



16 December 2020

@TheIFS

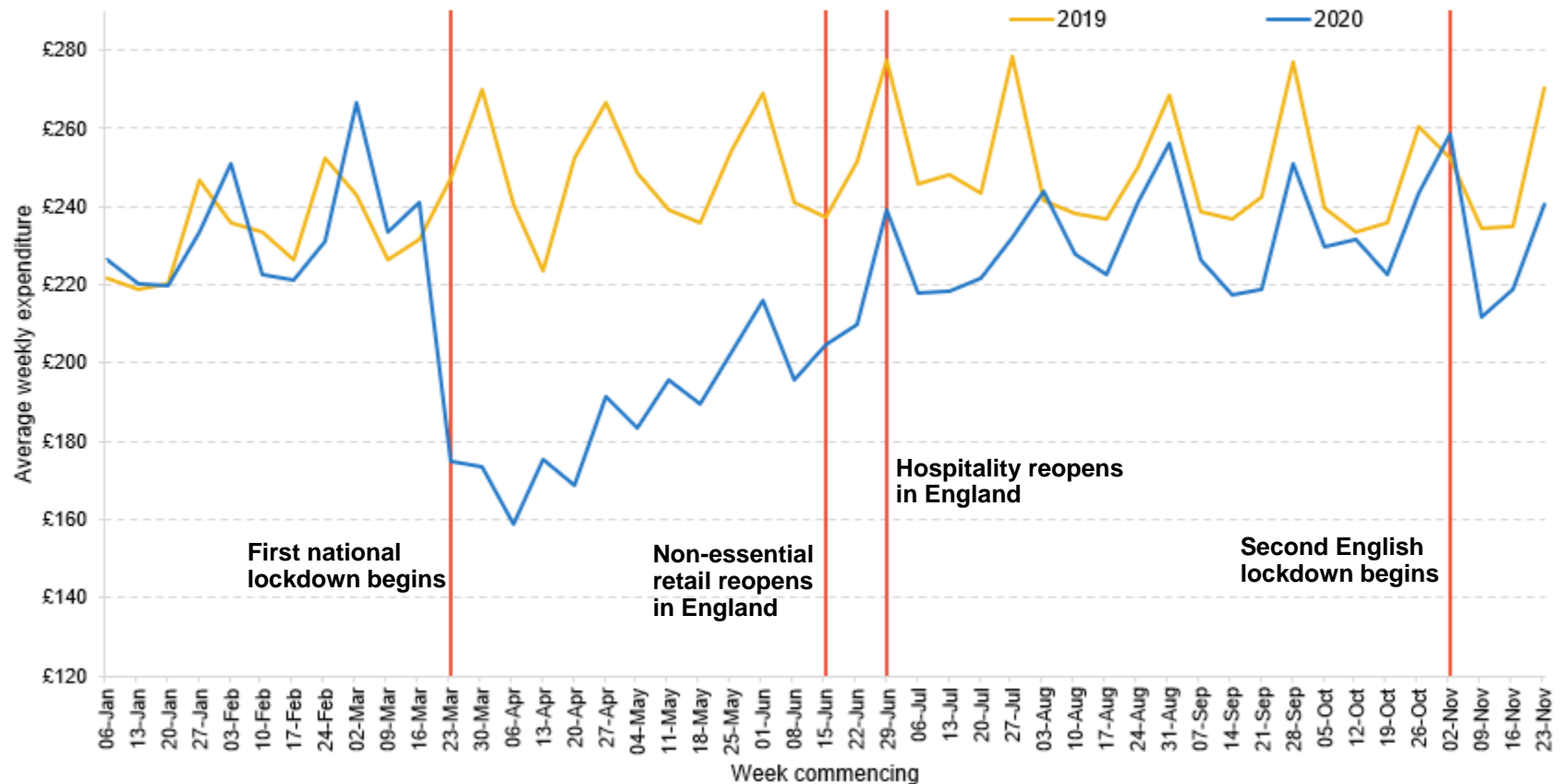
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Spending during the Covid-19 crisis



- Consumer spending patterns have changed a lot in 2020 due to the impacts of the pandemic and the policy response to this.
- We will look at:
 1. Changes in consumer spending over 2020 across different parts of the economy.
 2. Differences across nations and regions in consumer spending
 3. How this spending related to Covid-19 prevalence
 4. And how this was impacted by local restrictions.
 5. How spending and income changes have combined to drive changes in savings.

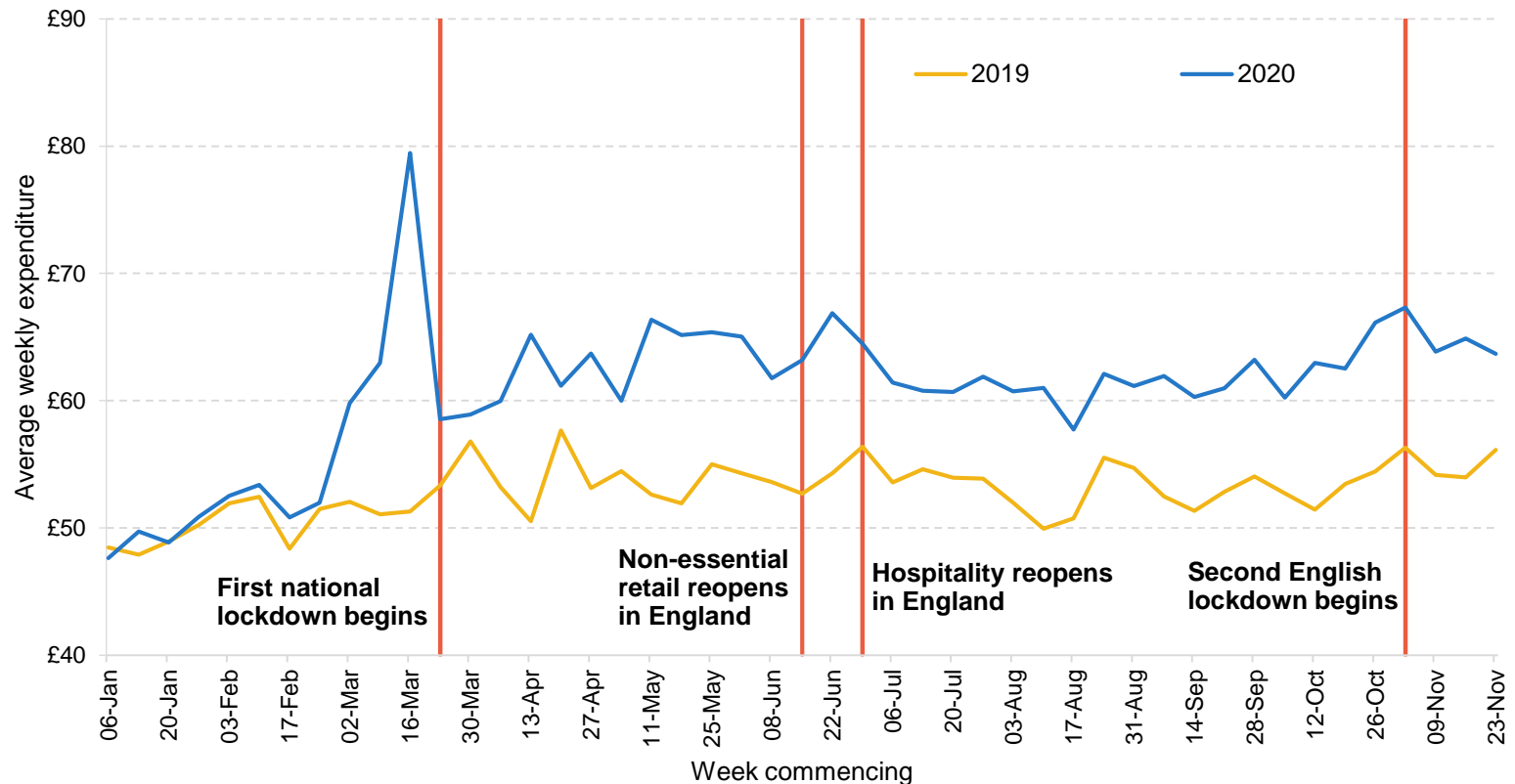
Total spending each week



Source: Figure 3.1 in Davenport et al (2020).

Spending patterns have changed

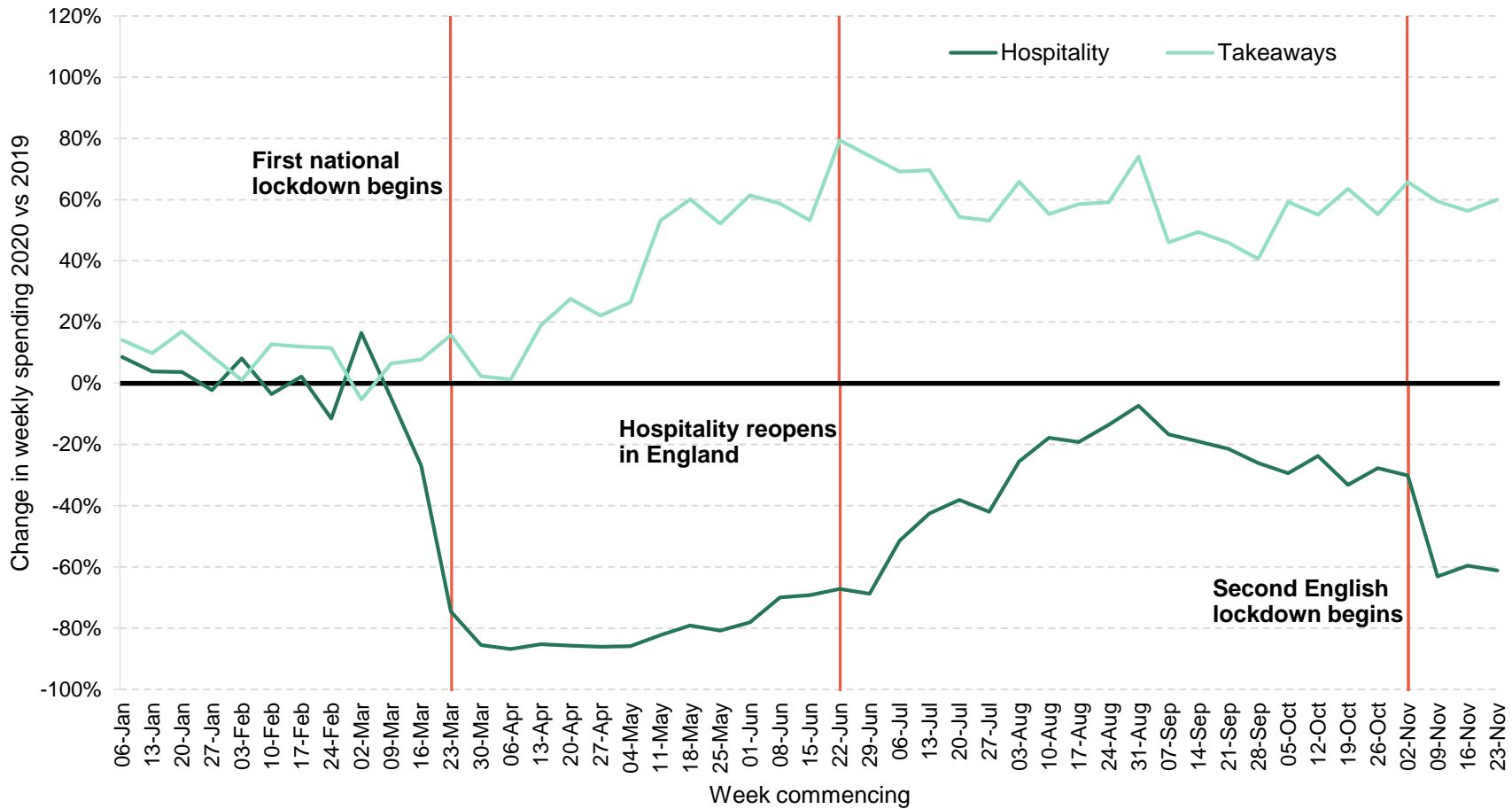
Grocery spending – higher even after the initial stockpiling ended



Source: Figure A.4. in Davenport et al (2020).

Spending patterns have changed

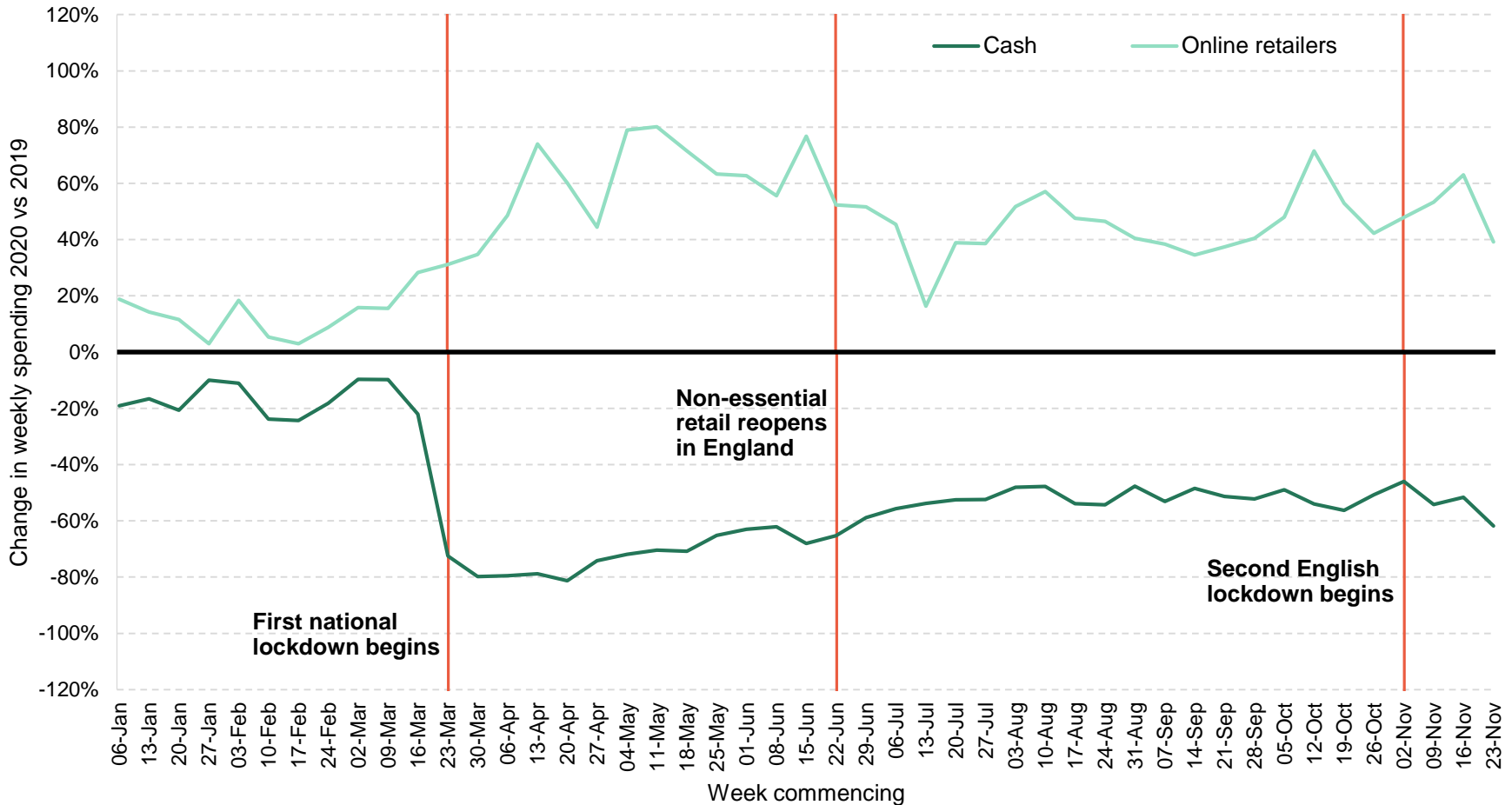
Consumers switched from spending on restaurants to takeaways



Source: Figures A.1. and A.5. in Davenport et al (2020).

Spending patterns have changed

And from spending in store to spending online



Source: Figure A.2. in Davenport et al (2020).

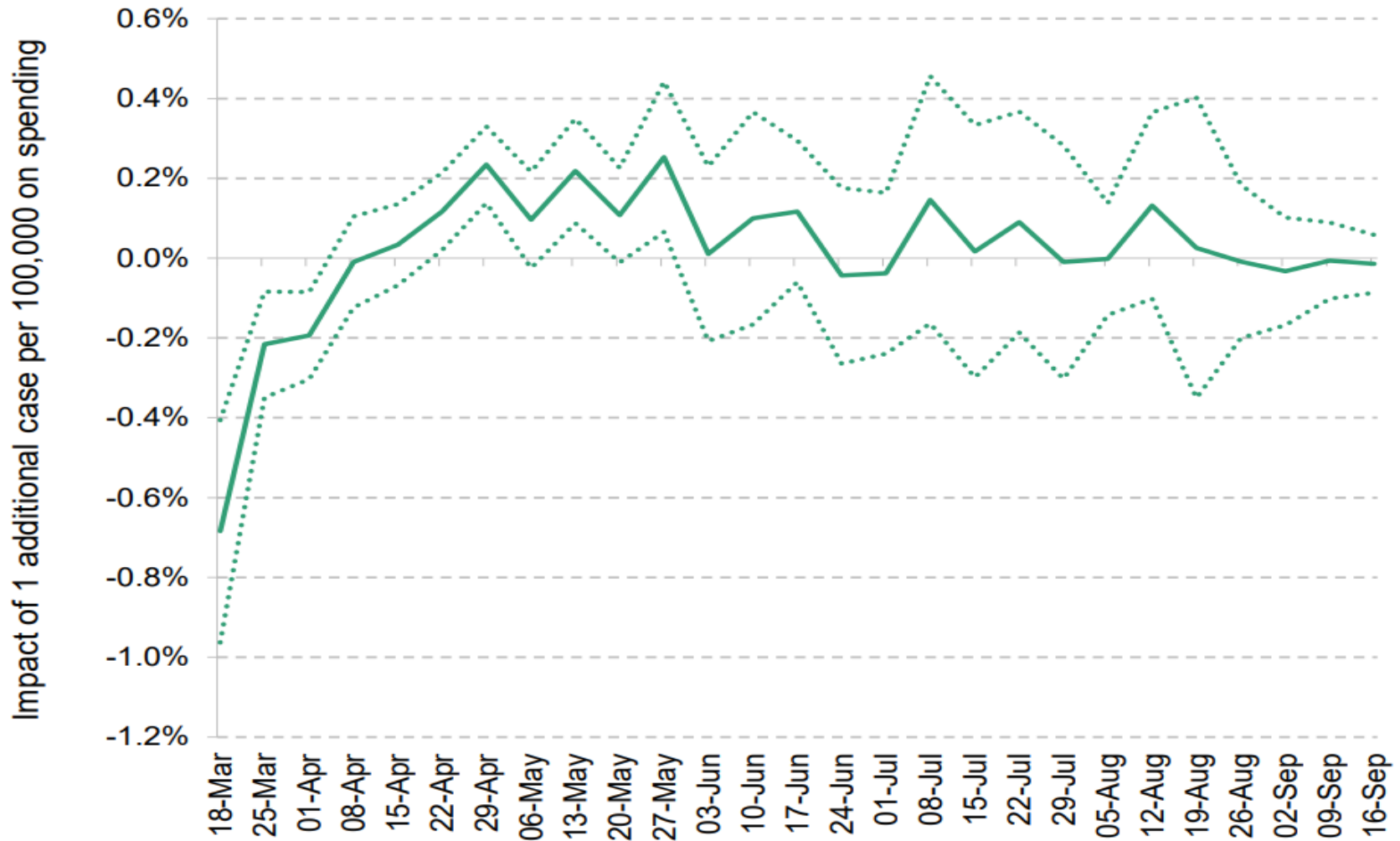
Trends across the country

Index of real consumer spending in 2020 (100 = January – February 2020)



Source: Figure 4.3. in Davenport et al (2020).

Local case prevalence did not usually affect spending

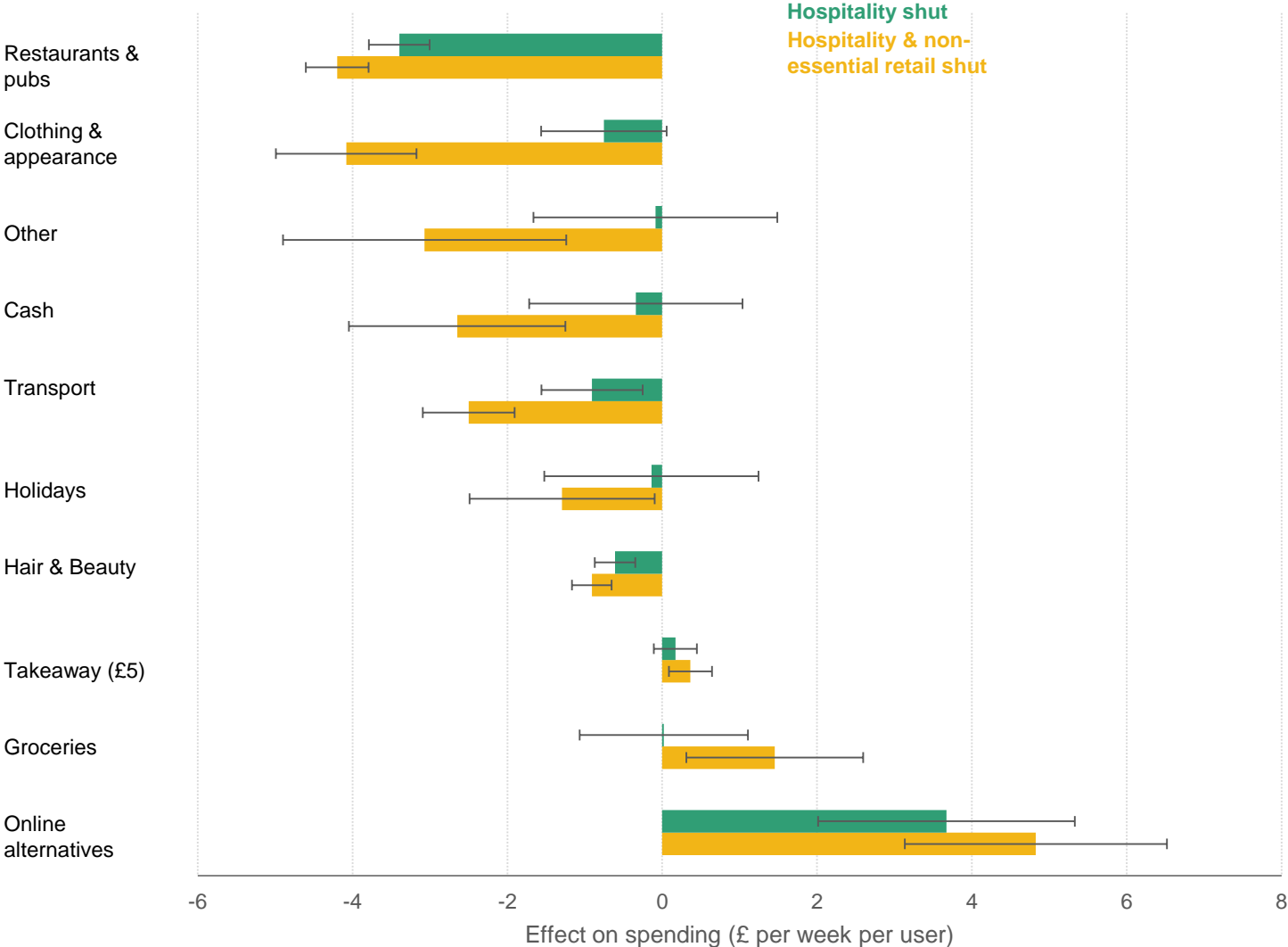


Local restrictions have important impacts



- We look at how varying local restrictions relative to a baseline of social distancing relates to spending. There are 3 types of additional restrictions;
 1. Restrictions on hospitality (eg no indoor household mixing, current England tier 2)
 2. Closure of hospitality (eg current England tier 3).
 3. Closure of hospitality and non-essential retail (eg the second England lockdown).

Local restrictions have important impacts



Considerable 'forced saving' took place during the first lockdown



Source: Figure 5.1 in Davenport et al (2020).

In conclusion

- The first national lockdown had much larger effects on overall spending than subsequent restrictions have.
- Some changes in patterns of spending seem persistent.
- Areas that saw higher spending pre-crisis have recovered less well – geographic inequalities in spending have fallen.
- Local covid case rates do not seem to have a large impact on spending.
- But local policies and restrictions do have important impacts on the pattern of spending.