

# Covid-19 and savings behavior: a few selected issues

8th SUERF & UniCredit Foundation Research Prize and Workshop  
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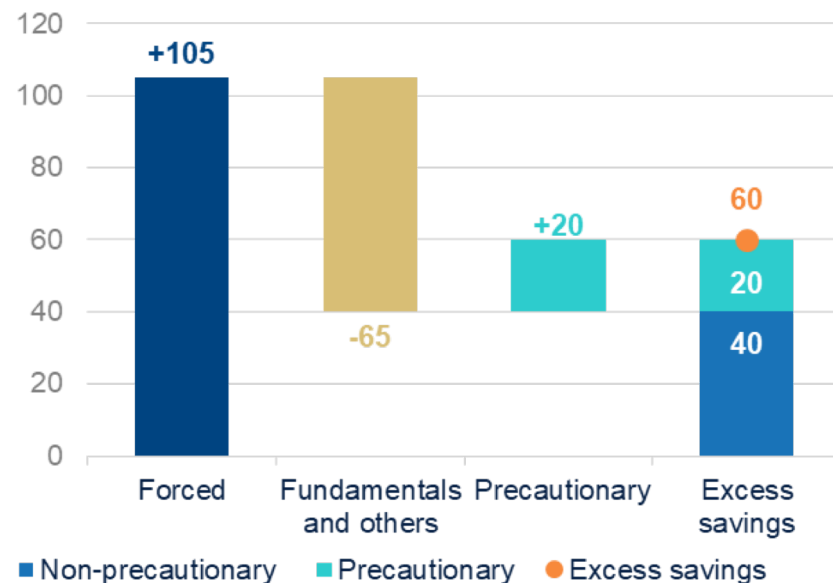
April 2021

## Savings, what savings?

- The slump in consumption has been larger than the decline in household disposable income, leading to **an important increase in savings** across the board. **In Spain €60 mm (5.4% GDP)** can be seen as not explained by fundamentals
- This excess savings can be explained by higher uncertainty (**precautionary savings, €20mm; 1.9% GDP**) and impossibility to consume (**forced savings, €40mm; 3.5% GDP**).

### ACCUMULATED “EXCESS SAVINGS” IN 2020 WITH RESPECT TO END 2019: SPAIN

(MM €)



Source: BBVA Research

# Savings and consumption: what can we expect?

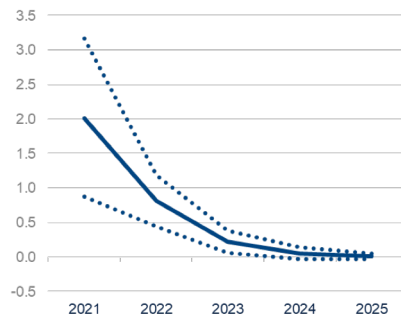
Additional consumption over baseline depending on how savings are perceived

	2021	2022	2021-2025
€60 mm as additional income* €0 mm stay as wealth	€13.5 mm	€6 mm	€21 mm
€30 mm as additional income* €30 mm stay as wealth	€6.8 mm	€3 mm	€11 mm

**Baseline: the €60 mm of additional savings stay as wealth**

\* We assume that excess savings goes from wealth to income at a constant rate in 2021, applying the different propensities to consume of wealth and savings

**IF ALL THE EXCESS & PRECAUTIONARY SAVINGS (60 000 M€) IS ADDITIONAL INCOME (CONSUMPTION, % OVER BASELINE)**



\* We assume that excess savings goes from wealth to income at a constant rate in 2021 (error interval represents the uncertainty in the ECM for consumption)

However, there is a great deal of uncertainty about...

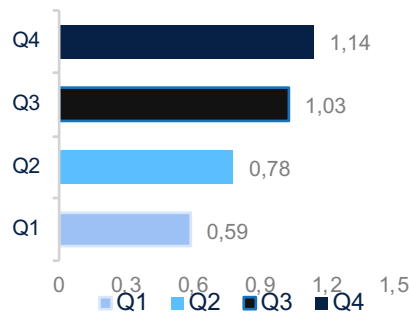
- ...the evolution of the fundamentals due to the pandemic and the possibility of a new round of forced savings.
- ... a possible change of regime on the dynamics of savings

Going forward, we should keep updating the evolution of the pool of savings using high frequency data....to see how saving and consumption is evolving, also across individuals

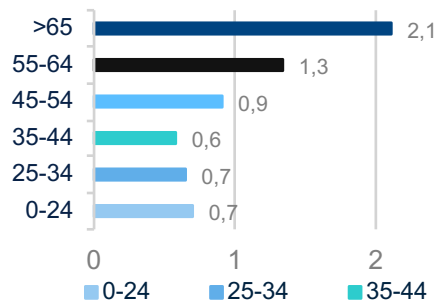
# What can be seen with more granular data (liquid savings)?

The **deposits over income** ratio stemming from BBVA data shows that it increased more: (i) in higher income quartiles; (ii) in groups of higher age; (iii) across women; while it increased less in autonomous regions more affected by the crisis

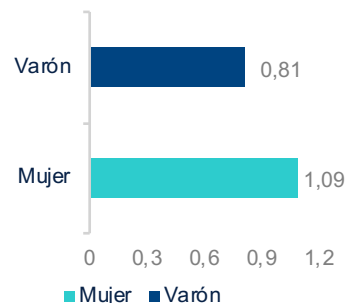
**Yoy change 2021 vs 2020 (\*)**  
**Deposits / income quartiles**  
( pp March over March)



**Yoy change 2021 vs 2020 (\*)**  
**Deposits / income age group**  
( pp March over March)



**Yoy change 2021 vs 2020 (\*)**  
**Deposits / income gender**  
( pp March over March)



## Autonomous Regions

**Desposits/income 2021 vs 2020**  
(pp March over March)



(\*) All calculated with medians