



United Nations Economic Commission for Europe
Conference of European Statisticians
Group of Experts on Measuring Poverty and Inequality

Impact of global shocks on **poverty and inequality**



National Survey of Household Income and Expenditure
(ENIGH, by its acronym in Spanish)

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Objective



1. The recent COVID-19 crisis showed that the lockdown, social distance measures, and the closure of the economy in Mexico brought adverse effects that impacted the household economy, directly affecting income, employment, and expenses. Based on the above, the behavior of current monetary expenditure will be analyzed by income deciles and each of the major expenditure items in rural and urban areas.
2. Observe the change in household spending in Mexico, starting with the COVID-19 pandemic, identifying the increase in healthcare spending in 2020 compared to 2018.

Objective



3. In times of uncertainty due to health, economic and financial crises, it is essential to have information that allows decision-makers to implement the necessary actions to reduce the adverse effects on the household economy. The National Survey of Household Income and Expenditure (ENIGH, in Spanish) has cross-sectional measurements that allow identifying the impacts of the price increases of 2020, as well as the allocations that households make to their expenses.
4. The results indicate that households with lower incomes are the most affected due to the loss of purchasing power.



Methodological aspects



The data source was the 2018 and 2020 National Survey of Household Income and Expenditure editions. Both were conducted from August 21 to November 28.

1

It aims to present an overview of the behavior of income and expenditure at the household level in terms of amount, origin, and distribution.

2

Additionally, ENIGH provides information on labor participation and the socio-demographic characteristics of household members. It also includes information on dwelling characteristics and equipment.

3

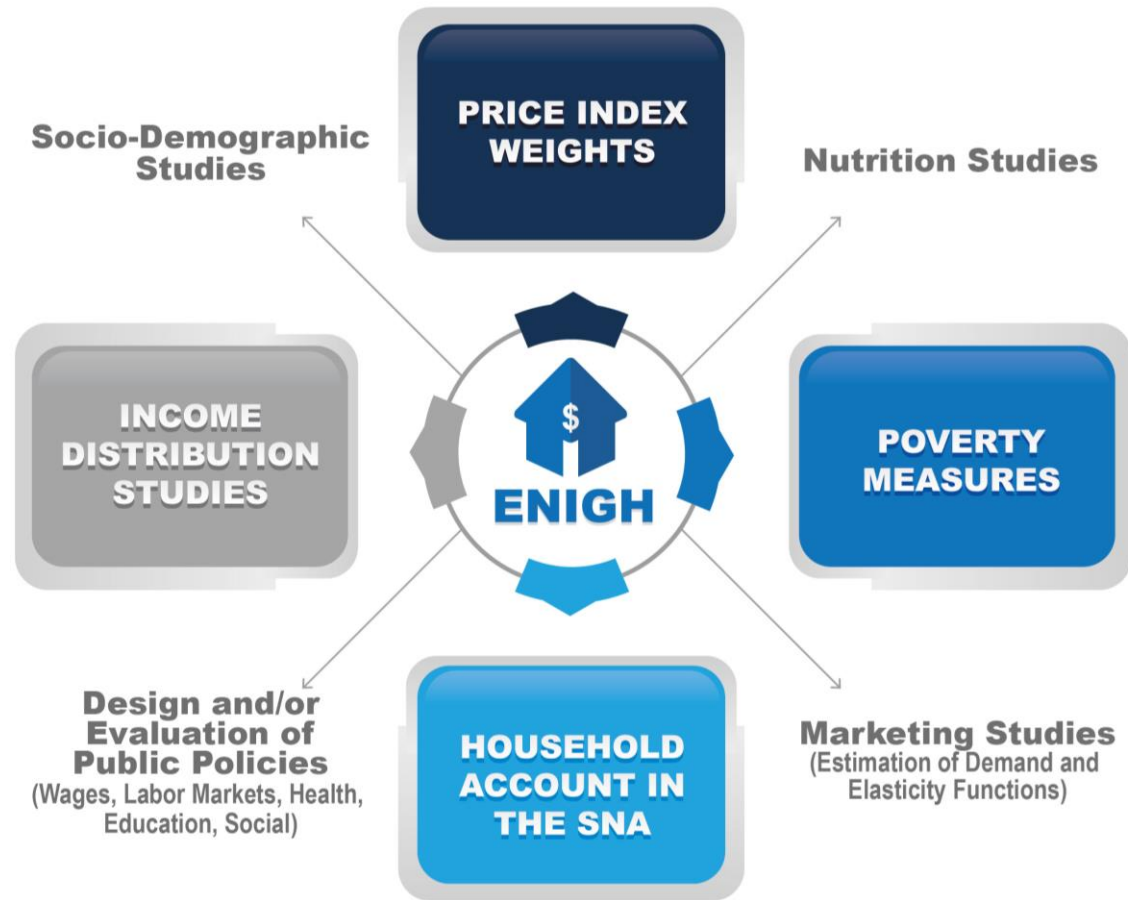
Initially, the design of the ENIGH focused on the need to provide information to update the National Consumer Price Index weights. However, the data collected by the survey has had many other uses in the last few years, mainly to measure poverty.

4

This data source, by its periodicity and the level of geographical disaggregation, was designed to generate a rigorous diagnosis.

5

In 2018 and 2020 the ENIGH continued to generate the improved indicators of 2016, which implies:



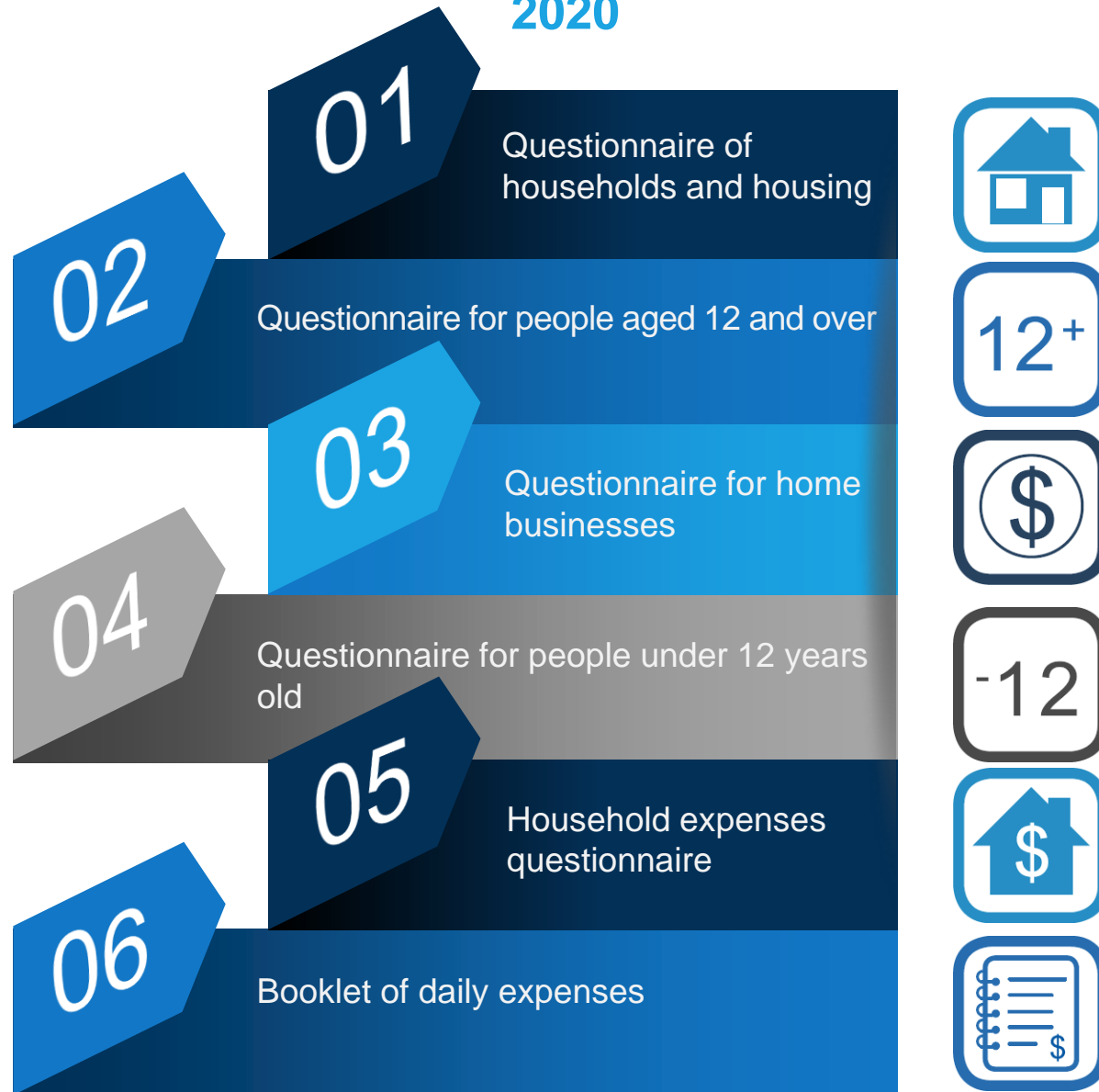
1. The sample size is the largest in the country's history for a survey of income and expenditures.
2. Allows representativeness at the state level with estimates for urban and rural domains.
3. Measures both income and expenditure.
4. Operationally, it remains the most supervised project that has been carried out in this area so far.
5. Strength in training permits interviewers to be more attached to methodological definitions.
6. It has an automated tracking report system that supports supervision and control.

Main methodological characteristics



Characteristic	Description
Target population	The national and foreign households within the country's boundaries.
Observation unit	The household, the dwelling, and the householders.
Geographical coverage	<p>The survey is designed to provide results at the following levels:</p> <ul style="list-style-type: none">• National• Urban-Rural• At the state level, with estimates for urban and rural domains.
Sample Design	<ul style="list-style-type: none">• Probabilistic: The sampling units have a known probability different from zero of being selected.• Stratified: The sampling units with similar characteristics and that belong to localities of the same size are grouped to form strata.• Conglomerates: The sample units with distinct characteristics that belong to localities of the same size are grouped to form the primary sampling units (PSU).• Double stage: Dwellings are selected in two steps: primary sampling units (groups of blocks) and housings.
Sample size	105,483 households represent a population of 126,760,856.
Survey date	From August 21 to November 28, 2020.

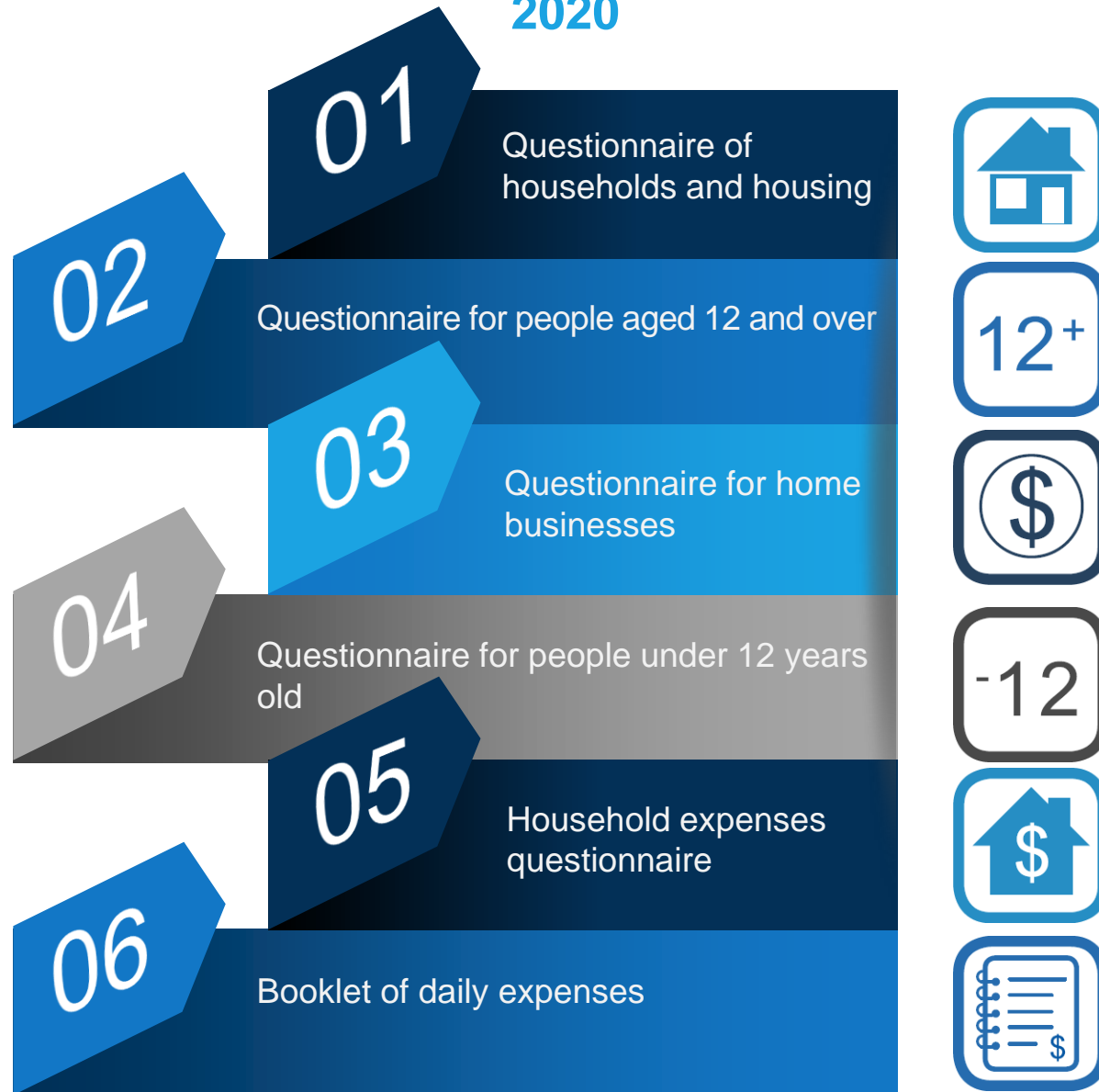
The questionnaires and booklet used in the ENIGH 2020



In 2020, it was considered to carry out a survey that complemented the ENIGH, called Seasonal ENIGH (ENIGH E).

1. The Survey captures seasonal and temporal events that affect household income and expenditure outcomes.
2. Its objective is to provide a statistical overview of household income and expenditure's seasonal and temporal behavior in terms of their amount, origin, and distribution over a year.
3. ENIGH E presents the phenomenon's evolution concerning its predecessor year, ENIGH 2018, and provides an economic overview of Mexico before the health contingency caused by COVID-19.
4. The results of the ENIGH E also allowed us to compare the income and expenditures of households captured between January and March 2020.

The questionnaires and booklet used in the ENIGH 2020




In 2020, it was considered to carry out a survey that complemented the ENIGH, called Seasonal ENIGH (ENIGH E).

- ENIGH E also allows to measure the change with the results of the ENIGH 2020, motivated by the measures of confinement of the population and the closure of economic activity that led to changes in income and expenditure in Mexican households.
- ENIGH E and ENIGH have the same conceptual and methodological elements, thus preserving consistency.
- A difference between the programs is that each contains sample sizes of different magnitudes. In the case of ENIGH E, its size only allows for generating results at the national level.

Diagram 2. According to concept or item, the reference period of income and expenditure of ENIGH E 1-2020.



Seasonal ENIGH									
Sources of income and Large items of expenditure	Reference period	2019					2020		
		July	August	September	October	November	December	January	February
Income from work									
Property Rent									
Transfers									
Estimation of the rent of the house									
Other current income									
Spending on food, beverages, and tobacco									
Spending on clothing and footwear									
Spending on housing and conservation services; Electric power, and fuels									
Spending on items and services for cleaning and care of the house; glassware, whites and household utensils; household goods and furniture									
Health Care Spending									
Transportation expenditure; acquisition, maintenance, accessories, and services for vehicles; and communications									
Expenditure on education and leisure items and services; Tour and Party Packages, Lodging and Accommodation									
Spending on personal care; accessories and personal effects; and other miscellaneous expenses									
Expenditure transfers									



Conceptual design



Conceptual Design



INCLUSION CRITERIA

EXCLUSION CRITERIA

REGULARITY

AVAILABILITY

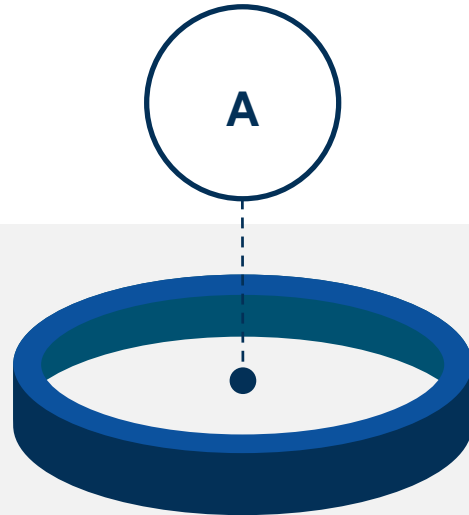
WEALTH

Income sources must be regular and subject to an uninterrupted flow in each period.

Income sources must contribute to economic well-being; that is, they must be available to purchase goods and services that the household can use.

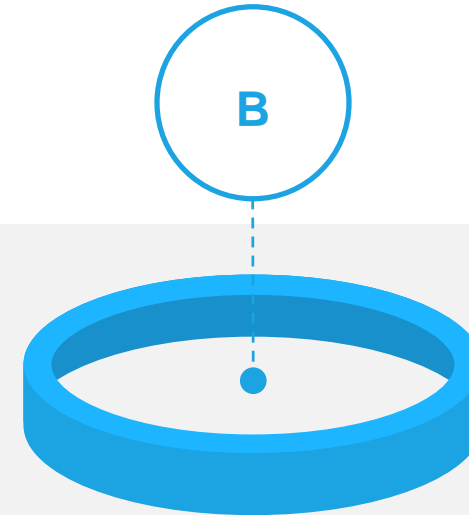
These income sources should not include the flows that modify the net wealth or the net value of the assets and debts of the household.

Given the transactional role of money, the total current income splits into current monetary and non-monetary income



Current expenditures:

A household's expenditures are the expenses that satisfy its needs and commitments.



Methods to measure consumption expenditure:

ENIGH measures consumption expenditure considering the purchase value of goods and services and whether they were paid in full in the reference period.

By composition, the current monetary expenditure of households is grouped into nine items:



1. Food, beverages, and tobacco;
2. Clothing and footwear;
3. Housing and conservation services; Electric power and fuels;
4. Items and services for cleaning and care of the house; glassware, whites, and household utensils; household goods and furniture;
5. Healthcare Spending;
6. Transportation expenditure; acquisition, maintenance, accessories, vehicles services; and communications;
7. Expenditure on education, leisure items, and services; Tour and Party Packages, Lodging, and Accommodation;
8. Personal care; accessories, personal effects, and other miscellaneous expenditures;
9. Expenditure transfers.



Results



Average quarterly current monetary expenditure by income deciles, by survey year

Dollars, at constant 2020 prices



Decile	ENIGH <u>2018</u>	ENIGH <u>2020</u>	Percentage Change
I	503	553	9.81%
II	715	690	-3.54%
III	867	826	-4.70%
IV	1,021	954	-6.50%
V	1,206	1,086	-9.98%
VI	1,370	1,234	-9.91%
VII	1,601	1,424	-11.06%
VIII	1,902	1,650	-13.24%
IX	2,411	2,072	-14.07%
X	4,372	3,424	-21.68%
Total	1,597	1,391	-12.87 %

Source: ENIGH 2018 and ENIGH 2020

The average quarterly current monetary expenditure per household of the ENIGH 2020 was 1,391 dollars, in contrast to 1,597 dollars in the 2018 edition, which represents a decrease of about 13%.

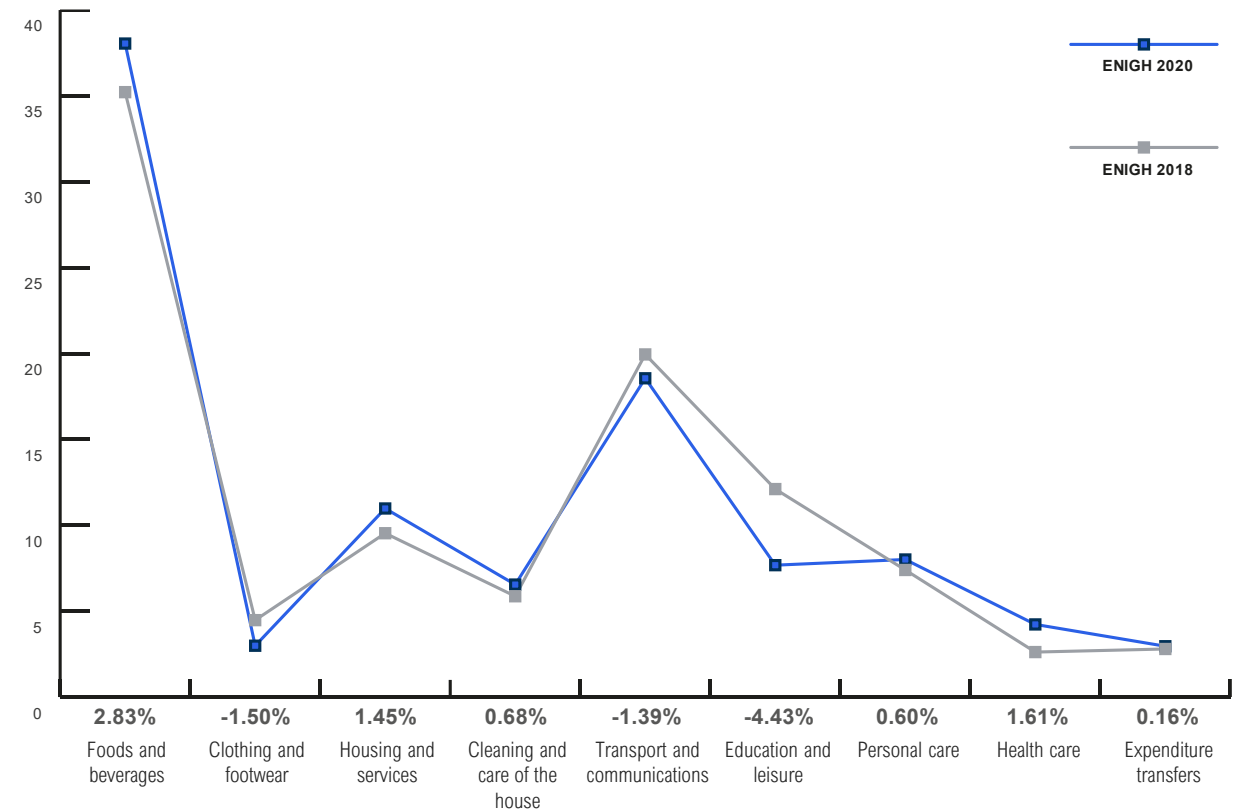
Households and their current monetary expenditure in selected items

Percentage of current monetary expenditure



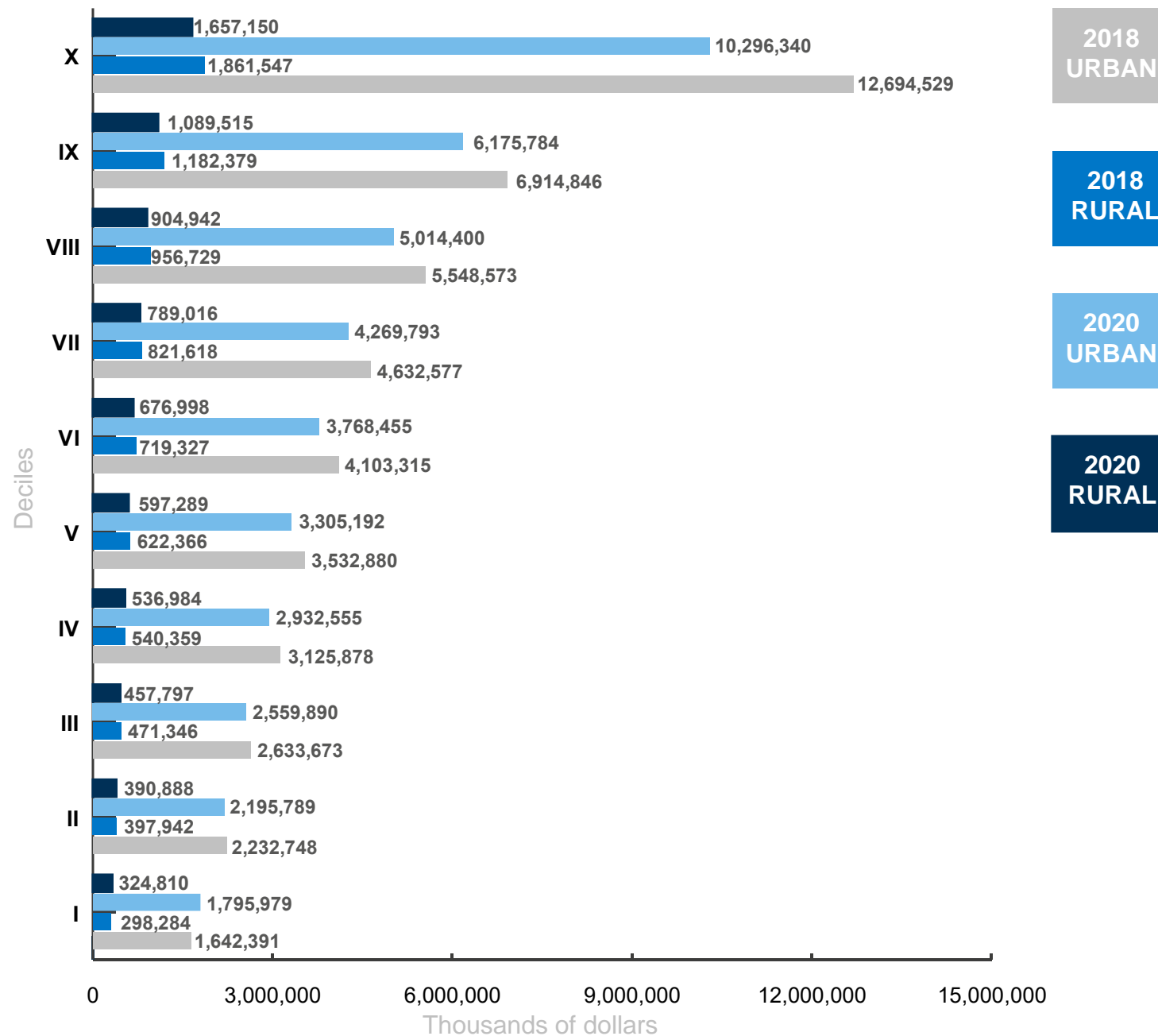
Item	ENIGH 2018	ENIGH 2020	Percentage Change
Foods and beverages	35.22%	38.05%	2.83%
Clothing and footwear	4.48%	2.99%	-1.50%
Housing and services	9.54%	10.98%	1.45%
Cleaning and care of the house	5.87%	6.55%	0.68%
Transport and communications	19.95%	18.56%	-1.39%
Education and leisure	12.11%	7.68%	-4.43%
Personal care	7.40%	8.01%	0.60%
Healthcare	2.62%	4.23%	1.61%
Expenditure transfers	2.80%	2.96%	0.16%

Source: ENIGH 2018 and ENIGH 2020

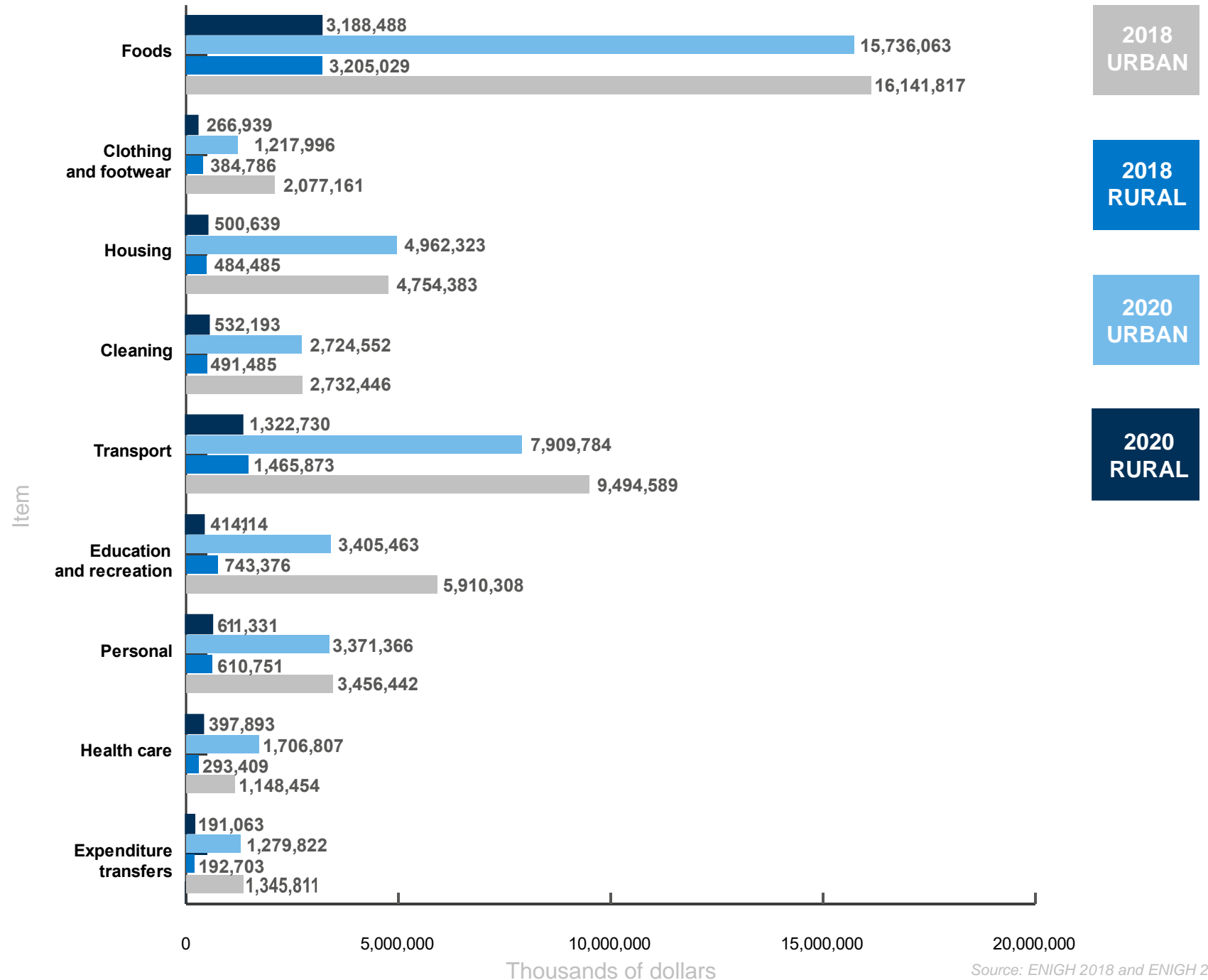


Source: ENIGH 2018 and ENIGH 2020

Households and their total quarterly current monetary expenditure, by decile and by area



Households and their total quarterly current monetary expenditure, by item and by area





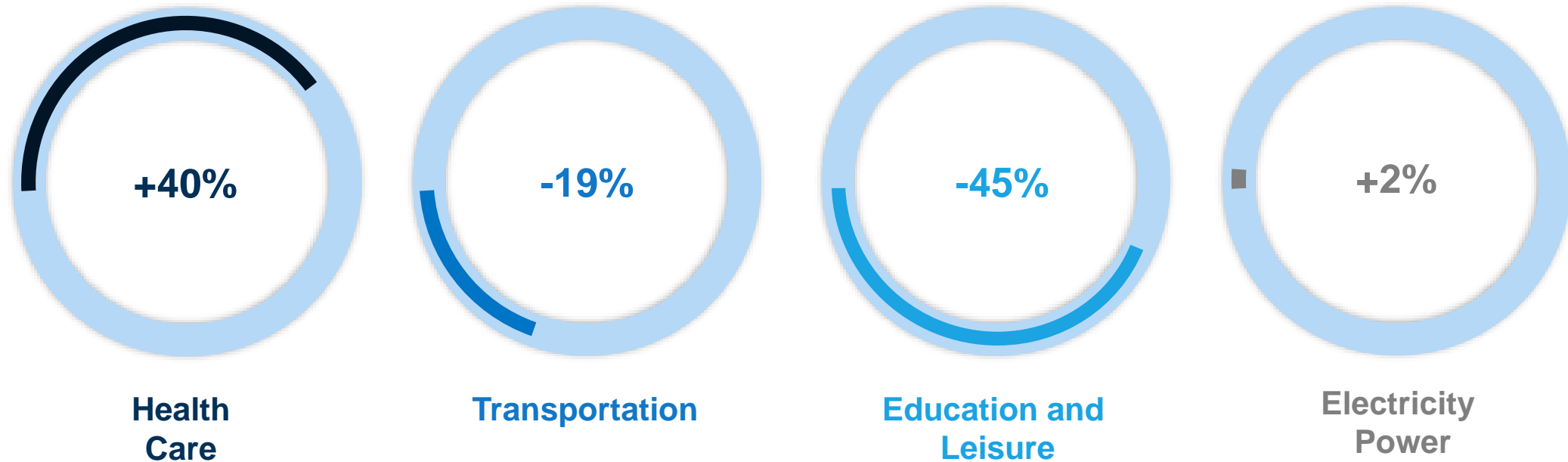
Conclusions



Destination of Expenditure



Households in Mexico, on average, during 2020, modified their consumption habits in:



Households in Mexico in 2020 adapted their consumption habits in the face of the global health crisis. First, they decreased total average current monetary expenditure by almost 13%; The expenditure item that, on average, increased the most, compared to 2018, was health care with 40.5%. On the other hand, the average expenditure on education decreased by almost 45% and on transportation by nearly 19%. Finally, electricity power increased by 2%; however, it increased in all income deciles.

Household expenditure



HEALTHCARE

40%



EDUCATION AND
LEISURE

45%



CLOTHING AND
FOOTWEAR

42%



FOODS

6%



TRANSPORTATION

19%



PERSONAL

6%



CLEANING

3%



EXPENDITURE
TRANSFERS

8%

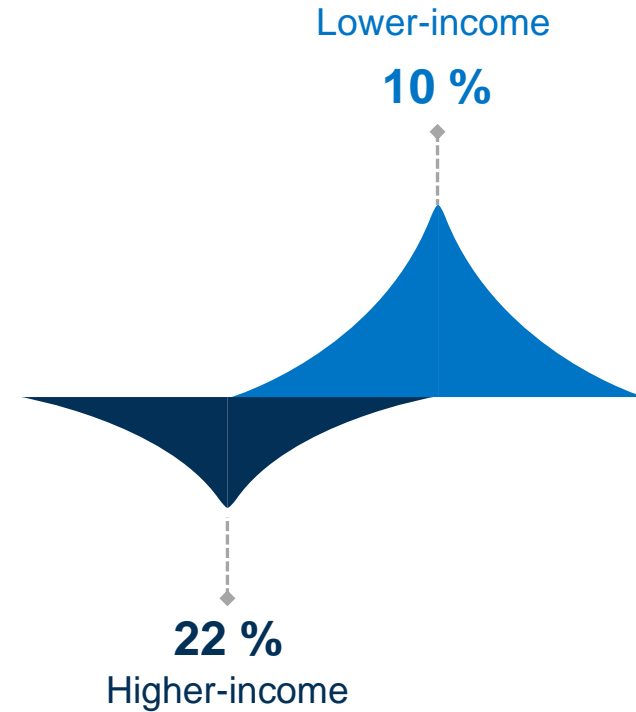




13%
GENERAL



Overall, households in Mexico reduced their spending by 13%; households in the first decile alone increased their average current monetary expenditure by almost 10%.



Households with the lowest incomes increased their quarterly average monetary expenditure by almost 10%, as was the case of households in the first income decile. The ENIGH 2020 reflects that lower-income households increased their expenses while higher incomes reduced them considerably. Households in the highest income decile reduced their monetary expenditure by almost 22%.

- In summary, in 2020, household monetary expenditure fell significantly. However, lower-income households saw increased spending, while high-income households decreased their monetary disbursements.
- Faced with widespread healthcare needs, households sacrificed spending on education, clothing, footwear, and transportation. On the other hand, spending on housing and domestic services was an item of expenditure that increased across the board compared to 2018.
- Transportation spending increased in lower-income households but decreased significantly in high-income households; Reductions explain this in fuel consumption, foreign transport, and, to a lesser extent, by the fall in the acquisition of vehicles for private use.
- Expenditure on electricity consumption had a general increase in all deciles and urban and rural areas.
- Gini Coefficient allows appreciation of income inequality. The value of this coefficient for income with transfers by deciles of households was 0.415 in 2020. Besides, the Gini Coefficient will enable us to appreciate the positive effects of transfers on income distribution. If 2020 there were no income transfers, the concentration of these would have been higher because the Gini coefficient would have had a value of 0.468 against 0.415 with transfers.

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