

October



Pandemic Saving

One of the strangest statistics during the current pandemic is the remarkable change in the U.S. savings rate.

Americans—and perhaps people everywhere—tend to save more when they feel like the future is uncertain. As you can see from the chart, the U.S. personal savings rate (the aggregate ratio of personal saving to personal income) was well within normal bounds, running somewhere between 6.5% and 8% from June 2015 right up until COVID-19 started ramping up in March of this year. According to the U.S. Bureau of Economic Analysis, Americans responded to the threat by saving a remarkable 33.7% of their income in April, and the savings rate has remained above 17% since then.

A second chart, showing longer-term data, makes the recent spike even more dramatic—basically like nothing the U.S. has ever seen before. As you might expect, during the spike, consumer spending fell 12.6%, and a Harvard-based research group found that higher-income Americans were responsible for most of this decline. Interestingly, past spending cuts during past recessions tended to impact costly items like cars and homes. Today, spending has fallen most on services that require in-person interaction, like restaurants and hair salons.

Not everybody thinks a higher savings rate is good news. Consumer spending accounts for almost 70% of the U.S. economy, so any decline in consumption could pose a risk to the U.S. economy's recovery.

-Bob Veres

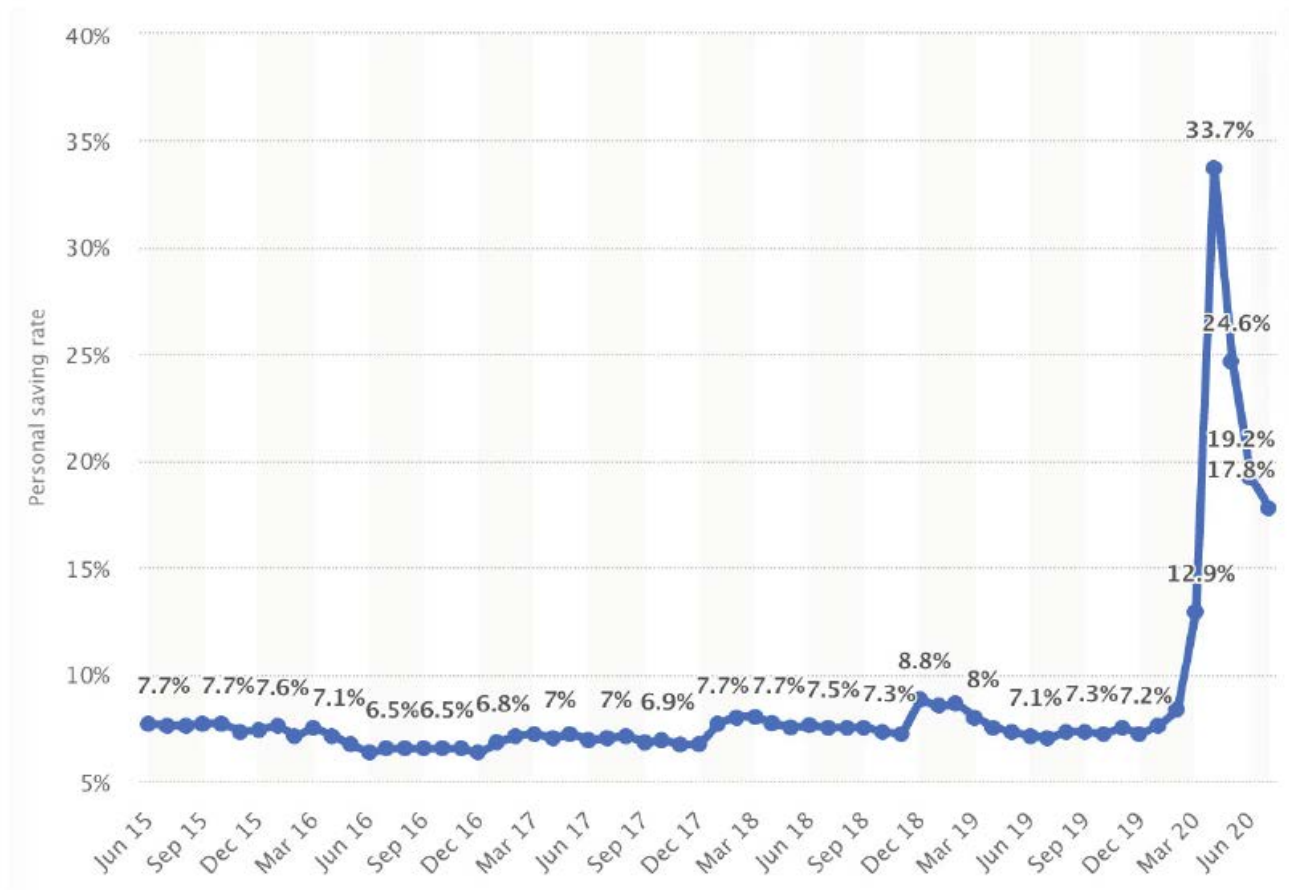
Sources:

<https://www.statista.com/statistics/246268/personal-savings-rate-in-the-united-states-by-month/>

<https://tradingeconomics.com/united-states/personal-savings>

<https://time.com/nextadvisor/banking/savings/us-saving-rate-soaring/>

U.S. Savings Rate since 2015



U.S. Savings Rate since 1965



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS



You're Not Alone

You may think you're the only person feeling out of sorts these days, or you may wonder WHY you feel out of sorts. But you should know that a lot of us are experiencing a nagging sense of disorientation about ourselves and the world around us. 2020 continues to be an unsettling year.

The pandemic, which seemed in the summer to be slowly receding, has found new life in many states. Most of us are beyond tired of social distancing, foregone vacations and not spending time physically interacting with our friends, children, grandchildren, brothers and sisters. Meanwhile, the toxic politics in America, and sharp divisions, create their own burden of mental uncertainty.

Deep inside, we know that there are many things that need fixing in America, from global warming to the still-unaddressed infrastructure to the constant horrifying, unexplainable examples of police brutality that show up on cell phone cameras. Meanwhile, the economic outlook is uncertain and the U.S. government is breaking every record for deficits.

The point here is not that things are hopeless; chances are, you're among the lucky ones compared with so many others who have lost their jobs or are looking at the possibility of being evicted from their homes. But we should all recognize that this is a good time to practice a little self-compassion. More than ever in recent memory, this is a good time to give ourselves a break, and to reach out to the people we care about. In times like these, we have to lean on each other.

We recognize that your finances are very important, but we also know that your quality of life is that much more important. You should know, as we do, that YOU are important.

If you're inclined to get in touch and share your uncertainties about the future, we can promise a deep interest in your situation and your concerns. We may not have all (or any) of the answers. But there are times when a good conversation about what's important in your life can result in better insights, and sometimes a sense that we're not alone in our uncertainties.

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