

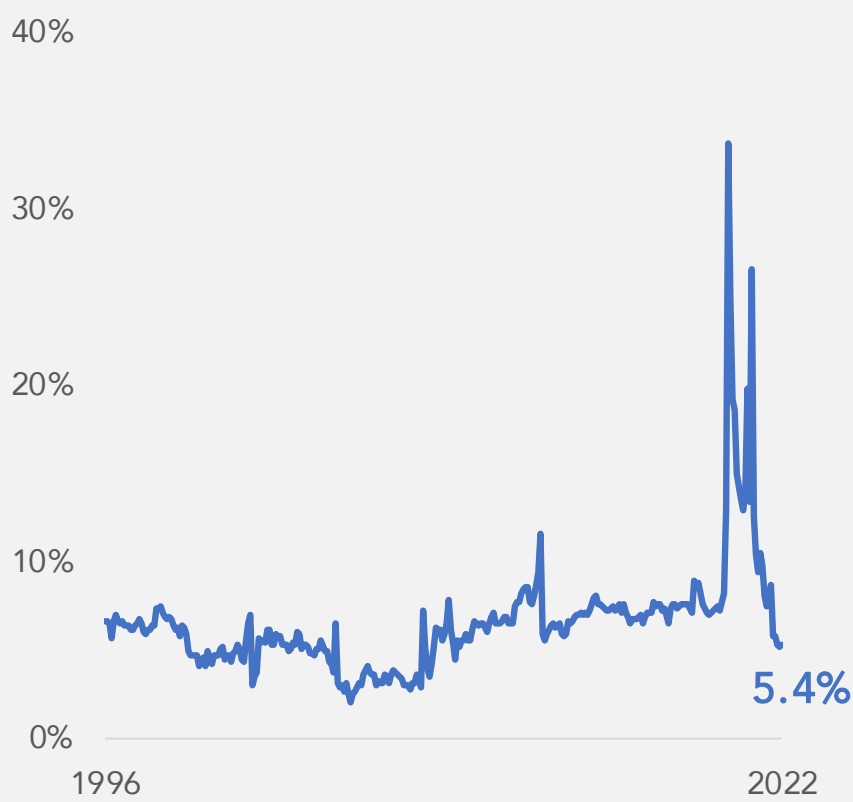
Chart of the Day

In April, the US consumer savings rate plummeted to 5.2%, its lowest level since mid-2009, prompting market concern over the health of the US consumer. However, according to an analysis by CreditSights, this focus on “flow” data does not adequately consider the excess savings accumulated during the COVID pandemic. Although the monthly savings rate has declined sharply, the “stock” of US consumer savings is still nearly \$2 trillion higher than it was pre-COVID. CreditSights also notes that the stock of savings is sufficiently large that consumers could continue to spend at today’s level (nearly 20% above 2019 levels) without exhausting excess savings until mid-to-late 2023.

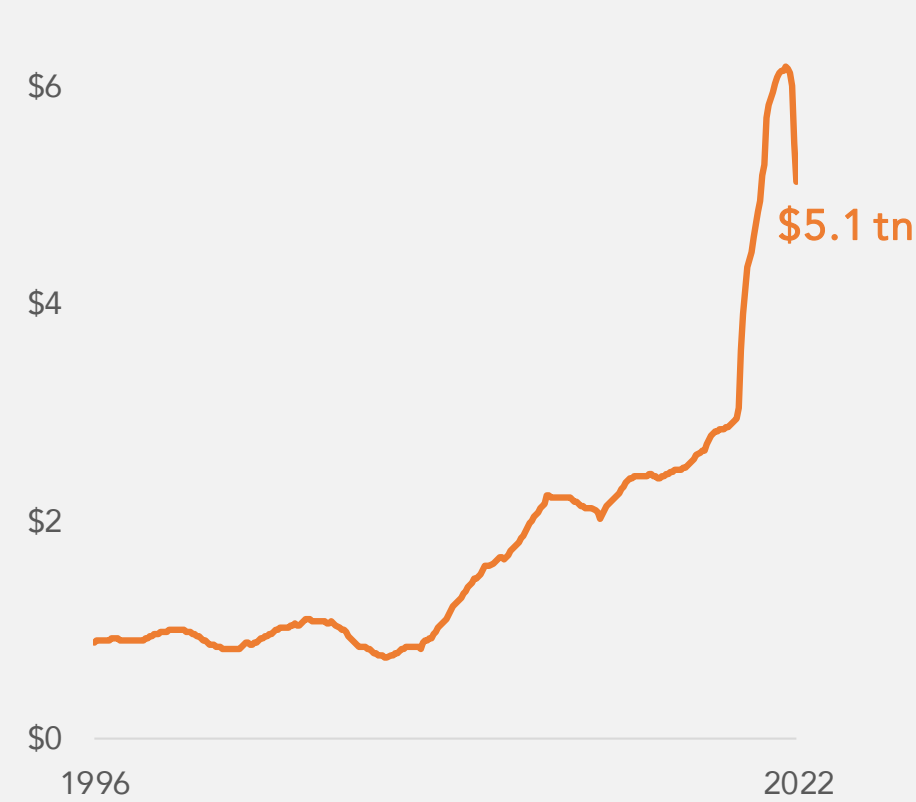
While the overall level of savings should support nominal spending trends, it is also important to consider the variability in savings by income bracket. Two thirds of the COVID-era savings accumulation in the US is held by the top 10% of earners, while the bottom 20% of earners have experienced a period of dis-saving.

Although the US consumer savings rate plummeted in April, the stock of cumulative savings remains well above pre-COVID levels

US savings rate, % of disposable income

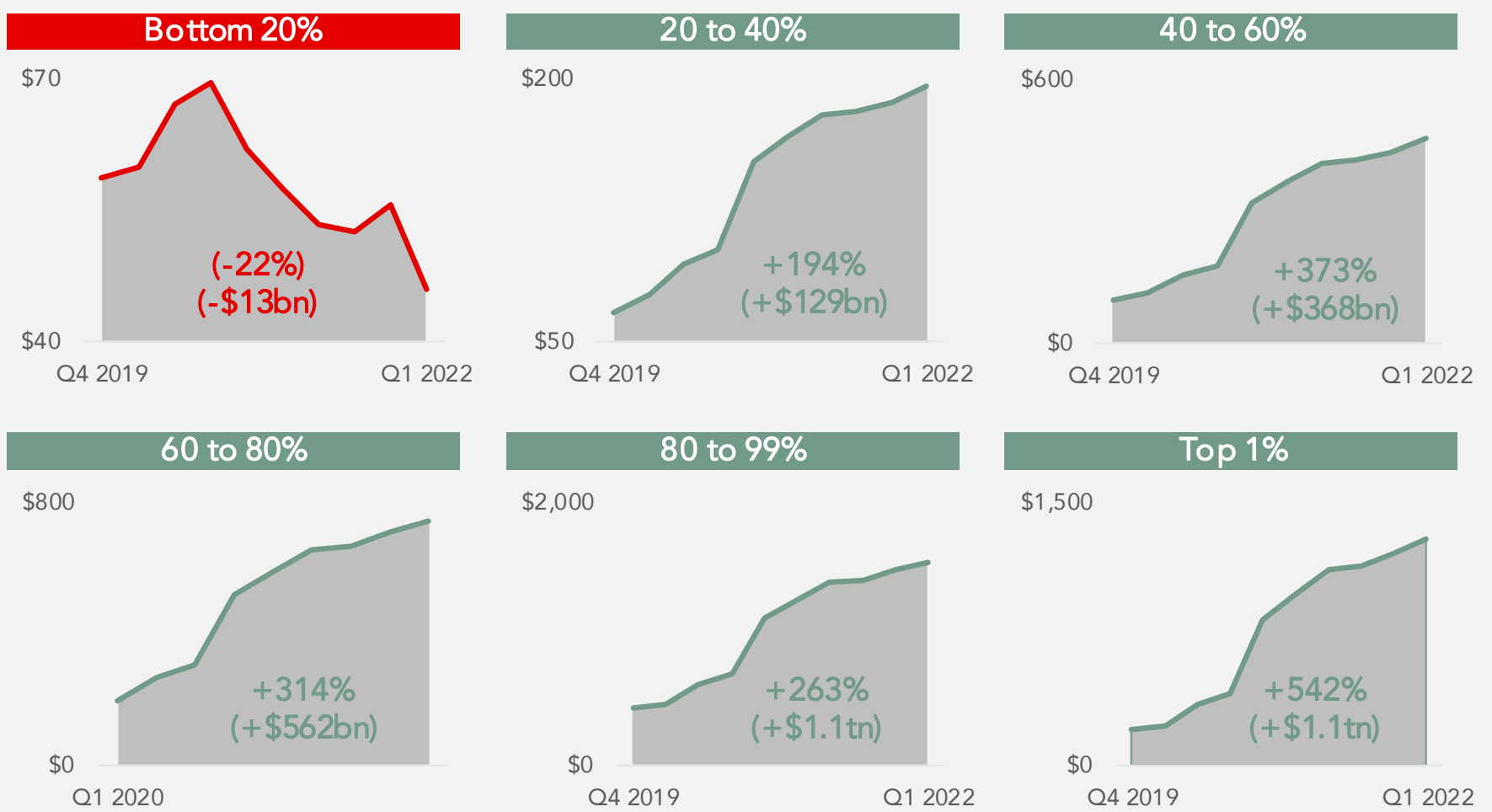


US cumulative savings, trailing 24 months, USD tn



The top 10% of earners have accumulated two thirds of the savings. Conversely, savings for the bottom 20% of US earners, or 26 million households, have declined 22% since the end of 2019.

Checkable deposits & currency, by income bracket, USD bn



Source: (1-2) CreditSights, “U.S. Consumer Credit and Banks: Narrative Pushback” (July 7, 2022). Bloomberg. Data as of July 8, 2022. (3-8) Federal Reserve. Distributional Financial Accounts. Data as of June 22, 2022.

Global Corporate & Investment Banking Capital Markets Strategy Team



Tom Joyce
Managing Director

Tom.Joyce@mufgsecurities.com
(212) 405-7472



Hailey Orr
Director

Hailey.Orr@mufgsecurities.com
(212) 405-7429



Stephanie Kendal
Associate

Stephanie.Kendal@mufgsecurities.com
(212) 405-7443