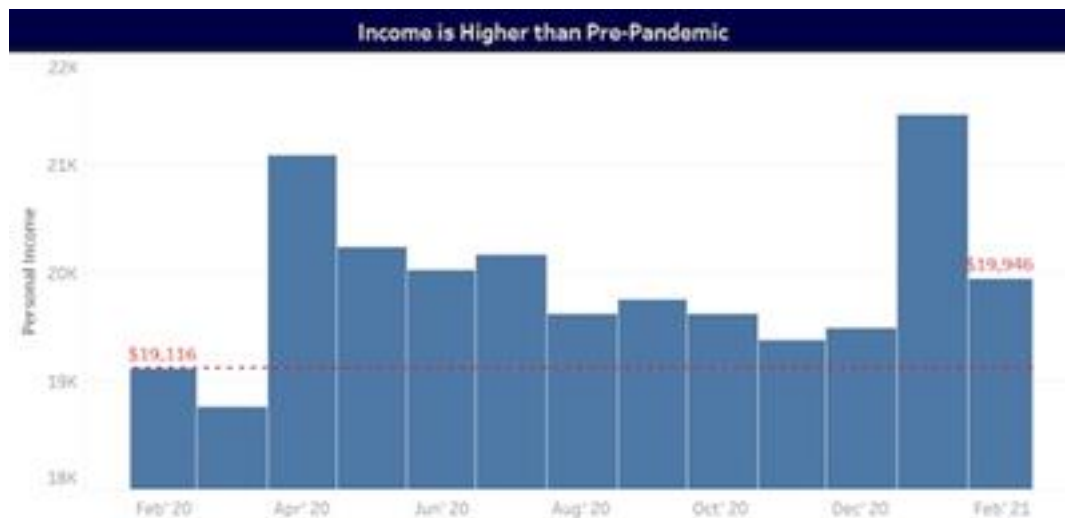


## The Economic Data Roller Coaster

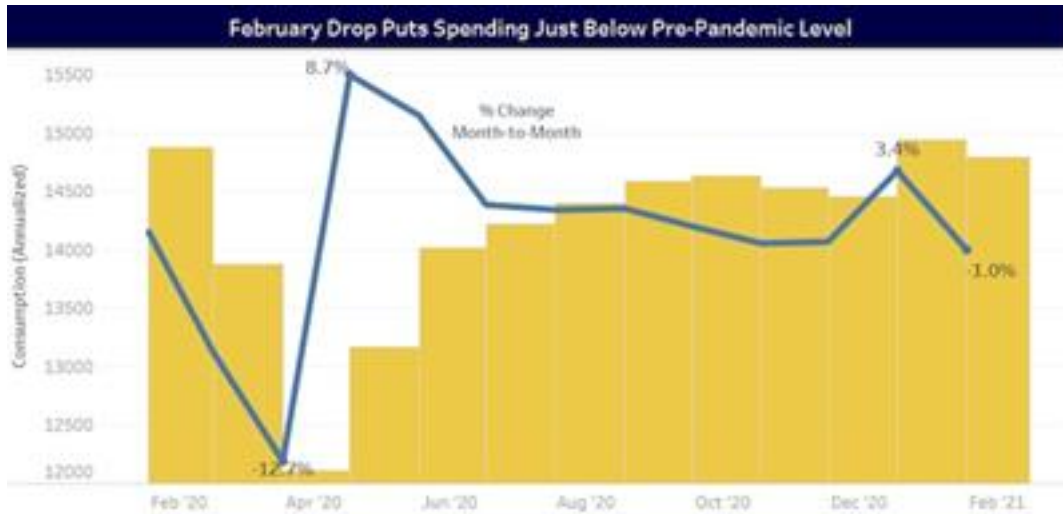
Income, savings, and spending data are a wild ride right now because of government payments. The Bureau of Economic Analysis [released data](#) on them last week. It showed they all fell in February after spiking in January.

**What happened:** This was because of the \$600 per person checks that went out in January. Those caused incomes to rise, people to spend more, and to save more during the month. When that support ran out, all three measures fell back down in February.

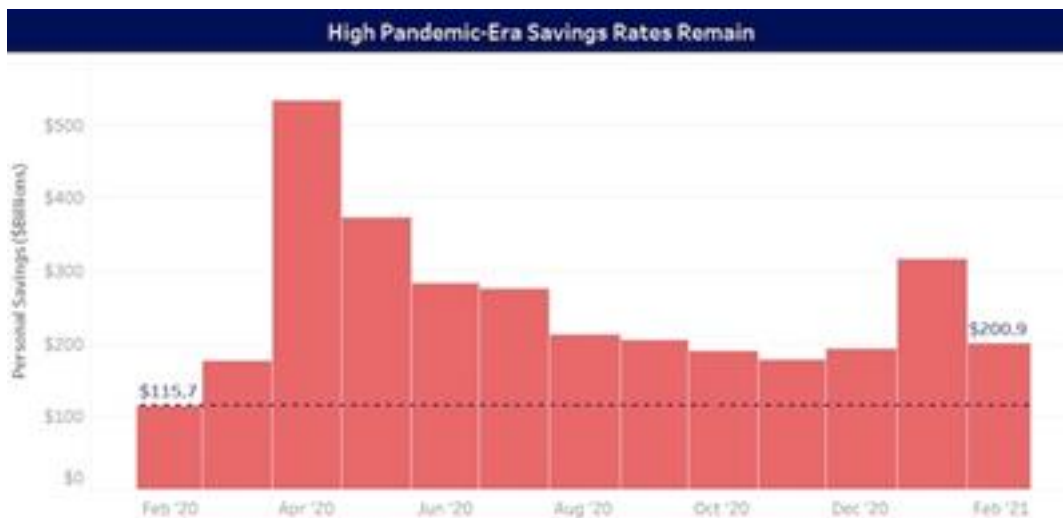
Income fell more than 7% in February—all because of the end of government support. Wages and salaries were flat and business owners' income rose. Wages being flat is concerning as they had been growing well for several months. However, severe weather was likely the major cause. Wages should grow this month as job gains increase and weather moderates. Income in total remains more than 4% higher than it was prior to the pandemic.



Spending fell 1% in February after rising more than 3% in January. It rests just below its pre-pandemic level after finally rising above it in January.



And savings fell almost 37% in February after rising 64% in January. Savings was still almost \$100 billion over trend in February. Americans have saved more than \$3.1 trillion since the pandemic began. That is almost \$2 trillion over trend.



**Looking ahead:** All of these measures will spike more in March than they did in January because of the latest round of government support. The latest checks are \$1,400 per person, which is more than double the January checks. Expect income, consumption, and savings to be considerably higher in March than they were in January.

**Bottom line:** Of course they will all tail off again in April as they did in February. Assuming this is the last round of checks, these data will stabilize going forward. The enormous reservoir of savings Americans have accumulated over the last year is waiting to be spent, and is a large factor in robust growth estimates for the remainder of the year.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce