Excess Savings Replication
README File

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This README file contains the directory layout and replication steps to calculate: the major components of disposable personal income, nominal PCE on goods and services, personal interest payments, contributions to flow of excess savings and its cumulated stock, and the decomposition of excess savings across income quartiles. The programs follows the methodology of Aditya Aladangady, David Cho, Laura Feiveson, and Eugenio Pinto (2022). The results can be found in excess_savings_results.pdf. The programs are centered around the COVID-19 pandemic period. However, at the time of this README, data availability spans 1947q1-2024q3 and the programs can be easily adjusted to any period. If there are any questions or concerns please email me: octavio.m.aguilar@frb.gov

1 Folders

1. The file "excess savings" has 3 folders.
   (a) **Data**. In this folder you will find 1 sub-folder:
      i. **bea:** This folder contains the raw and clean Bureau of Economic Analysis (BEA) data.
         A. Section2all.xls: This excel file is the BEA National Accounts (NIPA) file retrieved from the data archive: `https://apps.bea.gov/histdatacore/histChildLevels.html?HMI=7&oldDiv=National%20Accounts`. This excel file will contain the full series from 1947-latest vintage.
         B. bea_qtr.xls: This excel file takes the key variables of interest from Section2all.xls and reshapes them.
         C. bea_qtr.dta: This converts bea_qtr.xls into a Stata dta file and will be the main input used for the analysis.
      ii. **Output**. In this folder you will find the output from running the programs. Specifically, the excess savings by quartile for the baseline period and for the extended period.

(b) **Figures**. In this folder you will find all the eps files that are created from the programs figures_BEA.do and stock_of_savings.do. Each eps file maps to the figures reported in Aditya Aladangady, David Cho, Laura Feiveson, and Eugenio Pinto (2022). eps files with the extension "2024" extend the results to the latest data availability.

2. **Programs**. In this folder you will find the programs used to clean and analyze the BEA data. In particular, there are two subfolders.

   (a) **Clean:** This folder contains the Stata programs to import and clean the data.

   - import_bea_qtr.do: This program will: (i) import bea_qtr.xls:; (ii) generate the correcting timing convention, create key variables and trim the data; and (iii) convert values to billions of U.S. dollars.

   (b) **Analysis:** This folder contains the Stata programs used to analyze the data. Mainly, it creates all figures in the main results PDF, excess_savings_results.pdf.

   - components_figures.do: This program will create figures 1-6 in the main results PDF. Specifically, the personal saving rate, major components of disposable personal income, nominal PCE on goods and services, and personal interest payments.
   - aggregate_stock_of_savings.do: This program will create the cumulated stock of excess savings.
   - aggregate_stock_of_savings_by_quartile.do: This program will create the stock of excess savings by income quartile for the base period (2020q1-2022q2) using time varying shares computed from the FEDS note.
     aggregate_stock_of_savings_by_quartile_extension: This program will create the stock of excess savings by income quartile for 2020-most recent data. This program uses time varying shares for 2020q1-2022q2 then assumes a constant share until the end of the sample period.

2 Replication Instructions

1. In each program, you will find that I have set the global directory **"home"** to be my local computer. If you keep the folder stucture the same, the only thing you must do is modify this home directory to match your system.

2. After changing the directory, please run import_bea_qtr.do to import and clean the BEA data. After this, you are able run any analysis program.

3 Technical Notes

The estimate of excess savings by income quartile is constructed by taking deviations from the 2015 to 2019 log-linear trend of aggregate savings, and then allocating it to income quartiles based on the shares reported in figure 7a of Aditya Aladangady, David Cho, Laura Feiveson, and Eugenio Pinto (2022).