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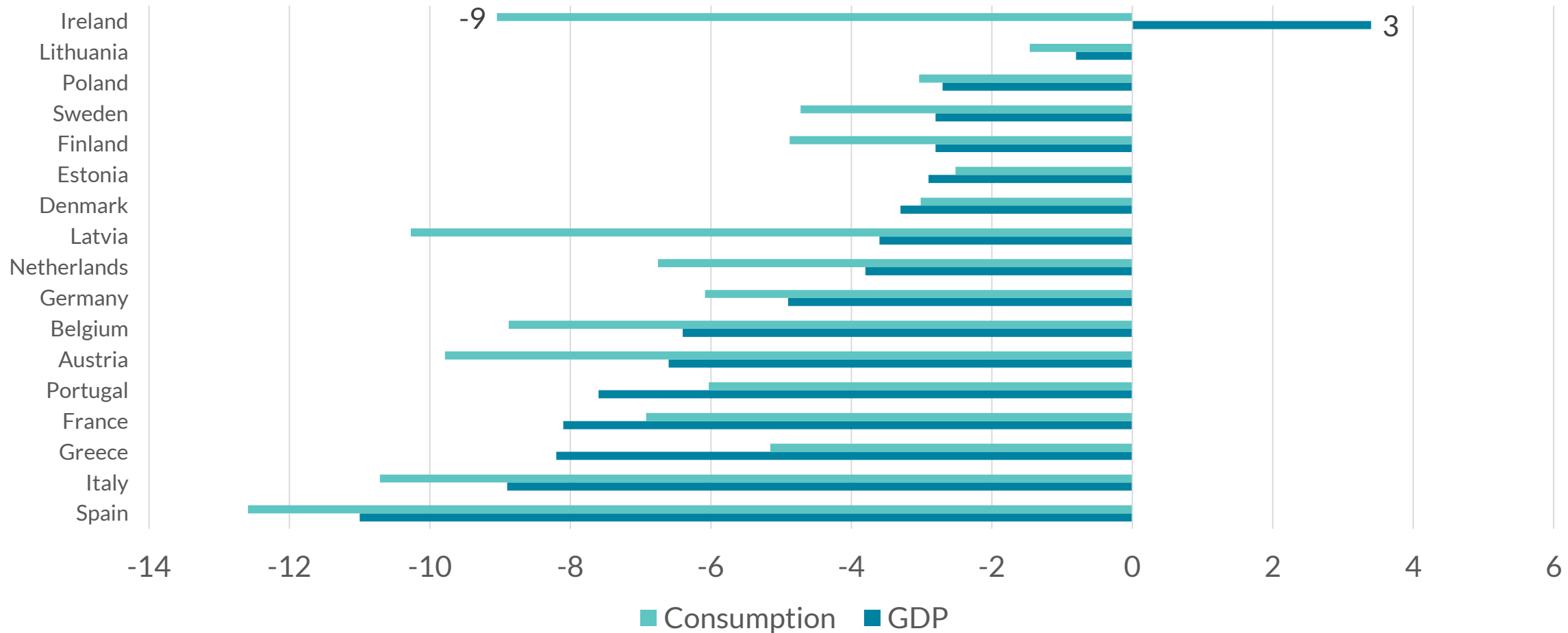


# **Beyond the Aggregates: The Diverse Effects of COVID-19 on Employment, Income & Savings**

Deputy Governor Sharon Donnery

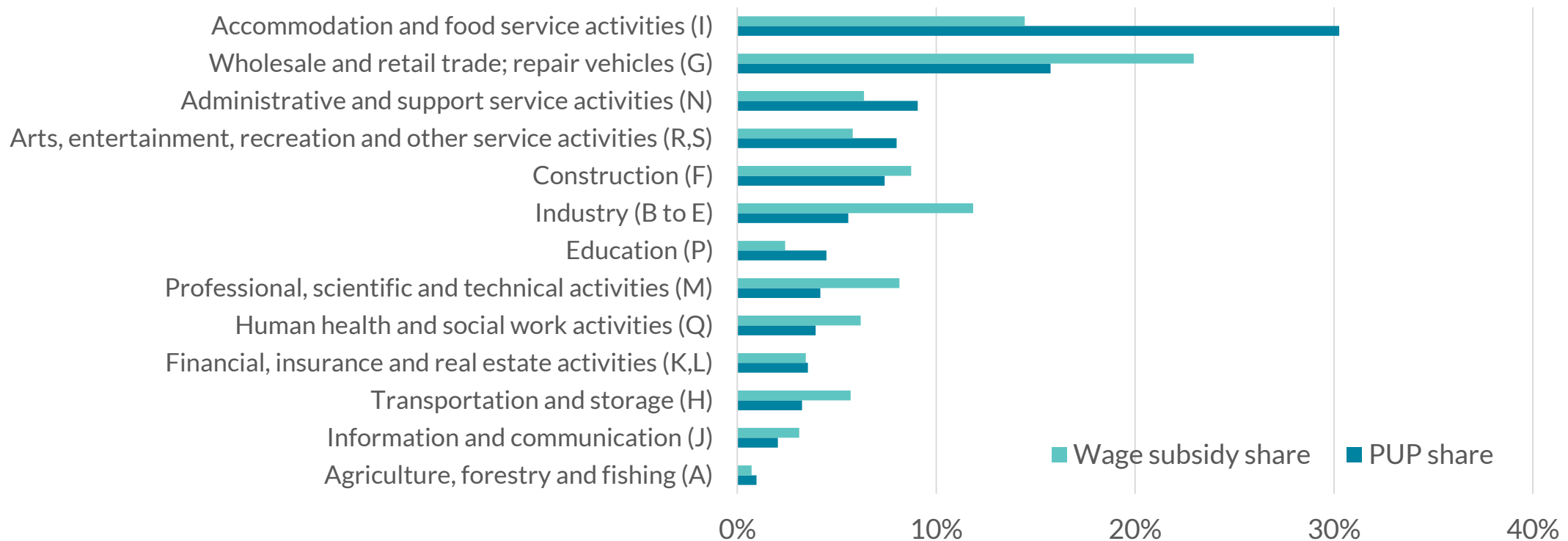
The Whitaker Institute, NUI Galway 30<sup>th</sup> March 2021

# GDP and household consumption growth 2020 versus 2019



# Take-up of COVID supports concentrated in certain sectors

Sector share of PUP and Wage subsidy supports



Source: CSO, Table LRW05. PUP and wage subsidy sector data from the CSO Live Register tables, weeks 18-48 and 18-34 respectively

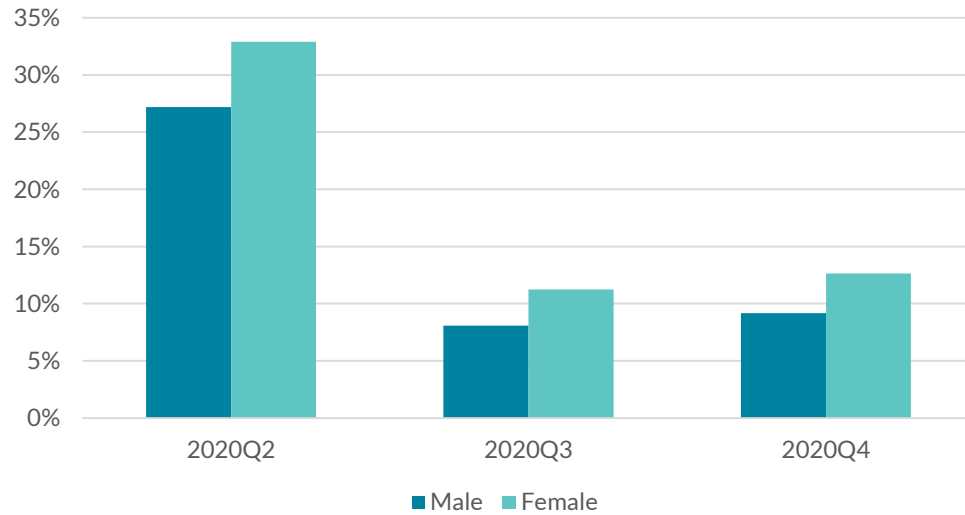


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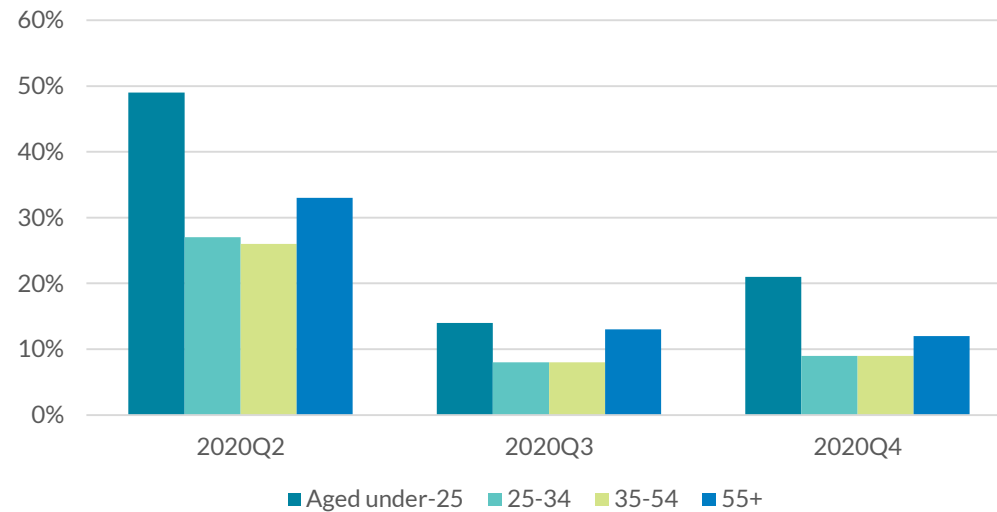
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# Some groups more likely to be away from work because of COVID (as percentage of 2019 employment)

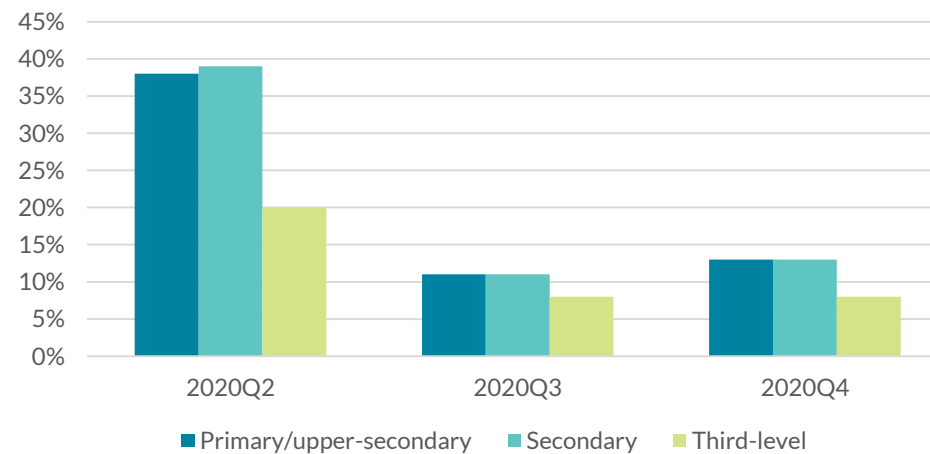
By gender...



By age...



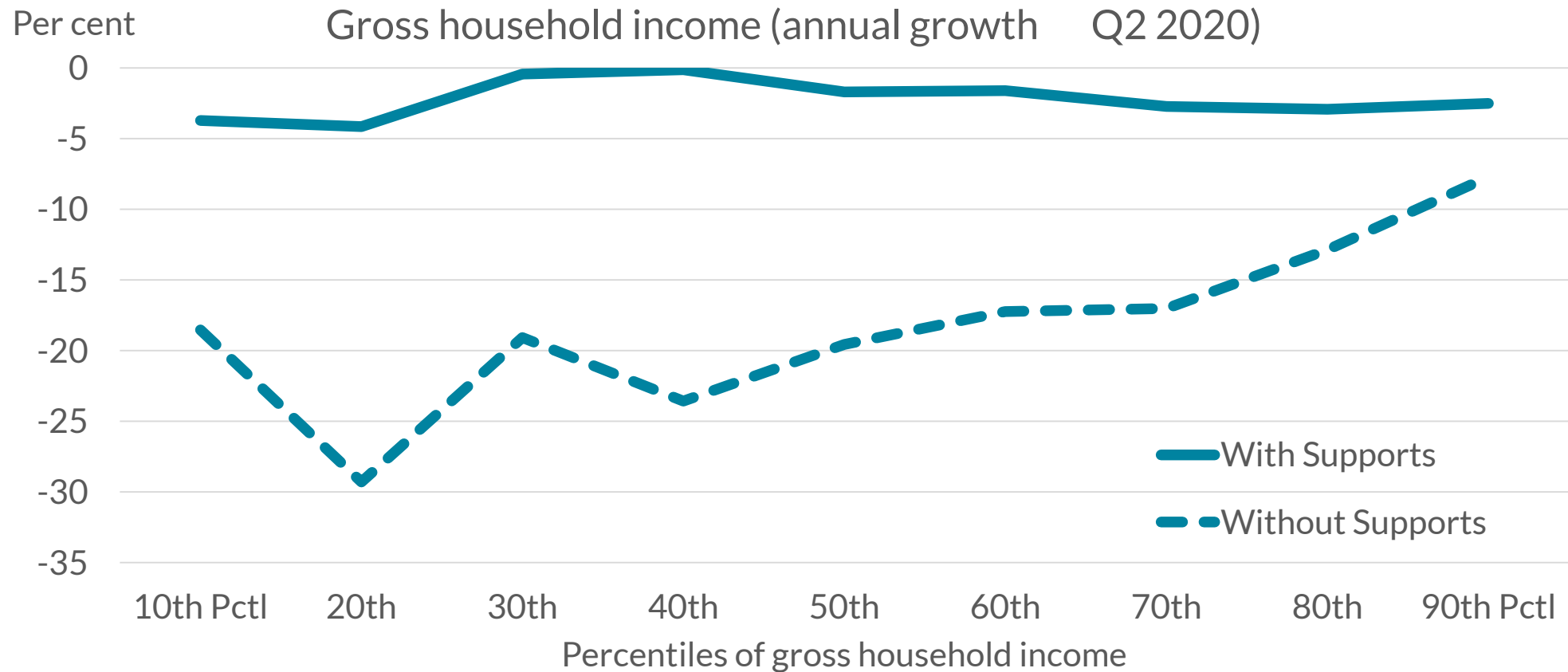
By education...



Source: Labour Force Survey.  
Individuals “absent from work due to COVID-19 measures.”  
Note, this could include PUP/Wage Subsidy recipients and/or Live Register individuals

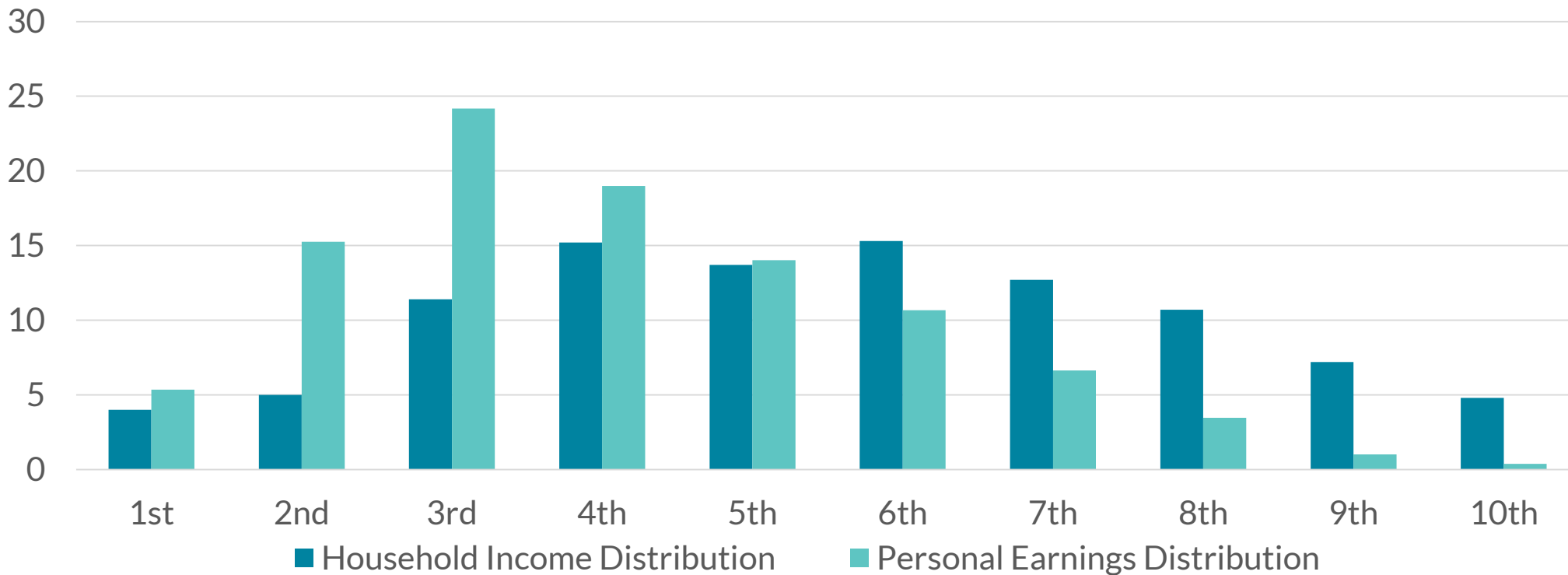


# Pandemic income supports underpin incomes in 2020



# Income supports taken up by lower-earners – but households benefit right across the income distribution (Q2 2020)

Share of supports in  
personal earnings or  
income decile

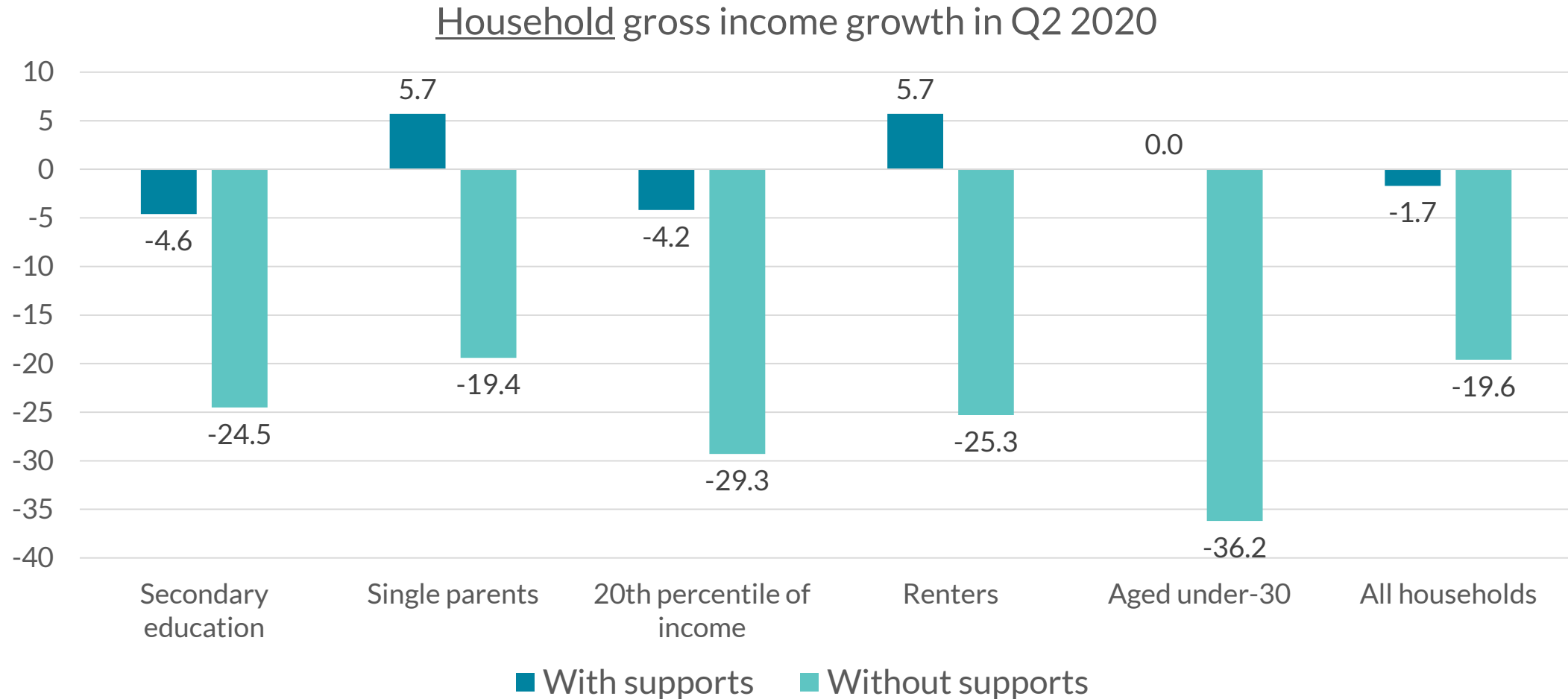


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Source: [Cahill & Lydon \(2021\)](#)

# Income supports more important for some groups



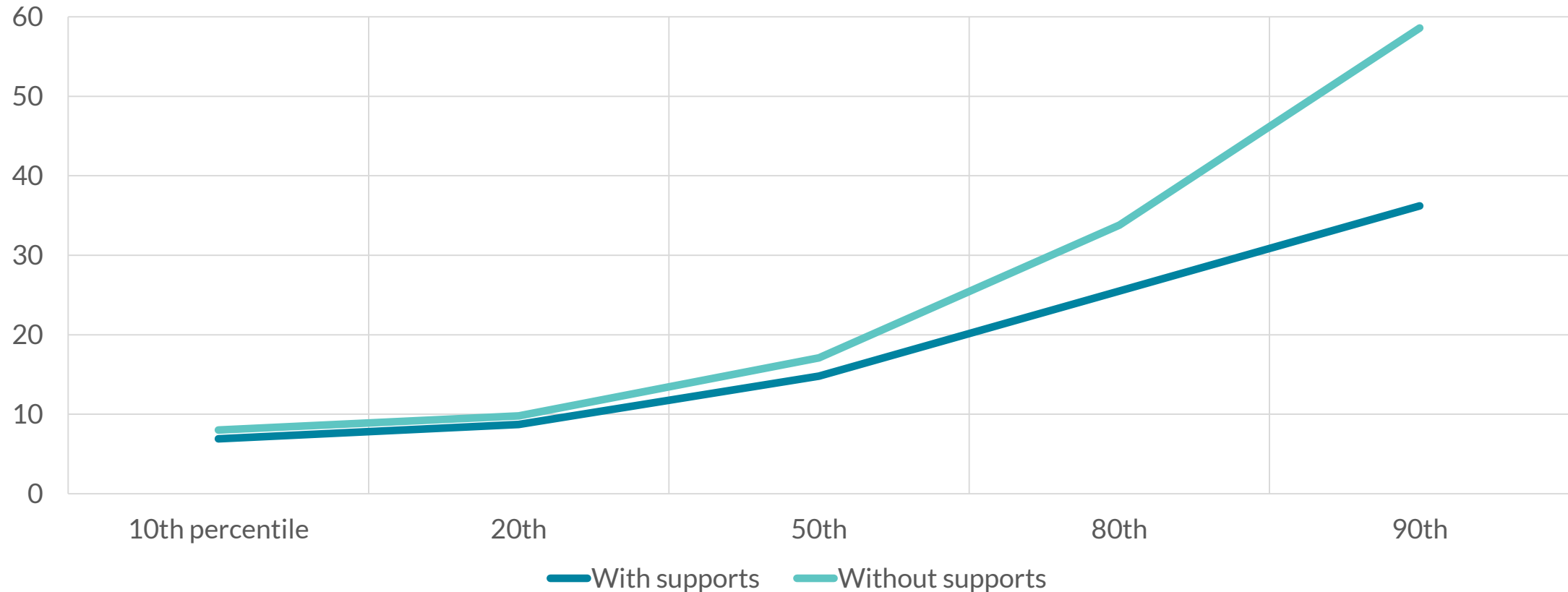
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Source: [Cahill & Lydon \(2021\)](#)

# Debt-service on owner-occupier mortgage debt

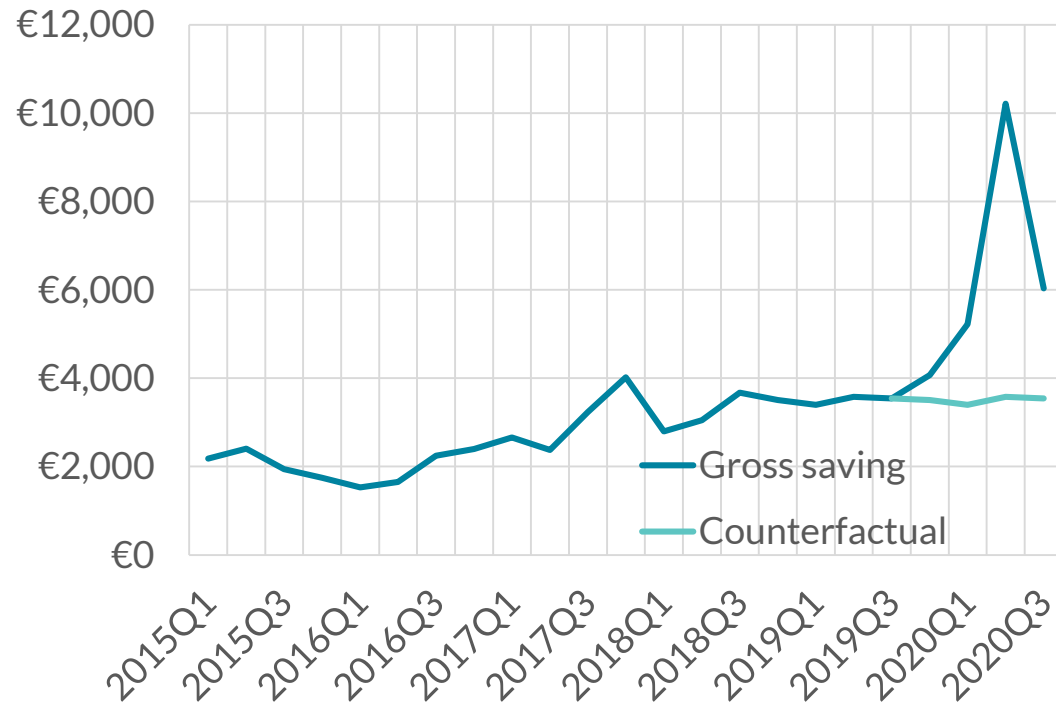
Gross mortgage debt service ratio  
(owner-occupiers, Q2 2020)



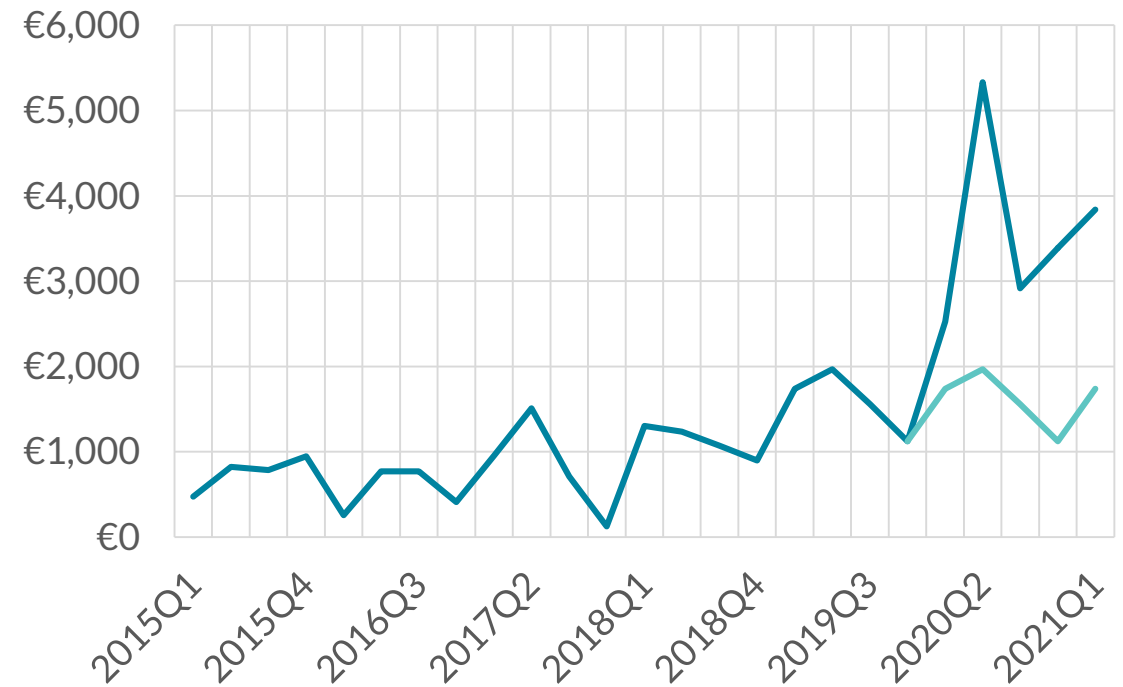


## With restricted opportunities to spend, but incomes supported, savings increased during the pandemic

Gross saving (€, millions)

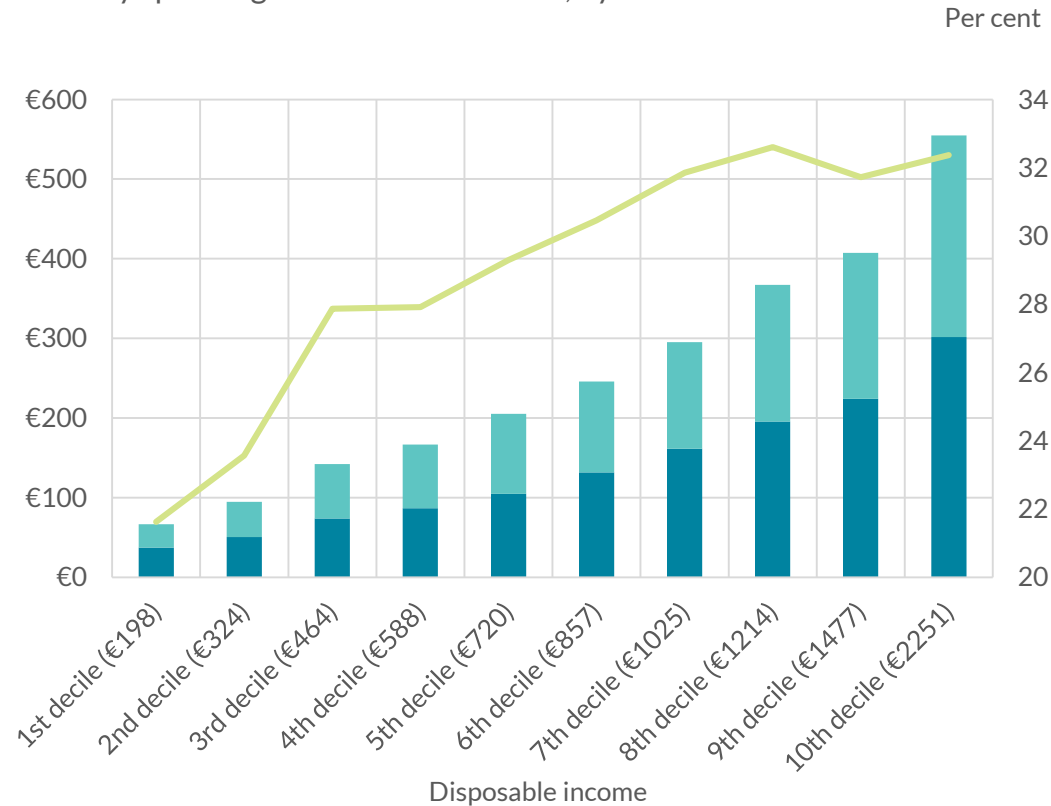


Deposits (net flows, € millions)



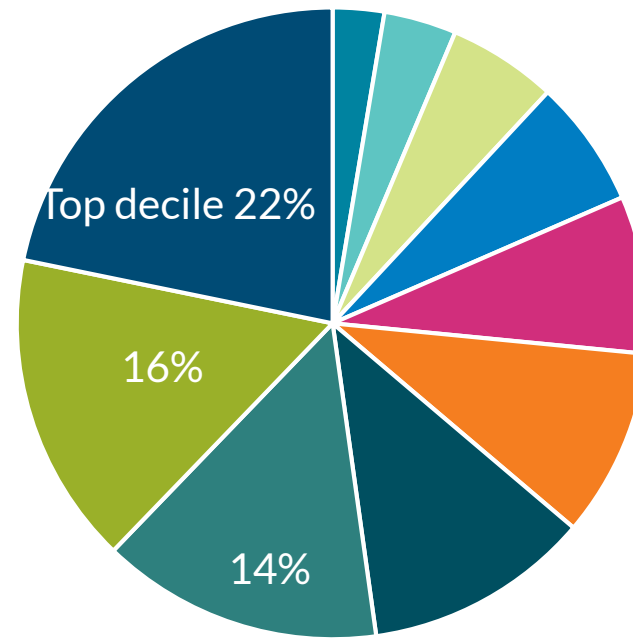
## Higher income households spend more in 'restricted' sectors

Weekly spending in 'restricted' sectors, by income



... which suggests more of savings concentrated in higher income households

Share of aggregate spending in restricted sectors in each income decile



Source: Lydon & McIndoe-Calder (2021)

# Restricted opportunities to spend in 2020/21

**Table 1 | Share of spending in 'restricted' sectors, by income decile  
(% of total spending)**

<i>Spending category</i>	Bottom five income deciles	Average across all households	Top three income deciles
Personal care services (hairdressing, etc)	2.0	2.1	2.1
Domestic holidays	2.2	2.5	2.7
Drinks outside the home	3.9	4.0	4.0
Recreation/culture/sport	3.6	4.8	5.4
Restaurants	9.9	10.3	10.7
Foreign Holidays (including air travel)	8.9	11.0	12.1
Household furnishings	12.7	10.8	9.8
Clothing, footwear & other personal goods	15.5	15.0	14.5
Vehicles (purchasing)	17.6	18.4	19.3
Transport services (fuel, servicing, fares, etc)	23.7	21.1	19.2
	100.0	100.0	100.0
<b>Source: HBS 2015/16.</b>			



# Labour market implications

- Unfortunately there will likely be job losses and firm closures from the pandemic
- A broad range of labour market policies, that help provide a pathway to viable and rewarding employment will be important considerations as the economy recovers
- Also need to be alert to:
  - The degree of *inactivity* as a result of the pandemic and long term distributional consequences
  - Possibility / capacity of workers switching across sectors
  - Effects of COVID-19 on gender gaps in employment and wages



## Looking ahead

- As we emerge from the current crisis we must consider the long term implications of the pandemic and our policy actions
- We must look beyond the aggregates, to consider the effects of the pandemic across different sectors and groups in our society so together we can work to minimise potential costly and damaging scarring effects

