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Member of the Executive Board

Expectations surveys: a tool for research and monetary policy

Second joint European Central Bank – Federal Reserve Bank of New York conference on expectations surveys: a tool for research and monetary policy

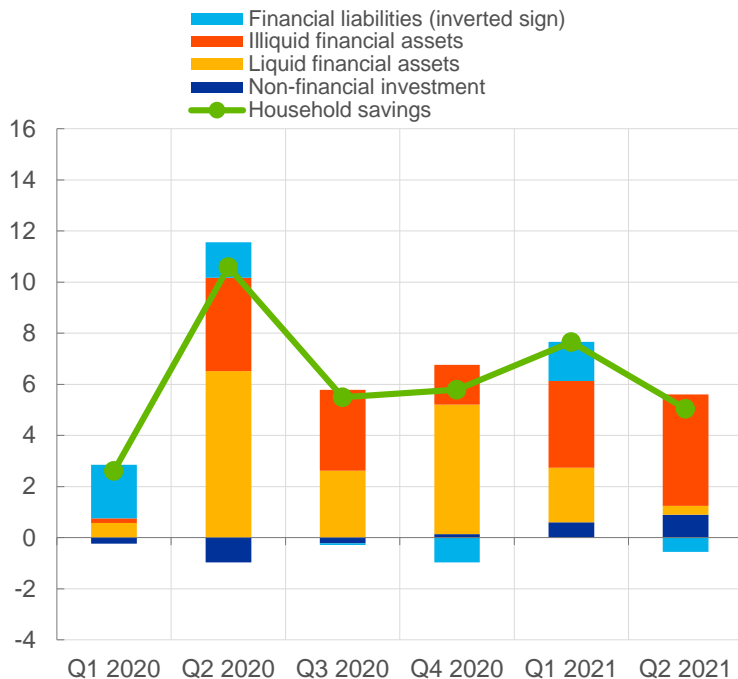
11 November 2021

- Introduction
- Using the ECB's Consumer Expectations Survey for policy
 - Household savings during the pandemic
 - The effectiveness of targeted government support
 - The importance of monetary policy communication with the public
- Concluding remarks

Aggregate analysis of household saving rate

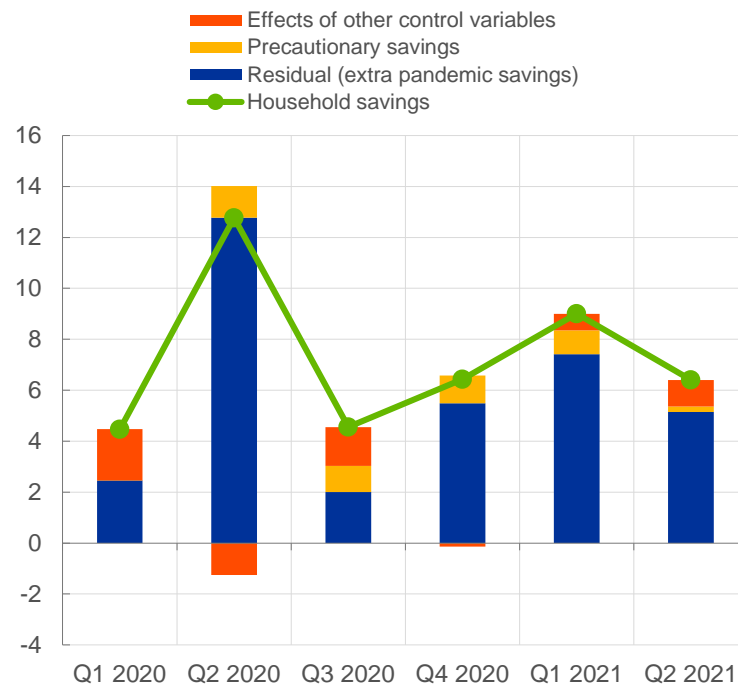
Breakdown by saving instruments

(Percentage points, change w.r.t. 2019)



Breakdown by economic drivers

(Percentage points, change w.r.t. 2019 Q4)

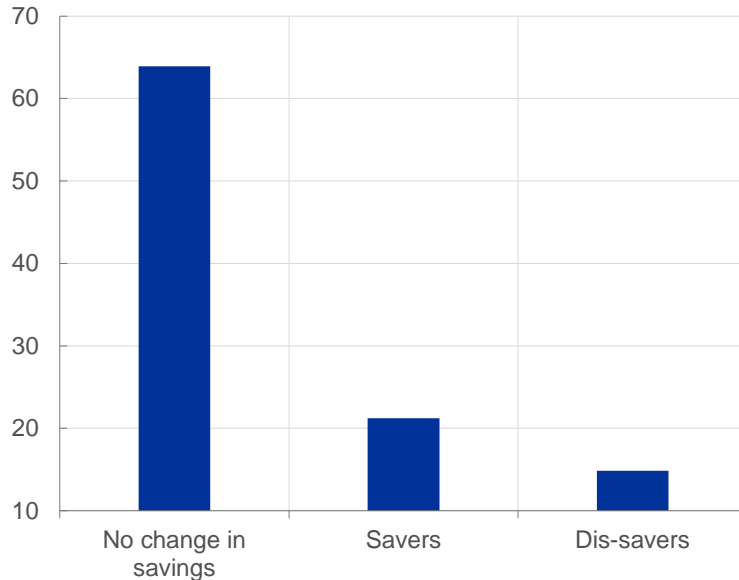


Sources: Eurostat and ECB calculations.

Notes: The saving rate is measured as a percentage of gross disposable income. The left-hand chart uses non-seasonally adjusted data and shows the change in the saving rate with respect to the corresponding quarter of 2019. The right-hand chart uses seasonally adjusted data and shows the change in the saving rate with respect to the fourth quarter of 2019. The saving rate in the left-hand chart differs somewhat from the saving rate in right-hand chart owing to statistical discrepancies between the financial and non-financial accounts, as well as a different reference quarter owing to the use of non-seasonally adjusted data.

Disaggregate analysis of household savings

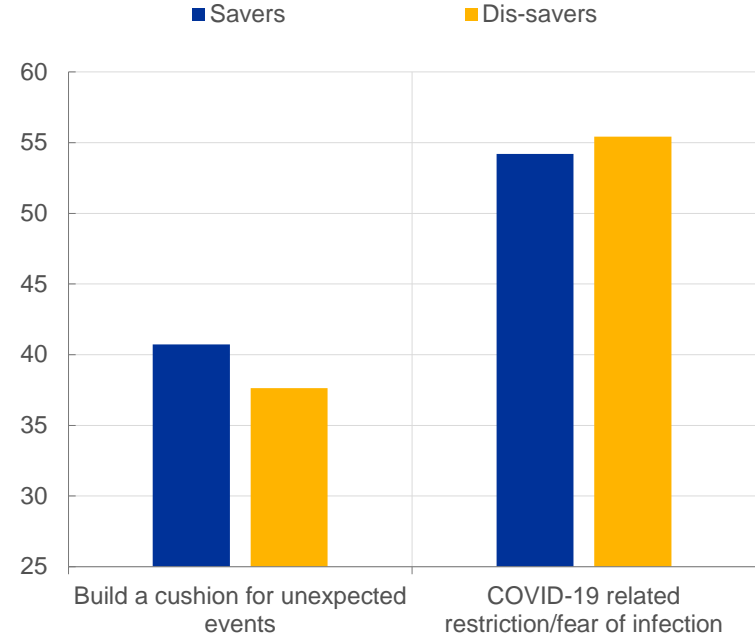
Share of savers and dis-savers (% of all respondents)



Source: ECB Consumer Expectations Survey (CES) – March 2021.

Note: "Since January 2020, has your household added any money to, or withdrawn any money from your savings or financial investments? This does not include any changes in those investments resulting from changes in the financial market prices." All reported numbers are aggregated using individual household weights.

Motives for (dis)-saving (% of savers/dis-savers)



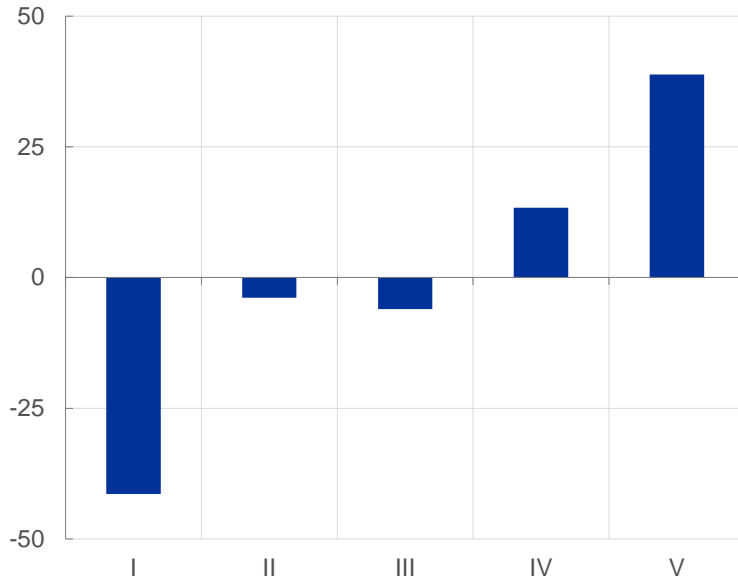
Source: ECB Consumer Expectations Survey (CES) – March 2021.

Note: "How important have each of the following been in your household's decision to add more/withdraw more from your savings or financial investments than to withdraw from/add to them?" All reported numbers are aggregated using individual household weights.

Disaggregate analysis of household savings

Net savings across the income distribution

(Net savings among respondents with COVID-19-related reasons as the most important motivation for (dis-)saving, by income quintile; % of monthly income)

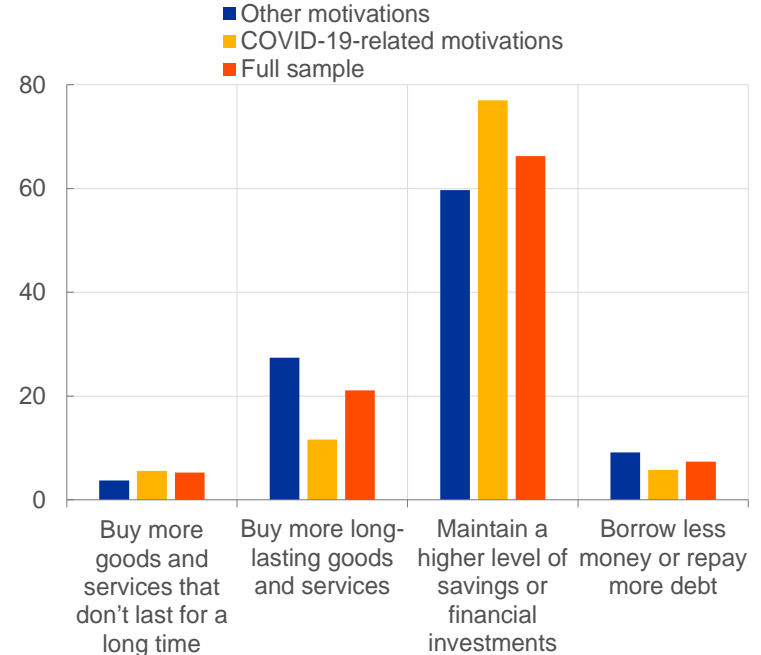


Source: ECB Consumer Expectations Survey (CES) – March and May 2021.

Note: Results have been consolidated across savers / dis-savers. Savings/dis-savings refer to the period January 2020-May 2021. All reported numbers are aggregated using individual household weights.

Use of net savings in the next year

(% of net savings)

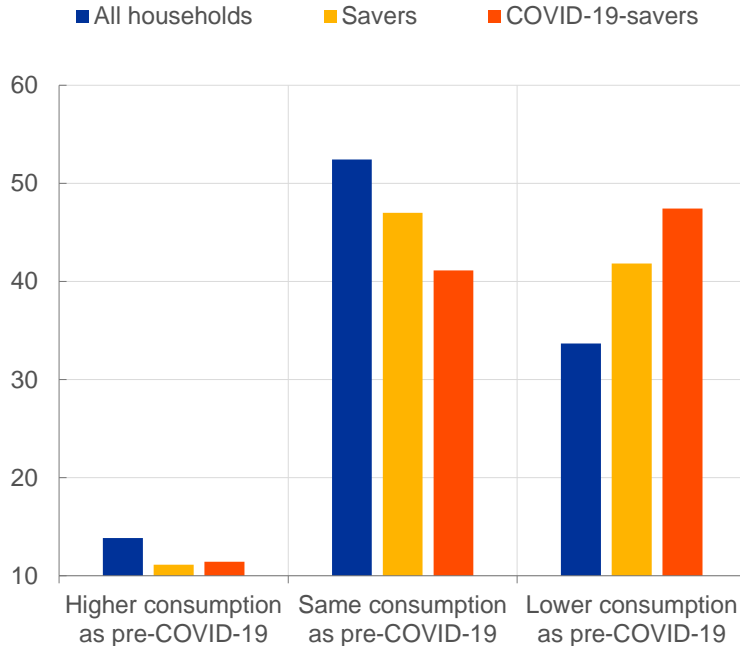


Source: ECB Consumer Expectations Survey (CES) – April 2021.

Note: For each of the adjustment margins results have been consolidated across savers / dis-savers. Net savings refer to the amounts accumulated since January 2020. "How important have each of the following been in your household's decision to add more to/ withdraw more from your savings or financial investments than to withdraw from/add to them?" "Over the next twelve months how do you plan to use/to react this additional/ reduced amount of savings or financial investments." All reported numbers are aggregated using individual household weights.

Consumption over the last 12 months compared to pre-COVID-19

(% of respondents)

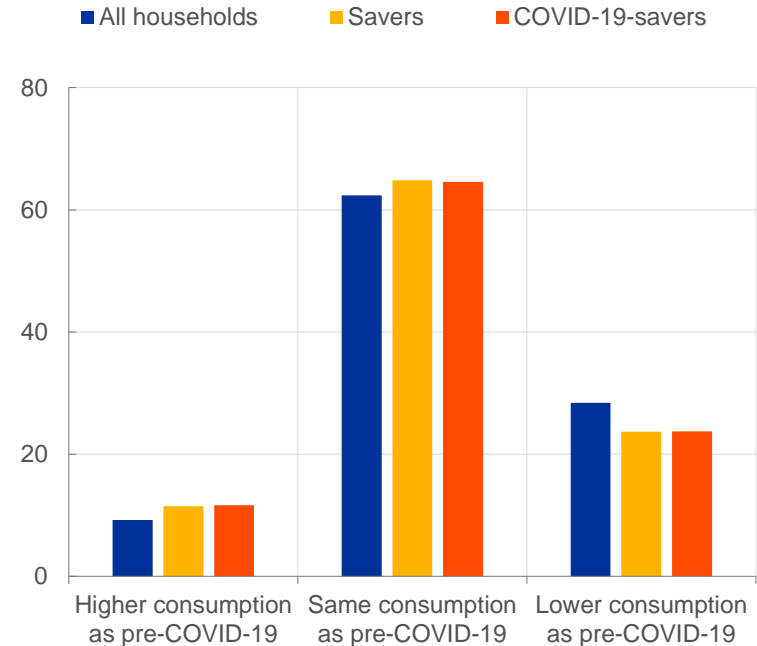


Source: ECB Consumer Expectations Survey (CES) – July 2021.

Note: "Which of the following best describes your household's total consumption of all goods and services over the past twelve months? Your consumption was higher than / about as much as / lower than what your household used to consume on average prior to the COVID-19 pandemic." All reported numbers are aggregated using in weights.

Consumption over the next 12 months compared to pre-COVID-19

(% of respondents)

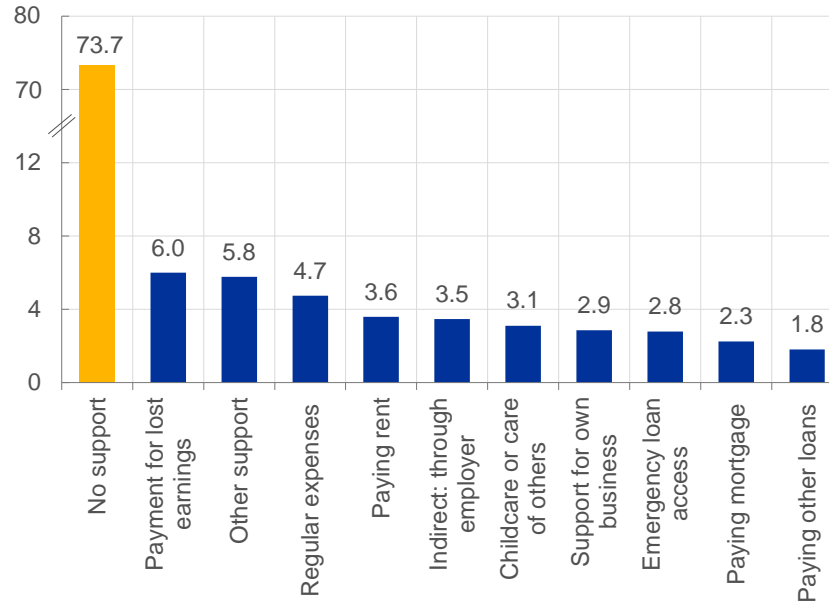


Source: ECB Consumer Expectations Survey (CES) – July 2021.

Note: "Which of the following best describes your household's total consumption of all goods and services over the next twelve months? You plan to consume more/about as much as/ less than what your household used to consume on average prior to the COVID-19 pandemic." All reported numbers are aggregated using individual household weights.

Types of COVID-19-related government support

(% of respondents indicating they received support, by type)



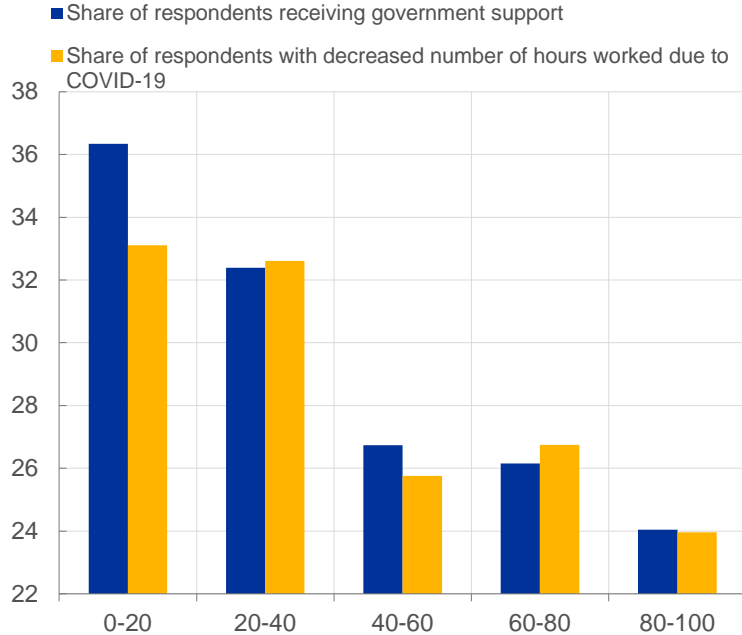
Source: ECB Consumer Expectations Survey (CES) – September 2021.

Note: "In response to the coronavirus (COVID-19) outbreak, governments are introducing policies to support households, workers and businesses. Please indicate whether your household has received such support in any of the following forms since January 2020." All reported numbers are aggregated using individual household weights.

Targeted nature of government support

Lower hours worked and government support

(x-axis: income percentiles, y-axis: % of respondents)

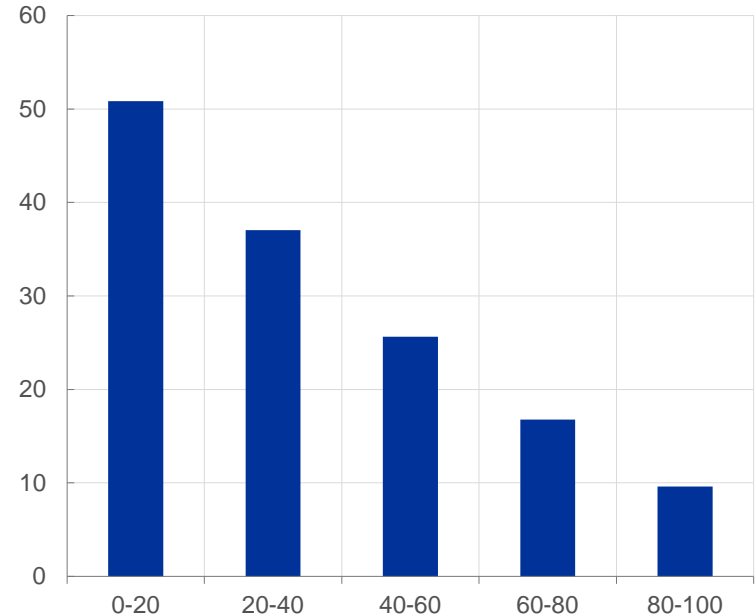


Source: ECB Consumer Expectations Survey (CES) – June 2020.

Notes: All reported numbers are aggregated using individual household weights.

Liquidity-constrained households

(x-axis: income percentiles, y-axis: % of respondents)



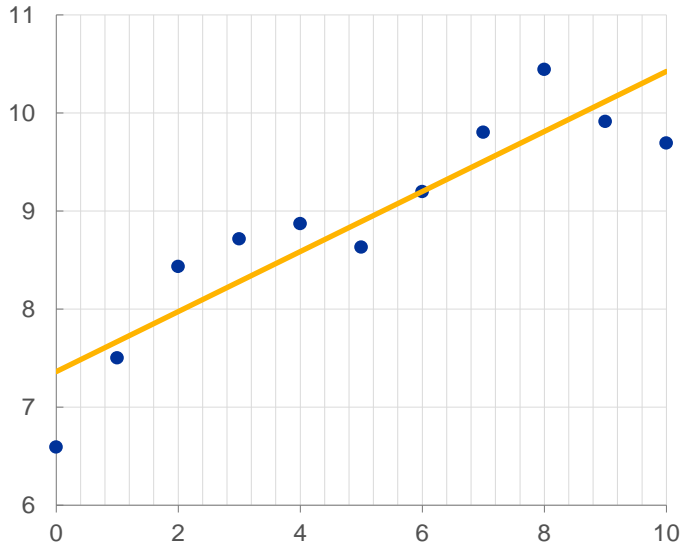
Source: ECB Consumer Expectations Survey (CES) – June 2020.

Notes: Households are considered as liquidity-constrained if they report that they are not able to pay for an unexpected expense equalling one month of their household income. All reported numbers are aggregated using individual household size weights.

Perceived adequacy of government support and consumption

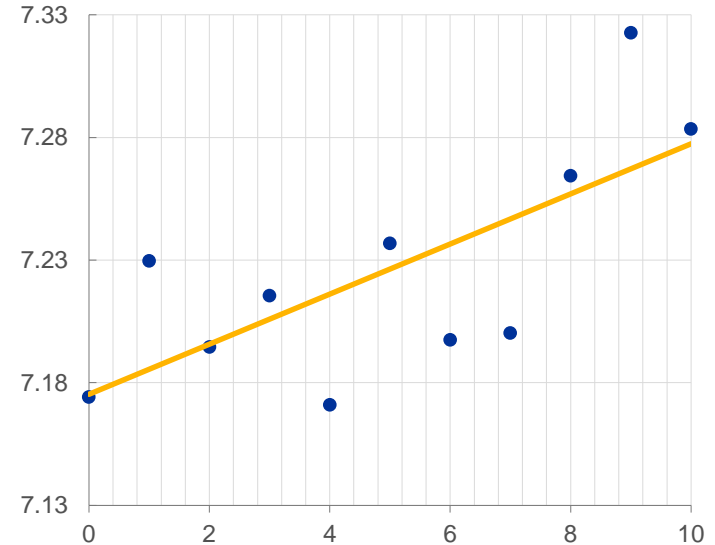
Holiday purchases vs. perceived adequacy of government support

(x-axis: perceived government support;
y-axis: % of respondents purchasing a holiday)



Non-durable consumption vs. perceived adequacy of government support

(x-axis: perceived government support;
y-axis: log consumption non-durables)



Source: ECB Consumer Expectations Survey (CES) – July 2020 - August 2021.

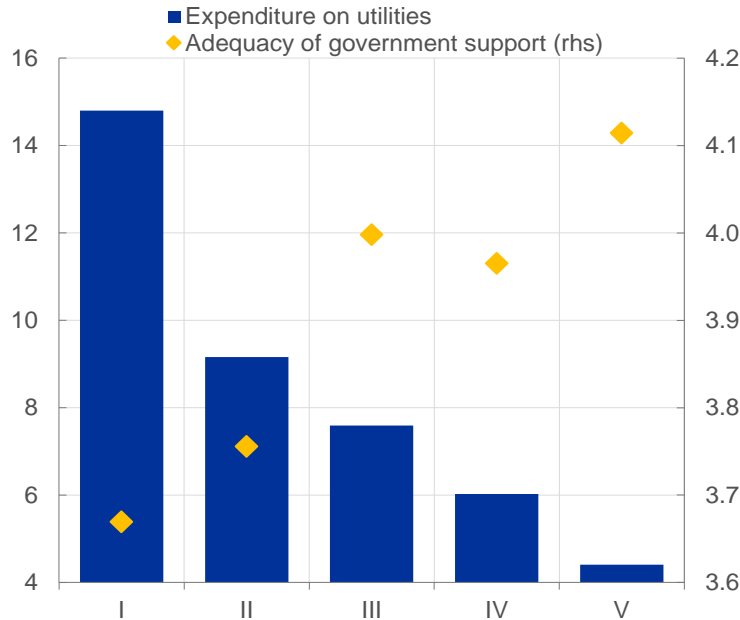
Note: The question on consumption reads: "Which of the following have you purchased in the past 30 days? Please select all that apply."

Source: ECB Consumer Expectations Survey (CES) – July 2020 - July 2021.

Note: The question on consumption is asked on a quarterly frequency and reads: "During <last month>, how much did your household spend on goods and services on each of the individual components listed below?" Numbers exclude debt repayments and are taken from a follow-up checking screen on the entered amounts of past-month spending.

Adequacy of government support across the income distribution

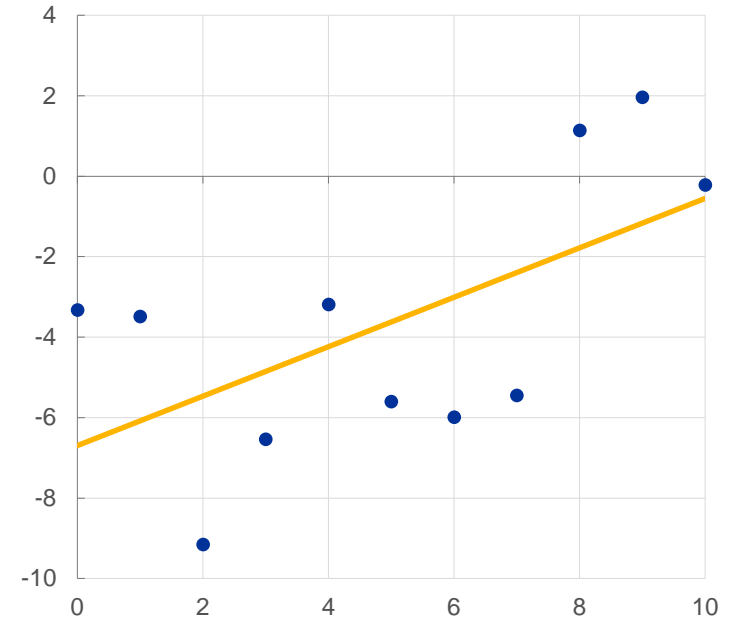
(x-axis: income quintiles; y-axis: % of monthly income (lhs), adequacy scale 0-10 (rhs))



Source: ECB Consumer Expectations Survey (CES) – October 2021.
Note: Quintiles refer to the distribution of net monthly income. Spending on utilities refers to the average spending on utilities reported in July and October 2021 as a share of net monthly income. All reported numbers are aggregated using individual household weights.

Revision in holiday plans and adequacy of government support w.r.t. energy prices

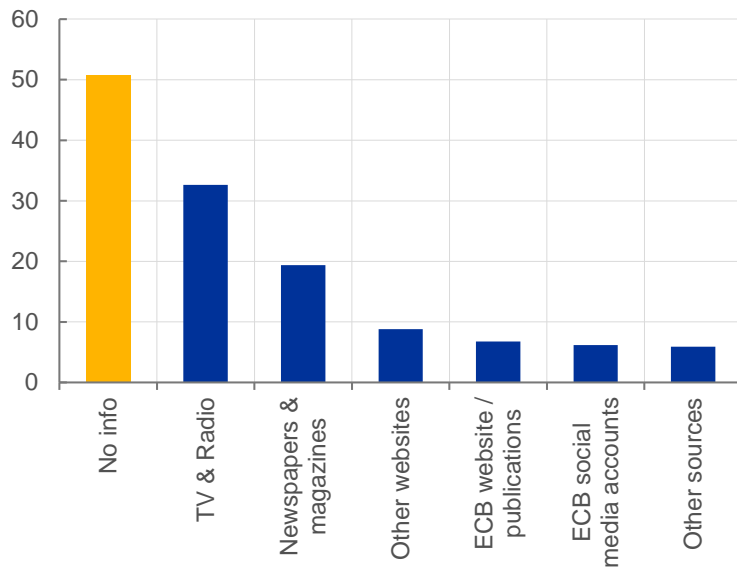
(x-axis: adequacy of government support, scale 0-10; y-axis: change in % of respondents purchasing a holiday, pp)



Source: ECB Consumer Expectations Survey (CES) – October 2021.
Note: Households are asked to report their intention to purchase a holiday over the next 12 months. The revision in holiday plans refers to the change between July and October 2021 in the share of households planning a holiday in the next 12 months. All reported numbers are aggregated using individual household weights.

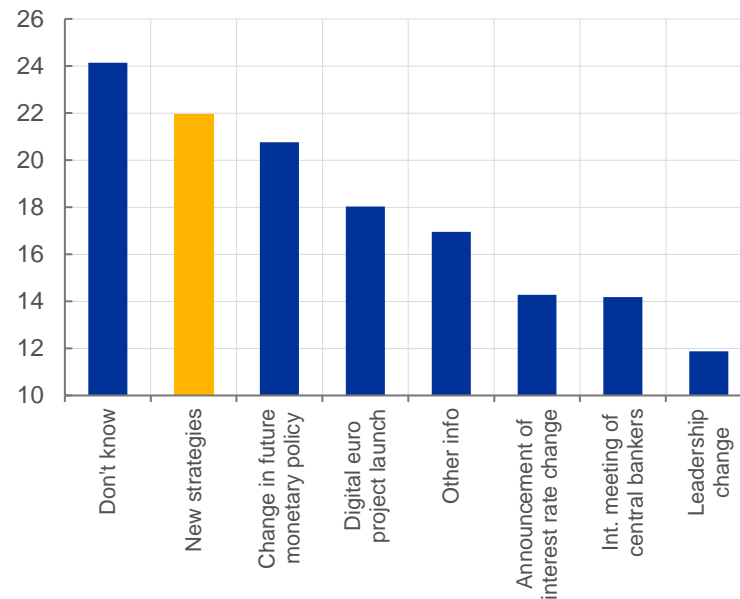
Information about the ECB: channels

(% of all respondents, by information source)



Information about the ECB: topics

(% of respondents who have seen or heard information about the ECB, by topic)



Source: ECB Consumer Expectations Survey (CES) – September 2021.

Note: "In the past two months, have you seen or heard information about the European Central Bank (ECB) from any of the following sources?" Apart from "No info", all other options are not mutually exclusive, leading to a total sum higher than 100% of the respondents. All reported numbers are aggregated using individual household weights.

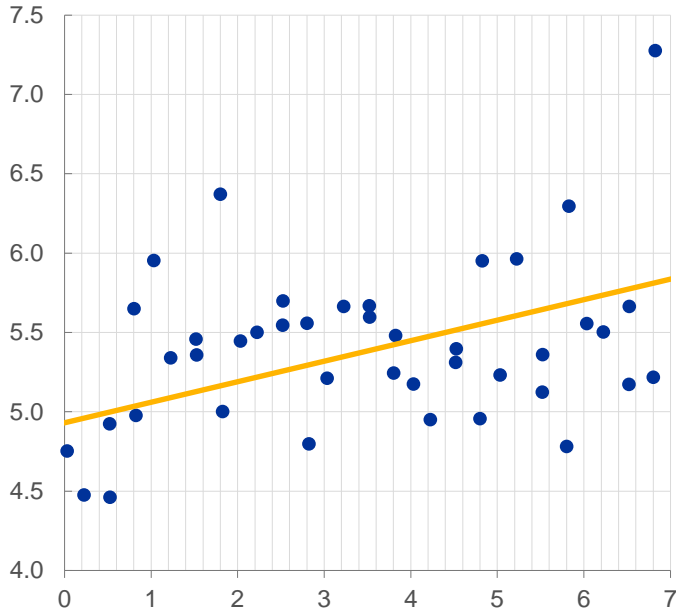
Source: ECB Consumer Expectations Survey (CES) – September 2021.

Note: "What were the main pieces of information about the European Central Bank (or its monetary policy) that you heard about in the past two months?" Apart from "Don't know", all other options are not mutually exclusive, leading to a total sum higher than 100% of the respondents. All reported numbers are aggregated using individual household weights.

Knowledge about the ECB, trust, and inflation expectations

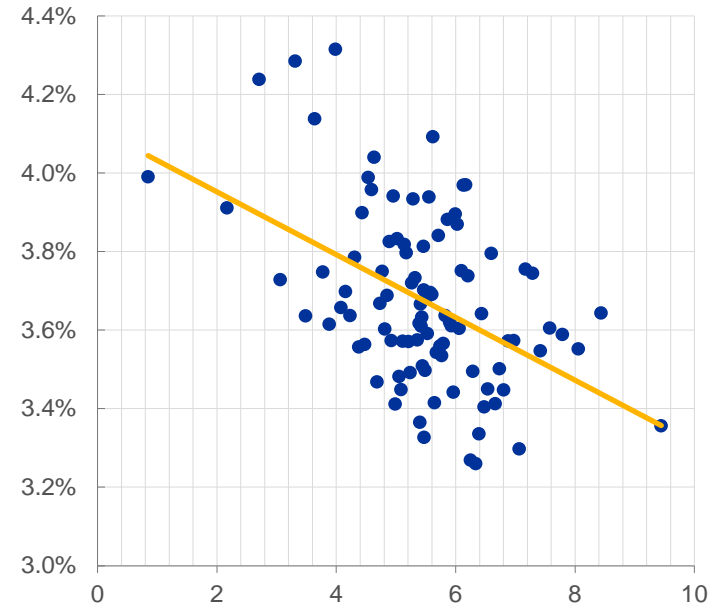
Knowledge about and trust in the ECB

(x-axis: ECB knowledge score, range 0-7;
y-axis: trust in the ECB score, range 0-10)



Trust in the ECB and expected inflation

(x-axis: trust in the ECB score, range 0-10;
y-axis: expected inflation, 12 months ahead)



Source: ECB Consumer Expectations Survey (CES) – May 2020.

Note: The panel uses May 2020 data and takes country-level differences into account.

The ECB knowledge score is computed as the total number of correct responses to seven statements.

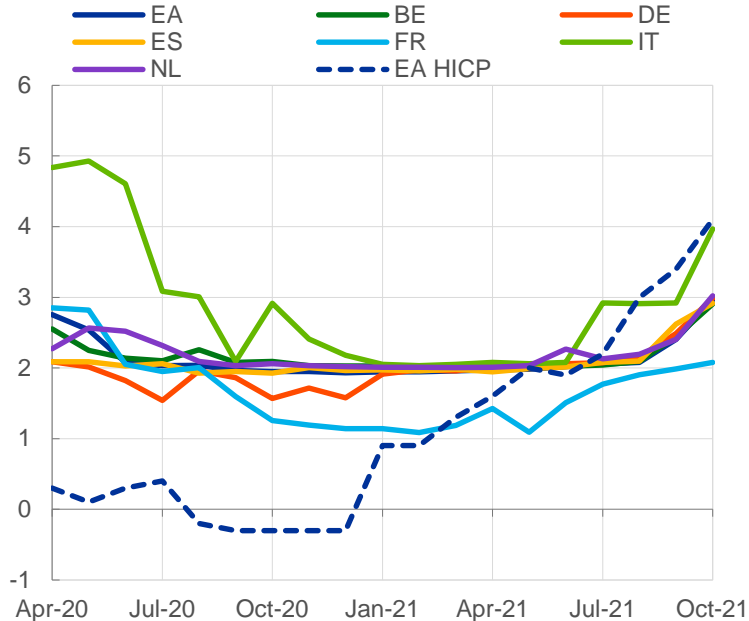
Source: ECB Consumer Expectations Survey (CES) – April 2020 - February 2021.

Note: The panel accounts for individual and survey-month fixed effects using April 2020 to February 2021 data. Inflation expectations for 12 months ahead of the interview date are obtained from an open-ended question and have been winsorised at the 2nd and 98th percentiles to account for outliers.

Household inflation expectations

Median one-year ahead inflation expectations

(annual percentage change)

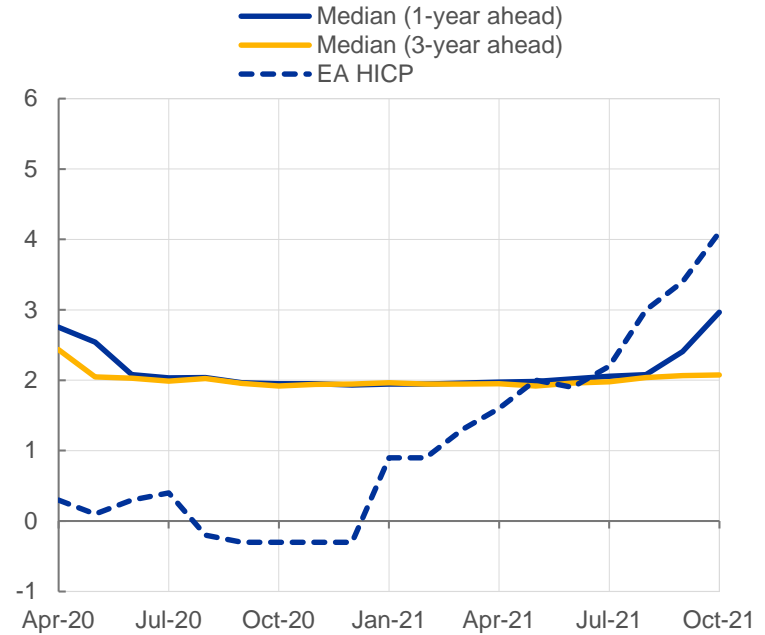


Source: ECB Consumer Expectations Survey (CES), Eurostat, and ECB staff calculations – October 2021.

Note: "How much higher/lower do you think prices in general will be 12 months from now in the country you currently live in?" All reported numbers are aggregated using individual household weights.

Median one and three year-ahead inflation expectations

(annual percentage change)



Source: ECB Consumer Expectations Survey (CES), Eurostat, and ECB staff calculations – October 2021.

Note: "How much higher/lower do you think prices in general will be 12 months / 3 years from now in the country you currently live in?" All reported numbers are aggregated using individual household weights.

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