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Anticipations with the Personal Savings Rate: An Outlook in the US Economy Today

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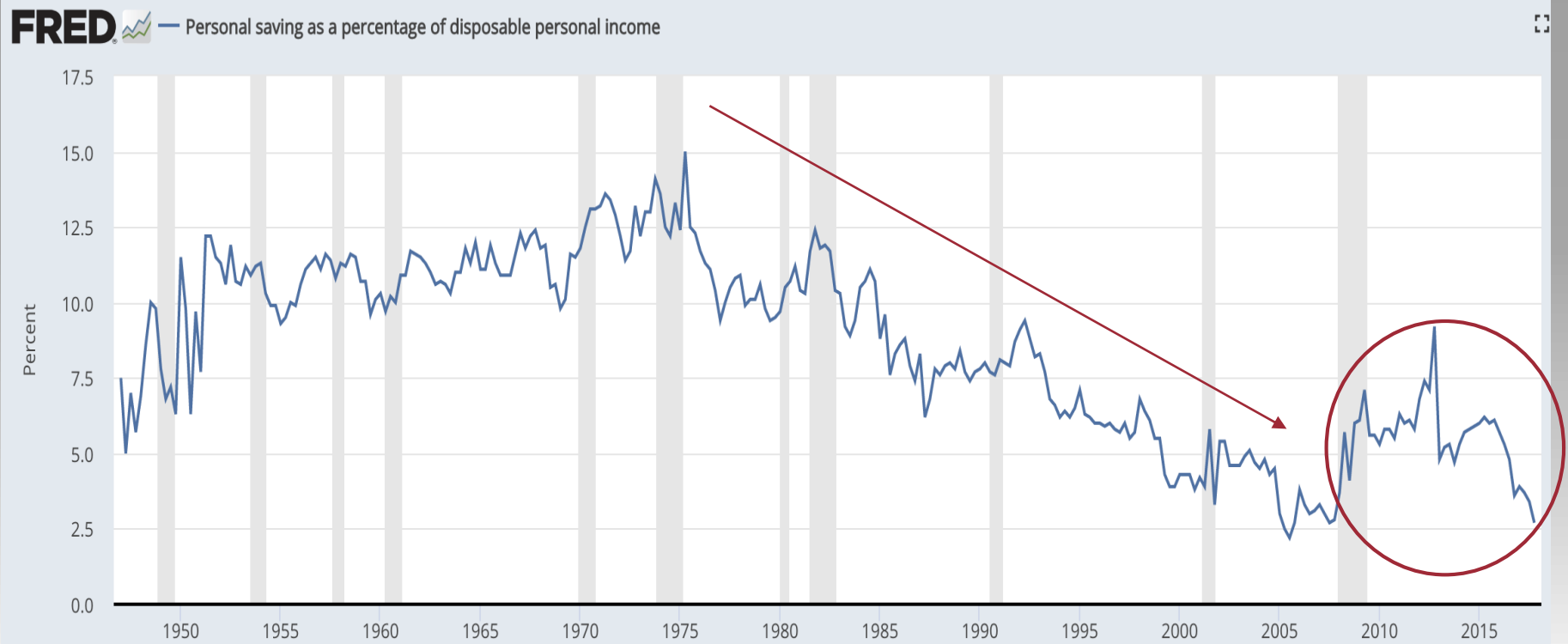
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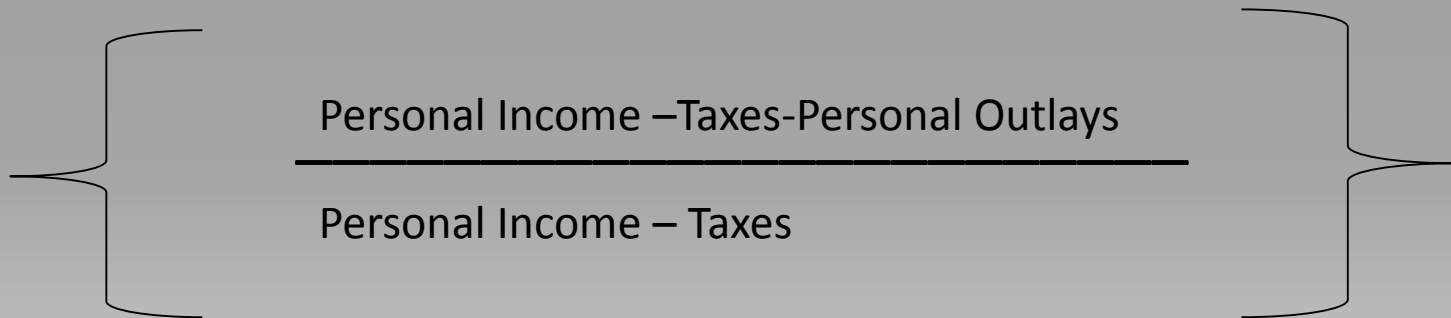
Introduction

Personal Savings



Personal Savings Rate

- Calculation


$$\frac{\text{Personal Income} - \text{Taxes} - \text{Personal Outlays}}{\text{Personal Income} - \text{Taxes}}$$

PURPOSE AND CONTRIBUTION OF THE STUDY



**Personal Savings
Rate**



LITERATURE REVIEW

Barney, L. D., White, H., & Schooley, D. K. (2009). Substituting corporate saving for personal saving. *Managerial Finance*, 35(8), 682-690. doi:<http://dx.doi.org/10.1108/03074350910967222>

Garner, C. A. (2006). Should the decline in the personal saving rate be a cause for concern? *Economic Review - Federal Reserve Bank of Kansas City*, 91(2), 5-8,10-28,2. Retrieved from <http://library.pittstate.edu:2048/login?url=https://search.proquest.com/docview/218488415?accountid=13211>

Rogers, R. M. (1990). Measuring the personal savings rate: Some technical perspectives. *Economic Review - Federal Reserve Bank of Atlanta*, 75(4), 38. Retrieved from <http://library.pittstate.edu:2048/login?url=https://library.pittstate.edu:4471/docview/200373837?accountid=13211>

THE EMPIRICAL MODEL

Multiple Linear Regression Test

(Y)variable=(Personal Savings Rate)

(X)variable=(Disposable Income)+(10 yr. Treasury)+(Aggregate Household Debt)+(CPI)+(Access to Credit)+(Consumer Spending)+(US GDP).

Formula:

(1981-2017)Personal Savings Rate=(Disposable Income)+(10 yr. Treasury)+(Aggregate Household Debt)+(CPI)+(Access to Credit)+(Consumer Spending)+(US GDP)

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \varepsilon$$

Method:

Used Ordinary Least Squares (OLS) method, which estimates the relationship between the x and y variables and gives an indication of goodness of fit based off of the deviations between the Predicted and Actual output.

Data

- IBISWorld
- Business Environment Profiles



Notables: CITI Bank and Google.

FINDINGS

Econometrics Study

R²


=

.9971

Durbin Watson: 1.15 








$p < .05$

FINDINGS

Significant 

Not Significant 

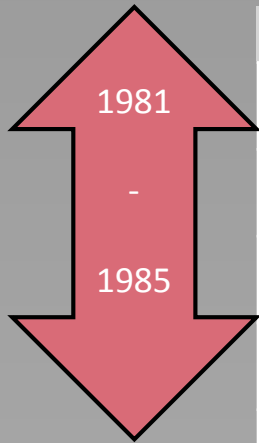
Econometrics Model

Independent Variables	P-Value	Coefficient	
Disposable Income	.0003	.0009%	
10 Year Treasury Yield	.0009	.4013%	
Aggregate Household Debt	.8049	-.0459%	
Consumer Spending	.8418	-2.5428%	
US GDP	.0196	.0004%	
CPI	.0006	-.3132%	
Access to Credit	.0851	-.0013%	

Conclusions:

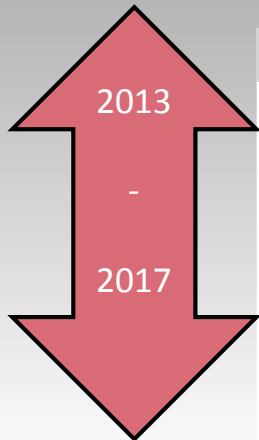


Notable Trends



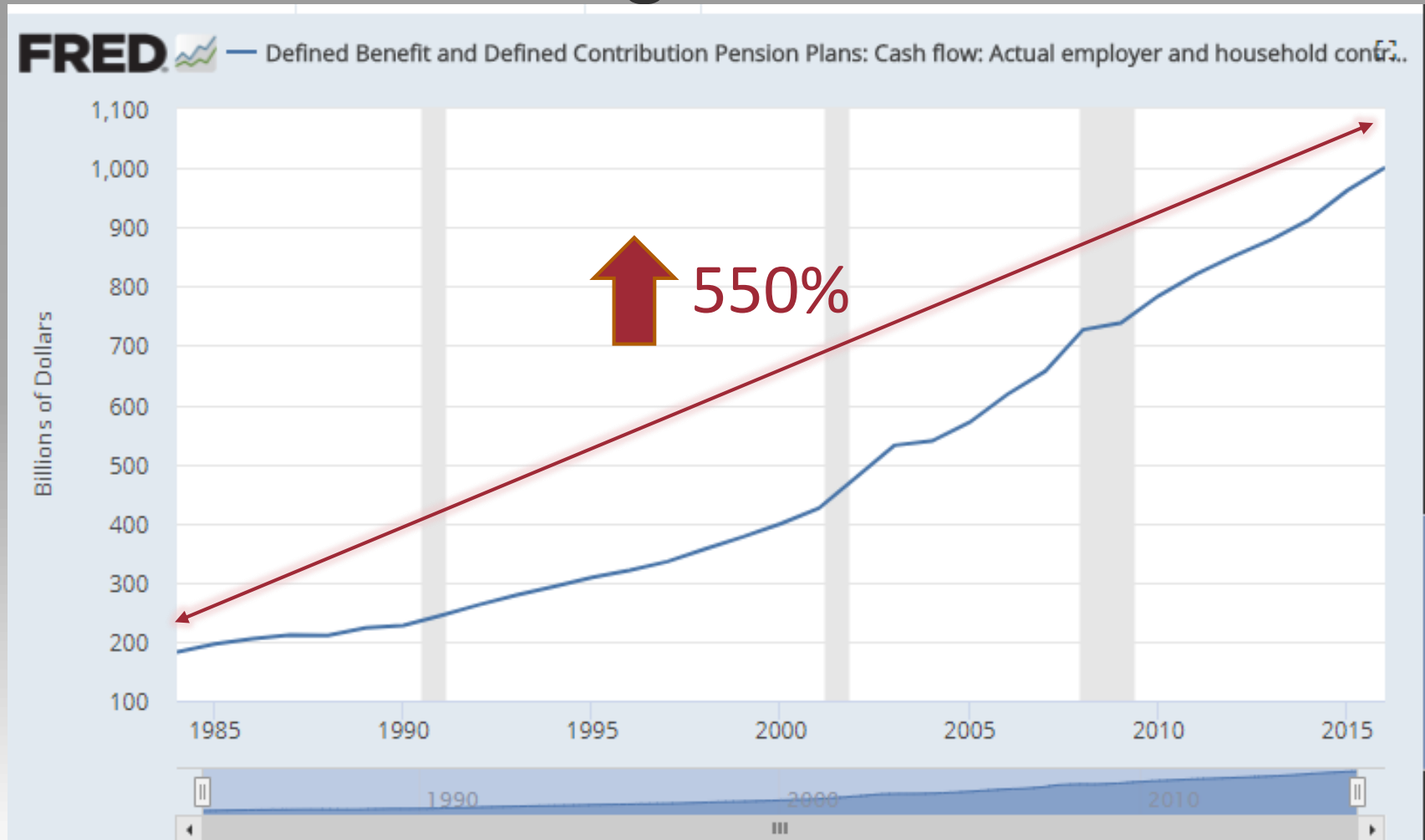
Personal Savings Rate	Disposable Income	10 Year treasury yield
11.19	20,454.00	13.91
11.46	20,686.00	13
9.45	21,214.00	11.11
10.73	22,479.00	12.44
8.57	22,961.00	10.62

VS



Personal Savings Rate	Disposable Income	10 Year treasury yield
5	36,369.00	2.35
5.66	37,432.00	2.54
6.09	38,702.00	2.14
4.88	38,956.00	1.84
3.41	39,156.00	2.33

Additional Findings



Accessibility to Markets



QUESTIONS

