

## Macro Roundup Article

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

**Article Link:** <https://www.frbsf.org/economic-research/publications/economic-letter/2023/may/rise-and-fall-of-pandemic-excess-savings/>

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**Tweet:** According to a new analysis from the @sffed there is still \$500B of excess personal savings in the economy which could support consumer spending through Q4 of this year.

**Summary:** We estimate that accumulated excess savings, in nominal terms, totaled around \$2.1 trillion through August 2021, when it peaked (green area). After August 2021, aggregate personal savings dipped below the pre-pandemic trend, signaling an overall drawdown of pandemic-related excess savings. The drawdown to on household savings was initially slow, averaging \$34 billion per month from September to December 2021. It then accelerated, averaging about \$100 billion per month throughout 2022, before moderating slightly to \$85 billion per month in the first quarter of 2023. Cumulative drawdowns reached \$1.6 trillion as of March 2023 (red area), implying there is approximately \$500 billion of excess savings remaining in the aggregate economy. Should the recent pace of drawdowns persist—for example, at average rates from the past 3, 6, or 12 months—aggregate excess savings would likely continue to support household spending at least into the fourth quarter of 2023.

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**Primary Topic:** Business Cycle

**Topics:** Business Cycle, Fiscal Policy, GDP, Government Spending, Government/NGO, Weekly

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