

# Excess Savings Replication README File

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January 21, 2025

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 follow 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 estimated during and after the COVID-19 pandemic period. At the time of this README, data availability spans 1947q1-2024q3 and the programs can be easily adjusted to your period of interest. If there are any questions or concerns please email me: [octavio.m.aguilar@frb.gov](mailto:octavio.m.aguilar@frb.gov)

## 1 Folders

1. The project “excess savings” has 3 folders.
  - (a) **Data.** In this folder you will find two sub-folders:
    - 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 in this folder stops at 2024q3.
      - B. [bea\\_qtr.xls](#): This excel file takes the key variables of interest from [Section2all.xls](#) and reshapes the data for the analysis.
      - C. [bea\\_qtr.dta](#): This is [bea\\_qtr.xls](#) converted into a Stata dta file and will be the main input used for the analysis.
    - ii. **Output.** This folder will contain the output from running the excess savings by quartile programs. It contains an excel and Stata dataset of the excess savings by quartile from 2020-2022q2 as well as the extended series up to 2024q3.

- (b) **Figures.** In this folder you will find all the eps files that are created from the analysis programs. 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) 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 from Aladangady, Cho, Feiveson, and Pinto (2022) (see technical notes below).
  - [aggregate\\_stock\\_of\\_savings\\_by\\_quartile.extension](#): This program will create the stock of excess savings by income quartile for 2020q1-2024q3. This program uses time varying shares for 2020q1-2022q2 and then assumes a constant share until the end of the sample period (see technical notes below).

## 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 structure 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 excess savings by income quartiles are constructed by first calculating deviations from the 2015–2019 log-linear trend of aggregate savings, which serves as the baseline. These deviations are then allocated to income quartiles based on the shares reported in Figure 7a of Aditya Aladangady, David Cho, Laura Feiveson, and Eugenio Pinto (2022). Specifically, I use the estimates from Figure 7a to compute the contribution of each income quartile to the stock of excess savings in each year-quarter, allowing me to determine the share of excess savings attributable to each quartile during that period. Finally, I apply these shares to my replication of the stock of excess savings for each year-quarter to assign the corresponding portion to each income quartile. When extending the series beyond 2022q2, a constant share for each quartile is assumed. You can see how this is done in: [calculate\\_time\\_varying\\_shares.xlsx](#), which is located in the data folder.