

## Macro Roundup Article

**Headline:** [Pandemic-Era Liquid Wealth Is Running Dry](#)

**Article Link:** <https://www.frbsf.org/research-and-insights/publications/economic-letter/2024/08/pandemic-era-liquid-wealth-is-running-dry/>

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**Tweet:** The bottom 80% of households by income exhausted their extra pandemic-era savings by late 2021, and their credit card delinquencies rates are now about 3 percentage points above late-2019 levels. @ah\_shapiro

**Summary:** We assess the evolution of pandemic-era liquid wealth across two income groups: high-income and middle to low-income. We find that households in both income groups accumulated and subsequently spent large amounts of liquid wealth following the onset of the pandemic recession. The rise and fall in household liquid wealth coincided with a fall and subsequent rise in credit card delinquency rates for both groups. Higher-income households held pandemic-era liquid wealth until mid-2022, and credit card delinquencies started to increase above pre-pandemic levels shortly thereafter. These households recently increased their liquid asset holdings by shifting funds into money market funds, likely fueled by higher interest rates. Middle and low-income households spent down their entire pandemic-era liquid wealth a bit earlier, by late 2021. Similar to high-income households, credit card delinquency rates for middle and low-income households surpassed pre-pandemic levels around the same time they completely drew down their pandemic-era liquid wealth. However, delinquency rates for this group grew more substantially and more rapidly than high-income households and now sit about 3 percentage points above late-2019 levels.

**Related Articles:** Pandemic Savings Are Gone: What's Next for U.S. Consumers? and The Rich Have all the "Excess" Cash Now and Accumulated Savings During the Pandemic: An International Comparison with Historical Perspective

**Primary Topic:** Business Cycle

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

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