**Expectations, Infections, and Economic Activity. Martin Eichenbaum, Miguel Godinho de Matos, Francisco Lima, Sergio Rebelo, Mathias Trabandt (2022)**

The model combines a structural model featuring young and old agents and infections through consumption with Portuguese data on consumption expenditures.

The economy features young and old agents that can become infected through consumption activities that include social interactions. The agents have prior beliefs on how high the case-fatality rate of the infection is and adapt their consumption expenditures accordingly. The model shows that a pessimistically high belief on the case-fatality rate and subsequent learning about the true case-fatality rate can explain the different decline in consumption expenditures between the first and third wave of Covid. The model also studies the additional effects from introducing a vaccination and introducing that immunity through infection or vaccination is lost over time.