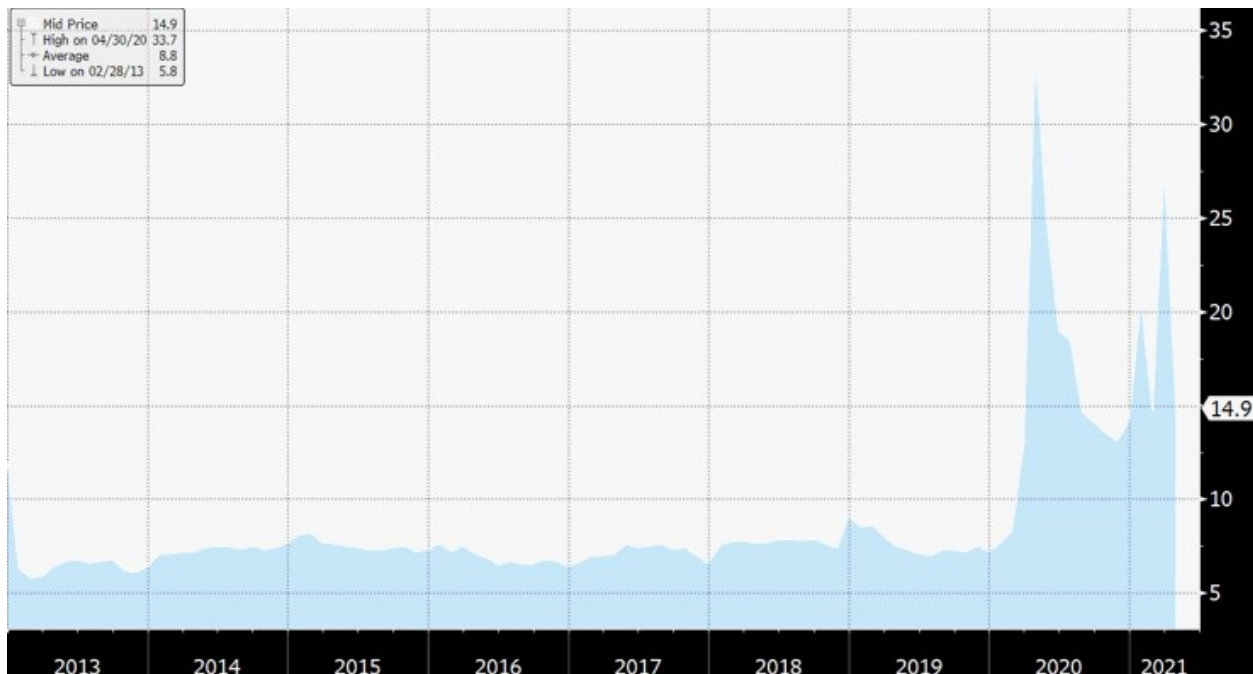


Personal Savings Rate

The U.S. Bureau of Economic Analysis (BEA) releases monthly statistics on consumer spending and saving habits per month. The “personal saving rate” is calculated as the ratio of personal saving to disposable personal income. Historically, the saving rate tends to increase during recessions, as consumers lose confidence in their future earning power, and declines during strong economic activity, as confidence returns. The COVID-19 pandemic was no exception, during April of 2020, the personal savings rate climbed to 33.7%, from 7.2% in December of 2019. Data also indicated that high-income households reduced their spending rate significantly more than low-income households. Wealthier households typically spend a greater percentage of their disposable income on services versus consumer goods and due to the pandemic, had to adjust their spending on services during the quarantine period.



Source: Bloomberg

Additionally, the savings rate, which averaged 7.3% from 2013 to 2019, has remained somewhat elevated, about 13% since the height of the pandemic. The generous programs from the federal government likely added some volatility to this ratio, but over time AHB would expect the savings rate to trend toward a more historical average of sub 8%.

The possibility for more normalized spending habits bodes well for the economy and capital markets. The U.S. has been described as a “service based” economy, and AHB would expect a return of spending in services areas as individuals gain confidence. Strong monetary support from the Federal Reserve, Fiscal stimulus proposals and a re-emerging consumer support capital market growth. AHB recognizes there are risks, including geopolitical challenges, a growing deficit and inflation concerns, but AHB is optimistic that our customized portfolios of individual assets can grow and mitigate risks in the dynamic world.

As an active SMA manager, AHB looks to capitalize on new opportunities as they rapidly evolve in both the bond and equity markets. Unlike market indexing products, AHB takes the active approach of overweighting or underweighting sectors or industries that best align with our research and future forecasts. This along with the ability to be extremely tax efficient and offer full customization within a client's portfolio, makes AHB's Investment Grade Taxable Bond, Investment Grade Municipal Bond, Custom Balanced and Large Cap Core Equity strategies a great solution for client assets.

To learn more about AHB and our investment strategies, please contact:

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