

Macro Roundup Article

Headline: [The Rise and Fall of Pandemic Excess Wealth](#)

Article Link: <https://www.frbsf.org/research-and-insights/publications/economic-letter/2024/02/rise-and-fall-pandemic-excess-wealth/>

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Publication	Federal Reserve Bank of San Francisco
Publication Date	February 27, 2024

Tweet: According to a @sffed analysis, real household wealth, including unrealized capital gains, is back in line with pre-pandemic projections as of Q3 2023. @ah_shapiro

Summary: Overall real household wealth has returned to its expected pre-pandemic projection. Real net worth (blue solid line) peaked in the last quarter of 2021 at about \$13 trillion higher than the projected path (blue dashed line). Since then, net worth has decreased rapidly towards its projected path. As of the third quarter of 2023, household wealth was close to its expected pre-pandemic projection. Repeating this analysis to focus on financial assets (red line), we find that household real financial asset holdings peaked at \$10 trillion above their projected path in mid-2021 before returning to the projected trend in mid-2022. Since then, the decline in financial assets to about \$7.3 trillion below the projected path has been mainly attributable to lower equity holdings, which decreased by 17% in 2022. Related: Excess No More? Dwindling Pandemic Savings and When Will There Be No More Excess Savings Left? and The Rich Have all the "Excess" Cash Now

Primary Topic: Business Cycle

Topics: Business Cycle, Database, Financial Markets, GDP, Important!, Op-Ed/Blog Post

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