

Macro Roundup Article

Headline: [Do Deposit Buffers Still Matter?](#)

Article Link: <https://business.bofa.com/content/dam/flagship/bank-of-america-institute/economic-insights/deposit-buffers-still-matter.pdf>

Author(s)	David Michael Tinsley
Publication	Bank of America
Publication Date	August 23, 2023

Tweet: [@BankofAmerica](#) notes deposits as a % of personal disposable income remains 9.8pp above 2019 levels. Over 50% of these deposits are held by middle- and lower-income households who may use them to support overall consumer spending.

Summary: The ratio of deposits to disposable income is currently relatively high, at least compared to over the past 30 years. Our estimated ratio of deposits to disposable income in 2023 Q2 would be around 9.8pp above the average in 2019 and around 11.5pp higher than the average over 2010-19. Using Bank of America internal data, we can estimate where the overall rise in deposits relative to 2019 is currently (as of 2023 Q2) held across the income distribution. On this basis, just under a quarter of the rise in total deposits is held by those households on incomes of less than \$50,000, with another 30% of households on incomes between \$50,000 and \$100,000. Therefore, a reasonably large proportion of the remaining deposit buffers appears to be held by middle- and lower-income households, which implies they can still make a meaningful contribution to overall consumer spending. Related: [Excess No More? Dwindling Pandemic Savings and The Trickling Up of Excess Savings and Accumulated Savings During the Pandemic: An International Comparison with Historical Perspective](#)

Primary Topic: Business Cycle

Topics: Business Cycle, GDP, Other Source

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