



EUROSÜSTEEM

The financial situation of households in Estonia during COVID-19 pandemic period

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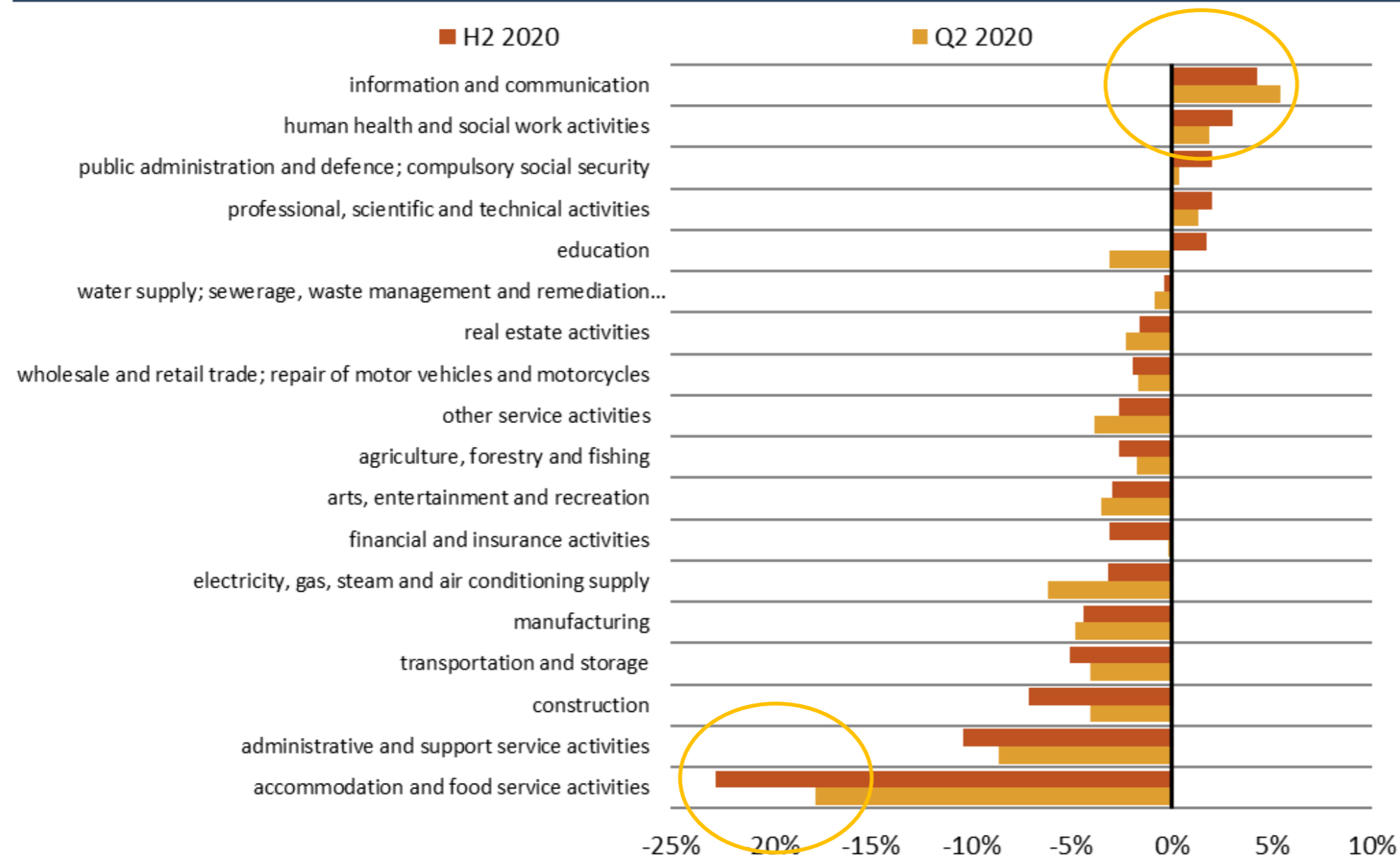
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HETEROGENEOUS EFFECTS OF COVID-19 IN ESTONIA

- Employees working in sectors facing lockdown induced constraints were hit the most while employees in IT, telecommunication and financial sector experienced wage increases

Change in the number of declared wage recipients in Q2 and H2 2020

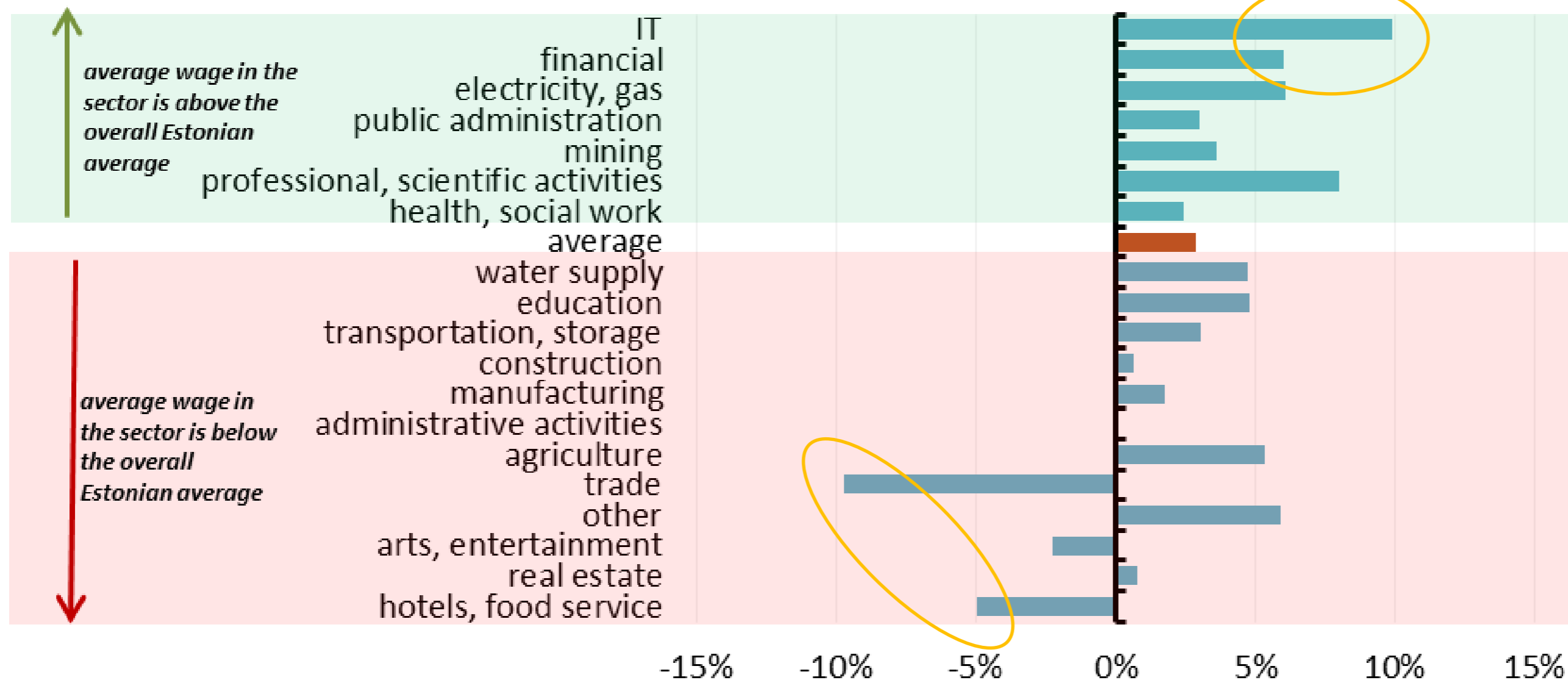


Source: Eesti Pank Labour Market Review 01/2021

HETEROGENEOUS EFFECTS OF COVID-19 IN ESTONIA

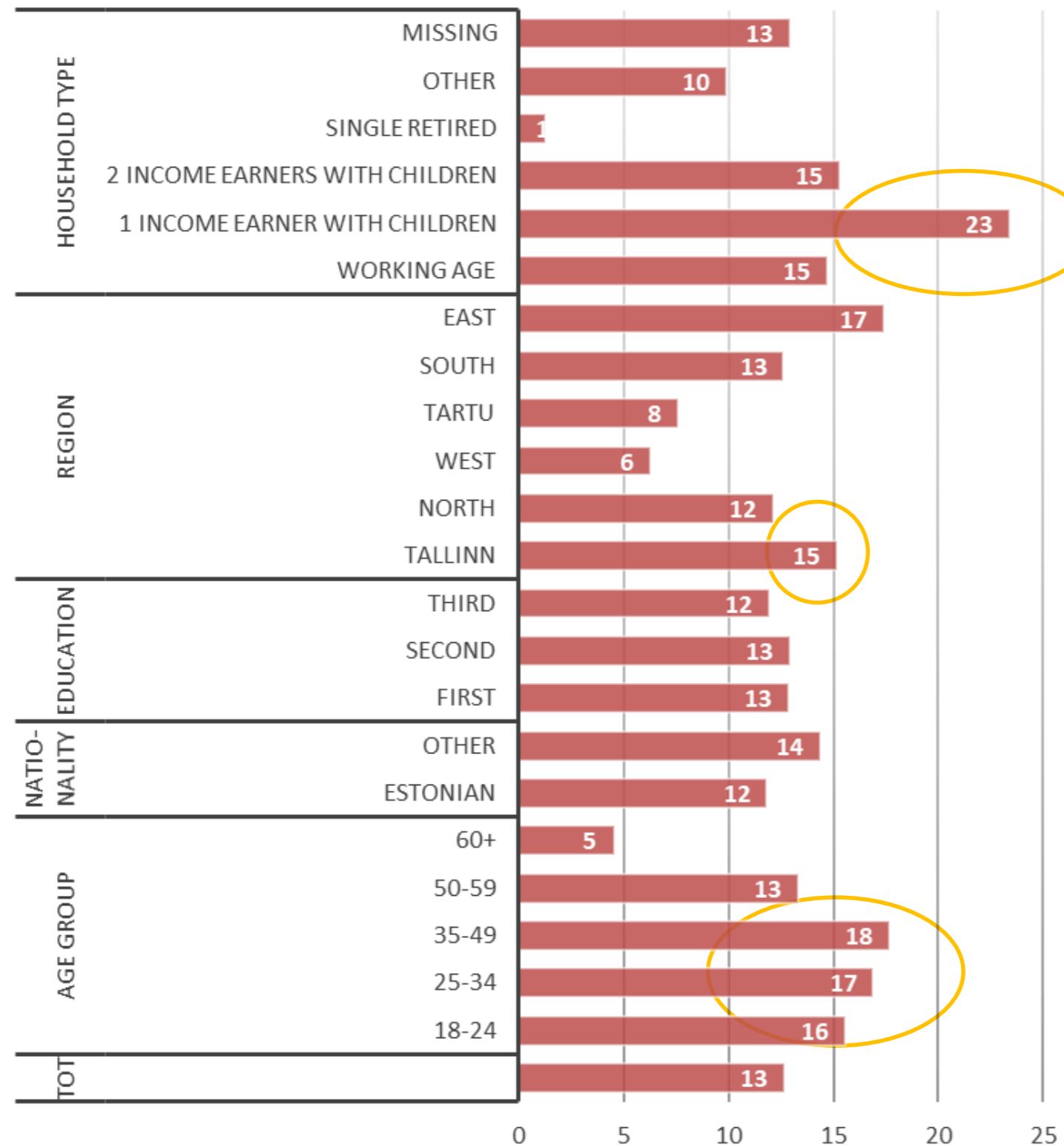
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Annual growth of average gross wage in 2020



Source: Eesti Pank Financial Stability Review 1/2021

HETEROGENEOUS EFFECTS OF COVID-19 IN ESTONIA



Survey on financial behaviour of households in Estonia:

- *field work Aug-Sept 2020*
- *face-to-face interviews*
- *978 respondents*

Households that received COVID-19 lockdown related wage subsidies (April-June 2020). More among:

- Families with children
- Families in capital region
- Age groups below 50

HETEROGENEOUS EFFECTS OF COVID-19 IN ESTONIA

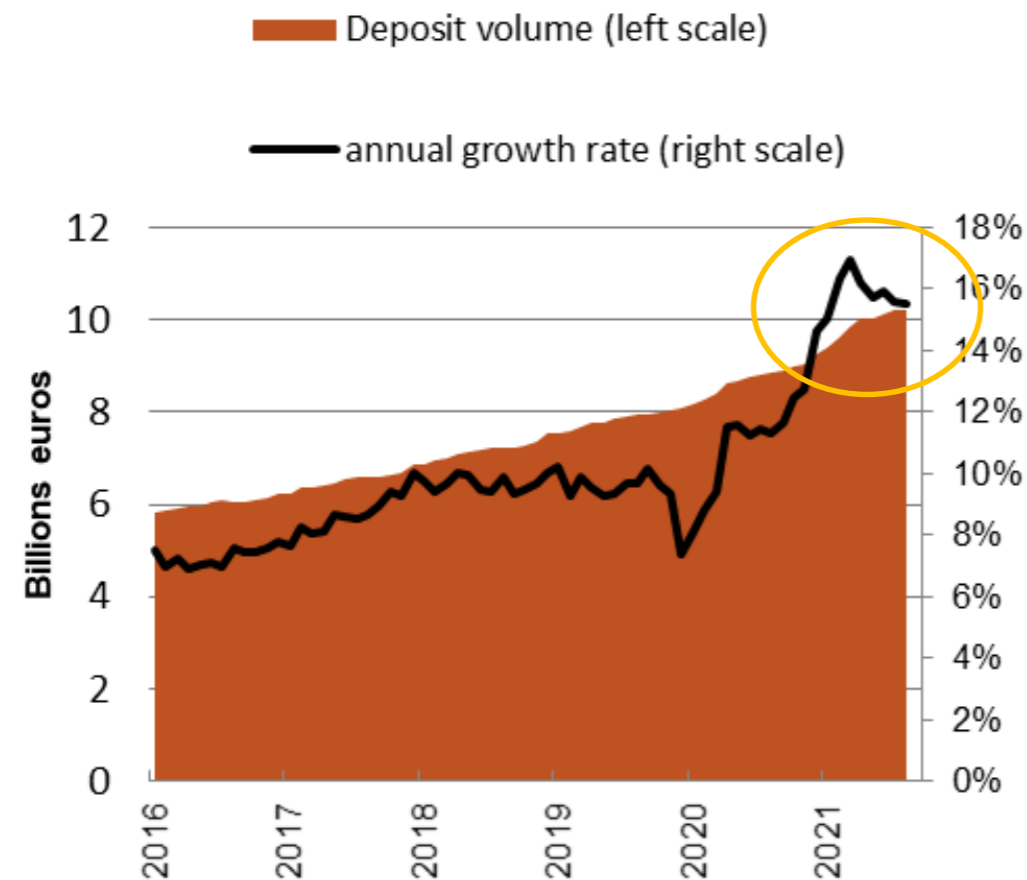


The share of households whose economic situation has improved (+) / worsened (-) over the last year (by autumn 2020):

- High income earners have faced favourable economic situation while low income earners were hit the most
- Young age groups have improved their situation
- The largest divergence among families with children

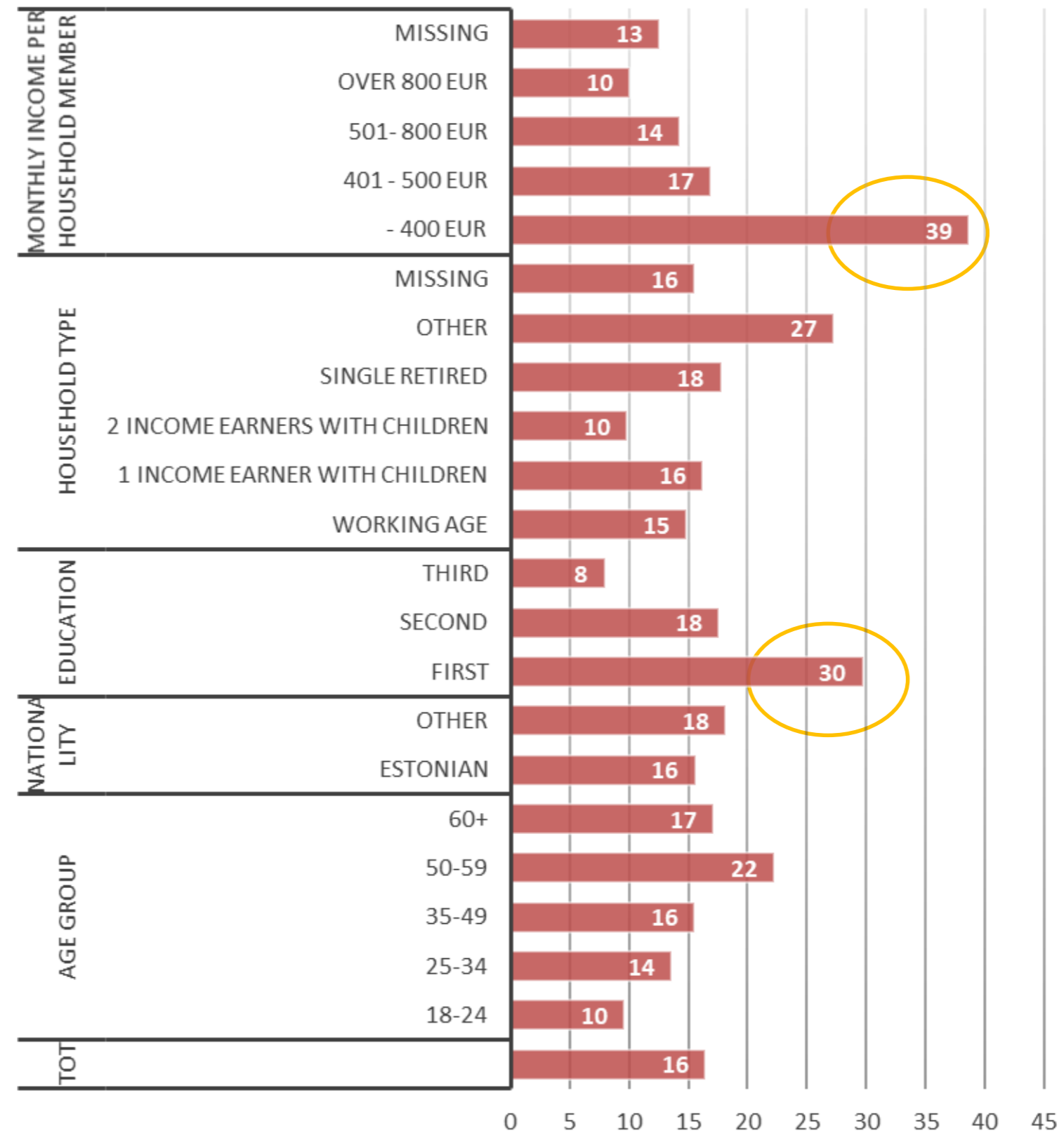
HETEROGENEOUS EFFECTS OF COVID-19 IN ESTONIA

Deposits of households in Estonia



Source: Eesti Pank

- Forced saving during pandemic period, yearly increase on deposits by 15-16% but it is distributed unevenly
- Ca 1/3 of households with low income and with low education do not report any financial savings

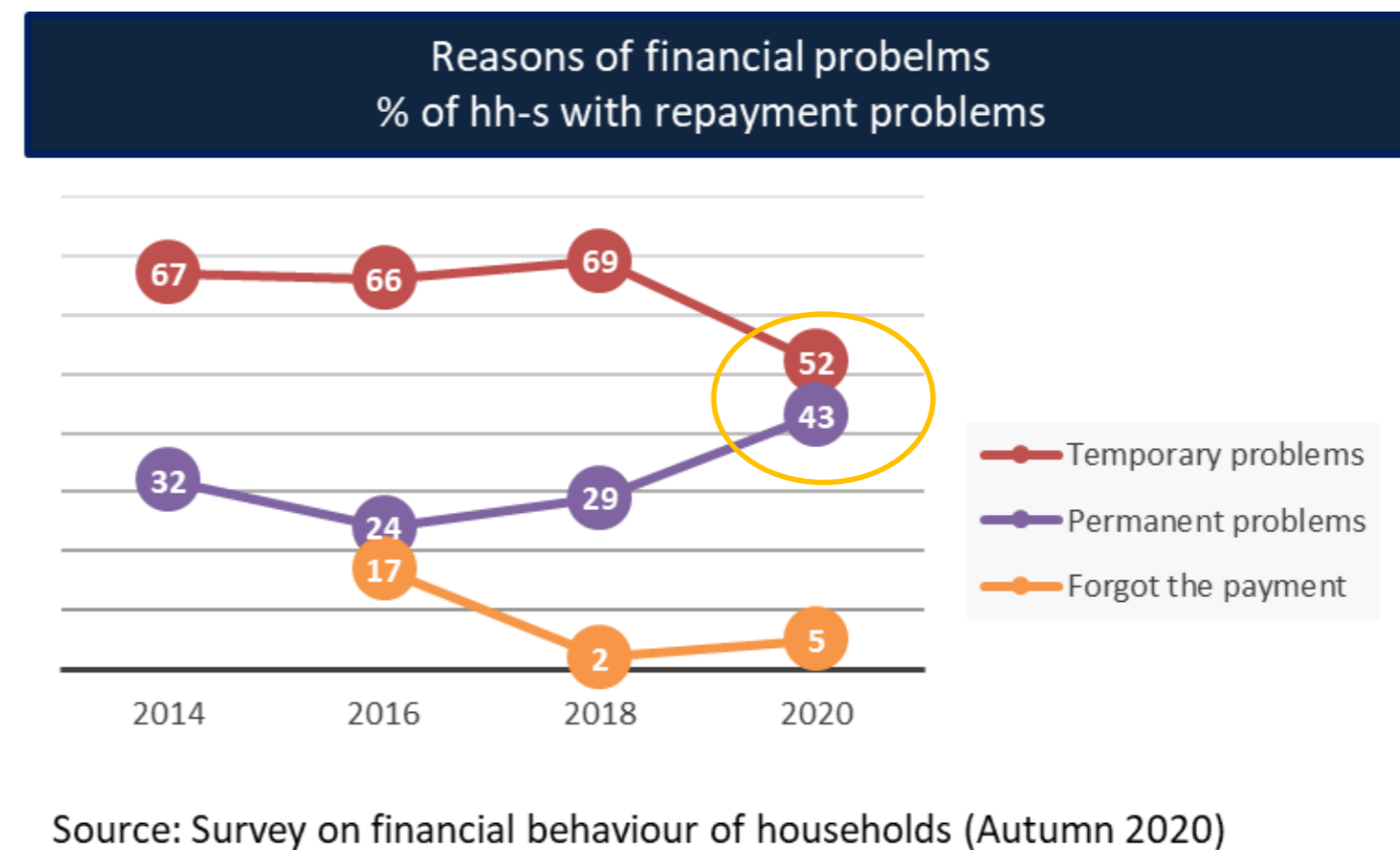
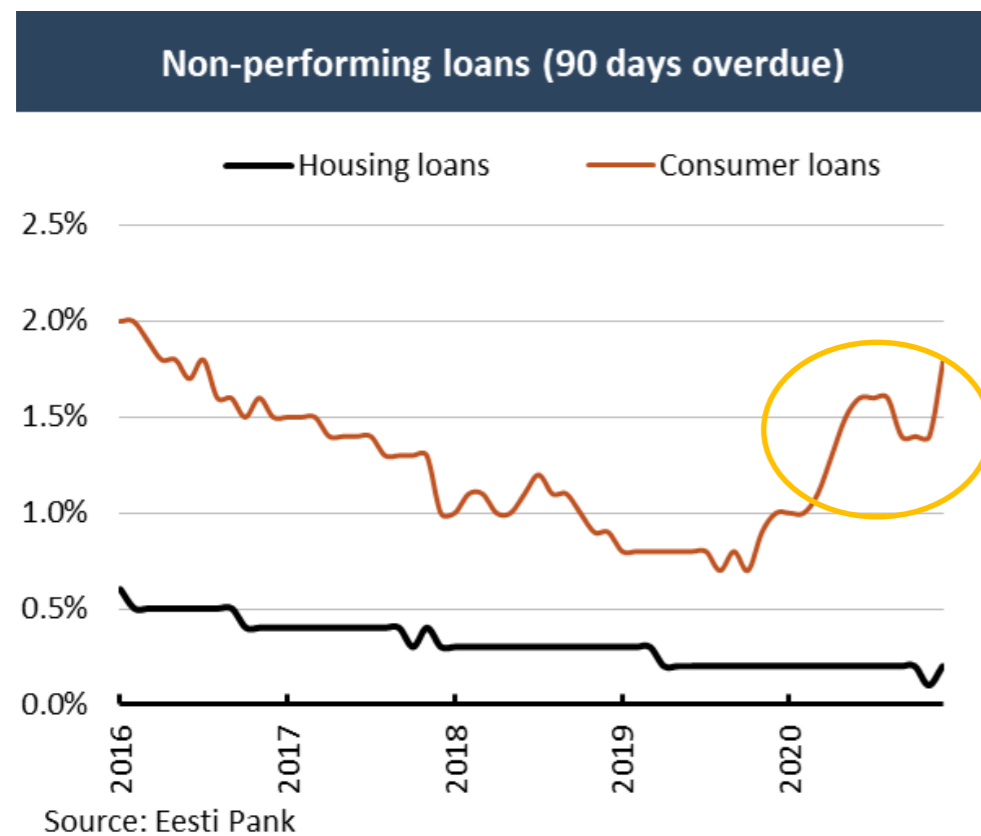


Source: Survey on financial behaviour of households (Autumn 2020)



HETEROGENEOUS EFFECTS OF COVID-19 IN ESTONIA

- Worsening financial situation of those with consumer loans while the financial situation of those with housing loans is more stable

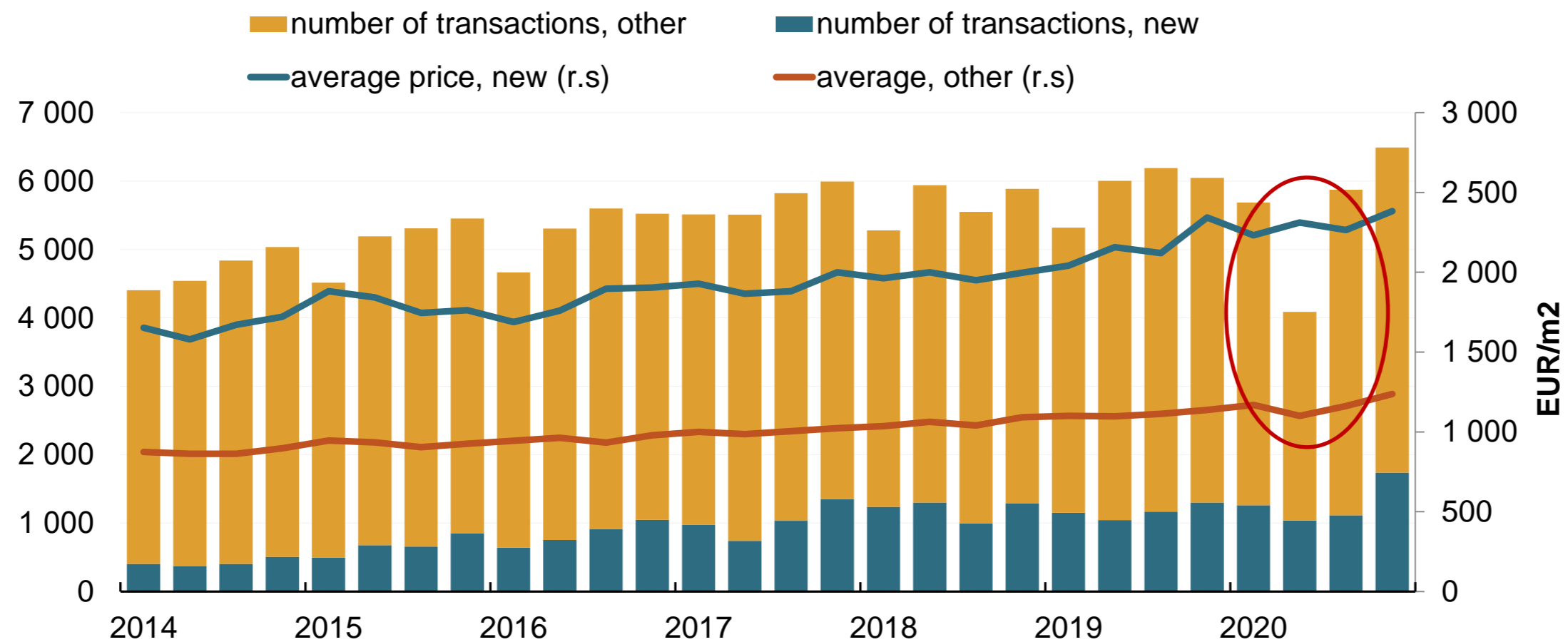


- Households with permanent financial problems have increased
- According to the survey, 28% of households with debt repayments used loan forbearance program

HETEROGENEOUS EFFECTS OF COVID-19 IN ESTONIA

- No downward pressure on the real estate market, house price index increased by 16.1% in 2021Q2

Number of transactions with apartments and average price



Source: Eesti Pank Financial Stability Review 1/2021

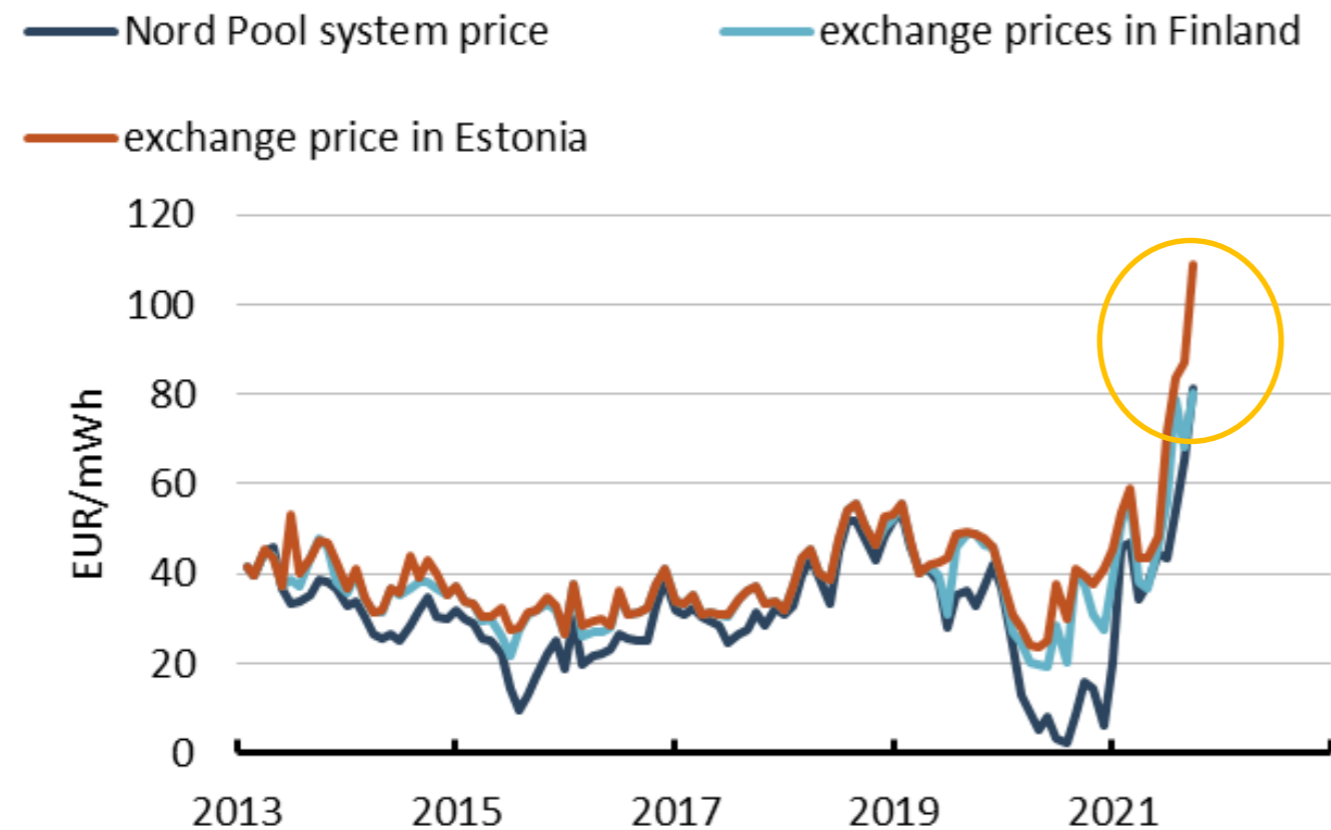
HETEROGENEOUS EFFECTS OF COVID-19 IN ESTONIA

- The Covid-19 crisis was very different from the 2008-2009 financial crisis
 - A few sectors were hit very hard while some sectors have benefitted
 - The situation on loan market has been stable while real estate market has shown rapid growth
- Other factors that have affected households during the period:
 - In September 2021, 20% of pension II pillar owners in Estonia withdraw their pension savings from II pillar → temporary improvement in financial situation
 - At the end of 2020, the main share in a unicorn start-up (Pipedrive) was sold → ca 450 employees in Estonia, many with stock options → additional flow of funds into real estate
- How much has economic and financial inequality of households increased in Estonia? → Need more comprehensive survey and/or register data → Household Finance and Consumption Survey (HFCS)

NEW CHALLENGES FOR HOUSEHOLDS IN ESTONIA

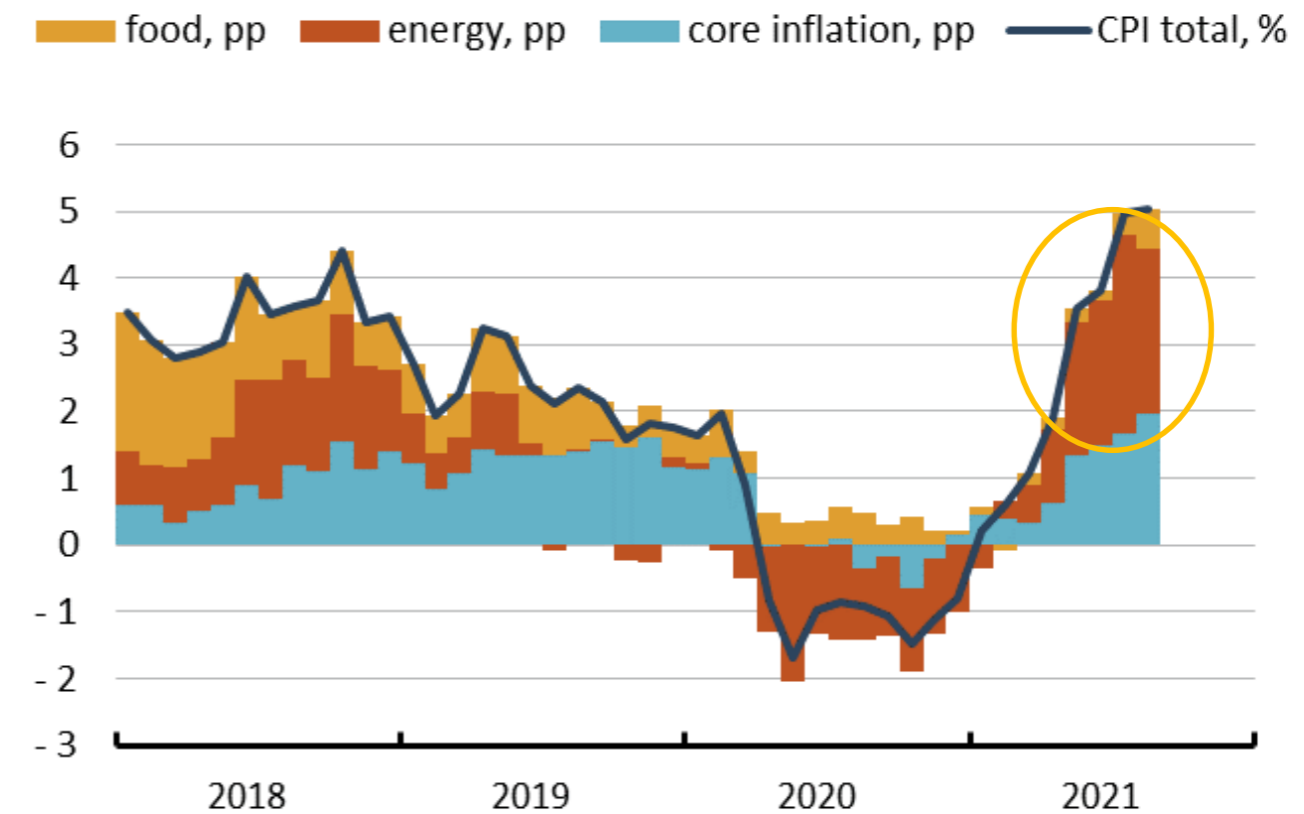
➤ Rising electricity price and inflation

Electricity exchange prices



Sources: Eesti Pank, Estonian economy and monetary policy 3/2021

CPI growth



Sources: Eesti Pank, Estonian economy and monetary policy 3/2021

- The share of energy costs in the household's budget in Estonia is on average 12.5% (EU average 9%)



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THANK YOU!

