Personal Savings at Lowest in 14 Years

During the peak of the pandemic, uncertainty over the job market and elevated unemployment caused consumers to save at heightened rates. In addition, “going out” became extremely limited as restaurants, stores, and vacations were off the table for a majority of the population. With the pandemic tranquilized, consumer spending spiked tremendously and savings began to deplete.

With spending levels falling, many consumers have become wary of fully depleting their pandemic-era savings, yet are now still saving at very low levels. The personal saving rate, which measures how much disposable (post-tax) income people tend to save has reached a 14-year low. The rate reached 4.4% in April 2022 according to the Bureau of Economic Analysis, the lowest it has been since September of 2008.

With both savings and spending down, many consumers have resorted to increasingly focusing on buying essential goods rather than spending on discretionary items. Economists view this dynamic as a decline in consumer confidence throughout the economy.

Source: U.S. Bureau of Economic Analysis, Federal Reserve Bank of St. Louis.