

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>

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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.

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Primary Topic: Business Cycle

Topics: Business Cycle, GDP, Other Source

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