

Compiled by Professor Bill Pinkovitz, Center for Community and Economic Development, UW-Extension.

QUESTIONS? Contact Bill Pinkovitz at bill.pinkovitz@ces.uwex.edu.

Economic Snapshot is a weekly feature provided by the



As economy weakened, consumers saved rather than spent

The U.S. Bureau of Economic Analysis (BEA) collects a variety of data on personal income and how it is allocated. For example, the BEA reports that in 2007, personal interest payments in the U.S. totaled \$256.8 billion. Personal interest includes all interest paid by households except mortgage interest. The total equals approximately \$2,450 per household. Based on data collected through June of this year, the BEA forecasts that U.S. households will pay \$1,914 per household in personal interest in 2009, a \$56 billion (21.7 percent) decline from the recent high in 2007. Much of the decline can be attributed to weaker consumer spending and the resulting reduction in consumer debt.

Wisconsin Economic Outlook

Week 5:
Personal Income

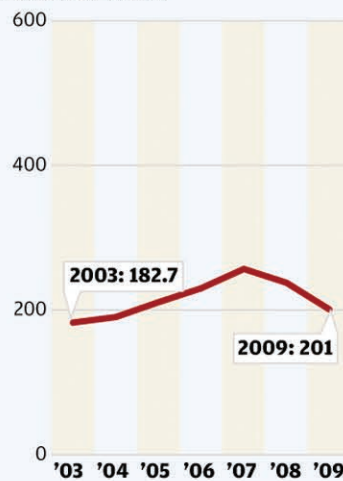
Annualized personal savings in 2009 are forecast to be more than three times 2007 levels. The BEA reports that U.S. households are saving at a projected rate of almost \$5,400 per year in 2009 compared to only \$1,700 in 2007. The dramatic increase in savings is also likely related to the reduction in consumer spending and a less optimistic outlook causing people to save more for future rainy days.

The following chart includes total U.S. personal savings and interest as reported by the BEA. This and other income and spending data are reported as part of the National Income and Product Accounts and are available free online from the BEA at <http://bea.gov/national/nipaweb/index.asp>.

Interest owed dips; savings up

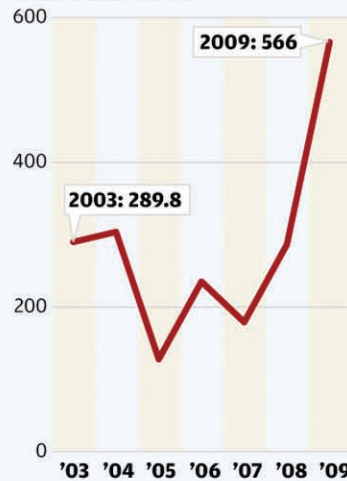
Personal interest payments

in billions of dollars



Personal savings

in billions of dollars



Note: 2009 estimate by BEA based on annualized data as of 6/30/09

Source: U.S. Bureau of Economic Analysis, 2009

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