

# Understanding the Differences between the **Private Consumption Expenditure** and **Household Consumption Expenditure**

Both Private Consumption Expenditure (PCE) and household consumption expenditure reported in the Household Expenditure Survey (HES) measure consumer spending, and provide insights into economic well-being and living standards. They are, however, **not directly comparable due to differences in coverage and methodology**.

Learn more about their differences below to understand when each measure is most appropriate:

	Private Consumption Expenditure	Household (Consumption) Expenditure reported in the HES
 <b>Purpose</b>	<ul style="list-style-type: none"> <li>- Key macroeconomic aggregate in national accounts for economic analysis and economic modelling</li> </ul>	<ul style="list-style-type: none"> <li>- Provides insights on household expenditure and spending patterns by socio-economic characteristics</li> <li>- Update weighting patterns and expenditure basket for Consumer Price Index compilation</li> </ul>
 <b>Frequency of Update</b>	<ul style="list-style-type: none"> <li>- Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>- Once in every five years</li> </ul>
 <b>Data Availability</b>	<ul style="list-style-type: none"> <li>- PCE at Current Prices by Key Consumption Purpose</li> <li>- PCE in Chained (2015) Dollars by Key Consumption Purpose</li> </ul>	<ul style="list-style-type: none"> <li>- Household Expenditure by Type of Goods and Services and Income Group/ Household Size/ Type of Dwelling etc.</li> <li>- Household Expenditure among selected household profiles (e.g., married couple households with children, households comprising solely non-employed persons aged 65 and over)</li> </ul>
 <b>Coverage</b>	<ul style="list-style-type: none"> <li>- Includes individuals who reside or have the intention to work and live in Singapore for more than one year:                             <ul style="list-style-type: none"> <li>✓ Singapore Citizens or Permanent Residents</li> <li>✓ Foreigners (e.g., foreign professionals and skilled workers)</li> <li>✓ Includes non-profit institutions<sup>^</sup> serving households (NPISHs)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✓ Includes resident households in Singapore where the household reference person<sup>#</sup> is a Singapore Citizen or Permanent Resident</li> <li>✗ Excludes non-resident households in Singapore (i.e., household reference person is a foreigner)</li> <li>✗ Excludes NPISHs</li> </ul>
 <b>Methodology</b>	<ul style="list-style-type: none"> <li>- Measures the value of goods &amp; services acquired including implicit fees<sup>*</sup></li> </ul>	<ul style="list-style-type: none"> <li>- Measures actual payments made</li> </ul>
 <b>Data Source</b>	<ul style="list-style-type: none"> <li>- Business survey and administrative data</li> </ul>	<ul style="list-style-type: none"> <li>- Household Expenditure Survey augmented with administrative data</li> </ul>

<sup>#</sup>As reported by the surveyed household and usually refers to the oldest member, the main income earner, the owner-occupier of the house, the person who manages the affairs of the household or the person who supplied the information pertaining to other members.

<sup>^</sup>Examples include charities and religious organisations providing free or subsidised services to households.

<sup>\*</sup>Examples include Financial Intermediation Services Indirectly Measured (FISIM) which refers to the value of financial services associated with loans & deposits that are not charged directly as fees but are earned through the difference between the interest financial institutions charge on loans and the interest they pay on deposits.

## Examples

1

A household paid a monthly average of \$Y in premiums to insurers for fire insurance. Find out more on how the expenses are reflected in the HES and PCE and why they are different.



HES reflects \$Y as the expenditure for fire insurance. How about PCE?

PCE records a portion of the full premium, which represents the value of the service provided by insurers.



I see! HES reflects the average monthly premiums paid by the household for fire insurance. PCE only records the estimated value of the insurance services provided by the insurance companies, not the entire sum of insurance premiums.



2

Emily, a foreign professional who has been working in Singapore for over a year, lives alone and spends \$X on clothing each month.

Although I am a foreigner, my expenditure on clothing is reflected in the PCE as I have lived and worked in Singapore for more than one year.

In contrast, my expenditure is not recorded in the HES because I belong to a non-resident household.



## Relevant Resources



Infographic on Understanding PCE by Key Consumption Purpose



Interactive Dashboard on Total Demand



PCE at Current Prices and in Chained (2015) Dollars



HES Publications and Resources

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