

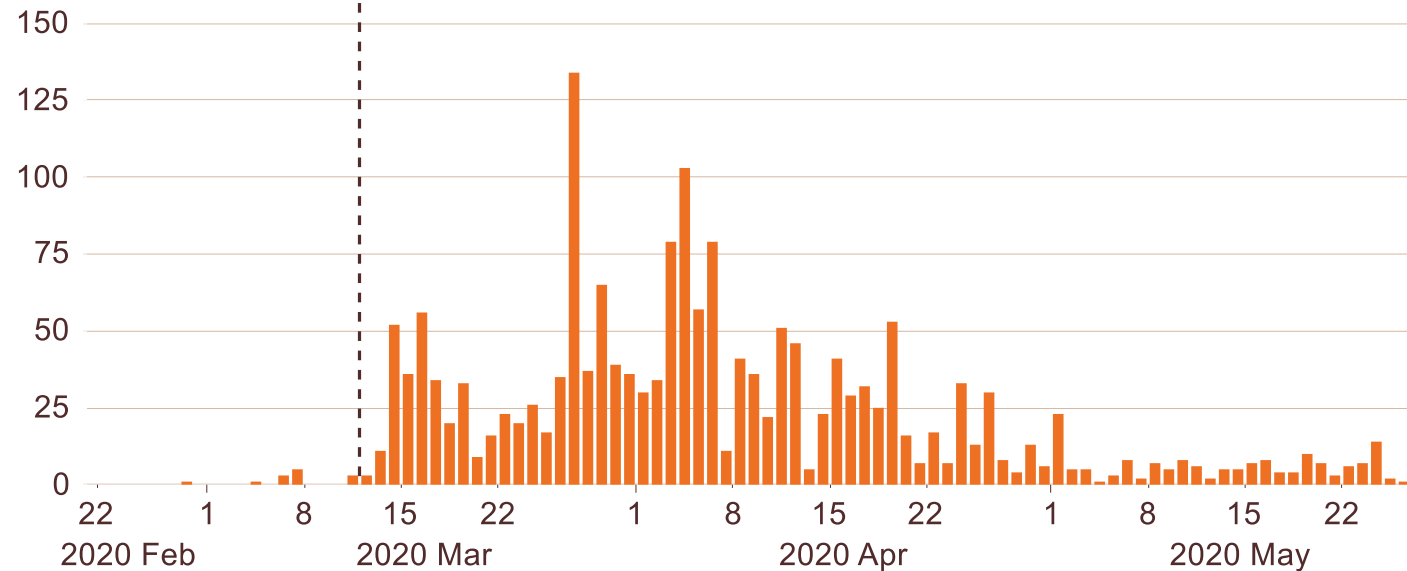
Impact of the coronavirus crisis on the Estonian economy

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27.05.2020

In Estonia, the escalation of coronavirus was relatively short-term

Estonia, Novel Coronavirus (COVID-19), Confirmed Cases

Number of persons

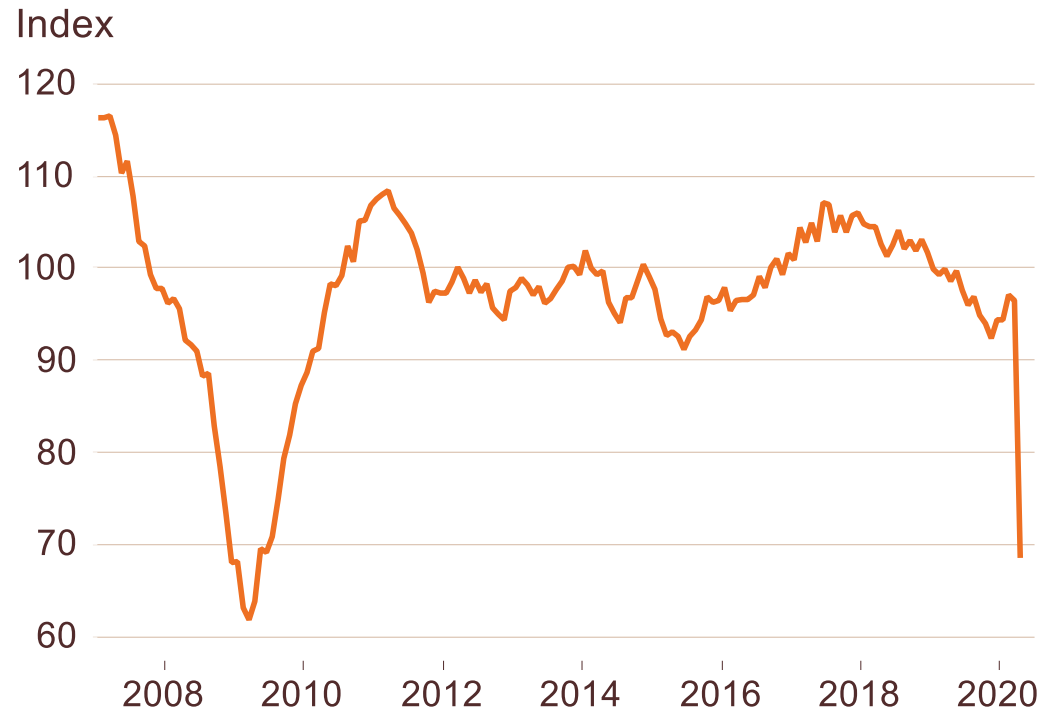


Sources: Swedbank Research & Macrobond

- Emergency situation was announced just before the virus spread escalated
- The peak number of daily cases was reached in:
 - 22 days after the emergency situation was announced
 - 36 days after the 1st case

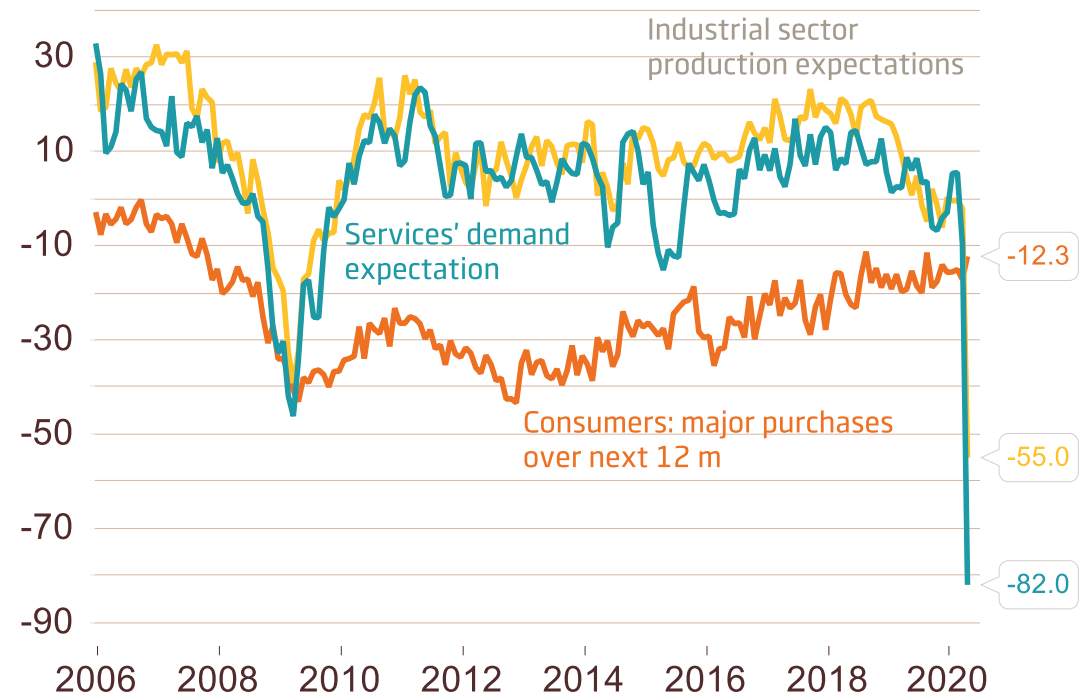
In April, economic sentiment in Estonia dropped close to the trough of 2009

Economic sentiment in Estonia



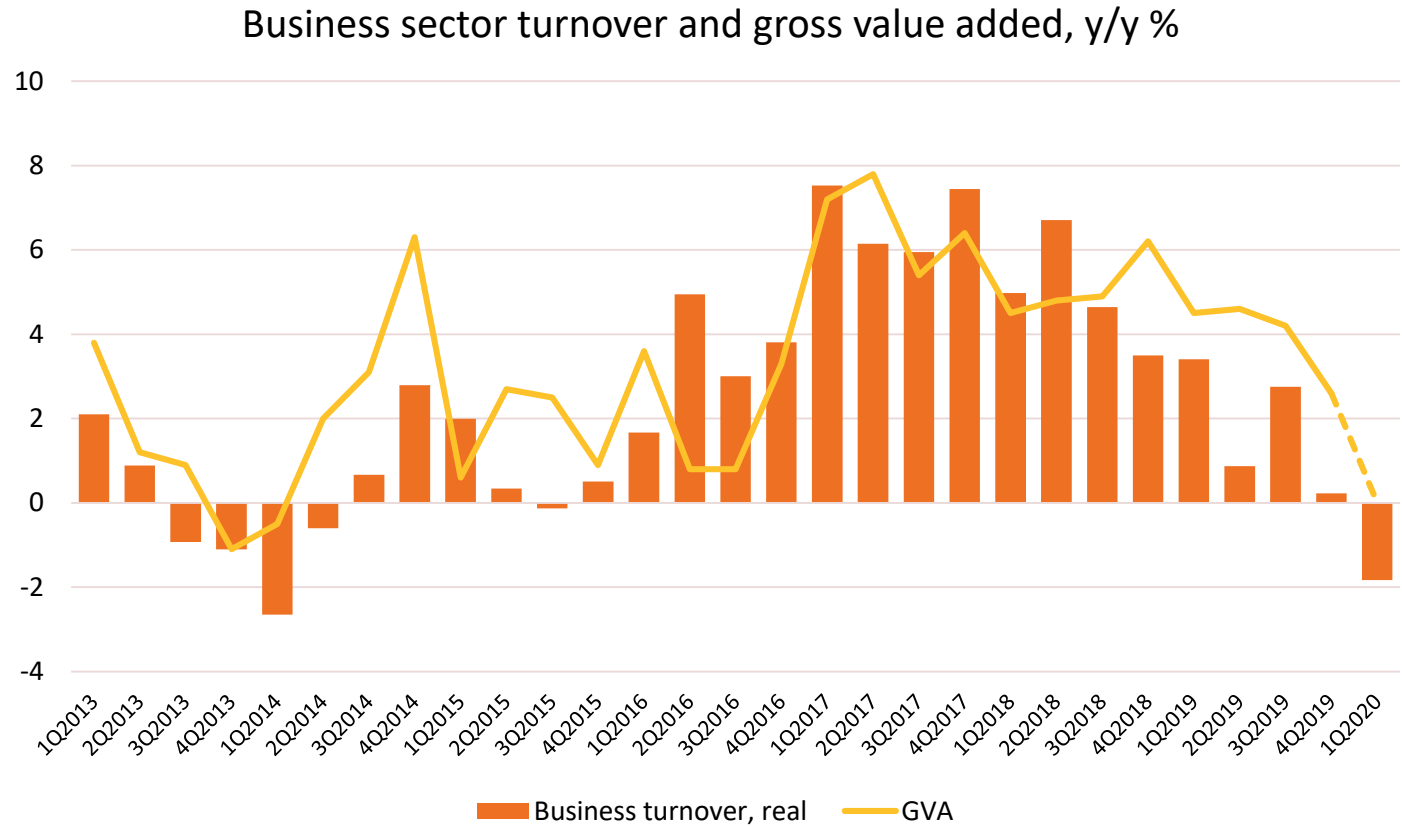
Sources: Swedbank Research & Macrobond

Estonia: confidence indicators by sectors



Sources: Swedbank Research & Macrobond

Estonian business sector turnover has dropped: -4% in March, -1% in 1Q



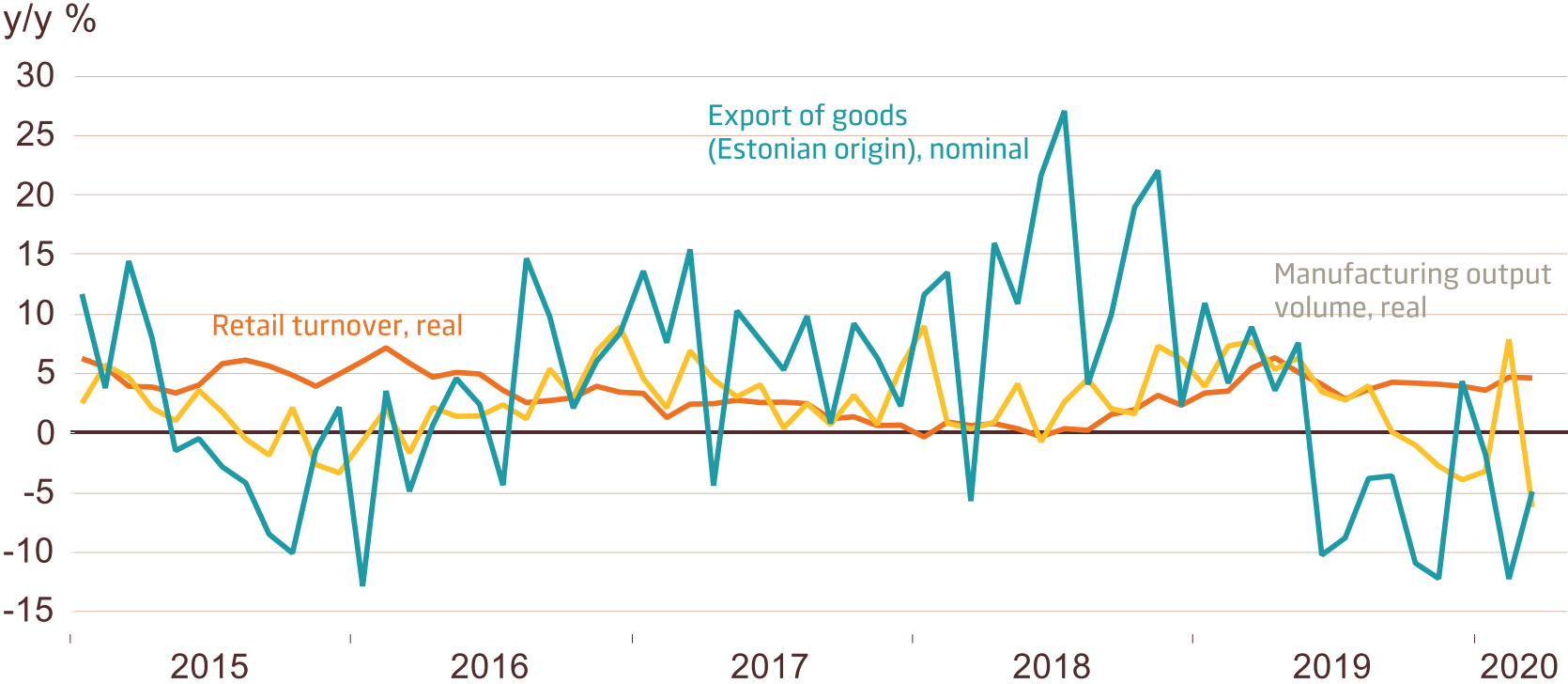
The largest fall in:

- Accommodation and catering
- Arts and entertainment

Sources: Statistics Estonia, Tax Office, Swedbank Research

Retail sales were still good, but both industrial sector output volume and exports decreased in 1Q

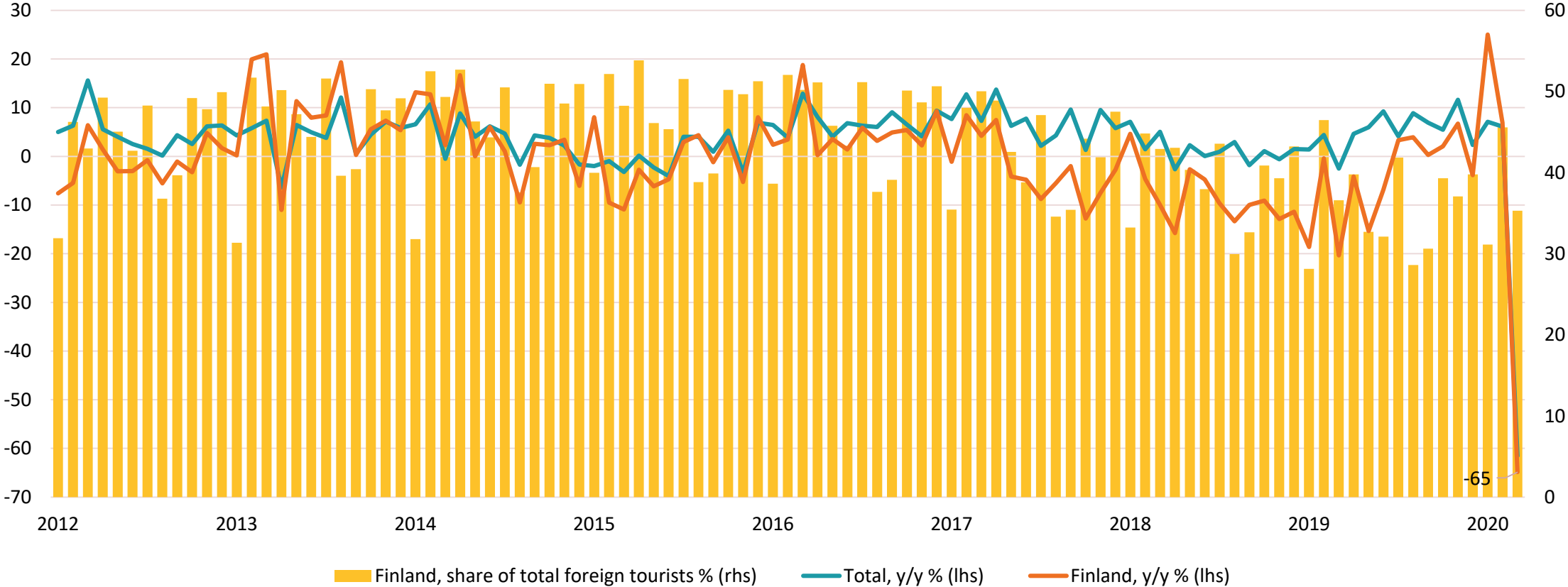
Estonia: retail sales, manufacturing output volume and export of goods



Sources: Swedbank Research & Macrobond

Steep contraction of tourists already in March

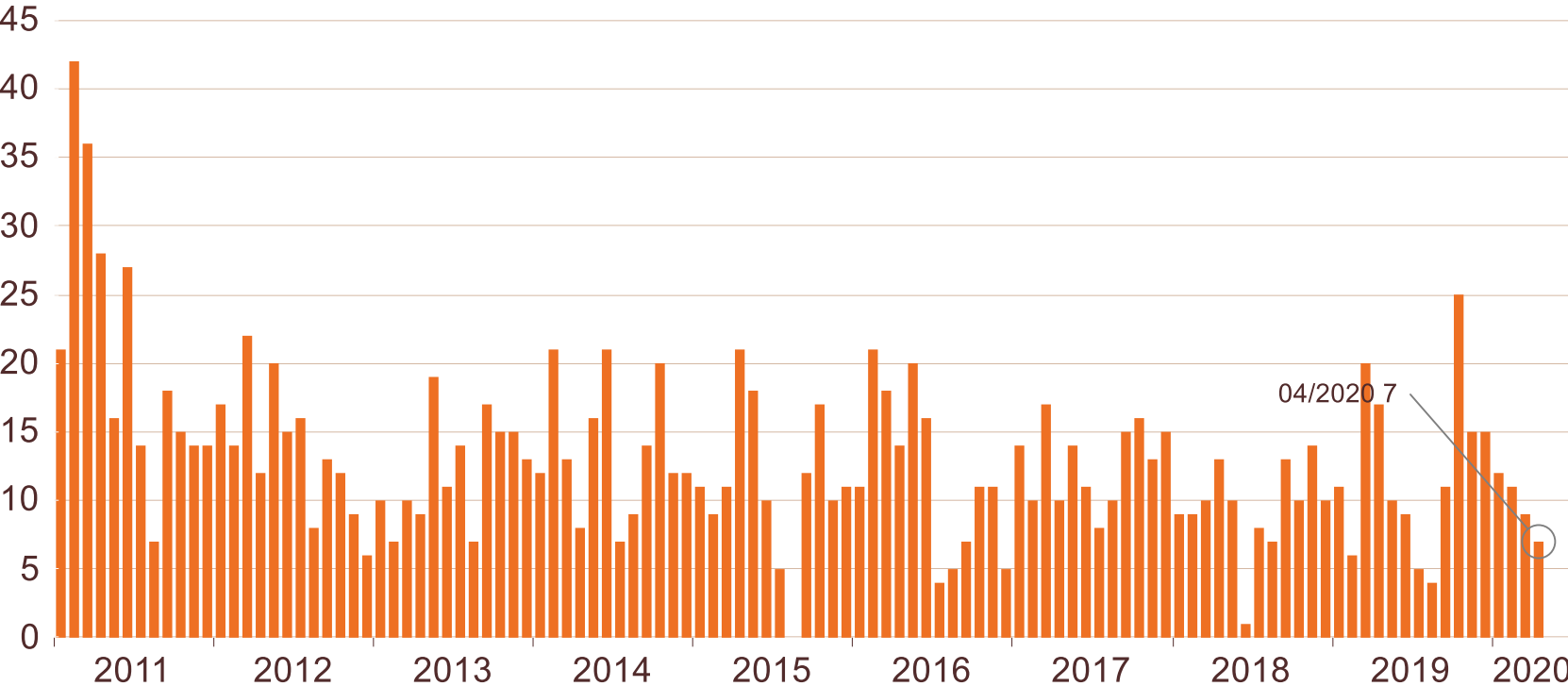
Accommodated tourists



Source: Statistics Estonia

In April, the number of bankruptcies had not increased yet

Estonia: number of bankruptcies



Sources: Swedbank Research & Macrobond

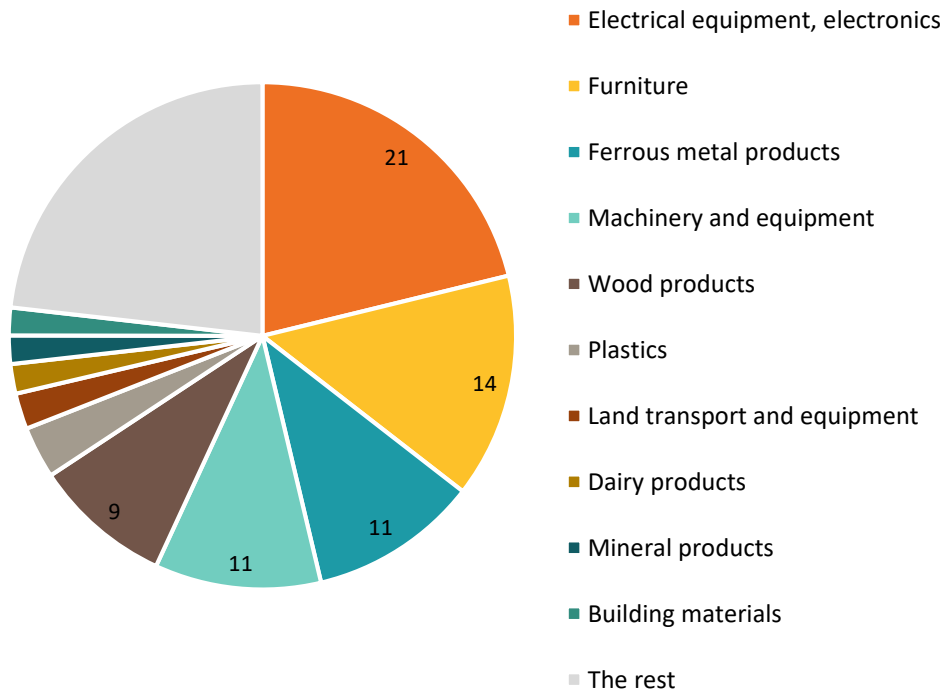
Finland is the largest export partner to Estonia, while its share has increased this year by 2%-points



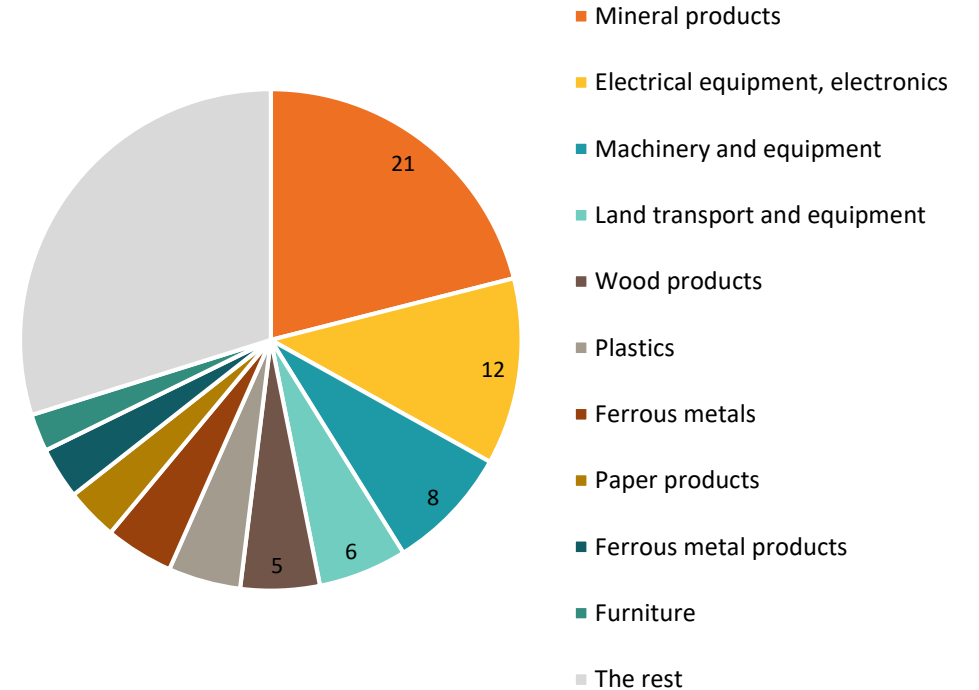
Source: Statistics Estonia

Estonian exports to Finland are the most diversified

Export of goods to Finland

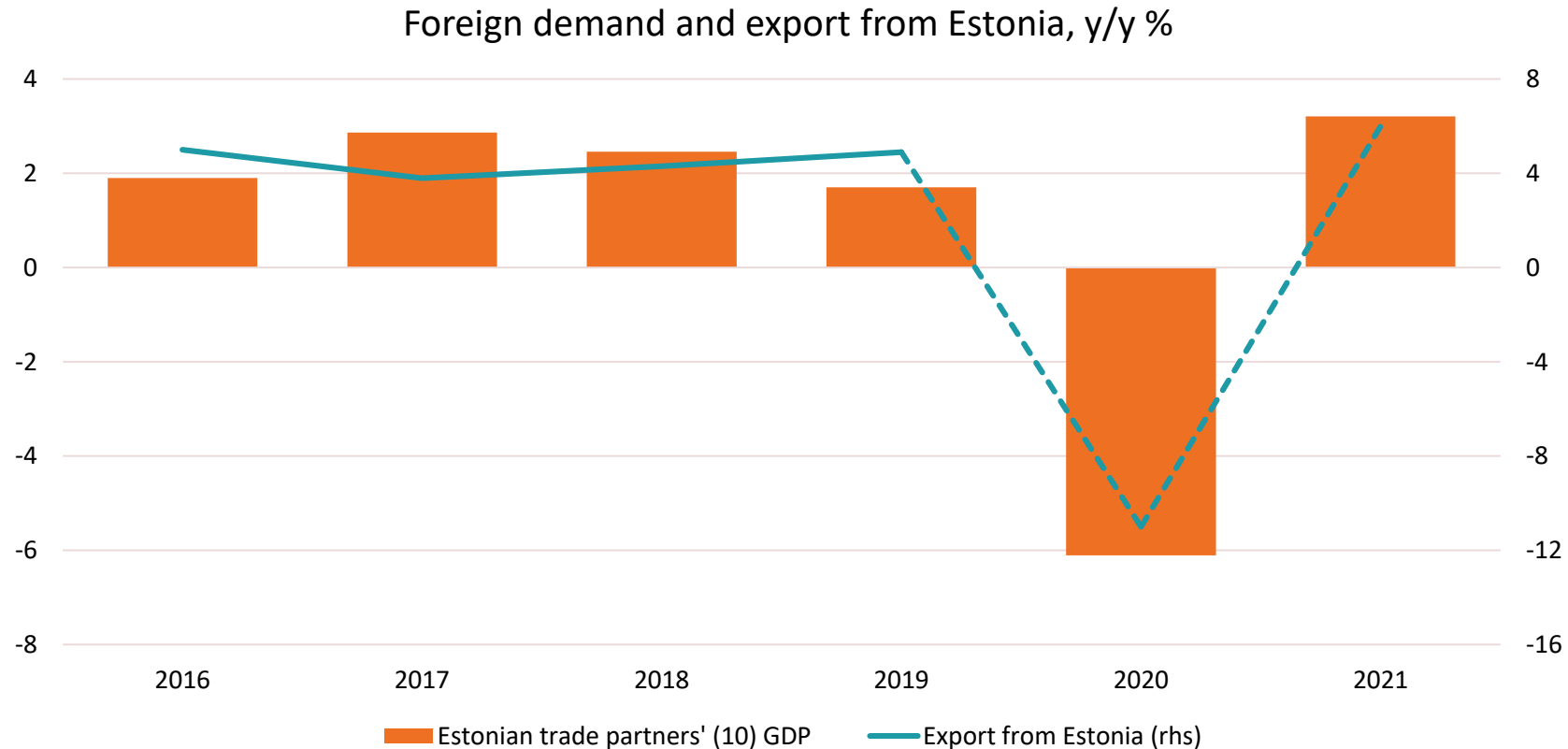


Import of goods from Finland



Source: Statistics Estonia

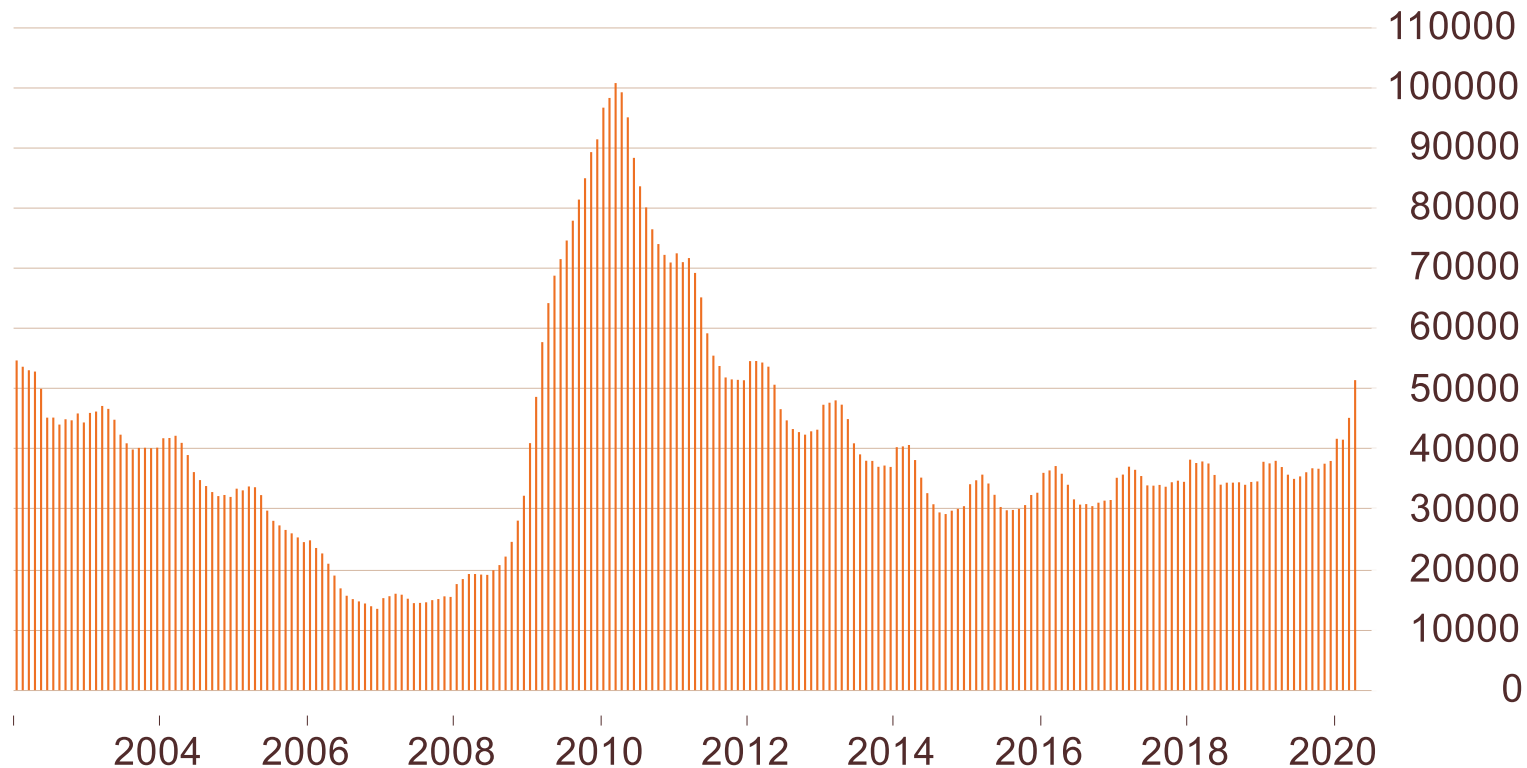
Based on the deteriorated external environment, we expect that export from Estonia will drop by roughly 1/10 in 2020



Sources: Statistics Estonia, Swedbank Research

Wage compensation by the Unemployment Insurance Fund has curbed the surge of registered unemployed

Registered unemployed



Sources: Swedbank Research & Macrobond

Reg. unemployed in 25 May:

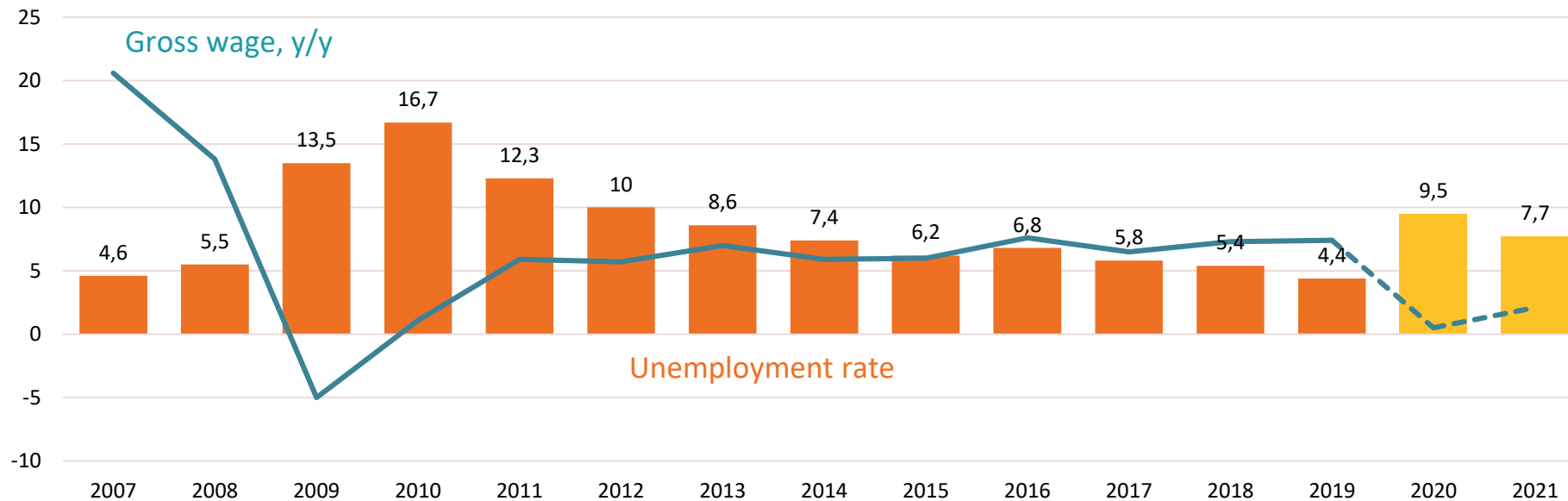
- 50 655: +13 900 since mid-March
 - From 5.7% to 7.8%

Wage compensation at 24 May:

- 16 127 enterprises
- 124 323 employees (19% of total employment)
- The largest applicants:
 - Manufacturing 23%
 - Trade 30%
 - Accommodation and food 59%

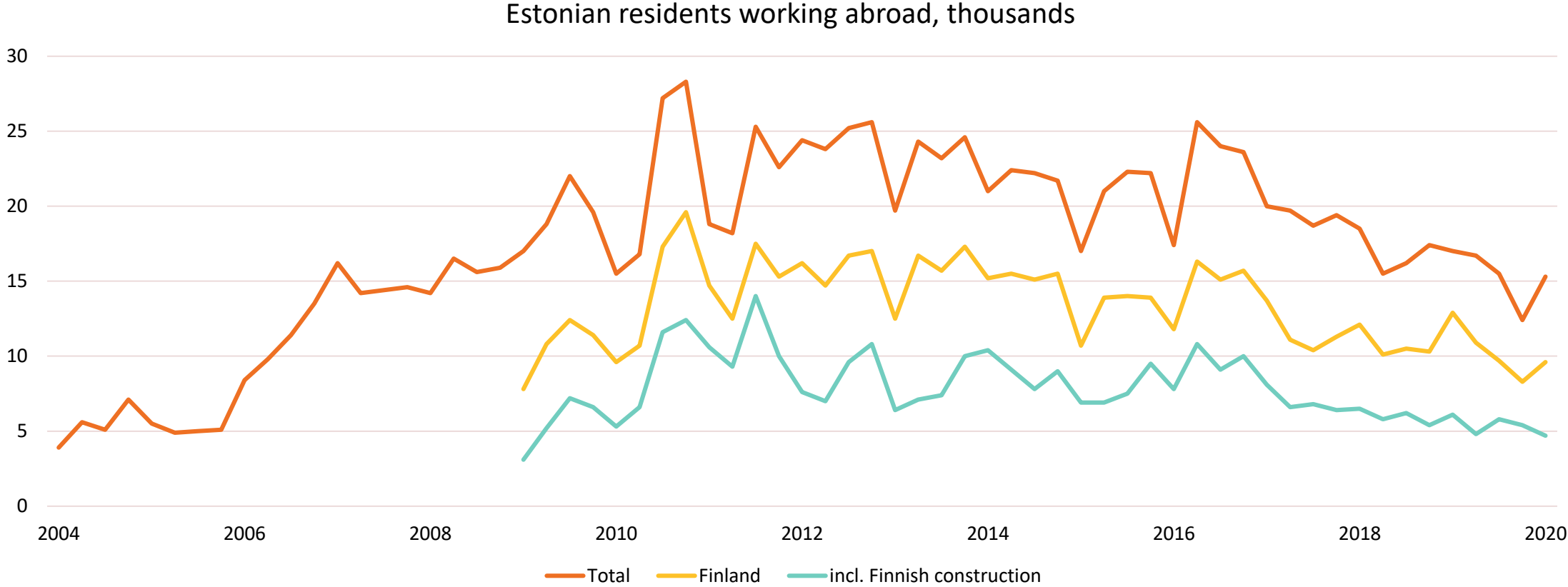
Drop in business sector turnover brings about the cut or freeze of wages

Unemployment and wages, %



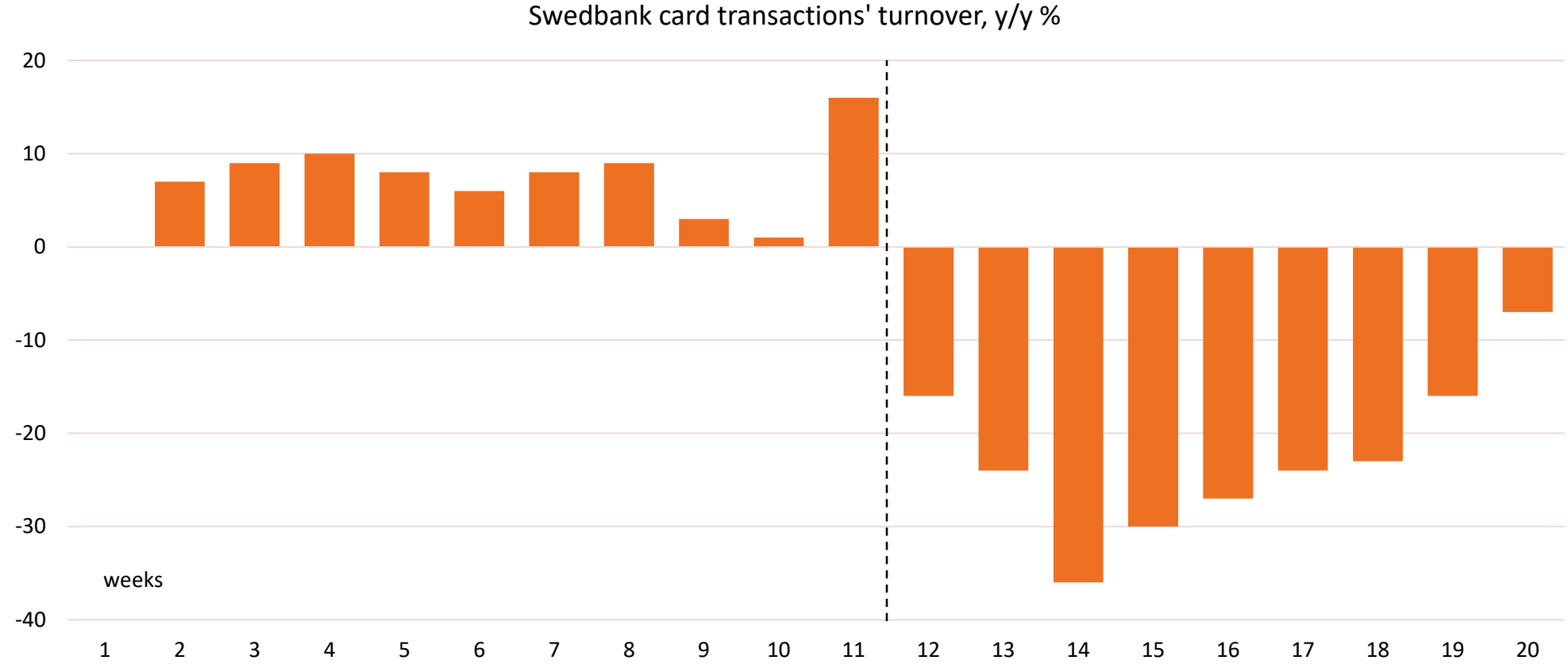
Source: Statistics Estonia, Swedbank Research

The number of Estonian residents working in Finland is decreasing



Source: Statistics Estonia

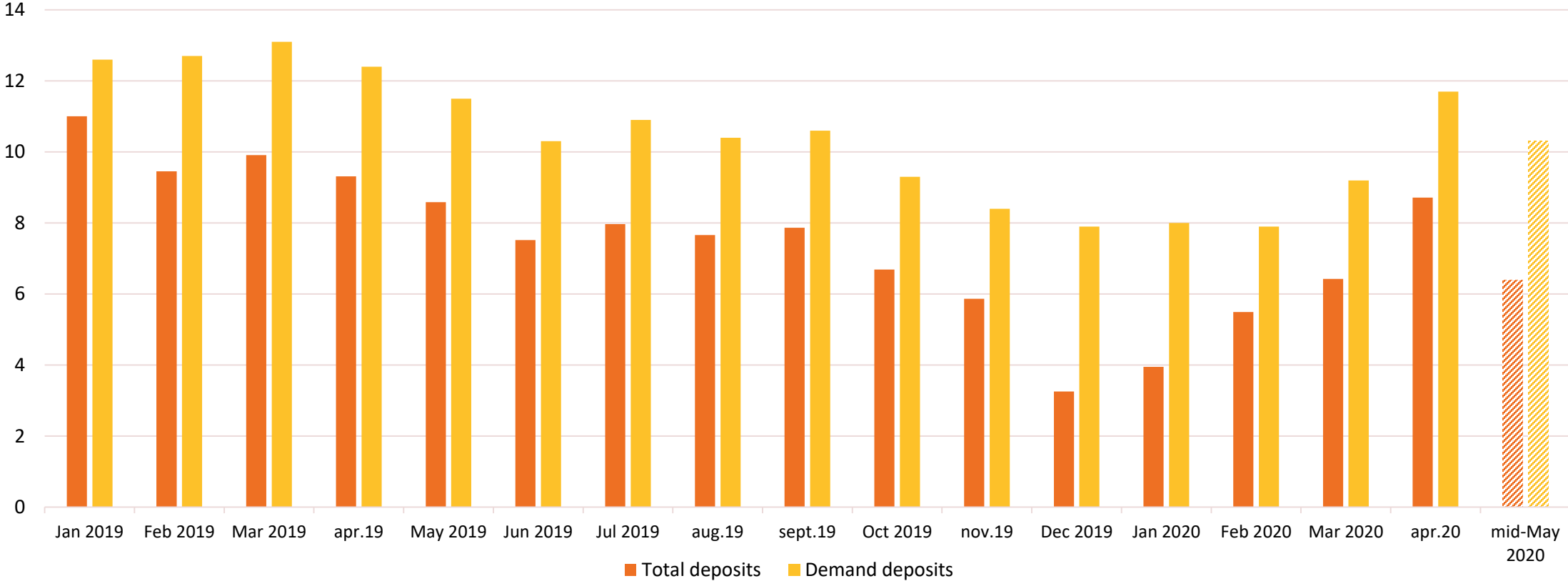
Decline in card transactions' turnover refers to the contraction of household consumption



Source: Swedbank

Declining consumption has increased households' deposits and savings

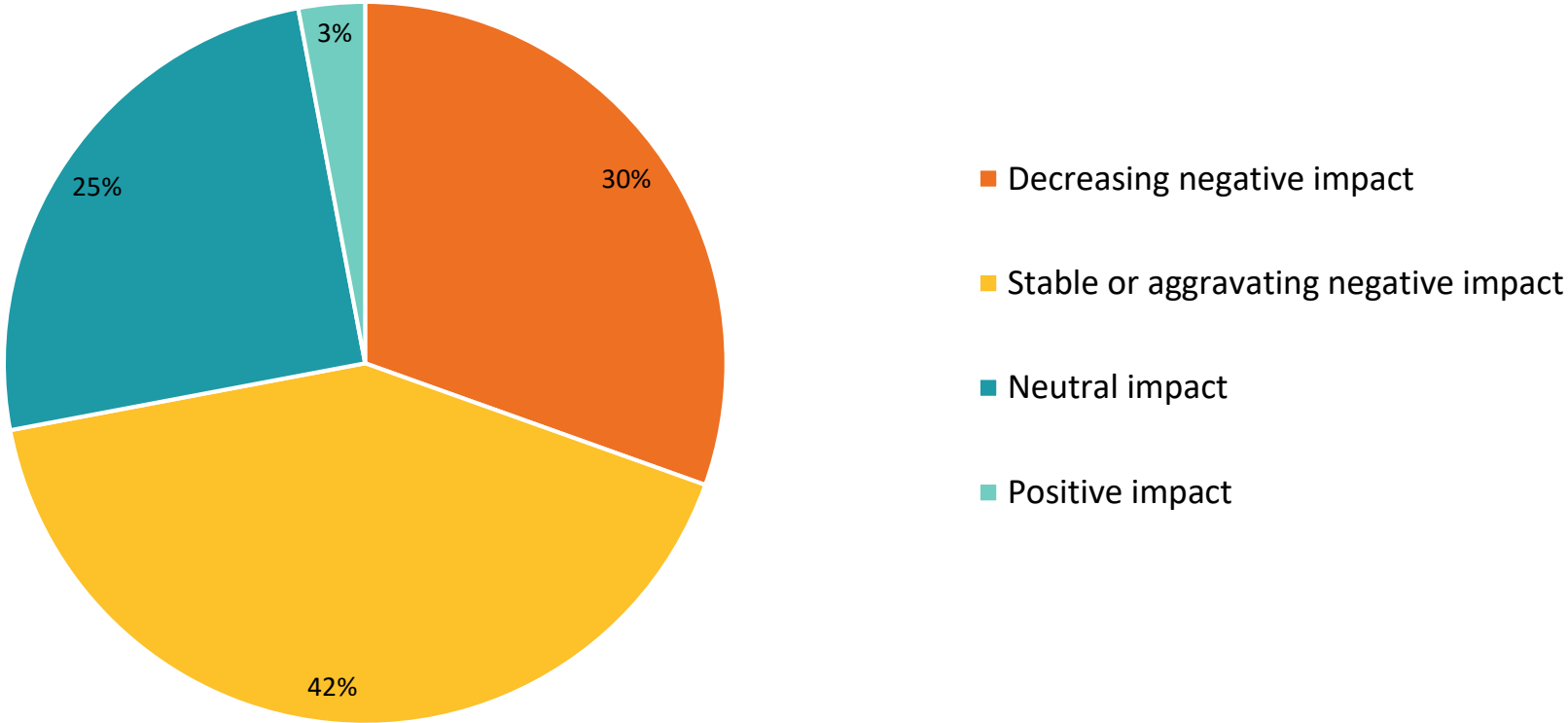
Swedbank's private customers' deposit portfolio, end of period, y/y %



Source: Swedbank

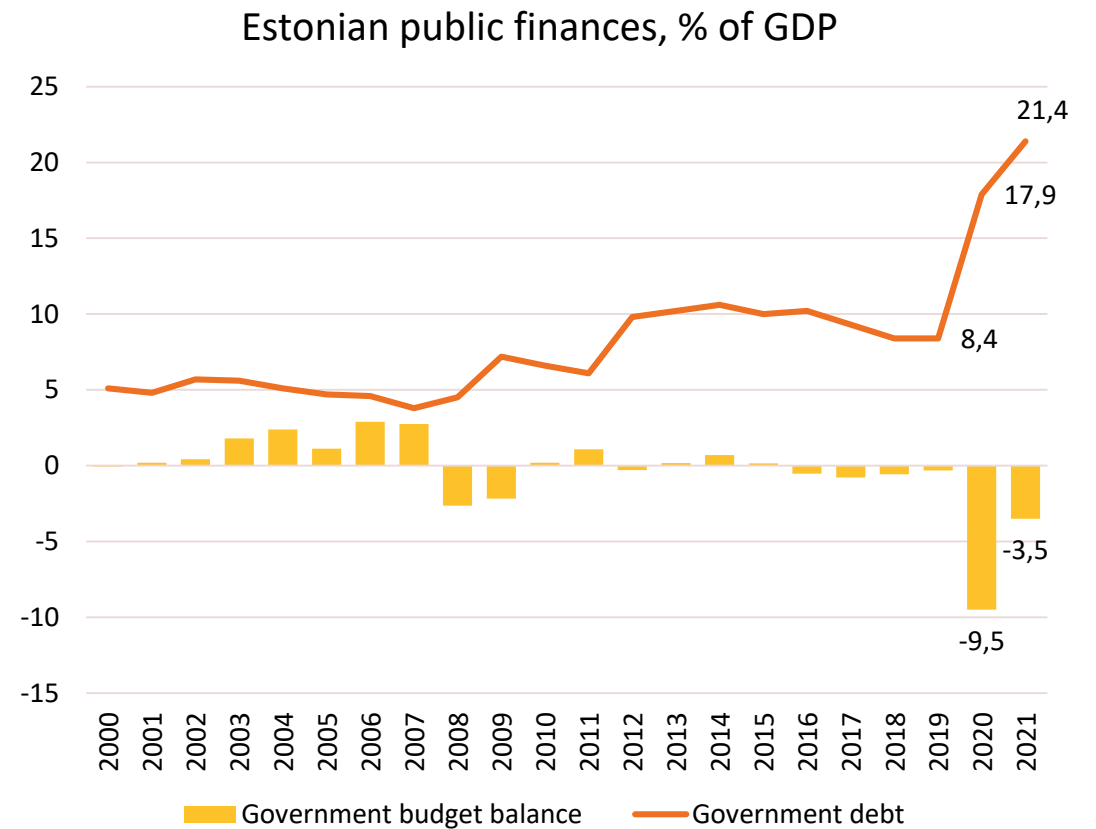
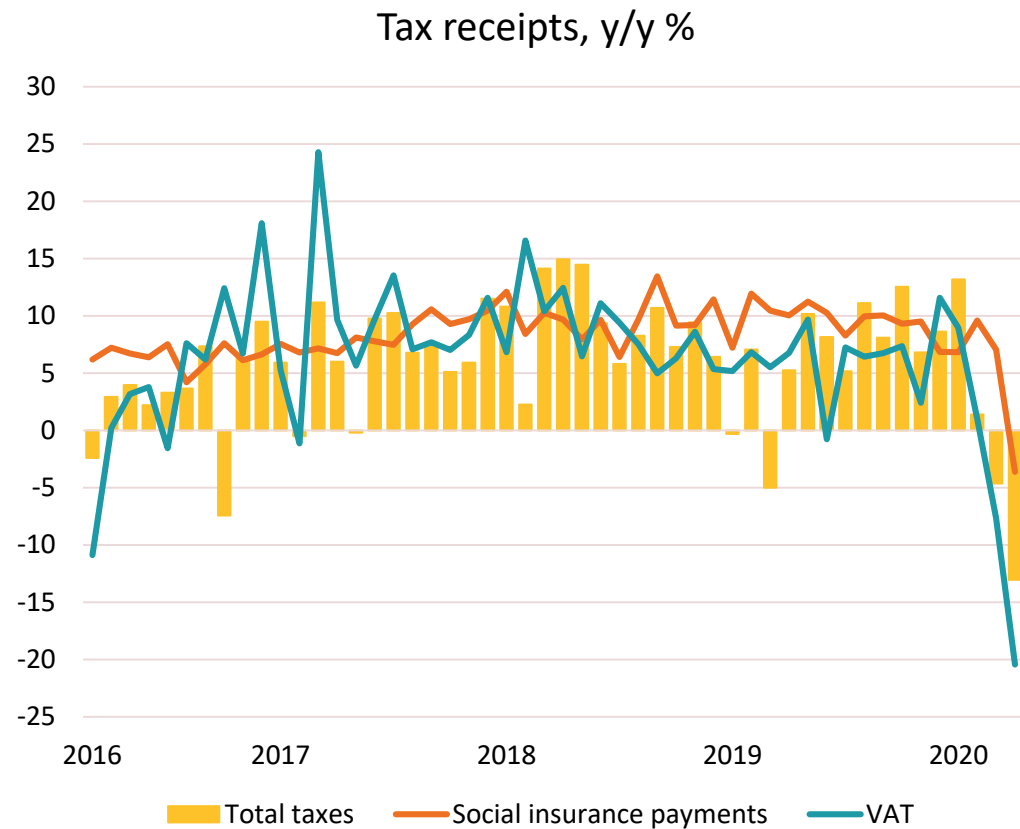
Negative impact of the crisis is fading, but outlook of the large share of Estonian economy is still negative

COVID-19 and conjuncture impact on Estonian economy % of gross value added



Source: Swedbank Macro Research

Massive support to the economy, while tax receipts are decreasing, is deteriorating public finances

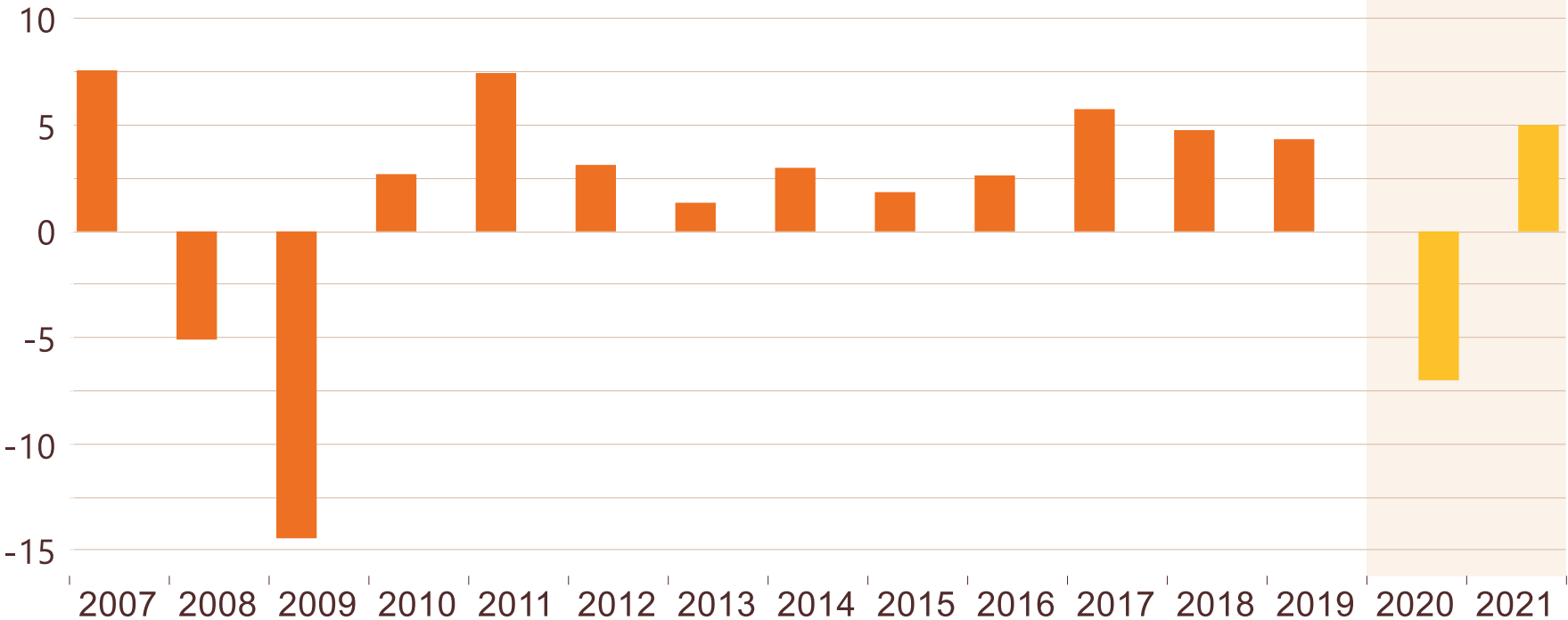


Source: Statistics Estonia, Swedbank Research

Estonia's GDP decline will not be larger than the euro area average, this time: -7% in 2020; +5% in 2021

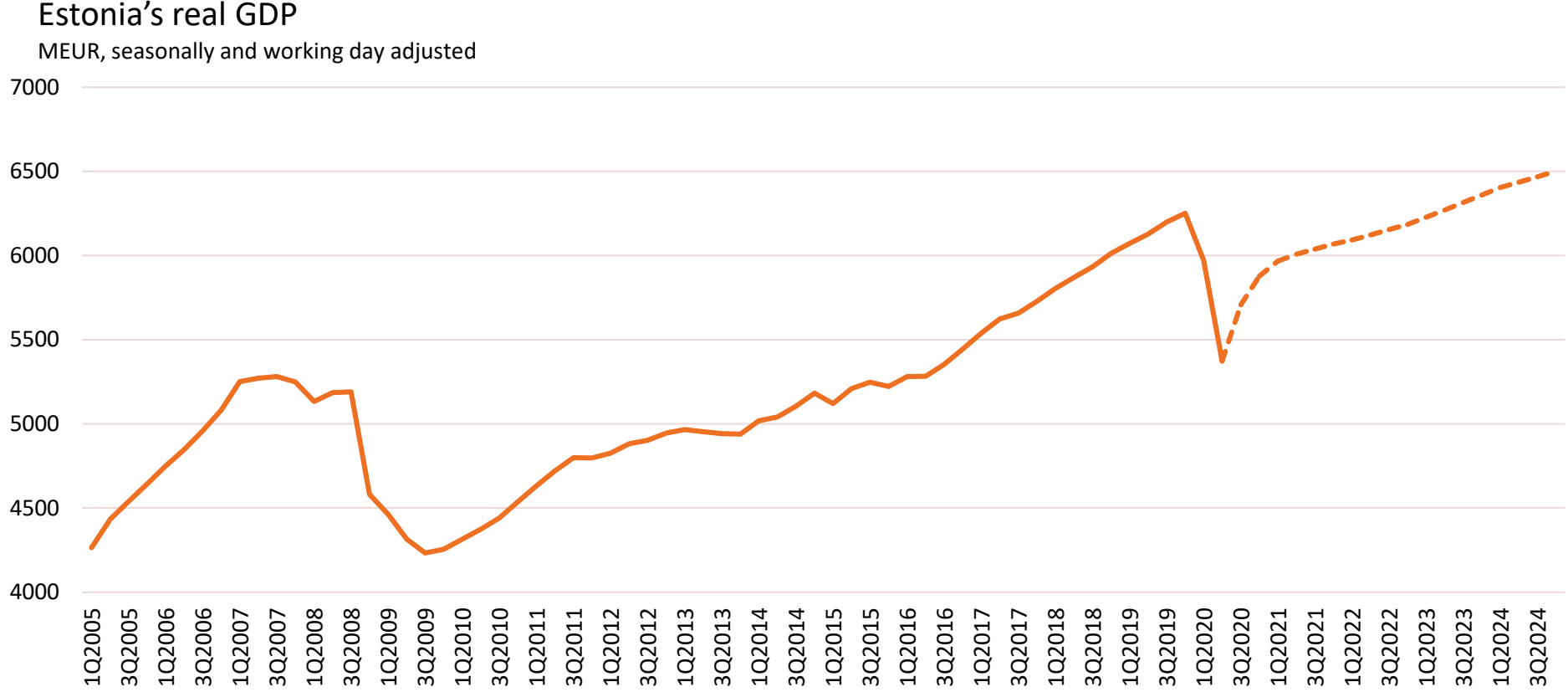
Estonia's GDP forecast

y/y %



Sources: Swedbank Research & Macrobond

According to the current forecast, Estonia's GDP will recover to the pre-crisis peak by 2Q 2023



Source: Statistics Estonia, Swedbank Macro Research

More information:

<https://kukkur.swedbank.ee/rubriik/analuisid> (in Estonian)

<https://www.swedbank-research.com/english/archive.csp> (in English)