

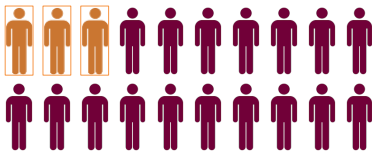
*Savings in Brasil: Micro Empirical Perspective

What are the main reasons for low family savings here?

- Life cycle motives (Demographic Transition & Reforms).
- Precautionary savings (Social Policies & Formalization)
- Interest rates, Impatience (Optimism) & Substitution Effects
- Credit constraints (Consigned and Public credit)
- Indivisibilities: Housing and Durables financing
- Inequality (Indivisibility)
- Habit Lags (Previous Boom & Stocks of Durables)
- Demonstration Effects (Globalization & Internet)

¼ of the Chinese family savings rate & yet mostly tends to fall

Savings



Only

14,75%

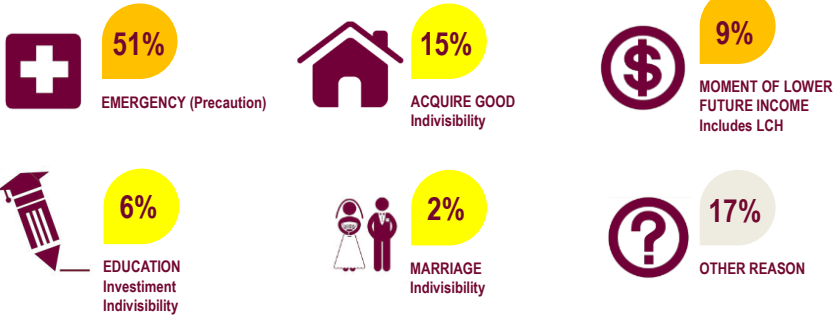
saved money

**In the last 12 months
(2013)**



Savings

Main reason pointed out was to prevent from a possible emergency (**precautionary savings**)



Savings

Main reasons to savings

THERE IS NO EVIDENCE THAT BRAZILIAN SAVINGS FOLLOWS THE LIFE CYCLE HYPOTHESIS (LCH)

	SAVED IN THE LAST 12 MONTHS	
	YES	NO
ALL	14,77	85,23
AGE		
Less than 25	13,32	86,68
Between 25-29	14,54	85,46
Between 30-34	17,4	82,6
Between 35-44	15,87	84,13
Between 45-54	13,31	86,69
Between 55-64	14,29	85,71
Between 65-74	16,01	83,99
75 +	15,96	84,04

Savings – Multivariate Analysis Stepwise

Did you Save in the
last 12 months?

Order	Parameter	Estimate	p-Value
	Intercept	-7,2557	<.0001
1	Log of the sum of all household incomes	0,7681	<.0001
2	South	0,8997	<.0001
3	Impatient	-0,7001	<.0001
4	North	-1,9929	0,0008
5	Number of residents	-0,1641	0,0005
6	Own residence	0,445	0,005
7	Northeast	0,4678	0,0054
8	Male	0,3467	0,0074
9	Optimism when it comes to the Country	0,3029	0,0245
10	Net worth over 100 thousand reais	0,5439	0,0125
11	Midwest	-0,7096	0,067
12	Net worth below 10 thousand reais	-0,2967	0,1039

SOUTH and NORTHEAST ARE THE BIGGEST SAVERS

SOURCE: SIPS/IPEA 2013 OBS: NOT INCLUDED IN THE FINAL MODEL FUTURE HAPPINESS and INDIVIDUAL INCOME, INCOME and HAPPINESS VARIATION, INCOME SOURCE DIVERSITY, CAPITAL, SUBURBS, RACE, AGE

Who saves more?

RAISES WITH THE INCOME AND NET WORTH
Income & Wealth Effects

SAVED IN THE LAST 12 MONTHS (%)

FAMILY INCOME PERCENTILE	YES
Between 0-10	7,52
Between 10-25	7,49
Between 25-50	11,72
Between 50-75	14,45
Between 75-90	20,28
Between 90-95	28,15
95 +	40,59

SAVED IN THE LAST 12 MONTHS (%)

NET WEALTH WORTH PERCENTILE	YES
Less than 50	9,45
Between 50 e 75	12,33
Between 75 e 90	17,05
Between 90 e 95	23,4
95 +	38,71

Order	Parameter	Estimate	p-Value
1	Log of the sum of all household incomes	0,7681	<.0001
6	Own residence	0,445	0,005
10	Net worth over 100 thousand reais	0,5439	0,0125
12	Net worth below 10 thousand reais	-0,2967	0,1039

Impatience, Savings and Happiness

Who saves more?

INDIVIDUALS WHO ARE MORE RATIONAL/PACIENT SAVE MORE

THE RESEARCH ALLOWS US TO MEASURE THE DEGREE OF IMPATIENCE OF THE INTERVIEWED BY ASKING IF THE INDIVIDUAL RATHERS WIN R\$340 TODAY OR R\$380 NEXT MONTH



Order	Parameter	Estimate	p-Value
3	Impatient	-0,7001	<.0001
9	Optimism when it comes to the Country	0,3029	0,0245

