

Americans Saving More - Consumer Finance

The most recent data from the Federal Reserve identified an increase in the savings rate to 7.7% of disposable personal income as of December 2019. Some economists view this increase as a possible pause in economic growth until consumers feel more confident about spending.

The Federal Reserve defines the personal savings rate as a percentage of disposable personal income (DPI), frequently referred to as "the personal saving rate," and is calculated as the ratio of personal saving to DPI. Personal saving is equal to personal income less personal outlays and personal taxes.

Historically, Americans tend to save more as economic times become more difficult and tend to spend during prosperous periods. Past slow downs such as in the mid-1970s and the early 1980s saw an increase in the savings rate, a barometer of consumer sentiment. The expansion during the mid-to-late 1990s saw a gradual drop in savings, as consumers spent more confidently as their incomes rose.

Sources: https://fred.stlouisfed.org/series/PSAVERT

© PlanRock Investments, LLC. The content above is available for use only by authorized subscribers, clients and where permissible as such. This content is not authorized for resale. Past performance does not guarantee future results. The sources we use are believed to be reliable, but their accuracy is not guaranteed.