. The income of the highest quintile amounted to 9,067 thousand won in the first quarter 2016, up 1.8% from the first quarter 2015.
- The average propensity to consume of the lowest quintile stood at 116.1% in the first quarter 2016, up 0.5%p from the first quarter 2015. The average propensity to consume of the highest quintile stood at 59.4% in the first quarter 2016, up 1.6%p from the first quarter 2015.

<Table 5> Income and Expenditure by Income Quintile (1Q 2016)

(Unit: thousand won, %, %p)

Classification	Lowest quintile		Second quintile		Third quintile		Fourth quintile		Highest quintile	
		Change		Change		Change		Change		Change
Number of household members	2.43 persons		2.93 persons		3.3 persons		3.46 persons		3.54 persons	
Age of household head	60.6 years		50.5 years		48.0 years		47.6 years		47.8 years	
Income	1,410.3	-2.9	2,870.4	-0.9	4,037.2	1.1	5,383.4	0.9	9,066.5	1.8
Disposable income	1,145.4	-1.8	2,389.2	-0.6	3,329.6	1.1	4,414.1	2.2	7,233.2	1.1
Consumption expenditure	1,329.6	-1.3	2,016.8	-1.4	2,585.3	-1.7	3,110.8	0.4	4,298.2	3.8
Average propensity to consume	116.1	0.5	84.4	-0.7	77.6	-2.2	70.5	-1.3	59.4	1.6

* The average propensity to consume is expressed as %p.

Income Distribution in 2015

1. Gini Coefficient

- The Gini coefficient of the total households (Including one-person households and farming households, based on the equalized disposable income) fell by 0.007 from 0.302 in 2014 to 0.295 in 2015.
- The Gini coefficient of two-person or more non-farming households dropped by 0.008 from 0.278 in 2014 to 0.270 in 2015.

<Table 6> Gini coefficient (based on market income and disposable income)

Classification		2003	2004	2005	2006	2007	2008	2009
Total households	Market income	—	—	—	0.330	0.340	0.344	0.345
	Disposable income	—	—	—	0.306	0.312	0.314	0.314
	Improvement effect	—	—	—	0.024	0.028	0.030	0.031
Nationwide households (2-person or more non-farm households)	Market income	0.292	0.301	0.306	0.312	0.321	0.323	0.320
	Disposable income	0.277	0.283	0.287	0.291	0.295	0.296	0.294
	Improvement effect	0.015	0.018	0.019	0.021	0.026	0.027	0.026
Classification		2010	2011	2012	2013	2014	2015	
Total households	Market income	0.341	0.342	0.338	0.336	0.341	0.341	
	Disposable income	0.310	0.311	0.307	0.302	0.302	0.295	
	Improvement effect	0.031	0.031	0.031	0.034	0.039	0.046	
Nationwide households (2-person or more non-farm households)	Market income	0.314	0.313	0.311	0.308	0.309	0.307	
	Disposable income	0.288	0.288	0.285	0.280	0.278	0.270	
	Improvement effect	0.026	0.025	0.026	0.028	0.031	0.037	

Note 1) Market Income = Employee Income + Self-employment Income + Property Income + Private Transfer

2) Disposable Income = Market Income + Public Transfer - Public Non-consumption Expenditure

3) Improvement effect = Gini coefficient based on the market income - Gini coefficient based on the disposable income

2. Ratio of Income for the Lowest Quintile to Income for the Highest Quintile

- The ratio of income for the lowest quintile to income for the highest quintile of the total households (Including one-person households and farming households, based on the equalized disposable income) fell by 0.3 times point from 5.41 times in 2014 to 5.11 times in 2015.
- The ratio of income for the lowest quintile to income for the highest quintile of two-person or more non-farming households fell by 0.23 times point from 4.45 times in 2014 to 4.22 times in 2015.

<Table 7> Ratio of income for the lowest quintile to income for the highest quintile
(based on the market and disposable income)

(Unit: times)

Classification		2003	2004	2005	2006	2007	2008	2009
Total households	Market income	—	—	—	6.65	7.09	7.38	7.70
	Disposable income	—	—	—	5.38	5.60	5.71	5.75
	Improvement effect	—	—	—	1.27	1.49	1.67	1.95
Nationwide households (2-person or more non-farm households)	Market income	5.00	5.27	5.53	5.74	6.05	6.16	6.14
	Disposable income	4.43	4.61	4.75	4.83	4.95	4.98	4.95
	Improvement effect	0.57	0.66	0.78	0.91	1.10	1.18	1.19
Classification		2010	2011	2012	2013	2014	2015	
Total households	Market income	7.74	7.86	7.51	7.60	8.08	8.24	
	Disposable income	5.66	5.73	5.54	5.43	5.41	5.11	
	Improvement effect	2.08	2.13	1.97	2.17	2.67	3.13	
Nationwide households (2-person or more non-farm households)	Market income	6.03	6.00	5.79	5.72	5.75	5.75	
	Disposable income	4.81	4.80	4.69	4.55	4.45	4.22	
	Improvement effect	1.22	1.20	1.10	1.17	1.30	1.53	

Note 1) Ratio of income for the lowest quintile to income for the highest quintile

= Income of the highest quintile (top 20%) / Income of the lowest quintile (bottom 20%)

2) Improvement effect = Based on the market income - Based on the disposable income

3. Relative Poverty Rate

- ☐ The relative poverty rate of the total households (Including one-person households and farming households, based on the equalized disposable income) fell by 0.6%p from 14.4% in 2014 to 13.8% in 2015.
- ☐ The relative poverty rate of two-person or more non-farming households dropped by 0.6%p from 11.0% in 2014 to 10.4% in 2015.

<Table 8> Relative poverty rate (based on the market and disposable income)

(Unit: %, %p)

Classification		2003	2004	2005	2006	2007	2008	2009
Total households	Market income	—	—	—	16.6	17.3	17.5	18.1
	Disposable income	—	—	—	14.3	14.8	15.2	15.3
	Improvement effect	—	—	—	2.3	2.5	2.3	2.8
Nationwide households (2-person or more non-farm households)	Market income	13.1	13.8	14.7	14.8	15.5	15.0	15.4
	Disposable income	11.4	12.1	12.9	12.6	12.9	12.9	13.0
	Improvement effect	1.7	1.7	1.8	2.2	2.6	2.1	2.4
Classification		2010	2011	2012	2013	2014	2015	
Total households	Market income	18.0	18.3	17.6	17.8	17.9	18.6	
	Disposable income	14.9	15.2	14.6	14.6	14.4	13.8	
	Improvement effect	3.1	3.1	3.0	3.2	3.5	4.8	
Nationwide households (2-person or more non-farm households)	Market income	14.9	14.9	14.3	14.3	13.7	14.5	
	Disposable income	12.5	12.3	12.2	11.7	11.0	10.4	
	Improvement effect	2.4	2.6	2.1	2.6	2.7	4.1	