RESUMO EXPANDIDO (PARA ASSOCIADOS AKB) / EXTENDED ABSTRACTS (AKB MEMBERS) - ÁREA 1. DESIGUALDADES: REGIÕES, RENDA, GÊNERO E RAÇA

GENDER DISPARITIES IN BRAZILIAN HOUSEHOLD CONSUMPTION: IMPLICATIONS FOR EXCHANGE RATE SHOCK PERCEPTIONS

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When discussing gender inequality, there is evidence that “gender gaps in education, health, unpaid labor, employment, and wages have economy-wide consequences and influence the rate of growth” (Seguino, 2020, p.1). These gender gaps stem from the sexual division of labor, where unpaid reproductive labor is historically associated with women, as the paid productive labor is associated with men. There is an inherent contradiction between the two, with productive labor dominating over reproductive labor (Kergoat, 2003).

This sexual division is rooted in society, in a way that women are given the responsibility for care even before they are born. Thus, this role grows with them, to the extent that every decision-making has this factor as a weight, even if unintended. There is no such thing as an arbitrary choice. Every individual carries with them their personal background, experiences, and knowledge, all of which influence their choices.

In this way, it cannot be expected that men and women make the same decisions regarding consumption. Even within the household, expense priorities

will differ depending on the family's reference person's gender. Several empirical studies confirm that households with a female reference tend to spend a higher income share with basic necessities and care-related expenses – such as housing, food, healthcare, education, clothing – whereas families with male reference allocate higher spending share with expenses such as transport, recreation, gambling, and assets increase (Phipps & Burton, 1998; Doss, 1996; Pinheiro & Fontoura, 2007; Carvalho & Alves, 2010; Passos et al., 2024).

Given that consumption patterns differ significantly between families with a male or female reference person, it is reasonable to expect that inflation is not perceived uniformly across these two groups. The general inflation index is built based on household consumption, weighted by the share of each expense in relation to total household income. This method, known as plutocratic weighting, calculates the weight of each item by the proportion of total expenditure on that good relative to the overall spending across all households. As a result, families with higher total consumption exert more influence on both the composition and weighting of the consumption basket (Ley, 2001; IBGE, 2020). For example, in the event of a fuel price shock caused by rising oil prices, the overall inflation index may rise, since wealthier families tend to allocate more of their spending to private transportation. In contrast, public transportation fares - more relevant to low-income households - are regulated by the government and typically adjust more slowly. Thus, a low-income family without access to private transport may not perceive the same level of inflationary pressure. When discussing the US consumer price index (CPI), Ley (2001) highlights that plutocratic weighting introduces a bias toward upper-income households as the “representative” consumer (p. 4). Hence, it is important to look not only at the aggregate inflation level but also at its subgroups when dealing with inequality.

Another price-related factor that may impact household budgets differently is foreign exchange rate shocks (FXR). Because each sector has a specific production structure, market competition, and domestic and imported inputs share, all of that reflected in price formation, factors that may lead to price disturbances may differ among them. Thus, foreign exchange rate shocks FXR, as an important cost variable, will impact consumer final prices differently, according to each sector characteristic. If a family has a higher share of tradable goods in their consumption basket, whose prices are more sensitive to the FXR, then they may find their real income more or less affected as the economy faces FXR shocks.

This paper contributes with the literature by discussing to which extent the exchange rate pass-through may impact household budgets, considering the gender of the household reference person. For that matter, data from the Brazilian Consumer Expenditure Survey from 2018 (POF 2017-2018) is compiled to analyze the consumption basket of families with a male and female reference, and discuss how the exchange rate pass-through effect would impact their budget, in light of the sectoral exchange rate pass-through coefficients estimated in previous work.

The results corroborate empirical literature evidence that household consumption follows gender roles. In addition, it was found that households with female reference spend relatively more on products that are more sensitive to exchange rate shocks, making their budgets more vulnerable to exchange rate fluctuations. This empirical exercise is relevant as it helps to identify gender disparities and provides insights for the formulation of more efficient public policies. Economies that do not actively promote gender equality compromise their human capacities and socioeconomic development.

Palavras-chave: gender inequality; consumption patterns; inflation inequality.