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By Alex Tanzi, Bloomberg News (TNS)

Americans outside the wealthiest 20% of the country have run out of extra savings and now have less cash on hand than they did when the pandemic began, according to the latest Federal Reserve study of household finances.

For the bottom 80% of households by income, bank deposits and other liquid assets were lower in June this year than they were in March 2020, after adjustment for inflation.

All income groups have seen their balances decline in real terms from a peak in 2021,

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households run low on spare cash.

The Federal Reserve Bank of San Francisco estimates that the aggregate stock of excess savings will likely be depleted in the current quarter.

Overall, household net worth jumped by some \$5.5 trillion in the April-June period to a record high, the Fed data show. The increase was driven by housing—a less liquid form of wealth—and gains for stocks, whose ownership skews toward richer households.

The Fed numbers also highlight the unusual trajectory of household finances after the COVID slump, compared with previous recessions. Large-scale financial support from the government, and enforced savings under lockdown conditions, helped Americans amass stockpiles of extra cash. Their spending power fueled a rapid recovery, though it may now be running out of steam.

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