

Macro Roundup Article

Headline: [The Rich Have all the "Excess" Cash Now](#)

Article Link: <https://theovershoot.co/p/the-rich-have-all-the-excess-cash>

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Tweet: While "excess savings" have largely been drawn down US saving and spending rates have normalized relative to income. Relative to the pre-pandemic period "Americans are richer than before and have much lower debt than would be expected." @M_C_Klein

Summary: "Excess" cash was not particularly important for many Americans. That means that the liquidation of that cash probably did not play (much) of a role in financing consumer spending over the past two years. And that in turn probably means that consumer spending will not suddenly slow down now that the "excess" cash balances outside of the top 1% have mostly disappeared. For better or worse, wage income has been the main driver of aggregate consumer spending throughout this period. Relatively low levels of debt—including among those who have relatively less cash on hand—means that many Americans have a lot of latent financial firepower to increase their spending above and beyond their income, should they wish to do so. That may not be attractive now, but lower interest rates could potentially change things. Zooming out, it is worth noting that the liquidation of household cash balances has coincided with surging investment in U.S. Treasury securities (potentially hedge fund activity, but that is a subject for another note) alongside slower borrowing and sustained purchases of other assets, both real and financial. Related: Excess No More? Dwindling Pandemic Savings and The Trickling Up of Excess Savings and Spending Down Pandemic Savings Is an "Only-in-the-U.S." Phenomenon

Primary Topic: Business Cycle

Topics: Business Cycle, Database, GDP, Op-Ed/Blog Post, Weekly

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