1. Title
Household Behaviour: The COVID-19 “Dance” Phase

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3. Abstract
Until a vaccine arrives, forecasting economic activity is even more difficult than usual. For example, in the UK it is striking to see the difference between the IMF’s baseline scenario GDP loss of 6.5% for 2020, and the Office for Budget Responsibility’s “reference scenario” which projects a loss of 12.8%. In this unusual time, one of the main challenges is to understand how this crisis affects the consumption and investment demands of households. This research project aims to shed light on these unknown variables with a representative survey. First, we want to investigate how the crisis has already changed investment and consumption demands. Second, we want to understand the expected consumption and investment behaviour of households when lockdown restrictions are progressively lifted but prior to an effective treatment or vaccine being available. Knowledge on this point will be crucial for predicting the shape (V, U, L) of the future economic recovery. Do households expect to go back to their pre-crisis consumption and investment patterns, or do they plan to reduce consumption and increase saving? Which products or services do households plan to reduce, increase, or substitute? And to what degree? Third, we aim to understand the underlying reasons for the changes in behaviour. Fourth, we will investigate the household’s perception on the necessity of retaining various COVID-19 containment measures until the vaccine arrives.

4. Data description
As a first step, we launch an online-survey collecting responses in Europe (e.g., Austria, France, Germany, Italy, Spain, The Netherlands, United Kingdom) and Asia (e.g., China, Vietnam and Taiwan). The first results will be reported soon. Second, our questions have also been incorporated into the representative Survey of Households’ Expectations run by the Bank of Canada. We plan to report these results by the end of June. Third, we are in the process to include more Central Banks in the project to cover a wider range of countries with representative samples.

5. JEL codes for the project
E21, E66, E70

6. Key-words
COVID-19; household finance; household behaviour; consumption; investment; expectations; cross-country differences.

7. More information/URL:
https://sites.google.com/site/stefaniehuber/research/covid-19-dance-phase?authuser=0