

## Consumers Are Saving Less - Consumer Behavior

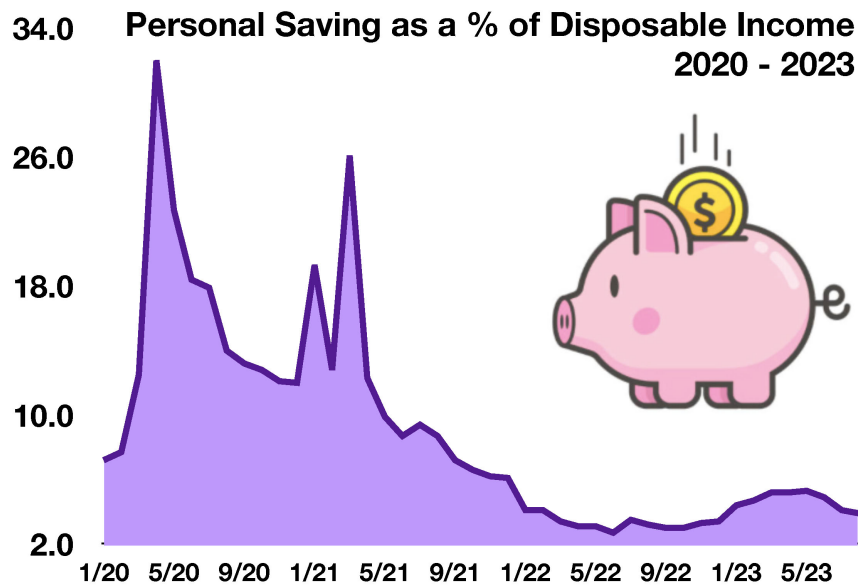
According to the Bureau of Economic Analysis, data has revealed that Americans are saving less than initially thought. From 2017 through 2022, American consumers were thought to have saved an average of 9.4% of their disposable income. However, revised data figures have identified that the actual savings rate was 8.3%. Various possible explanations as to why such a drop may have occurred include higher fuel prices, recently implemented student loan repayments, lower real wages, and exhaustion of pandemic relief funds.

Economists view decreased savings as a signal that consumers may be shifting expenditure patterns thus altering where their funds are being spent. Inflationary pressures over the past two years have already redirected some consumer funds from non-essential goods and services to more essential items such as food and gasoline.

Spending habits adjusted during the pandemic, as government stimulus funds padded consumer savings for millions. The National Bureau of Economic Research found that roughly 30% of stimulus checks went to consumer savings, while another 30% went to pay off debt.

Personal savings reached a historical high in the midst of the pandemic, as retail stores and restaurants were shuttered and stimulus checks went unspent. The savings rate reached 32% of disposable income in April 2020, yet has fallen to 3.9% as of this past August.

Sources: National Bureau of Economic Research, BEA



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