



# Lockdown, Earnings Losses and Household Asset Buffers in Europe

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## Abstract

Measures taken to contain the spread of COVID-19 affect some workers' capability to work and hence earnings more than others. The initial impact may be mitigated, for instance by relying on savings and assets. Access to these buffers may, however, also vary considerably within and across countries. In this paper we estimate for Euro Area workers their potential earnings losses related to the COVID-19 labour supply shock (before state responses) using the Lockdown Working Ability Index and relate this to households' savings and assets observed in the Eurosystem Household Finance and Consumption Survey. We find that, on average across the Euro Area, affected households could only offset half of their losses by relying on their liquid assets, ranging from 25% in some countries to 80% in others. We also find that liquid asset buffers of households in the bottom earnings quintiles are often insufficient to prevent them from falling below a low earnings threshold.

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## 1. Introduction

With the onset of the COVID-19 pandemic in early 2020 many governments restricted social and economic activities to limit the spread of the virus, representing an unprecedented economic shock. Although initially seen as affecting everyone equally, it became very clear that the impact of this shock varies widely within and between countries (Moreira & Hick, 2021). The potential earnings<sup>1</sup> losses for workers largely depends on the extent to which the sector in which they work is closed in lockdown or regarded as essential, and on whether their work can be done remotely/from home. Given the overrepresentation of vulnerable groups in sectors which are hit hardest by restrictions (e.g. Fana et al., 2020; Pouliakas & Branka, 2020), earnings losses vary widely across the distribution. Also, economies which rely more heavily on these sectors, such as in Southern European countries, are more prone to be affected than those whose productive structures are more service-oriented as is generally the case in Northern and Western European countries (Doerr & Gambacorta, 2020; Fana et al., 2020). These varying effects potentially serve to increase earnings inequality and poverty within countries as well as to widen earnings gaps between countries (Palomino et al., 2020).

The extent to which these potential earnings losses impact on living standards depends on the extent to which they are mitigated by: (1) the presence of other earnings and incomes in the household; (2) the state response through the tax and benefit systems; and (3) those affected having financial savings or other assets to fall back on. First, sharing of resources within the household may provide a cushion when one of its members loses (part of) their earnings. Second, automatic stabilisers build into the tax-benefit system as well as COVID-specific discretionary policy responses may ensure that earnings losses are averted or compensated so that they do not translate into increased poverty and inequality in terms of disposable incomes. Finally, where poverty and inequality in disposable income do increase, households may be able draw on their savings and assets in order to make ends meet, reducing or avoiding altogether its impact on consumption. However, just as the initial impact of the COVID-19 crisis differs across and within countries, the role of these cushioning factors may vary considerably. If those hit most severely by the crisis in terms of earnings losses are less likely to have other household earnings (i.e. because they are more often single and/or do not have capital income), are less effectively protected by the tax-benefit system and have fewer savings and assets to fall back on, then increased poverty and inequality in terms of living standards will be the result.

Research to date has mostly focussed on the mitigating effect of tax-benefit systems, and occasionally the role of other household incomes, in case studies of individual countries (e.g. Brewer & Tasseva, 2020, for the UK; Figari & Fiori, 2020, for Italy; Marchal et al., 2021, for

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<sup>1</sup> Throughout the paper we use the term ‘earnings’ to refer to the sum of all remunerations received by employees and self-employed people in cash or near cash for work activities performed.

Belgium; O’Donoghue et al. 2020, for Ireland)<sup>2</sup>. Only a few studies have considered the potential cushioning role of savings and assets, either assessing whether households can cover basic expenses by relying on those assets (Demertzis et al., 2020; Midões & Seré, 2020) or calculating joint income-wealth poverty measures (Kuypers & Marx, 2020). Furthermore, those studies simply assess vulnerability in those terms at the onset of the crisis, without relating that to which households are actually most likely to be affected by earnings losses in the pandemic.

This paper fills that gap by combining estimates of potential earnings losses for workers, taking into account the occupation and sector in which they work, with information on the distribution of liquid assets and other wealth. This is done within a harmonised cross-country framework covering Euro Area countries, Croatia, Hungary and Poland; this comparative perspective significantly enhances the value of the exercise. Specifically, we apply the Lockdown Working Ability Index constructed by Palomino et al. (2020) to workers observed in the third wave of the Eurosystem Household Finance and Consumption Survey (HFCS), the most recent comparative source of microdata on wealth. This allows us to estimate potential earnings losses and relate those to asset ‘buffers’ as captured in HFCS, see how both vary across the earnings distribution, and on that basis assess potential impacts on earnings poverty and inequality. With assets observed at the household level our analysis focuses on household aggregate potential earnings losses and the extent to which liquid assets or other wealth provide a buffer against those losses.

Our results show that average potential earnings losses are often higher in Eastern and especially Southern European countries than in Western and Northern European ones, and within each country those towards the top of the household earnings distribution face smaller potential losses in percentage terms than those lower down the household earnings distribution. Across the Euro Area on average, only about half of those potential earnings losses could be buffered by drawing on liquid assets, with that figure varying considerably across countries. Those towards the top of the household earnings distribution are more able to buffer or offset their potential losses, implying a positive relationship between household earnings and liquid assets. The increase in earnings poverty and inequality is only to a limited extent attenuated by households being able to draw on liquid assets. Considering total net wealth as a buffer instead of only liquid assets would have a substantially larger mitigating effect, but with net wealth on average mainly representing the value of the main residence it is doubtful it can actually serve that purpose.

The paper is structured as follows. Section 2 describes the first step of the analysis. Using the Lockdown Working Ability Index, we calculate potential earnings losses for specified lockdown

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<sup>2</sup> Almeida et al. (2020) is an exception in that they study the cushioning effect of fiscal policies across the countries of the European Union, but they only study the effect of COVID-19 related discretionary policies and not the role of automatic stabilisers. Moreover, they reweight the EU-SILC data to impute aggregate (temporary) unemployment figures, but this reweighting does not take into account socio-demographic and labour market characteristics at the individual level. Hence, they do not correct for the fact that those affected by the COVID-19 crisis may have different characteristics than those already unemployed before the crisis.

scenarios using HFCS data and assess the extent to which it potentially affects earnings poverty and inequality. Section 3 then analyses the extent to which liquid assets can serve as a buffer for the households most likely to be affected, and the extent to which the potential increases in earnings poverty and inequality can be attenuated. The potential mitigating effects of considering total net wealth as buffer is also briefly discussed. Finally, Section 4 summarises the key findings and highlights their implications.

## 2. Estimating Potential Earnings Losses from the Pandemic

### 2.1 The Lockdown Working Ability Index (LWA)

The COVID-19 pandemic represents a severe economic shock with many different dimensions. Here we concentrate on the potential earnings losses due to ‘supply side’ effects of measures restricting economic activity and enforcing social distancing, leaving aside the second-round impact of demand-side responses by consumers from income/job losses. In lockdown some activities such as healthcare or food supply-chain-related jobs are treated as essential, so that workers are expected to continue working as usual. Other economic activities are forced to close or are severely restricted. In some, such as hospitality, work cannot continue, but elsewhere continuation depends on the extent to which the activity can be done remotely/from home. Consequently, one needs to combine knowledge on teleworking feasibility with information on whether the occupation is essential or closed, in order to obtain a measure that summarizes the capacity of each individual worker to keep working under lockdown. Palomino et al. (2020) develop such a measure which they term the *Lockdown Working Ability* (LWA) index.

This index ranges from the value of 1 when there is total ability to work during the lockdown to 0 when the individual is unable to work at all during that period. It is calculated based on three dimensions of each occupation ( $O_i$ ): its teleworking capacity ( $T_i$ ), essentiality ( $E_i$ ) and closure ( $C_i$ ), where  $T_i, E_i, C_i \in [0,1]$ .

The teleworking index  $T_i$  indicates the share of the tasks of each occupation that can be done from home. During a lockdown, individuals will not see their capacity to work impeded to the extent that they can continue performing their job activities from home, and their potential earnings losses will thus be inversely related to their teleworking ability.<sup>3</sup>

During the lockdown and de-escalation periods in the pandemic not all activities have been subject to the same restrictions. Workers in activities considered essential for the functioning of

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<sup>3</sup> We use the teleworking index for the occupations of each European country provided by Palomino et al. (2020) using the ISCO-08 classification of occupations, which was built based on the estimations of Dingel and Neiman (2020) for the American O\*NET database. We have also followed their classification to assign essentiality  $E_i$  and closure  $C_i$  indices to each combination of occupation–industry. These were obtained according to the legislation developed by Italy and Spain, two major economies affected severely and earlier than other European countries in the first wave of the pandemic. As described below we distinguish between two lockdown periods; for the second lockdown, we have slightly modified Palomino et al.’s treatment to keep manufacturing and construction opened.

the economy, such as health service, security or food production and sales continued face-to-face work. While this exposed essential front-line workers to higher health risks, it allowed them to continue working and not being exposed to earnings losses (except for when they became ill of course, but these are not taken into account in our analysis). The essentiality of an occupation is expressed by the index  $E_i$ .

On the other hand, some of the non-essential industries that were considered to have a higher risk of spreading the disease among users (such as hospitality or entertainment) were shut during the lockdown, and workers were unable to work regardless of their teleworking capacity. Whether an industry-occupation combination is subject to closure is expressed by the index  $C_i$ .<sup>4</sup>

For occupations that are to some extent essential ( $E_i > 0$ ), the LWA is equal to their essentiality index  $E_i$  plus the non-essential part of the tasks that can be teleworked, that is:  $(1 - E_i) \cdot T_i$ . Then, for fully essential ( $E_i = 1$ ) occupational categories  $LWA_i = E_i$ . For closed occupations ( $C_i > 0$ ), the LWA is only the non-closed share of the activity that can be teleworked:  $(1 - C_i)T_i$ . Note that for fully closed occupations ( $C_i = 1$ ) the LWA will be zero. Finally, for individuals whose occupation is neither essential ( $e$ ) nor closed ( $c$ ), the ability to work during the lockdown will depend solely on their teleworking index, and thus  $LWA_i = T_i$ .

Thus, the Lockdown Working Ability index for each individual in occupation  $i$  is calculated:

$$LWA_i = \begin{cases} E_i + (1 - E_i)T_i & O_i = \textit{essential} \\ (1 - C_i)T_i & O_i = \textit{closed} \\ T_i & O_i \neq \textit{essential nor closed} \end{cases}, \quad (1)$$

for all combinations of occupation-industry  $i \in \{1, 2, \dots, n\}$ .

Palomino et al. (2020) apply the LWA index to workers (employees and self-employed) observed in the 2018 EU-SILC in order to estimate the potential earnings losses due to the lockdown. They then analyse the impact of potential earnings losses on earnings poverty and inequality at the individual level.

We follow a similar approach but aim to take the analysis a step further by assessing the extent to which households have the liquid assets and other wealth required to offset the potential earnings losses induced by the COVID-19 lockdowns and restrictions. To that end, we apply the LWA index to workers (employees and self-employed) observed in the third wave of the Eurosystem Household Finance and Consumption Survey (HFCS)<sup>5</sup>. Unlike EU-SILC, this survey includes detailed data on savings and other liquid assets, property, business assets and total wealth, alongside information on earnings and other income components (gross of taxes and social

<sup>4</sup> The components  $E_i$  and  $C_i$  may take in a few cases intermediate values between 0 and 1 because the occupation-industry category is composed of different sub-categories that may have different essentiality or closure binary statuses.

<sup>5</sup> Since Spain is not yet included in the third wave data, we used the second wave data.

insurance contributions). Since assets are observed at the household level, we aggregate potential earnings losses and assess the impact on household earnings poverty and inequality. The third HFCS wave includes information on all countries of the Euro Area, Croatia, Hungary and Poland<sup>6</sup>.

Table 1 presents the average LWA index of the first lockdown period<sup>7</sup> for the countries under study in the HFCS, also broken down by several socio-demographic characteristics. Figure 1 provides more information on the building blocks of the LWA index, namely the teleworking index, the degree of essentiality and the degree of closure. The average LWA index is 0.48 across the Euro Area but varies between 0.37 in Greece and Croatia and 0.59 in Belgium. In general, it appears that working under a lockdown is more difficult in Southern and Eastern European countries than in Central and Northern European countries; this is mainly due to the fact that in Central and Northern Europe workers are more often employed in jobs which can be performed remotely (Panel C Figure 1). The breakdown of LWA index by socio-demographic characteristics shows that female workers, workers with a permanent contract, full time workers and high educated workers are less affected by the lockdown than their counterparts (with some exceptions). These patterns are consistent with those presented in Palomino et al. (2020) based on EU-SILC.<sup>8</sup>

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<sup>6</sup> Malta is not included because information on the LWA index is not available (see Palomino et al., 2020).

<sup>7</sup> As described in Section 2.2 we distinguish between two lockdown periods. We only present the summary statistics of the first one. The average LWA index is higher in the second lockdown period because more sectors are allowed to stay open and hence receive an essentiality score of 1.

<sup>8</sup> The rankings of countries in terms of LWA, teleworking, essentiality and closure indices are very similar to what is obtained with EU-SILC by Palomino et al. (2020). The only minor divergence relates to Cyprus and Greece. Cyprus is found to have a higher average level of teleworking in HFCS (0.43) than in EU-SILC (0.34). On the other hand, the distribution of occupations in Greece for HFCS shows a higher level of closure (0.44) than in EU-SILC (0.31). This makes Greece have the lowest LWA in our HFCS sample (0.37) while it was in the middle of the ranking in EU-SILC (0.49), while the opposite happens with Cyprus (0.42 in EU-SILC, but 0.49 using our HFCS data).

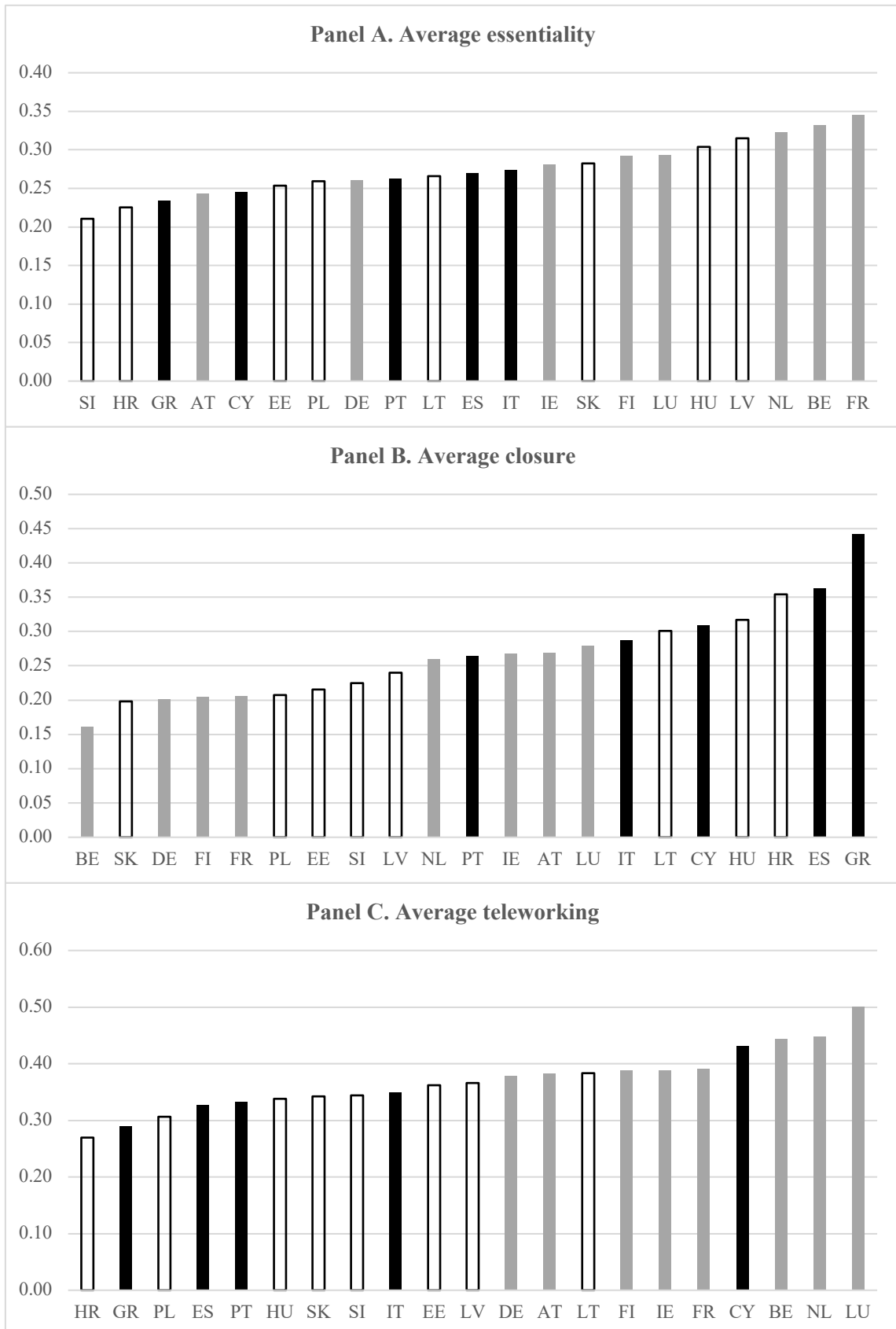
**Table 1. Average lockdown working ability, overall and by socio-demographic characteristics (first lockdown)**

	All	Male	Female	Perm. contract	Temp. contract	Full time	Part time	Low edu	Medium edu	High edu
<b>AT</b>	0.46	0.42	0.51	0.44	0.56	0.48	0.45	0.26	0.42	0.65
<b>BE</b>	0.59	0.53	0.66	0.61	0.44	0.63	0.57	0.35	0.43	0.73
<b>CY</b>	0.49	0.46	0.53	0.53	0.36	0.50	0.49	0.26	0.41	0.68
<b>DE</b>	0.48	0.43	0.55	0.49	0.46	0.48	0.49	0.31	0.40	0.67
<b>EE</b>	0.45	0.40	0.51	0.45	0.43	0.52	0.44	0.23	0.35	0.63
<b>ES</b>	0.42	0.40	0.45	0.44	0.39	0.53	0.36	0.30	0.37	0.57
<b>FI</b>	0.52	0.42	0.62	0.52	0.57	0.53	0.51	0.34	0.38	0.70
<b>FR</b>	0.55	0.46	0.63	0.57	0.49	0.59	0.54	0.42	0.47	0.68
<b>GR</b>	0.37	0.37	0.37	0.46	0.23	0.41	0.36	0.31	0.27	0.54
<b>HR</b>	0.37	0.33	0.42	0.38	0.30	0.32	0.37	0.36	0.30	0.59
<b>HU</b>	0.47	0.41	0.53	0.45	0.59	0.41	0.47	0.45	0.36	0.68
<b>IE</b>	0.47	0.43	0.52	0.46	0.43	0.47	0.48	0.36	0.35	0.58
<b>IT</b>	0.46	0.41	0.52	0.48	0.37	0.56	0.39	0.31	0.44	0.72
<b>LT</b>	0.47	0.45	0.50	0.47	0.48	0.58	0.46	0.46	0.37	0.55
<b>LU</b>	0.54	0.55	0.52	0.55	0.46	0.54	0.54	0.25	0.49	0.73
<b>LV</b>	0.49	0.45	0.53	0.47	0.55	0.57	0.48	0.33	0.40	0.66
<b>NL</b>	0.56	0.51	0.61	0.58	0.48	0.58	0.52	0.35	0.47	0.71
<b>PL</b>	0.42	0.38	0.48	0.44	0.28	0.48	0.42	0.37	0.31	0.64
<b>PT</b>	0.44	0.39	0.49	0.49	0.34	0.60	0.39	0.29	0.41	0.76
<b>SI</b>	0.40	0.35	0.46	0.42	0.29	0.34	0.41	0.15	0.29	0.66
<b>SK</b>	0.47	0.39	0.55	0.49	0.48	0.57	0.44	0.44	0.37	0.74
<b>Euro Area</b>	0.48	0.42	0.54	0.50	0.41	0.52	0.46	0.33	0.40	0.66

Source: Authors' calculations based on third wave HFCS data.



**Figure 1. Average essentiality, closure and teleworking index (first lockdown)**



Note: Eastern European countries are presented by white bars, the Central and Northern European countries by grey bars and the Southern European countries by black bars.

Source: Authors' calculations based on third wave HFCS data.

## 2.2 Potential Earnings Losses

We now employ the LWA index to assess the potential earnings losses for workers. To this end the LWA needs to be combined with information on lockdown scenarios. Although countries differ in the stringency and precise duration of the lockdown and de-escalation periods, we consider two common plausible scenarios for all the countries analysed, in terms of duration of the lockdown and the average impact of restrictions and social distancing on the closed sectors in the post-lockdown months. This allows to analyse in a homogeneous comparative light the variation in impact of the lockdown measures that stems from the different distributions of occupations, earnings and wealth in the countries studied. Specifically, we employ the following two scenarios:

- Scenario A. Two months of full lockdown and an additional six months of partial (20%) closure of restricted sectors.
- Scenario B. Four months of full lockdown, with the industry and construction sectors fully closed for the first two, but fully functioning in the last two and an additional eight months of partial (40%) closure of restricted sectors.

In the first wave of the pandemic in Spring 2020, most European countries shut down completely certain sectors of the economy for a period that averaged circa two months, keeping functioning only essential sectors and work in non-essential sectors that could be done remotely. Closed sectors included hospitality, leisure, but also all non-essential industries and other non-essential service and public sectors. The second wave of the pandemic, taking place in late 2020 and early 2021, led in several European countries to a second lockdown period. Yet, this second lockdown was in many cases less stringent, focusing mainly on the closure of face-to-face sectors such as retail, hospitality and leisure – which were thought to be riskier for the spread of COVID-19 – while keeping manufacturing and construction sectors fully unrestricted.<sup>9</sup>

In addition to the lockdown periods, countries have followed a de-escalation strategy (with different tiers or alert systems) in which high-risk sectors have had limited functioning. For instance, restaurants have been restricted to outdoor dining, occupancy limits or could only perform delivery services. Cinemas, theatres, clubs, sports events or leisure venues have also endured restrictions due to social distancing. These partial activities have not only been enforced by law but have also been affected by behavioural changes of individuals to prevent contagion.

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<sup>9</sup> The duration of both lockdown periods has been conveniently compiled and referenced at the Wikipedia page [https://en.wikipedia.org/wiki/National\\_responses\\_to\\_the\\_COVID-19\\_pandemic](https://en.wikipedia.org/wiki/National_responses_to_the_COVID-19_pandemic) (retrieved January 2nd, 2021). The average duration of the first wave lockdown in European countries was 55 days, with implementation in 25 European countries, while the duration for the second lockdown (corresponding to the second/third wave of the disease spread was 35.5 days, with implementation in 18 European countries. Unlike the previous one, this second lockdown generally kept the manufacturing and construction sector open. We have accordingly changed the status of these sectors in the second lockdown estimations.

How should we treat the intensity of those restrictions in closed sectors? Real-time high-frequency data has been widely available on energy use and mobility but timely disaggregated data by sector on consumption or business activity has been scarcer in Europe. Still, there exist sources with valuable information to help us approximate the intensity of the restrictions. BBVA Research (2020) provides high-frequency data on the evolution of credit card use that specifically focuses on key closed sectors for some Latin American countries and for Spain. The data for Spain show that expenditure on the entertainment industry was -60% after the first lockdown ended, then recovered but has plateaued at -20% in the subsequent months. The hospitality industry as a whole experienced a similar pattern – although activities at bars and restaurants recovered more so than at hotels – presenting a persistent decrease in activity of more than 40% during the months after the first lockdown.

A second valuable source of information is the United Kingdom’s Office of National Statistics “Business insights and impact on the UK economy” dataset (ONS, 2020). It publishes every two weeks real-time data on self-reported business performance in different sectors. It shows that while the secondary sector (construction and manufacturing) returned back to normal after the first lockdown, more than 40% of businesses in the art and entertainment industry reported a turnover decrease greater than 50% compared to the previous year still at the end of 2020. In the accommodation and food service sector between 20 and 40% of businesses reported experiencing such a decrease in turnover after the first lockdown and at the onset of the second one.

By combining the LWA index with the two lockdown scenarios described we are able to calculate the potential earnings losses ( $el$ ) that each worker is likely to experience in each of the scenarios:

$$el_{it} = \begin{cases} e_{i(t-1)} \cdot \left[ \frac{2}{12} \cdot (1 - LWA_i) + \frac{6}{12} \cdot 0.2 \cdot C_i \right] & \text{Scenario A} \\ e_{i(t-1)} \cdot \left[ \frac{2}{12} \cdot (1 - LWA_i) + \frac{2}{12} \cdot (1 - LWA_i^*) + \frac{8}{12} \cdot 0.4 \cdot C_i \right] & \text{Scenario B} \end{cases} \quad (2)$$

Where,  $e_{i(t-1)}$  are the annual pre-COVID earnings as reported in the HFCS for individual  $i$ ,  $LWA_i$  is the Lockdown Working Ability for the first two months lockdown period in both scenarios and  $LWA_i^*$  for the second two months lockdown period in scenario B.

Given that our main focus is on the cushioning role of liquid assets and other wealth which is collected at the household level, we focus here on the aggregate earnings losses at the household level. For each household  $h$  composed of  $n$  members, the household earnings losses are equal to:

$$el_{ht} = \sum_i^n el_{it} \quad (3)$$

Since the HFCS uses a multiple imputation technique to deal with item non-response<sup>10</sup> we apply special commands to calculate the potential earnings losses as well as the buffering by liquid assets and net wealth discussed in the next section following Rubin's rule (1987)<sup>11</sup>.

Table 2 presents the average potential loss rate in household earnings, i.e. the earnings losses as a percentage of the pre-COVID earnings. Across the Euro Area, the average potential earnings loss rate is equal to 10% in scenario A and almost 19% in scenario B. For both lockdown scenarios we find that potential household earnings losses are smallest in Belgium, Finland, France and the Netherlands with a loss rate of about 8% in scenario A and about 15% in scenario B, while they are largest in Greece and Hungary with loss rates of about 13% and 25% respectively. Potential loss rates are often higher in Eastern and especially Southern European countries than in Western and Northern European countries.

When comparing the potential earnings loss rate across quintiles of the pre-COVID household earnings distribution, the lowest relative earnings losses are mostly experienced by households in the top quintile. The average loss rates are higher in the more rigorous scenario B but the patterns within and between countries are similar across the two scenarios.

The impacts on the share of households with low earnings and on household-level earnings inequality are also of interest. To assess these, we first derive a low earnings threshold set at 60% of the median equivalised<sup>12</sup> pre-COVID household earnings for each country and assess the share of households falling below this threshold in different scenarios keeping the threshold fixed. This is analogous to, but to be clearly distinguished from, conventional household poverty measures based on 60% of median equivalized disposable income or individual low pay measures employing two-thirds of median earnings as threshold. Because earnings make up the bulk of working households' disposable incomes the measure can be interpreted as a proxy for exposure to poverty or financial hardship. Table 3 shows that for the pre-COVID household earnings distribution, on average across the countries covered 25% of households had gross earnings below 60% of the median in their country. This is lowest in Austria at 21% and highest in Ireland at 30%. When the potential earnings losses in scenario A are taken into account the cross-country average rises by 6 percentage points to 31%. That increase is lowest in Finland at 3.4 percentage points and highest in Cyprus at 8 percentage points. In case of scenario B the average increases by 12.5 percentage points, with that increase being lowest in France (8.6 percentage points) and highest in Greece (20 percentage points). We often find higher increases in Southern and Eastern European countries than in Nordic and Central European countries.

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<sup>10</sup> For more information on the imputations see HFCN (2020). Finland, France and Italy do not use multiple imputations.

<sup>11</sup> To estimate Gini coefficients we use the STATA user written command 'inequaly' by Philippe Van Kerm.

<sup>12</sup> We use the OECD modified equivalence scale in which the first adult receives a score of 1, each additional adult a score of 0.5 and each child up to 13 years old a score of 0.3.

**Table 2. Average potential household earnings loss rate by household earnings quintiles**

Country	Scenario (A): 2m + 6m -20%						Scenario (B): 4m + 8m -40%					
	All	Q1	Q2	Q3	Q4	Q5	All	Q1	Q2	Q3	Q4	Q5
AT	10.7	11.0	12.5	11.1	10.4	8.5	19.6	20.9	23.1	19.2	19.2	15.5
	(0.2)	(0.7)	(0.6)	(0.5)	(0.6)	(0.5)	(0.5)	(1.5)	(1.4)	(1.0)	(1.2)	(1.1)
BE	8.1	11.7	9.6	8.3	6.3	4.6	14.6	20.3	17.1	15.8	11.4	8.5
	(0.3)	(0.9)	(0.7)	(0.8)	(0.7)	(0.6)	(0.7)	(1.9)	(1.5)	(1.8)	(1.4)	(1.2)
CY	10.0	11.9	12.1	10.7	7.6	5.8	19.8	23.1	23.8	21.9	15.1	11.9
	(0.4)	(1.1)	(1.0)	(0.8)	(0.9)	(0.8)	(1.0)	(2.4)	(2.2)	(1.8)	(2.1)	(1.7)
DE	10.1	11.9	12.0	9.9	7.6	6.7	18.0	23.3	20.2	17.0	12.6	12.5
	(0.2)	(0.6)	(0.5)	(0.5)	(0.4)	(0.6)	(0.5)	(1.5)	(1.1)	(1.0)	(0.8)	(1.3)
EE	10.1	11.4	11.5	10.4	9.2	7.1	17.6	19.4	19.5	18.0	16.3	13.3
	(0.2)	(0.5)	(0.5)	(0.5)	(0.5)	(0.4)	(0.5)	(1.1)	(1.1)	(1.1)	(1.0)	(0.9)
ES	10.7	10.1	13.2	12.2	8.7	6.9	21.0	20.4	25.6	24.0	16.9	13.6
	(0.4)	(1.0)	(0.6)	(0.6)	(0.5)	(0.6)	(0.8)	(2.2)	(1.3)	(1.5)	(1.0)	(1.4)
FI	8.0	5.0	9.6	9.1	8.7	7.5	14.7	10.0	17.3	16.6	15.6	14.0
	(0.1)	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.3)	(0.7)	(0.6)	(0.5)	(0.5)	(0.5)
FR	8.2	8.7	9.2	8.2	6.9	5.4	15.2	16.2	16.7	14.9	13.0	10.6
	(0.1)	(0.3)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)	(0.7)	(0.6)	(0.5)	(0.7)	(0.7)
GR	13.0	12.1	13.2	14.2	13.6	11.8	26.8	24.7	26.5	29.6	28.4	24.7
	(0.4)	(1.0)	(1.0)	(0.8)	(0.9)	(0.8)	(1.0)	(2.3)	(2.4)	(1.8)	(2.0)	(1.9)
HR	12.5	12.1	12.8	13.7	11.9	12.0	24.2	23.5	24.0	26.2	24.1	23.0
	(0.5)	(1.4)	(0.9)	(1.1)	(1.0)	(1.0)	(1.1)	(3.2)	(2.1)	(2.5)	(2.2)	(2.2)
HU	11.2	10.4	12.1	11.9	11.4	10.1	21.9	19.6	23.4	22.9	23.0	20.5
	(0.2)	(0.5)	(0.5)	(0.5)	(0.6)	(0.5)	(0.5)	(1.2)	(1.1)	(1.1)	(1.2)	(1.0)
IE	9.6	10.7	12.4	10.5	7.5	6.1	18.5	21.8	23.9	20.3	13.9	11.2
	(0.2)	(0.6)	(0.5)	(0.8)	(0.5)	(0.3)	(0.5)	(1.3)	(1.1)	(1.9)	(1.0)	(0.5)
IT	11.4	13.2	13.0	11.4	11.3	8.5	21.9	25.5	23.7	21.7	21.6	17.2
	(0.2)	(0.6)	(0.6)	(0.5)	(0.4)	(0.5)	(0.5)	(1.5)	(1.3)	(1.1)	(0.9)	(1.1)
LT	8.7	8.7	8.2	9.8	8.3	8.9	17.4	16.6	16.4	19.9	16.4	18.4
	(0.4)	(1.1)	(1.1)	(1.0)	(1.0)	(1.2)	(1.0)	(2.0)	(2.2)	(2.3)	(2.2)	(2.8)
LU	9.3	14.0	11.1	7.4	5.3	4.0	18.6	27.6	21.8	15.0	11.0	8.4
	(0.3)	(0.8)	(0.7)	(0.7)	(0.6)	(0.5)	(0.7)	(1.9)	(1.5)	(1.6)	(1.4)	(1.1)
LV	9.0	8.6	12.0	7.6	8.9	6.4	16.8	15.4	22.8	14.0	17.2	11.8
	(0.5)	(1.0)	(1.1)	(0.9)	(0.8)	(0.8)	(1.0)	(2.1)	(2.6)	(1.7)	(1.6)	(1.5)
NL	7.5	8.0	8.2	8.2	6.6	6.2	14.7	16.0	15.5	16.3	12.8	12.4
	(0.3)	(0.8)	(0.7)	(0.8)	(0.6)	(0.6)	(0.7)	(1.8)	(1.7)	(1.7)	(1.4)	(1.3)
PL	11.0	11.4	11.7	11.9	11.4	8.9	18.6	18.9	18.8	20.3	19.1	15.9
	(0.2)	(0.6)	(0.5)	(0.4)	(0.4)	(0.3)	(0.4)	(1.2)	(1.2)	(0.9)	(0.8)	(0.6)
PT	10.8	11.8	13.1	11.6	9.2	5.8	19.8	21.7	23.4	21.0	17.1	11.6
	(0.2)	(0.6)	(0.5)	(0.4)	(0.5)	(0.5)	(0.5)	(1.3)	(1.1)	(1.0)	(1.1)	(1.1)
SI	10.5	11.9	12.1	10.9	9.2	7.9	18.0	20.6	20.2	18.1	16.2	14.6
	(0.3)	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(1.6)	(1.2)	(1.2)	(1.1)	(1.2)
SK	10.3	11.9	11.4	10.0	10.1	8.8	17.3	19.3	18.8	16.8	16.8	15.6
	(0.3)	(0.9)	(0.7)	(0.6)	(0.6)	(0.7)	(0.6)	(1.9)	(1.6)	(1.3)	(1.3)	(1.4)
<b>Euro Area</b>	10.0	10.8	11.5	10.4	9.1	7.5	18.8	20.2	21.1	19.5	17.0	14.5

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data.

**Table 3. Share of households below low-earnings threshold**

Country	Baseline	(A) 2m + 6m -20%		(B) 4m + 8m -40%	
		After potential earnings losses	$\Delta$	After potential earnings losses	$\Delta$
AT	20.9	28.5	7.5	36.6	15.6
	(1.2)	(1.3)		(1.3)	
BE	23.8	28.7	4.9	34.4	10.7
	(1.8)	(1.9)		(2.0)	
CY	21.8	29.8	8.0	37.3	15.5
	(2.0)	(2.3)		(2.5)	
DE	27.5	32.1	4.6	37.1	9.6
	(1.2)	(1.4)		(1.3)	
EE	27.6	32.3	4.7	37.5	9.9
	(1.2)	(1.3)		(1.3)	
ES	28.3	33.6	5.3	42.4	14.0
	(1.6)	(1.6)		(1.7)	
FI	27.8	31.3	3.4	36.6	8.8
	(0.5)	(0.6)		(0.6)	
FR	27.0	30.6	3.7	35.5	8.6
	(0.8)	(0.9)		(0.9)	
GR	24.3	31.1	6.8	44.5	20.1
	(1.7)	(1.9)		(2.2)	
HR	24.1	29.6	5.5	40.1	16.0
	(1.9)	(2.1)		(2.3)	
HU	28.6	33.3	4.8	41.9	13.3
	(1.1)	(1.3)		(1.1)	
IE	29.8	34.8	5.0	41.0	11.2
	(1.3)	(1.2)		(1.4)	
IT	25.1	32.2	7.0	38.8	13.7
	(1.1)	(1.3)		(1.3)	
LT	22.3	26.5	4.2	34.3	12.0
	(2.0)	(2.2)		(2.1)	
LU	27.3	34.0	6.6	40.0	12.6
	(1.7)	(1.6)		(1.7)	
LV	26.9	33.4	6.5	39.7	12.8
	(2.3)	(2.5)		(2.4)	
NL	24.7	28.8	4.1	34.6	9.9
	(1.5)	(1.7)		(2.0)	
PL	23.8	29.4	5.6	35.2	11.4
	(1.0)	(1.0)		(1.1)	
PT	24.8	31.4	6.6	38.4	13.6
	(1.1)	(1.2)		(1.3)	
SI	22.2	28.4	6.2	34.8	12.6
	(1.4)	(1.5)		(1.7)	
SK	21.2	27.2	6.0	32.6	11.4
	(1.7)	(2.1)		(2.1)	
<b>Euro Area</b>	25.2	30.8	5.6	37.8	12.5

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data

The potential impact on household earnings inequality is assessed via the Gini coefficient and is shown in Table 4. On average across the Euro Area the Gini coefficient (multiplied by 100 for ease of presentation) of pre-COVID household earnings was equal to 38.5. It increases to 39.7 after potential earnings losses of scenario A are taken into account and to 42.1 when those of scenario B are considered. The pre-COVID household earnings distribution is most compressed in Austria, the Netherlands and Slovak Republic and least so in Germany, Ireland and Portugal. This remains the case when potential earnings losses are accounted for in either scenario. The increase in earnings inequality in both scenarios is particularly large in Cyprus and Luxembourg and relatively modest in Finland and Lithuania.

As in Palomino et al. (2020) the LWA index and earnings losses are also calculated here at the individual level in the first instance, and a comparison between the potential impact at individual and household levels allows the cushioning role of other earnings in the household to be studied. The results for the individual level are presented in the appendix and can be compared to those of Tables 2 to 4. In general, we find that average potential earnings losses are higher at the individual level, but the pattern of smaller losses at the top of the earnings distribution consists at both levels. The increases in the share of households with low earnings and in the earnings Gini are also larger at the individual level, reflecting the buffering impact of the presence of other earnings. For details we refer to the appendix.

### **3. Savings and Assets as Buffers for Potential Earnings Losses**

When households suffer earnings losses due to a labour market shock, the impact on their consumption and living standards will greatly differ depending on the savings buffer they can draw upon. Thus, it is crucial to know the extent to which earnings losses can be promptly replaced by running down liquid assets. For that purpose, we estimate for each household how much of the potential earnings losses estimated as described in the previous section can be buffered by their net liquid assets. The measure of net liquid assets employed in HFCS comprises the value of sight and savings deposits, mutual funds, bonds, non-self-employment private businesses, publicly traded shares and managed accounts minus the outstanding value of credit card debt and other non-mortgage debt (HFCN, 2020).

**Table 4. Gini index, pre-COVID and in lockdown scenarios**

Country	Baseline	(A) 2m + 6m -20%		(B) 4m + 8m -40%	
		After potential earnings losses	$\Delta$	After potential earnings losses	$\Delta$
AT	33.4	34.9	1.4	37.9	4.5
	(1.5)	(1.6)		(1.6)	
BE	34.5	35.9	1.4	37.9	3.4
	(1.3)	(1.4)		(1.4)	
CY	34.6	36.5	1.9	40.0	5.4
	(1.2)	(1.2)		(1.2)	
DE	42.7	44.0	1.4	46.1	3.4
	(1.0)	(1.0)		(1.0)	
EE	37.8	39.0	1.2	41.0	3.2
	(0.7)	(0.7)		(0.7)	
ES	42.1	43.5	1.4	46.5	4.3
	(1.1)	(1.1)		(1.0)	
FI	38.7	39.3	0.6	40.9	2.2
	(0.4)	(0.4)		(0.4)	
FR	37.8	38.8	1.0	40.8	3.1
	(0.5)	(0.5)		(0.5)	
GR	35.0	35.8	0.8	39.3	4.3
	(1.0)	(0.9)		(0.8)	
HR	40.3	40.9	0.7	43.5	3.3
	(2.0)	(1.8)		(1.7)	
HU	39.1	39.9	0.8	42.5	3.4
	(0.7)	(0.7)		(0.7)	
IE	44.1	45.6	1.5	48.1	4.0
	(1.4)	(1.4)		(1.3)	
IT	40.8	42.3	1.5	45.1	4.3
	(0.9)	(0.9)		(0.9)	
LT	39.1	39.7	0.5	41.7	2.6
	(1.5)	(1.6)		(1.6)	
LU	40.0	42.0	2.0	45.2	5.1
	(1.0)	(1.0)		(1.0)	
LV	41.6	42.9	1.3	45.1	3.5
	(1.3)	(1.4)		(1.4)	
NL	33.3	34.2	0.9	36.5	3.2
	(0.7)	(0.7)		(0.8)	
PL	37.5	38.7	1.3	40.7	3.2
	(0.8)	(0.9)		(0.9)	
PT	43.5	45.1	1.5	47.4	3.9
	(1.6)	(1.5)		(1.3)	
SI	37.7	39.0	1.4	41.0	3.3
	(1.1)	(1.1)		(1.2)	
SK	34.0	35.1	1.1	36.9	2.9
	(1.1)	(1.1)		(1.2)	
<b>Euro Area</b>	<b>38.5</b>	<b>39.7</b>	<b>1.2</b>	<b>42.1</b>	<b>3.6</b>

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data.



We have seen that both the intensity of earnings losses due to the pandemic and the increase in the share of households falling below the low-earnings threshold are significant and uneven across European countries. But, what about the capacity that households have to buffer these losses with their liquid assets? To facilitate the interpretation of cross-country variation in the level of buffering, we first look at the median levels of liquid assets held across countries and how this relates to both the level of earnings and total wealth. Table 5 shows that median liquid assets are equal to about a third of median household earnings in the Netherlands and Austria, while median liquid assets are zero in Croatia and Latvia. The first two countries, however, reflect a situation in which median total net wealth is relatively modest in cross-country comparison, but where households tend to invest a relatively high share of their wealth in liquid assets (around a quarter).

**Table 5. Median assets versus earnings**

Country	Median household earnings (€)	Median liquid assets (€)	Ratio median liquid assets/median household earnings	Median net wealth (€)	Median share of net wealth owned in liquid assets (%)
AT	44,200	13,000	0.29	82,700	22.5
BE	50,700	12,300	0.24	212,500	14.4
CY	26,600	400	0.02	195,900	0.5
DE	41,700	7,000	0.17	70,800	18.3
EE	20,700	1,400	0.07	47,700	5.5
ES	25,000	4,700	0.19	119,100	3.9
FI	39,000	4,000	0.10	107,200	12.8
FR	30,000	5,300	0.18	117,600	8.3
GR	18,800	500	0.03	60,000	1.7
HR	11,600	0	0	61,500	0.0
HU	12,500	300	0.02	35,900	1.4
IE	49,700	3,000	0.06	185,000	2.8
IT	26,000	5,000	0.19	132,300	6.5
LT	9,100	400	0.04	45,900	1.0
LU	67,000	16,400	0.24	498,500	6.3
LV	10,900	0	0	20,500	0.6
NL	45,500	14,700	0.32	67,400	27.8
PL	14,200	1,500	0.11	60,500	3.6
PT	19,000	2,500	0.13	74,800	6.6
SI	23,300	500	0.02	91,600	1.1
SK	16,600	1,400	0.08	70,300	2.6
<b>Euro Area</b>	28,900	4,500	0.16	99,400	8.9

Source: Authors' calculations based on third wave HFCS data.

Table 6 presents for each of our two lockdown scenarios the average share of potential earnings losses that could be buffered by the liquid assets held by households in each country, overall and by household earnings quintile. We see that across the Euro Area as a whole, by drawing on these assets households could cushion 56% of their potential earnings losses in scenario A and 51% in scenario B. Again, these averages mask very substantial differences across countries. The average capacity to buffer earnings losses with liquid assets in Scenario A – also presented in Panel A of Figure 2 – ranges from only 27% in Croatia and Latvia up to 80% in Austria and the Netherlands, with a similar range at slightly lower levels for scenario B (see Panel B of Figure 2). In six out of the 21 countries the average buffer across all households is less than 50% in scenario A, while this is the case for 10 countries in scenario B.

Table 6 also shows how this capacity to buffer varies within the national pre-COVID household earnings distributions. In almost all countries (Lithuania being the exception) households in the top quintile are able to buffer a higher share of their potential earnings losses than those lower down the distribution. The extent of variation across the bottom four quintiles is generally limited, however; in very broad terms, the capacity to buffer potential losses varies in a fashion that is quite similar to those losses. With those losses being roughly similar proportions of earnings in the quintile on average, this reflects the fact that liquid assets increase in line with the underlying level of earnings on average as one moves up the quintiles. It is also notable that in countries such as Croatia and Latvia, the average buffer is lower than 50% even in the top quintile in both scenarios; that is also the case in Greece and Lithuania in scenario B. Hence, in terms of liquid assets – the component of net wealth on which households will be able to draw most readily – a very substantial number of households in European countries would not be able to cushion most or all of the potential earnings losses resulting from the COVID-19 induced labour market shock.

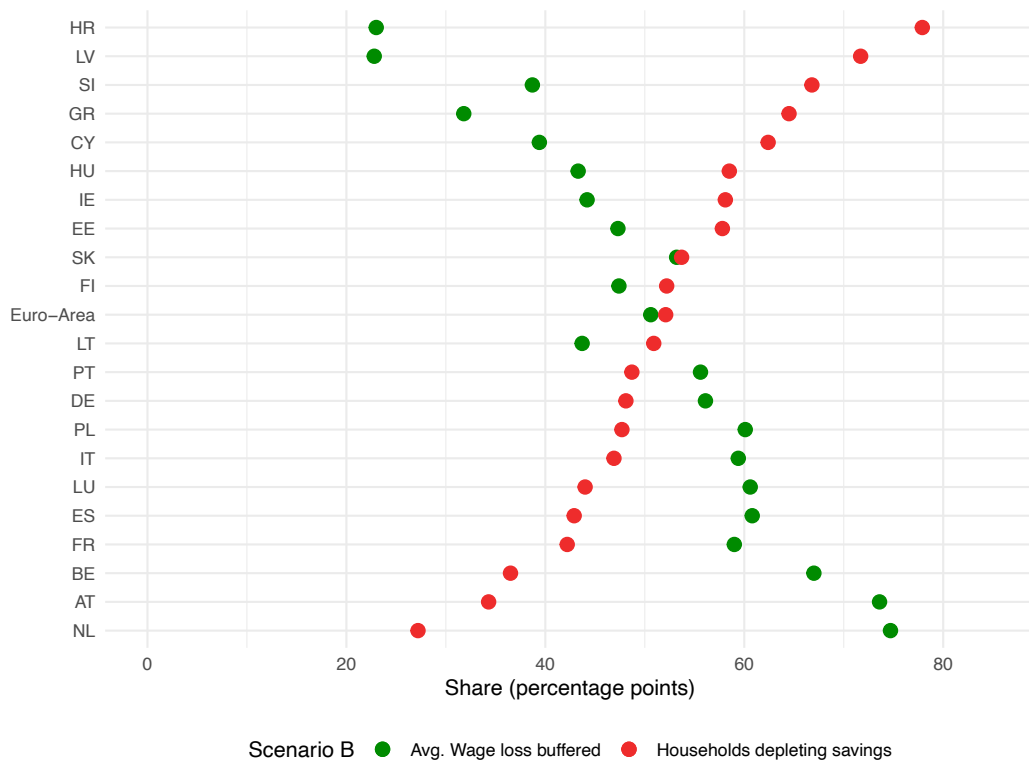
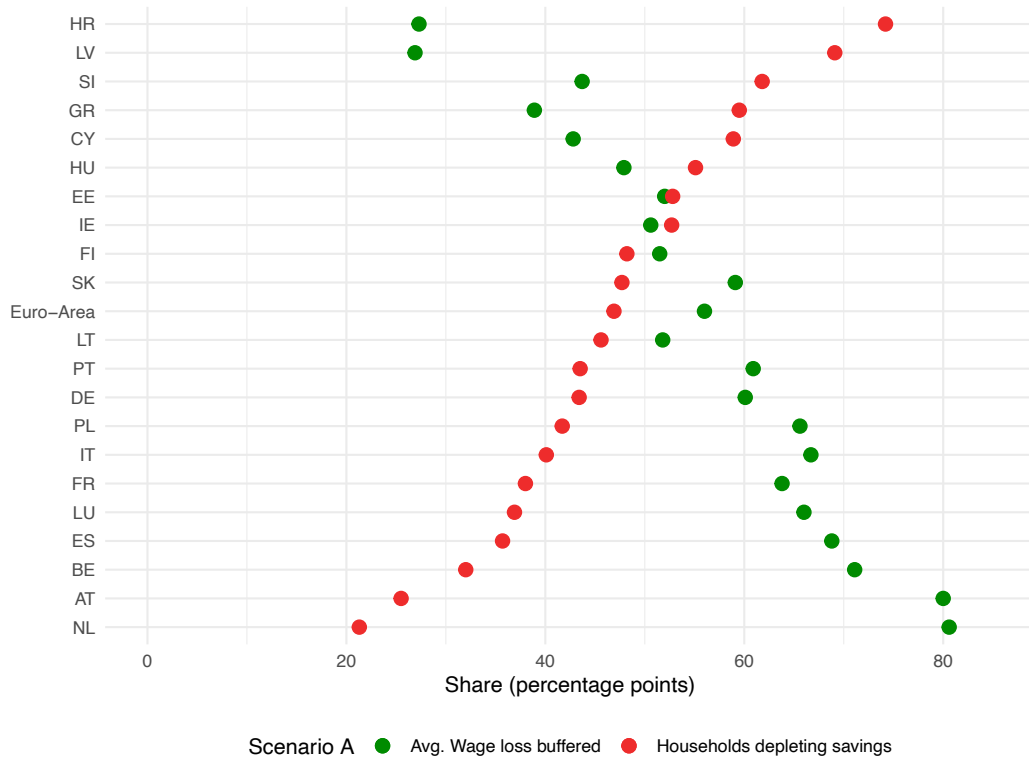
Alongside the share of potential earnings losses that could be buffered by liquid assets, it is also relevant to see what proportion of households affected would fully exhaust those assets in doing so. Table 7 and Figure 2 show that, in scenario A and on average for all households affected in each country, this ranges from as low as one-quarter in Austria up to three-quarters in Croatia, and is over half in Cyprus, Estonia, Greece, Hungary, Ireland, Latvia and Slovenia. This share is slightly higher in the more stringent Scenario B. Once again the top quintile is, in both scenarios, generally distinctive with a lower proportion of households fully running down their liquid assets than lower down the distribution (Table 7).

**Table 6. Average share of potential household earnings losses buffered by liquid assets, by household earnings quintile**

Country	(A) 2m + 6m -20%						(B) 4m + 8m -40%					
	All	Q1	Q2	Q3	Q4	Q5	All	Q1	Q2	Q3	Q4	Q5
AT	80.0	70.7	74.2	79.7	85.6	88.8	73.6	66.4	66.9	72.9	77.9	83.0
	(1.2)	(3.8)	(3.1)	(2.9)	(2.3)	(1.7)	(1.2)	(3.9)	(3.1)	(3.1)	(2.5)	(2.1)
BE	71.1	51.6	56.9	72.8	82.3	89.5	67.0	46.6	52.7	67.4	78.5	86.9
	(2.1)	(5.7)	(5.4)	(4.7)	(3.6)	(3.5)	(2.1)	(5.7)	(5.4)	(4.8)	(4.0)	(3.8)
CY	42.8	28.4	37.1	42.2	51.5	59.7	39.4	26.5	33.3	36.2	49.7	56.5
	(2.4)	(5.4)	(5.6)	(5.3)	(5.9)	(6.0)	(2.3)	(5.3)	(5.2)	(5.0)	(5.8)	(5.9)
DE	60.1	41.7	51.8	66.1	71.5	83.1	56.1	37.6	47.9	61.9	67.3	79.5
	(1.3)	(3.3)	(2.7)	(2.9)	(2.9)	(3.0)	(1.3)	(3.2)	(2.7)	(2.9)	(2.8)	(3.0)
EE	52.0	46.8	44.2	48.7	57.7	66.9	47.3	42.6	39.9	43.8	52.3	61.5
	(1.3)	(3.4)	(3.1)	(2.9)	(3.1)	(3.0)	(1.3)	(3.3)	(3.0)	(2.9)	(3.1)	(2.9)
ES	68.8	58.1	60.2	66.0	80.2	86.7	60.8	50.3	52.3	57.1	71.9	81.2
	(1.8)	(5.5)	(2.9)	(3.1)	(2.7)	(2.8)	(1.8)	(5.4)	(2.9)	(3.1)	(2.9)	(3.3)
FI	51.5	47.0	43.5	47.8	53.7	64.3	47.4	42.1	39.4	44.0	49.8	59.9
	(0.8)	(3.0)	(1.8)	(1.7)	(1.6)	(1.6)	(0.8)	(2.9)	(1.7)	(1.6)	(1.6)	(1.6)
FR	63.8	53.2	56.9	66.3	75.3	84.1	59.0	46.7	51.7	61.6	72.0	81.6
	(0.9)	(2.1)	(1.8)	(1.6)	(1.9)	(1.5)	(0.9)	(2.0)	(1.8)	(1.7)	(1.9)	(1.6)
GR	38.9	28.8	34.5	34.3	38.5	53.0	31.8	23.1	29.2	27.2	30.9	43.9
	(2.2)	(5.8)	(4.1)	(5.1)	(4.5)	(4.1)	(2.1)	(5.7)	(4.3)	(5.2)	(4.2)	(4.2)
HR	27.3	25.2	22.4	22.8	29.8	34.9	23.0	23.9	17.5	18.3	26.2	28.4
	(2.3)	(7.1)	(4.1)	(5.2)	(5.6)	(5.1)	(2.2)	(7.0)	(3.7)	(4.8)	(5.5)	(4.7)
HU	47.9	48.9	40.8	43.6	49.8	57.4	43.3	46.2	36.7	38.8	44.1	52.0
	(1.2)	(3.1)	(2.7)	(2.5)	(2.7)	(2.8)	(1.2)	(3.0)	(2.7)	(2.6)	(2.7)	(2.9)
IE	50.6	40.5	45.3	50.1	47.5	71.2	44.2	34.3	40.1	41.2	41.5	65.9
	(1.7)	(3.9)	(4.3)	(2.8)	(2.8)	(3.1)	(1.9)	(3.8)	(4.5)	(2.7)	(2.6)	(3.1)
IT	66.7	46.2	63.2	69.0	72.2	78.3	59.4	39.9	56.0	61.5	64.3	70.8
	(1.2)	(3.0)	(2.6)	(2.8)	(2.2)	(2.2)	(1.3)	(2.8)	(2.7)	(2.9)	(2.4)	(2.2)
LT	51.8	56.4	52.5	47.4	54.9	47.4	43.7	50.3	44.2	38.3	46.7	38.8
	(2.3)	(7.0)	(6.2)	(5.9)	(6.6)	(5.4)	(2.4)	(7.6)	(6.1)	(5.6)	(6.8)	(5.1)
LU	66.0	55.5	50.5	67.8	87.6	88.5	60.6	48.1	44.4	63.3	82.9	86.4
	(1.8)	(4.8)	(3.9)	(4.5)	(2.7)	(3.5)	(1.8)	(4.5)	(3.9)	(5.4)	(3.0)	(3.4)
LV	26.9	25.5	23.0	18.6	35.4	45.4	22.8	20.9	20.3	15.2	28.8	40.0
	(2.1)	(4.6)	(4.4)	(4.2)	(4.9)	(5.2)	(1.9)	(4.3)	(4.1)	(3.5)	(3.9)	(4.9)
NL	80.6	67.9	73.6	83.9	87.0	89.5	74.7	62.5	67.7	77.0	81.8	83.7
	(1.5)	(4.8)	(3.8)	(2.9)	(2.8)	(2.2)	(1.6)	(4.7)	(4.0)	(3.4)	(3.0)	(2.6)
PL	65.6	59.9	63.8	61.4	63.8	76.2	60.1	55.3	58.5	55.8	58.5	70.3
	(1.1)	(3.2)	(2.6)	(2.9)	(2.3)	(1.8)	(1.1)	(3.2)	(2.6)	(3.1)	(2.4)	(1.9)
PT	60.9	53.0	50.1	61.4	66.9	82.7	55.6	48.4	44.1	54.5	62.2	79.4
	(1.4)	(3.1)	(3.2)	(2.8)	(2.9)	(2.7)	(1.4)	(3.1)	(3.0)	(2.8)	(2.9)	(2.8)
SI	43.7	37.8	36.0	38.3	51.0	55.9	38.7	33.8	30.9	33.1	45.7	50.3
	(1.6)	(3.5)	(2.9)	(3.5)	(3.5)	(3.3)	(1.5)	(3.3)	(2.6)	(3.4)	(3.8)	(3.2)
SK	59.1	54.3	52.6	57.7	60.2	67.3	53.2	49.9	46.5	52.1	53.2	61.8
	(2.2)	(5.3)	(5.1)	(4.6)	(5.1)	(4.7)	(2.2)	(5.3)	(5.1)	(4.4)	(5.0)	(4.6)
<b>Euro Area</b>	56.0	47.5	49.2	54.6	62.0	70.0	50.6	42.6	43.8	48.6	56.5	64.8

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data.

**Figure 2. Average share of earnings losses buffered by liquid assets and share of households depleting liquid assets**



Source: Authors' calculations based on third wave HFCS data.

**Table 7. Percentage for whom buffering potential earnings losses exhausts liquid assets**

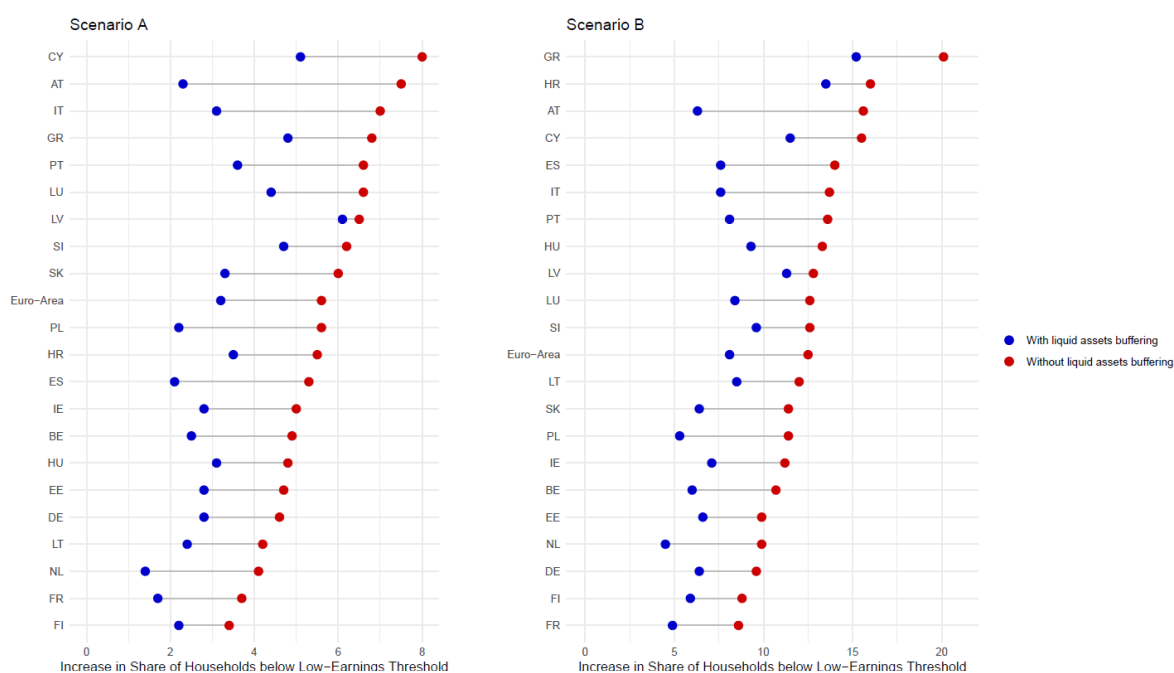
Country	2m + 6m -20%						4m + 8m -40%					
	All	Q1	Q2	Q3	Q4	Q5	All	Q1	Q2	Q3	Q4	Q5
AT	25.5	30.3	30.6	26.6	22.7	17.2	34.3	33.8	42.4	38.1	32.2	24.9
	(1.2)	(3.3)	(3.1)	(3.1)	(2.8)	(2.3)	(1.3)	(3.3)	(3.5)	(3.8)	(2.9)	(2.9)
BE	32.0	51.7	45.2	28.4	21.6	13.3	36.5	54.3	50.3	35.9	25.6	16.0
	(2.0)	(5.3)	(4.8)	(4.3)	(4.1)	(3.5)	(2.0)	(5.3)	(5.0)	(4.5)	(4.1)	(3.6)
CY	58.9	66.0	64.6	65.4	50.0	41.8	62.4	67.9	68.6	71.1	52.3	45.2
	(2.3)	(5.1)	(5.2)	(5.4)	(5.6)	(5.5)	(2.3)	(5.0)	(4.8)	(5.0)	(5.4)	(5.6)
DE	43.4	55.9	52.8	40.2	32.6	20.7	48.1	59.0	56.8	46.2	38.7	25.8
	(1.3)	(3.1)	(3.0)	(3.0)	(2.8)	(3.1)	(1.3)	(2.9)	(2.9)	(3.0)	(2.7)	(2.9)
EE	52.8	54.0	61.5	58.3	47.3	38.8	57.8	57.0	65.3	62.4	54.6	46.6
	(1.3)	(3.1)	(3.0)	(2.9)	(3.1)	(2.9)	(1.3)	(3.1)	(3.0)	(2.9)	(3.1)	(3.0)
ES	35.7	37.1	45.0	43.0	24.1	17.4	42.9	40.8	51.8	50.2	37.0	22.6
	(1.6)	(4.0)	(3.1)	(3.2)	(2.9)	(3.2)	(1.6)	(3.8)	(3.1)	(3.3)	(3.2)	(3.4)
FI	48.2	38.9	56.7	54.4	49.8	40.5	52.2	40.7	60.9	59.2	54.4	45.4
	(0.7)	(1.5)	(1.6)	(1.5)	(1.6)	(1.6)	(0.7)	(1.5)	(1.6)	(1.5)	(1.6)	(1.6)
FR	38.0	43.0	44.9	37.3	26.6	18.3	42.2	45.9	49.2	43.1	30.5	22.0
	(0.8)	(1.6)	(1.6)	(1.6)	(1.7)	(1.4)	(0.8)	(1.6)	(1.6)	(1.6)	(1.8)	(1.5)
GR	59.5	55.4	59.4	66.7	64.5	52.2	64.5	59.0	64.0	70.4	70.7	58.7
	(2.0)	(4.6)	(4.4)	(4.6)	(4.1)	(4.3)	(2.0)	(4.4)	(4.4)	(4.5)	(3.9)	(4.0)
HR	74.2	67.7	80.2	78.5	73.3	71.2	77.9	67.9	83.8	82.9	76.5	78.3
	(2.4)	(5.8)	(4.1)	(5.6)	(6.0)	(4.9)	(2.1)	(5.8)	(3.7)	(4.9)	(6.0)	(4.6)
HU	55.1	52.6	60.9	59.3	55.6	46.0	58.5	54.5	63.6	62.6	59.9	51.3
	(1.1)	(2.5)	(2.7)	(2.8)	(2.8)	(3.0)	(1.1)	(2.4)	(2.7)	(2.9)	(2.9)	(3.1)
IE	52.7	53.3	59.1	58.2	54.3	33.9	58.1	57.1	63.7	64.0	60.2	41.3
	(1.8)	(3.5)	(3.9)	(3.5)	(2.6)	(3.0)	(1.9)	(3.1)	(4.2)	(3.4)	(2.6)	(3.3)
IT	40.1	58.6	42.7	37.1	36.7	27.0	46.9	62.5	49.0	44.0	42.6	37.6
	(1.2)	(2.7)	(2.8)	(2.7)	(2.5)	(2.3)	(1.3)	(2.7)	(2.9)	(2.6)	(2.4)	(2.7)
LT	45.6	36.7	40.6	54.9	47.3	51.9	50.9	40.9	45.7	58.6	55.7	57.0
	(2.4)	(4.4)	(6.4)	(6.1)	(8.0)	(5.0)	(3.0)	(4.7)	(6.6)	(6.1)	(8.0)	(4.7)
LU	36.9	47.2	52.0	35.8	16.6	13.9	44.0	57.0	58.4	40.5	25.5	17.9
	(1.7)	(4.1)	(4.2)	(4.5)	(3.4)	(3.3)	(1.8)	(4.6)	(3.8)	(6.0)	(4.6)	(3.2)
LV	69.1	64.9	76.1	71.4	70.7	57.0	71.7	65.7	77.6	75.2	73.8	64.2
	(2.4)	(4.2)	(4.1)	(5.4)	(4.3)	(5.0)	(2.3)	(4.3)	(4.2)	(5.1)	(4.1)	(4.6)
NL	21.3	27.3	26.7	19.8	16.7	13.9	27.2	31.4	30.4	28.9	22.8	20.9
	(1.5)	(3.7)	(3.6)	(3.0)	(2.9)	(2.9)	(1.7)	(3.8)	(3.6)	(4.1)	(3.3)	(2.9)
PL	41.7	43.0	43.2	47.4	44.4	31.6	47.7	46.0	49.4	53.1	50.8	39.9
	(1.2)	(3.0)	(3.1)	(3.4)	(2.5)	(2.1)	(1.3)	(3.0)	(3.3)	(3.6)	(2.6)	(2.2)
PT	43.5	46.6	56.5	46.5	37.3	18.7	48.7	48.9	63.0	54.0	42.8	23.0
	(1.4)	(2.9)	(3.2)	(3.0)	(3.0)	(2.6)	(1.4)	(3.0)	(2.9)	(2.8)	(2.9)	(2.7)
SI	61.8	61.2	71.2	68.3	57.6	49.1	66.8	63.9	76.9	72.9	62.0	56.9
	(1.6)	(3.2)	(3.2)	(3.6)	(4.1)	(3.8)	(1.6)	(3.1)	(2.8)	(3.5)	(3.7)	(3.6)
SK	47.7	47.6	55.1	49.2	48.0	39.8	53.7	50.6	60.3	55.8	56.2	46.1
	(2.3)	(4.8)	(5.3)	(4.4)	(5.9)	(5.3)	(2.2)	(4.8)	(5.0)	(4.7)	(5.7)	(4.9)
<b>Euro Area</b>	46.9	49.5	53.6	49.8	42.8	34.0	52.1	52.6	58.6	55.7	48.8	40.1

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data

Does accounting for liquid savings significantly reduce the share of households falling below the low-earnings threshold because of the pandemic? We evaluate this by adapting the low earnings/inequality measures presented earlier to include only those earnings losses that cannot be covered by the liquid assets available to the household. Table 8 shows that in lockdown scenario A the share of households with earnings below the threshold would then increase on average across the Euro Area by 3.2 percentage points compared to the pre-COVID situation, while in scenario B that increase would be 8.1 percentage points. The corresponding average increases shown in Table 3 when liquid asset buffers were not taken into account were 5.6 and 12.5 percentage points respectively, so incorporating the buffers attenuates the impact but it remains substantial. Relatively large increases in the share of low earnings households are now seen in Croatia, Cyprus, Greece, Latvia, Luxembourg and Slovenia while the smallest increases are in France, Poland, and the Netherlands. This differs somewhat from the ranking observed before liquid asset buffers are incorporated, as is visualised in Figure 3.

Countries such as Croatia, Cyprus, Greece, and Latvia did not have particularly high average earnings losses but now do worse because of their limited capacity to buffer those losses with liquid assets. Austria, on the other hand, was among the countries with the most substantial impacts before taking liquid assets into account, but is now well below average because (with the Netherlands) it has the greatest capacity to buffer losses via liquid assets.

**Figure 3. Percentage point increase in share of households below low-earnings threshold in each scenario (with and without liquid assets buffering)**



Source: Authors' calculations based on third wave HFCS data.

**Table 8. Share of households below low-earnings threshold after buffering by liquid assets**

Country	Baseline	(A) 2m + 6m -20%		(B) 4m + 8m -40%	
		After liquid assets buffering	$\Delta$	After liquid assets buffering	$\Delta$
AT	20.9	23.3	2.3	27.3	6.3
	(1.2)	(1.2)		(1.3)	
BE	23.8	26.3	2.5	29.8	6.0
	(1.8)	(1.8)		(1.9)	
CY	21.8	26.9	5.1	33.3	11.5
	(2.0)	(2.1)		(2.4)	
DE	27.5	30.3	2.8	34.0	6.4
	(1.2)	(1.3)		(1.2)	
EE	27.6	30.4	2.8	34.2	6.6
	(1.2)	(1.3)		(1.3)	
ES	28.3	30.4	2.1	35.9	7.6
	(1.6)	(1.6)		(1.7)	
FI	27.8	30.0	2.2	33.7	5.9
	(0.5)	(0.6)		(0.6)	
FR	27.0	28.7	1.7	31.9	4.9
	(0.8)	(0.8)		(0.9)	
GR	24.3	29.1	4.8	39.6	15.2
	(1.7)	(1.9)		(2.3)	
HR	24.1	27.6	3.5	37.6	13.5
	(1.9)	(2.0)		(2.2)	
HU	28.6	31.7	3.1	37.9	9.3
	(1.1)	(1.3)		(1.1)	
IE	29.8	32.6	2.8	36.9	7.1
	(1.3)	(1.3)		(1.2)	
IT	25.1	28.2	3.1	32.7	7.6
	(1.1)	(1.1)		(1.2)	
LT	22.3	24.7	2.4	30.8	8.5
	(2.0)	(2.1)		(2.1)	
LU	27.3	31.8	4.4	35.7	8.4
	(1.7)	(1.6)		(1.7)	
LV	26.9	32.9	6.1	38.2	11.3
	(2.3)	(2.5)		(2.3)	
NL	24.7	26.1	1.4	29.2	4.5
	(1.5)	(1.5)		(1.6)	
PL	23.8	25.9	2.2	29.1	5.3
	(1.0)	(1.0)		(1.1)	
PT	24.8	28.4	3.6	32.9	8.1
	(1.1)	(1.2)		(1.3)	
SI	22.2	26.9	4.7	31.8	9.6
	(1.4)	(1.5)		(1.7)	
SK	21.2	24.5	3.3	27.7	6.4
	(1.7)	(2.0)		(2.0)	
<b>Euro Area</b>	25.2	28.4	3.2	33.3	8.1

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data.

A similar picture is seen when we re-calculate the impact of potential earnings losses on the Gini coefficient for the household earnings distribution incorporating buffering of those losses by liquid assets, as shown in Table 9. In lockdown scenario A the average Gini coefficient across countries increases by 0.9 percentage points compared to the pre-COVID earnings distribution and in Scenario B that figure is 2.8 percentage points. These compare with the increases with no buffering of 1.2 and 3.6 percentage points that we saw in Table 4, so taking liquid asset buffers into account reduces the estimated impact by about one-quarter. Relatively large increases in inequality are now seen in Cyprus, Estonia, Greece, Ireland and Luxembourg while the smallest increases in Austria, Finland, Netherlands and Lithuania. This differs somewhat from the pattern observed without incorporating liquid asset buffers, as countries such as Cyprus, Estonia and Greece did not have particularly high average earnings losses but now do worse because of the limited capacity to buffer those losses with liquid assets.

It is worth also considering briefly the buffer that could potentially be provided by total net wealth. Property and other forms of illiquid wealth cannot generally be drawn on directly in the short term to fill the gap left by a negative income shock, but they can in some circumstances serve as security against borrowing. While poorer households in particular may face many obstacles to such borrowing, it is nonetheless worth presenting the results of an analysis illustrating the extent to which potential earnings losses could be buffered if total net wealth could in fact be deployed for that purpose. The concept of net wealth in HFCS, which we adopt here, covers besides the liquid assets also the value of the main residence and other real estate, valuables, vehicles, self-employment businesses, money owed to the household, private pensions and life insurances and any other assets net of the value of both mortgage and non-mortgage debt. Table 10 shows that the average buffer would be much higher than it was with liquid assets alone (in Table 6), reaching 93% on average across the Euro Area with scenario A and 91% with scenario B. The variation across and within countries remains substantial but is less than was seen for liquid assets, reflecting the fact that those are more unequally distributed than non-liquid and thus total assets. The average share of earnings losses that could be buffered by net wealth is lowest in Germany and the Netherlands at about 85%, while it is highest in Lithuania, Poland and Slovak Republic at more than 96%. This reflects the fact that median net wealth levels are low compared to median household earnings in the former and relatively high in the latter (see Table 5).<sup>13</sup> Comparison across pre-COVID household earnings quintiles shows that average compensation shares are again highest in the top quintile but are now also high at the bottom of the distribution.

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<sup>13</sup> At the extreme, the Netherlands was the best performing country in terms of buffering by liquid assets but is the worst in terms of net wealth, because the ratio between median net wealth and median household earnings is very low and net wealth is very unequally distributed, while Dutch households have the highest median share of their wealth invested in liquid assets across the Euro Area (Table 5).



**Table 9. Gini index after liquid assets buffering**

Country	Baseline	(A) 2m + 6m -20%		(B) 4m + 8m -40%	
		After liquid assets buffering	$\Delta$	After liquid assets buffering	$\Delta$
AT	33.4	34.2	0.7	35.7	2.3
	(1.5)	(1.5)		(1.5)	
BE	34.5	35.5	1.0	36.8	2.3
	(1.3)	(1.3)		(1.4)	
CY	34.6	36.1	1.5	39.0	4.4
	(1.2)	(1.2)		(1.2)	
DE	42.7	43.7	1.0	45.1	2.4
	(1.0)	(0.9)		(1.0)	
EE	37.8	38.9	1.1	40.4	2.5
	(0.7)	(0.7)		(0.7)	
ES	42.1	43.2	1.0	45.4	3.3
	(1.1)	(1.1)		(1.2)	
FI	38.7	39.3	0.6	40.5	1.9
	(0.4)	(0.4)		(0.4)	
FR	37.8	38.5	0.8	40.0	2.2
	(0.5)	(0.5)		(0.5)	
GR	35.0	36.1	1.0	39.0	4.0
	(1.0)	(0.9)		(0.9)	
HR	40.3	41.0	0.7	43.3	3.1
	(2.0)	(1.8)		(1.6)	
HU	39.1	40.0	0.9	42.1	3.0
	(0.7)	(0.7)		(0.7)	
IE	44.1	45.3	1.2	47.5	3.4
	(1.4)	(1.4)		(1.4)	
IT	40.8	41.6	0.9	43.6	2.8
	(0.9)	(0.9)		(0.9)	
LT	39.1	39.3	0.2	40.7	1.6
	(1.5)	(1.5)		(1.5)	
LU	40.0	41.4	1.4	43.7	3.6
	(1.0)	(1.0)		(1.0)	
LV	41.6	42.9	1.2	45.0	3.4
	(1.3)	(1.4)		(1.4)	
NL	33.3	33.9	0.5	35.1	1.7
	(0.7)	(0.7)		(0.8)	
PL	37.5	38.4	0.9	39.7	2.3
	(0.8)	(0.8)		(0.8)	
PT	43.5	44.6	1.0	46.3	2.7
	(1.6)	(1.4)		(1.3)	
SI	37.7	38.9	1.2	40.6	2.9
	(1.1)	(1.1)		(1.1)	
SK	34.0	34.8	0.8	36.2	2.1
	(1.1)	(1.1)		(1.1)	
<b>Euro Area</b>	38.5	39.4	0.9	41.2	2.8

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data.

**Table 10. Average share of potential household earnings losses buffered by net wealth, by household earnings quintile**

Country	(A) 2m + 6m -20%						(B) 4m + 8m -40%					
	All	Q1	Q2	Q3	Q4	Q5	All	Q1	Q2	Q3	Q4	Q5
AT	93.1	87.5	90.1	94.0	95.9	97.0	90.2	83.8	86.4	91.0	93.6	95.5
	(0.7)	(2.0)	(2.2)	(1.2)	(1.2)	(0.7)	(0.7)	(2.1)	(2.4)	(1.4)	(1.3)	(0.9)
BE	94.7	80.0	96.5	96.7	99.6	99.1	93.7	77.7	95.0	96.2	99.6	98.3
	(1.2)	(4.8)	(2.0)	(1.8)	(0.4)	(0.8)	(1.2)	(5.0)	(2.2)	(1.8)	(0.4)	(1.0)
CY	93.3	93.5	92.8	91.5	94.3	95.6	92.3	92.4	91.0	90.3	93.8	95.6
	(1.4)	(3.2)	(3.3)	(3.6)	(2.6)	(2.0)	(1.4)	(3.3)	(3.6)	(3.6)	(2.7)	(2.1)
DE	86.1	71.8	83.2	90.1	94.8	98.3	83.9	67.9	80.6	88.6	93.7	97.6
	(1.1)	(3.1)	(2.4)	(1.9)	(1.7)	(0.7)	(1.1)	(3.3)	(2.4)	(2.1)	(1.7)	(1.0)
EE	93.7	89.3	93.9	92.1	96.9	97.3	92.9	88.8	93.2	90.7	96.3	96.5
	(0.8)	(2.3)	(1.6)	(1.8)	(0.9)	(0.9)	(0.8)	(2.4)	(1.6)	(1.9)	(1.0)	(1.0)
ES	93.5	91.7	90.3	95.4	93.5	98.8	92.7	91.0	89.5	93.6	93.1	98.7
	(0.9)	(2.8)	(2.0)	(1.5)	(2.1)	(0.6)	(1.0)	(2.8)	(2.0)	(1.9)	(2.1)	(0.7)
FI	90.1	79.7	85.6	89.8	93.2	97.3	88.7	76.0	84.0	88.5	92.1	96.4
	(0.5)	(2.4)	(1.5)	(1.1)	(0.8)	(0.6)	(0.5)	(2.5)	(1.5)	(1.1)	(0.8)	(0.6)
FR	94.8	88.5	93.5	97.2	98.9	99.1	93.1	85.1	91.4	96.3	98.4	98.7
	(0.5)	(1.6)	(0.9)	(0.4)	(0.3)	(0.4)	(0.6)	(1.7)	(1.1)	(0.5)	(0.4)	(0.6)
GR	88.9	83.0	85.0	90.9	89.3	94.0	86.1	80.3	82.1	88.1	85.4	92.0
	(1.4)	(5.5)	(2.9)	(2.0)	(2.7)	(2.1)	(1.5)	(5.5)	(2.9)	(2.4)	(3.1)	(2.2)
HR	93.2	95.3	88.0	90.0	95.8	96.5	92.3	93.6	87.4	89.4	95.4	95.3
	(1.4)	(2.7)	(3.7)	(3.8)	(2.4)	(1.5)	(1.5)	(3.7)	(3.8)	(3.9)	(2.5)	(1.9)
HU	92.3	90.9	89.3	90.8	95.4	95.2	91.1	90.5	87.8	89.4	94.2	93.9
	(0.7)	(1.9)	(1.9)	(1.6)	(1.2)	(1.4)	(0.7)	(2.0)	(1.9)	(1.8)	(1.3)	(1.6)
IE	92.3	83.0	87.9	93.9	96.6	98.4	90.1	78.3	85.0	91.9	95.4	97.9
	(0.7)	(2.8)	(2.2)	(1.2)	(1.0)	(0.6)	(0.8)	(3.0)	(2.4)	(1.3)	(1.2)	(0.7)
IT	94.8	86.9	94.8	94.0	97.7	98.9	92.9	84.5	92.4	91.6	95.9	98.4
	(0.6)	(2.5)	(0.9)	(1.4)	(0.6)	(0.5)	(0.6)	(2.5)	(1.1)	(1.6)	(0.7)	(0.5)
LT	98.0	97.6	98.6	97.4	98.1	98.4	97.6	97.5	98.5	97.0	97.3	97.8
	(0.6)	(2.0)	(1.3)	(1.5)	(0.9)	(1.0)	(0.6)	(2.0)	(1.3)	(1.4)	(1.4)	(1.1)
LU	94.4	90.0	93.5	94.7	99.1	99.4	92.8	88.2	90.2	93.3	98.9	99.3
	(0.9)	(2.5)	(1.6)	(1.9)	(0.9)	(0.4)	(1.0)	(2.7)	(2.0)	(2.2)	(1.1)	(0.4)
LV	90.0	81.9	90.8	93.0	94.1	94.5	88.7	80.3	89.9	90.8	93.5	93.9
	(1.7)	(5.2)	(3.5)	(2.7)	(2.8)	(2.1)	(1.7)	(5.3)	(3.6)	(2.9)	(2.8)	(2.1)
NL	85.3	82.6	79.0	85.9	89.1	90.2	83.4	80.0	76.1	84.0	87.6	89.5
	(1.4)	(3.8)	(4.6)	(4.3)	(3.6)	(2.9)	(1.5)	(4.2)	(4.8)	(4.4)	(3.5)	(2.9)
PL	96.3	95.3	96.6	95.9	95.0	98.5	95.6	93.8	95.9	95.2	94.2	98.1
	(0.4)	(1.0)	(0.8)	(1.0)	(1.1)	(0.5)	(0.4)	(1.2)	(0.9)	(1.0)	(1.2)	(0.6)
PT	92.3	88.6	89.5	92.5	95.1	98.6	90.9	86.9	87.2	91.1	94.2	97.8
	(0.8)	(2.2)	(2.0)	(1.5)	(1.5)	(0.9)	(0.9)	(2.4)	(2.2)	(1.6)	(1.6)	(1.2)
SI	92.8	89.4	91.6	89.3	97.8	95.6	91.8	87.7	90.3	88.9	97.3	94.6
	(1.0)	(3.2)	(2.1)	(2.4)	(0.7)	(1.5)	(1.0)	(3.3)	(2.1)	(2.5)	(0.8)	(1.6)
SK	97.1	95.5	96.4	97.7	97.5	97.5	96.9	95.4	96.2	97.5	97.3	97.3
	(0.6)	(2.2)	(1.4)	(1.4)	(1.0)	(1.8)	(0.6)	(2.3)	(1.4)	(1.4)	(1.0)	(1.8)
<b>Euro Area</b>	92.7	87.7	90.8	93.0	95.6	97.1	91.3	85.7	89.1	91.6	94.6	96.3

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data

We can again look at household-level low earnings and earnings inequality when potential buffering by total net wealth is taken into account. Table 11 shows that the share of households with low earnings described earlier would then increase on average across the Euro Area by only 0.6 percentage points in lockdown scenario A and 1.6 percentage points in scenario B.

The corresponding results for the Gini coefficient are in Table 12. In this case, lockdown scenario A sees a 0.3 increase in the Gini compared to the pre-COVID baseline and scenario B has a 0.7 increase. This brings out the extent to which being able to draw fully on net wealth, however unrealistic that might be in the short term in particular, would attenuate the impact of the potential earnings losses of households most likely to be impacted by the pandemic.

Finally, while we made clear at the outset that the potential earnings losses captured here may be offset to a significant extent by state action via transfers and taxes etc., it is also relevant that actual earnings losses may not need to be fully cushioned to maintain consumption levels. This will be the case where household disposable incomes exceed consumption levels, which will be most common towards the top of the income distribution. At the other extreme, where own savings are not sufficient and borrowing against non-liquid wealth is not possible, low-income households could try to get help from family and friends. In that context the HFCS asks respondents “In an emergency, could (you/your household) get financial assistance of say EUR 5,000 from friends or relatives who do not live with you?”. Table 13 shows the percentage answering this question in the affirmative in each country, overall and across the household earnings quintiles. Across the Euro Area on average only about 56% believe they would be able to get such (significant) financial assistance from family or friends in times of need. Overall, Eastern European households are least confident in that respect, whereas more than 70% believe they could rely on help from friends and family in Belgium, Luxembourg, the Netherlands and Portugal. Across the household earnings distribution those in the bottom quintile are almost always the least confident of getting such financial assistance, while those in the top quintile are most confident in every case.

**Table 11. Share of households below low-earnings threshold after net wealth buffering**

Country	Baseline	(A) 2m + 6m -20%		(B) 4m + 8m -40%	
		After net wealth buffering	$\Delta$	After net wealth buffering	$\Delta$
AT	20.9	22.0	1.1	23.7	2.7
	(1.2)	(1.2)		(1.2)	
BE	23.8	24.2	0.4	24.7	0.9
	(1.8)	(1.8)		(1.8)	
CY	21.8	22.3	0.6	22.8	1.0
	(2.0)	(2.1)		(2.1)	
DE	27.5	28.1	0.6	29.6	2.1
	(1.2)	(1.2)		(1.2)	
EE	27.6	28.0	0.5	28.5	1.0
	(1.2)	(1.2)		(1.2)	
ES	28.3	28.9	0.5	29.7	1.4
	(1.6)	(1.6)		(1.7)	
FI	27.8	28.4	0.6	29.5	1.6
	(0.5)	(0.6)		(0.6)	
FR	27.0	27.5	0.5	28.2	1.2
	(0.8)	(0.8)		(0.8)	
GR	24.3	25.4	1.0	27.4	3.0
	(1.7)	(1.8)		(2.0)	
HR	24.1	24.6	0.5	25.6	1.5
	(1.9)	(1.9)		(2.0)	
HU	28.6	28.9	0.3	30.4	1.8
	(1.1)	(1.2)		(1.1)	
IE	29.8	30.4	0.6	31.4	1.6
	(1.3)	(1.3)		(1.3)	
IT	25.1	25.4	0.3	26.9	1.7
	(1.1)	(1.1)		(1.1)	
LT	22.3	22.3	0.0	22.5	0.2
	(2.0)	(2.0)		(2.0)	
LU	27.3	28.1	0.8	29.5	2.2
	(1.7)	(1.7)		(1.7)	
LV	26.9	27.3	0.5	28.9	2.0
	(2.3)	(2.3)		(2.3)	
NL	24.7	25.9	1.2	27.8	3.1
	(1.5)	(1.6)		(1.6)	
PL	23.8	24.0	0.3	24.4	0.6
	(1.0)	(1.0)		(1.0)	
PT	24.8	25.5	0.8	26.9	2.1
	(1.1)	(1.1)		(1.1)	
SI	22.2	22.9	0.7	23.8	1.6
	(1.4)	(1.5)		(1.5)	
SK	21.2	21.6	0.4	21.7	0.5
	(1.7)	(1.7)		(1.7)	
<b>Euro Area</b>	25.2	25.8	0.6	26.8	1.6

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data

**Table 12. Gini index after net wealth buffering**

Country	Baseline	(A) 2m + 6m -20%		(B) 4m + 8m -40%	
		After net wealth buffering	$\Delta$	After net wealth buffering	$\Delta$
AT	33.4	33.8	0.3	34.6	1.1
	(1.5)	(1.5)		(1.5)	
BE	34.5	34.7	0.2	35.0	0.5
	(1.3)	(1.4)		(1.4)	
CY	34.6	34.8	0.2	35.1	0.6
	(1.2)	(1.2)		(1.2)	
DE	42.7	43.2	0.6	44.0	1.3
	(1.0)	(1.0)		(0.9)	
EE	37.8	38.0	0.2	38.3	0.5
	(0.7)	(0.7)		(0.7)	
ES	42.1	42.3	0.2	42.9	0.7
	(1.1)	(1.1)		(1.1)	
FI	38.7	39.0	0.3	39.5	0.8
	(0.4)	(0.4)		(0.4)	
FR	37.8	38.0	0.2	38.4	0.6
	(0.5)	(0.5)		(0.5)	
GR	35.0	35.4	0.4	36.5	1.4
	(1.0)	(1.0)		(1.1)	
HR	40.3	40.5	0.2	40.7	0.4
	(2.0)	(1.9)		(1.6)	
HU	39.1	39.3	0.2	39.8	0.7
	(0.7)	(0.7)		(0.7)	
IE	44.1	44.4	0.3	45.0	0.9
	(1.4)	(1.4)		(1.3)	
IT	40.8	41.0	0.3	41.6	0.9
	(0.9)	(0.9)		(0.9)	
LT	39.1	39.1	0.0	39.2	0.0
	(1.5)	(1.5)		(1.4)	
LU	40.0	40.3	0.3	40.9	0.9
	(1.0)	(1.0)		(1.0)	
LV	41.6	42.0	0.3	42.4	0.7
	(1.3)	(1.3)		(1.3)	
NL	33.3	33.7	0.4	34.7	1.3
	(0.7)	(0.7)		(0.7)	
PL	37.5	37.6	0.1	37.9	0.4
	(0.8)	(0.8)		(0.8)	
PT	43.5	43.8	0.2	44.1	0.6
	(1.6)	(1.5)		(1.3)	
SI	37.7	37.9	0.3	38.2	0.5
	(1.1)	(1.1)		(1.1)	
SK	34.0	34.1	0.1	34.2	0.2
	(1.1)	(1.1)		(1.1)	
<b>Euro Area</b>	38.5	38.7	0.3	39.2	0.7

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave

**Table 13. Proportion able to receive financial assistance from family/friends**

<b>Country</b>	<b>All</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q5</b>
<b>AT</b>	67.7	54.9	63.5	67.1	72.1	81.2
	(1.3)	(3.3)	(3.3)	(2.8)	(3.1)	(2.4)
<b>BE</b>	71.4	46.2	65.3	77.7	78.7	88.7
	(1.9)	(5.6)	(4.6)	(3.7)	(3.7)	(2.9)
<b>CY</b>	51.6	25.5	47.8	53.2	64.6	76.7
	(2.4)	(4.7)	(5.3)	(5.2)	(4.9)	(4.4)
<b>DE</b>	62.0	50.6	60.0	64.1	68.2	76.1
	(1.3)	(3.0)	(2.9)	(3.0)	(2.9)	(2.7)
<b>EE</b>	37.7	21.0	31.8	33.5	46.8	64.2
	(1.3)	(2.4)	(2.9)	(2.8)	(3.1)	(2.9)
<b>ES</b>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>FI</b>	61.6	49.5	57.7	62.1	68.6	73.9
	(0.7)	(1.6)	(1.7)	(1.6)	(1.5)	(1.4)
<b>FR</b>	52.0	32.9	48.4	61.7	67.3	75.4
	(0.9)	(1.6)	(1.6)	(1.6)	(1.9)	(1.6)
<b>GR</b>	53.7	32.9	48.2	54.9	62.2	67.7
	(2.0)	(3.9)	(5.3)	(5.2)	(3.9)	(4.2)
<b>HR</b>	32.6	31.7	19.6	26.5	27.7	58.1
	(2.0)	(5.8)	(4.4)	(4.7)	(4.6)	(5.3)
<b>HU</b>	56.2	41.5	51.9	55.1	64.8	71.7
	(1.2)	(2.6)	(3.3)	(3.6)	(3.4)	(2.8)
<b>IE</b>	68.3	43.4	60.4	74.0	82.2	84.1
	(1.3)	(3.1)	(3.5)	(2.2)	(1.9)	(3.0)
<b>IT</b>	57.4	33.4	49.3	56.2	71.3	74.5
	(1.3))	(2.9)	(3.2)	(2.6)	(2.2)	(2.5)
<b>LT</b>	38.1	27.0	34.6	39.6	42.9	51.0
	(2.7)	(5.0)	(5.7)	(7.8)	(6.0)	(5.9)
<b>LU</b>	71.4	54.0	64.8	78.1	88.2	88.4
	(1.6)	(4.2)	(3.7)	(3.5)	(2.8)	(2.7)
<b>LV</b>	32.9	20.0	26.6	38.5	43.1	59.8
	(2.3)	(4.4)	(4.7)	(5.7)	(5.2)	(5.4)
<b>NL</b>	71.6	58.9	67.8	75.0	77.2	81.5
	(1.5)	(4.1)	(4.0)	(3.4)	(4.0)	(3.0)
<b>PL</b>	55.1	40.6	49.7	54.6	62.5	65.3
	(1.3)	(3.3)	(3.6)	(3.2)	(2.7)	(2.2)
<b>PT</b>	75.6	65.4	73.4	80.1	81.0	82.2
	(1.2)	(2.7)	(2.4)	(2.3)	(2.4)	(2.3)
<b>SI</b>	53.0	39.9	41.8	51.3	61.2	73.4
	(1.8)	(3.9)	(3.3)	(4.0)	(3.5)	(3.1)
<b>SK</b>	47.1	32.3	34.6	44.8	53.9	63.8
	(2.2)	(4.7)	(4.7)	(5.5)	(4.7)	(4.6)
<b>Euro Area</b>	55.8	40.1	49.9	57.4	64.2	72.9

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data.

## 5. Conclusion and Policy Implications

The rapid spread of the COVID-19 virus around the world has resulted in an unprecedented global economic and social shock. While many studies have looked at the initial (differential) impact of the COVID-19 crisis on work and income, few have looked at the extent to which households possess the necessary means and skills to mitigate these initial effects. This paper has estimated the potential losses in gross household earnings arising from the pandemic-related labour supply shock. We assessed the extent to which households in the Euro Area are likely to have liquid assets that they could draw on to buffer or cushion potential earnings losses. For this purpose it has exploited the rich data on household wealth in the Household Finance and Consumption Survey co-ordinated by the ECB.

We find that potential earnings losses in percentage terms are often higher in Eastern and especially Southern European countries than in Western and Northern European ones. Within each country those towards the top of the household earnings distribution face smaller potential losses relative to their pre-Crisis earnings than those lower down the household earnings distribution. This pattern of potential losses reflects the extent to which workers' jobs are closed in lockdown periods and cannot be performed from home. Across the Euro Area on average only about half of those potential earnings losses could be buffered by the affected households drawing on their liquid assets. That average figure hides considerable variation across countries. It is much lower in countries such as Croatia and Latvia -around one quarter- and much higher in ones such as Austria and the Netherlands, where the average household could cover 80% of the potential earnings losses in Scenario A. Households towards the top of the household earnings distribution are mostly able to buffer or offset more of their potential losses with liquid assets than those lower down that distribution, with rather limited variation across the bottom four quintiles. This reflects the fact that liquid assets increase broadly in line with household earnings on average as one moves up those quintiles. Both the share of households on 'low earnings' and inequality in the household earnings distribution are seen to increase when potential earnings losses 'hit'; this is attenuated by the capacity to draw on liquid assets, but only to a quite limited extent. For the average of the countries, the potential increase due to the pandemic in the share of households with low earnings would still be 3.2 percentage points even discounting liquid assets cushioning in Scenario A, and 8.1 percentage points in the more stringent scenario B and reveals significant differences across countries in the buffering capacity of savings. If total net wealth could be seen as a buffer it would represent a substantially higher proportion of potential earnings losses than liquid assets alone, but it is doubtful that illiquid forms of wealth can generally serve that purpose in the shorter term. We also find that, in addition to having a lower share of their earnings losses covered by liquid assets in the pandemic, households towards the bottom of the earnings

distribution and those in Eastern Europe are also the least confident about relying on financial assistance from family or friends.

The extent to which the potential earnings losses estimated here will have occurred, and the buffering capacity identified will have been required, depends on the effectiveness and comprehensiveness of compensation measures undertaken by employers and governments. Automatic stabilisers kicked into action in many countries and governments also undertook specific compensatory measures. However, these vary across countries and over the pandemic period in ways we have not sought to investigate here. Notwithstanding this, we provide here evidence of the potential exposure of households across Europe to fall under the low earnings threshold given the occupational and financial savings distribution in each country.

It will be possible to examine actual losses in terms of disposable income and the extent to which those could be buffered by drawing on savings and assets when survey data covering the period of the pandemic becomes available. In the meantime, the insights gleaned here into the savings buffers available to the types of households most likely to be affected are important for both micro-economic and macro-economic policy purposes. This is the case first in seeking to understand the role of tax-benefit systems in crisis periods. In responding to an earnings shock many of the automatic stabilisers in tax-benefit systems rely on information on other household incomes and on wealth. Indeed, many ‘safety net’ social benefits are both income- and asset-tested (see e.g. Marchal et al., 2021 for an overview of asset-testing in European minimum income protection schemes). Moreover, our findings should be helpful to governments in considering what kind of discretionary policies they may need to introduce and at whom these should be targeted. Many European countries for example introduced temporary suspension of mortgage repayments for workers hit by the crisis, but only a few introduced similar policies for renters. Since renters typically have lower incomes and assets the latter may prove a valuable policy to protect vulnerable households.

In-depth information on the savings and assets of the households most affected in the pandemic is also important from a macroeconomic perspective. The extent to which economies revive after the COVID-19 crisis crucially depends on how household consumption levels recover, on which both their income and savings are central influences. Our findings that many of the affected households across much of the earnings distribution do not have sufficient liquid assets to cover their potential earnings losses suggests their consumption may well be constrained, increasing the need for fiscal and monetary policies to boost demand in Euro Area economies. In-depth knowledge of the limited extent of asset buffers available to households most likely to be affected is crucial to assessing how well they could cope during the crisis, and thus the policies required to adequately protect them, as well as how economies will be able to exit from the crisis.



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## **Appendix: Individual-Level Potential Earnings Losses**

Our paper focused its analysis on potential earnings losses at the household level since the information on assets we employ to assess the capacity to buffer those losses is observed at the household level, and arguably that would in any case be the ‘least bad’ choice even if one had measures of asset holdings at individual level. However, the LWA index and earnings losses are in first instance calculated at the individual level and this allows the cushioning role of other earnings and incomes in the household to be studied. This appendix provides a comparison of the results on potential earnings losses in the two lockdown scenarios we consider between the household and individual level. Table A1 presents the average earnings losses rate across quintiles of the earnings distribution at individual level, which can be compared with the corresponding figures for households in Table 2. In most cases the potential earnings losses in relative terms are greater at the individual than the household level, but the pattern of larger losses at the bottom of the distribution than at the top exists at both levels. Table A2 shows at the individual level the share falling below the low-earnings threshold, with the threshold determined at that level. These are lower in the baseline pre-COVID situation than those for the household level in Table 3. However, apart from a couple of exceptions in lockdown scenario A, the percentage point increases are lower for the household level, with the differences sometimes quite large. Similarly, in case of the Gini coefficient in Table A3 we generally find greater increases in earnings inequality at the individual level than those at the household level seen in Table 4, although the differences are smaller than for share falling below the low earnings threshold. Hence, comparing the effect of potential earnings losses at the individual and household level does indicate that the presence of other earnings is an important factor buffering the initial impact of the COVID-19-induced labour supply shock on the earnings of individual workers.

**Table A 1. Mean earnings loss rate at individual level**

Country	Individual level											
	Lockdown Scenario (A) 2m + 6m -20%					Lockdown Scenario (B) 4m + 8m -40%						
	All	Q1	Q2	Q3	Q4	Q5	All	Q1	Q2	Q3	Q4	Q5
<b>AT</b>	11.6 (0.2)	13.7 (0.6)	14.1 (0.5)	12.4 (0.4)	10.6 (0.4)	8.0 (0.4)	20.5 (0.4)	21.7 (1.2)	26.9 (1.1)	22.7 (1.0)	17.9 (0.9)	13.5 (0.8)
<b>BE</b>	8.3 (0.3)	11.8 (0.8)	11.5 (0.7)	7.6 (0.6)	6.3 (0.6)	5.1 (0.6)	14.1 (0.7)	17.7 (1.7)	19.8 (1.7)	12.0 (1.2)	11.1 (1.3)	9.2 (1.3)
<b>CY</b>	11.4 (0.4)	16.0 (0.9)	14.1 (0.9)	10.8 (0.8)	9.1 (0.8)	5.1 (0.8)	21.3 (1.0)	26.3 (2.2)	26.6 (2.0)	20.2 (1.6)	17.5 (1.9)	10.5 (1.7)
<b>DE</b>	10.7 (0.2)	13.5 (0.6)	12.7 (0.5)	10.7 (0.4)	8.4 (0.4)	6.8 (0.6)	18.1 (0.4)	21.7 (1.2)	23.3 (1.2)	18.0 (0.8)	12.5 (0.7)	12.2 (1.3)
<b>EE</b>	11.2 (0.2)	14.2 (0.5)	13.0 (0.5)	11.3 (0.5)	9.3 (0.4)	7.8 (0.4)	18.0 (0.5)	19.3 (1.0)	21.6 (1.0)	18.0 (1.0)	15.5 (0.9)	14.0 (0.9)
<b>ES</b>	13.1 (0.3)	16.5 (0.9)	16.8 (0.6)	13.0 (0.6)	9.7 (0.5)	6.1 (0.5)	21.1 (0.7)	20.4 (1.8)	28.6 (1.3)	22.6 (1.3)	16.6 (1.0)	10.5 (1.0)
<b>FI</b>	10.1 (0.1)	13.4 (0.7)	12.2 (0.4)	11.5 (0.3)	9.0 (0.2)	7.7 (0.2)	13.6 (0.2)	3.6 (0.3)	14.2 (0.6)	20.2 (0.6)	14.9 (0.4)	13.7 (0.5)
<b>FR</b>	9.5 (0.1)	11.3 (0.4)	11.2 (0.3)	9.1 (0.3)	6.8 (0.3)	6.3 (0.3)	15.0 (0.3)	13.9 (0.6)	19.1 (0.5)	15.4 (0.5)	11.1 (0.5)	11.2 (0.7)
<b>GR</b>	14.9 (0.4)	17.8 (0.9)	17.3 (0.8)	16.7 (0.8)	12.5 (0.8)	12.0 (0.8)	27.4 (0.9)	24.4 (2.1)	32.2 (1.7)	32.6 (1.9)	24.9 (1.8)	23.6 (1.8)
<b>HR</b>	14.1 (0.4)	14.3 (1.0)	16.7 (0.9)	14.5 (0.9)	13.1 (1.1)	12.0 (0.9)	23.9 (1.0)	17.6 (1.7)	29.2 (2.1)	26.3 (2.0)	24.6 (2.3)	21.9 (2.0)
<b>HU</b>	12.1 (0.2)	11.5 (0.5)	12.8 (0.4)	13.2 (0.5)	11.6 (0.5)	11.1 (0.5)	21.9 (0.5)	17.9 (0.9)	23.7 (0.9)	25.3 (1.1)	22.1 (1.0)	20.4 (1.1)
<b>IE</b>	11.5 (0.2)	14.6 (0.6)	16.0 (0.5)	13.3 (0.6)	8.5 (0.3)	5.9 (0.3)	18.1 (0.4)	13.3 (1.0)	26.1 (1.0)	24.0 (1.3)	14.5 (0.6)	10.2 (0.6)

Country	Individual level											
	Lockdown Scenario (A) 2m + 6m -20%					Lockdown Scenario (B) 4m + 8m -40%						
	All	Q1	Q2	Q3	Q4	Q5	All	Q1	Q2	Q3	Q4	Q5
IT	11.9	14.9	14.2	11.9	9.9	8.8	22.5	27.2	27.7	21.4	18.5	17.3
	(0.2)	(0.5)	(0.5)	(0.5)	(0.4)	(0.4)	(0.5)	(1.2)	(1.1)	(1.0)	(1.0)	(0.9)
LT	11.6	12.6	11.6	12.6	10.0	11.1	18.0	18.1	19.2	19.2	15.6	17.4
	(0.6)	(1.1)	(1.0)	(1.1)	(1.3)	(1.4)	(1.0)	(1.8)	(2.1)	(2.2)	(2.0)	(2.2)
LU	10.5	16.8	14.4	7.4	5.4	5.3	18.7	28.7	25.0	13.3	10.2	9.3
	(0.3)	(0.7)	(0.7)	(0.6)	(0.6)	(0.7)	(0.7)	(1.5)	(1.7)	(1.2)	(1.3)	(1.3)
LV	10.9	11.6	14.5	10.3	8.9	6.9	17.4	12.6	25.3	18.6	15.0	12.2
	(0.4)	(1.0)	(0.7)	(0.9)	(0.9)	(0.7)	(0.9)	(1.6)	(1.7)	(1.9)	(1.8)	(1.5)
NL	10.0	14.5	11.2	8.4	8.6	7.5	15.7	21.3	17.5	13.5	13.1	12.3
	(0.3)	(0.7)	(0.7)	(0.6)	(0.6)	(0.5)	(0.5)	(1.4)	(1.2)	(1.1)	(1.1)	(1.1)
PL	11.7	11.7	14.9	12.4	11.1	8.6	19.1	17.1	25.8	20.0	18.7	14.3
	(0.2)	(0.5)	(0.4)	(0.4)	(0.4)	(0.3)	(0.4)	(0.9)	(0.9)	(0.8)	(0.8)	(0.7)
PT	11.8	15.4	14.2	11.9	8.2	6.6	20.1	23.3	24.1	20.7	14.7	12.4
	(0.2)	(0.5)	(0.4)	(0.5)	(0.4)	(0.5)	(0.5)	(1.0)	(0.9)	(1.0)	(0.9)	(1.0)
SI	12.2	14.8	15.5	13.3	10.5	7.6	18.6	18.8	23.8	21.0	16.2	13.3
	(0.3)	(0.7)	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)	(1.3)	(1.5)	(1.1)	(1.0)	(1.0)
SK	10.8	14.4	12.6	10.1	8.7	8.6	17.9	22.6	21.4	16.7	13.9	14.2
	(0.3)	(0.8)	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)	(1.6)	(1.5)	(1.3)	(1.1)	(1.2)
<b>Euro Area</b>	11.4	14.1	13.9	11.5	9.4	7.8	19.1	19.4	23.9	20.1	16.1	14.0

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data.

**Table A 2. Share of individuals below low-earnings threshold (at individual level)**

	Baseline	Potential earnings losses			
		2m + 6m -20%	$\Delta$	4m + 8m -40%	$\Delta$
AT	18.9	26.3	7.4	38.6	19.7
	(0.9)	(0.8)		(0.9)	
BE	15.4	21.5	6.1	28.5	13.1
	(1.2)	(1.5)		(1.6)	
CY	17.6	26.3	8.7	37.4	19.8
	(1.7)	(1.8)		(1.9)	
DE	27.3	32.4	5.2	39.2	11.9
	(0.8)	(0.9)		(0.9)	
EE	24.5	30.5	5.9	37.6	13.1
	(1.0)	(1.1)		(1.1)	
ES	18.4	26.3	7.9	40.8	22.4
	(1.4)	(1.4)		(1.5)	
FI	14.8	17.8	3.0	28.2	13.4
	(0.4)	(0.5)		(0.5)	
FR	18.4	22.9	4.5	33.0	14.6
	(0.6)	(0.6)		(0.7)	
GR	15.2	24.5	9.3	45.3	30.1
	(1.4)	(1.5)		(2.1)	
HR	11.0	23.7	12.7	40.8	29.8
	(1.1)	(1.9)		(2.0)	
HU	23.8	29.7	5.9	41.5	17.7
	(0.8)	(0.9)		(0.8)	
IE	21.6	28.1	6.5	37.2	15.6
	(1.0)	(1.0)		(1.1)	
IT	19.2	26.6	7.4	38.6	19.4
	(0.9)	(1.0)		(1.1)	
LT	13.8	22.3	8.4	37.8	24.0
	(2.2)	(3.4)		(2.7)	
LU	20.4	29.8	9.4	36.5	16.1
	(2.3)	(1.4)		(1.6)	
LV	18.9	27.5	8.6	36.9	18.1
	(1.6)	(1.7)		(1.6)	
NL	26.2	30.2	4.0	38.1	11.9
	(1.2)	(1.1)		(1.2)	
PL	14.3	22.6	8.4	33.4	19.1
	(0.7)	(0.8)		(0.9)	
PT	12.5	19.2	6.6	31.0	18.5
	(0.7)	(0.8)		(1.0)	
SI	16.1	23.6	7.4	34.3	18.2
	(1.0)	(1.1)		(1.2)	
SK	13.2	22.0	8.8	29.6	16.4
	(1.4)	(1.4)		(1.5)	
<b>Euro Area</b>	18.2	25.4	7.3	36.4	18.2

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data.

**Table A 3. Gini coefficient at individual level**

	Baseline	Potential earnings losses			
		2m + 6m -20%	Δ	4m + 8m -40%	Δ
<b>AT</b>	37.1	38.9	1.8	43.3	6.2
	(1.9)	(2.0)		(2.0)	
<b>BE</b>	34.9	36.2	1.4	38.9	4.0
	(1.3)	(1.3)		(1.3)	
<b>CY</b>	38.6	40.8	2.2	45.4	6.8
	(1.0)	(1.0)		(1.0)	
<b>DE</b>	46.1	47.4	1.3	49.9	3.8
	(0.9)	(0.8)		(0.9)	
<b>EE</b>	41.5	42.9	1.3	45.6	4.0
	(0.6)	(0.6)		(0.6)	
<b>ES</b>	41.7	43.4	1.7	47.5	5.9
	(1.0)	(0.9)		(0.8)	
<b>FI</b>	44.2	44.9	0.7	47.1	3.0
	(0.3)	(0.3)		(0.3)	
<b>FR</b>	38.4	39.7	1.2	42.6	4.2
	(0.4)	(0.4)		(0.4)	
<b>GR</b>	33.3	34.6	1.3	39.9	6.6
	(1.0)	(0.9)		(0.8)	
<b>HR</b>	37.3	38.4	1.1	42.9	5.6
	(2.0)	(1.8)		(1.6)	
<b>HU</b>	40.3	41.3	1.0	45.1	4.8
	(0.6)	(0.6)		(0.6)	
<b>IE</b>	50.4	51.9	1.5	54.9	4.5
	(1.3)	(1.3)		(1.3)	
<b>IT</b>	37.6	39.5	1.9	43.8	6.2
	(1.0)	(1.0)		(1.0)	
<b>LT</b>	36.4	37.3	0.9	40.9	4.5
	(1.5)	(1.6)		(1.7)	
<b>LU</b>	42.3	44.4	2.1	48.1	5.7
	(0.9)	(0.9)		(1.0)	
<b>LV</b>	45.1	46.6	1.5	49.9	4.8
	(1.1)	(1.1)		(1.1)	
<b>NL</b>	39.2	40.0	0.8	42.8	3.7
	(0.7)	(0.7)		(0.7)	
<b>PL</b>	36.5	38.1	1.6	41.8	5.3
	(0.8)	(0.8)		(0.8)	
<b>PT</b>	44.0	45.8	1.9	49.1	5.2
	(1.3)	(1.2)		(1.1)	
<b>SI</b>	37.8	39.8	1.9	43.2	5.3
	(1.2)	(1.2)		(1.2)	
<b>SK</b>	33.5	35.0	1.5	38.2	4.7
	(1.1)	(1.1)		(1.1)	
<b>Euro Area</b>	39.8	41.3	1.5	44.8	5.0

Note: Bootstrap standard errors are in parentheses. Source: Authors' calculations based on third wave HFCS data