

The Consumption Response to Labour Income Changes

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 - wealth levels (low,high)
- **Contribution** - Formalizing the taxonomy of income shocks for account data

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2. Definitely a surplus of event studies and a deficit of a general framework

Consumer response to US COVID stimulus

TABLE 3.3

EIP Response Study Summary

Study	Data Source	EIP		MPC Reference Period	Notes
		Round	MPC		
Baker et al. (2020)	Fintech bank account (SaverLife)	1	0.25–0.40	Two weeks	Lower income sample. Those with lower incomes, greater income drops, and less liquidity show largest responses.
Boutros (2020)	Household Pulse survey	1	NA	NA	Almost 75% of households receiving an EIP reported using it to mostly pay for expenses.
Chetty et al. (2020)	Various administrative Fintech sources	1	NA	NA	Only Fintech App users. They show that spending increased discontinuously upon receipt of the EIP. Low-income areas increased spending the most.
Coibion, Gorodnichenko, and Weber (2020)	Nielsen Homescan survey	1	0.4	Not specified	The MPC was derived from those who say mostly increase spending, mostly increase saving, mostly pay off debt.
Cox et al. (2020)	Chase bank account	1	NA	NA	Excludes the unbanked. They show spending rebounded in mid-April after the first EIP was disbursed.
Karger and Rajan (2021)	Fintech bank account (Facteus)	1 and 2	0.46	Two weeks	Lower income sample.
Misra, Singh, and Zhang (2020)	Fintech bank account (Facteus)	1	0.29–0.51	Four days	Lower income sample. MPCs higher in areas that were dense, high cost-of-living, and more movement restrictions.
Sahm, Shapiro, and Stemrod (2020)	Michigan Survey of Consumers	1	0.40–0.60	Yearly	MPC is backed out from questions about mostly increase spending, mostly increase saving, mostly pay off debt.
Cooper and Olivei (2021)	Fintech bank account (Facteus)	1	0.66	Sixteen weeks	Lower income sample. They control for other income receipts such as tax refunds.
Parker et al. (2022)	Consumer Expenditure Survey	1	0.11	Quarterly	The MPC is 0.73 for those who received payment via debit card.

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- How to deal with endogeneity? Ex: I work harder because I want to consume more

Minor comments/questions (to look at later)

- Calendar month grouping can be a little tricky if income is delayed/advanced at the end of the month
 - It will impact how income is categorized (could look like a large increase followed by large decrease)
 - May also impact filtering because at least 1 income payment a month is required
- For 1-yr look ahead, does it make sense to take an average to smooth out temp shocks?
- Is income post-income tax withholding? What about the Statbel numbers?
- Reminder: A lot of durable spending like cars or large appliances typically won't show up in transaction data if they are financed

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- Next steps: trying to better understand heterogeneity and ideally tie it to a model