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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVINGS, <sup>1/</sup>JAN.-MAR., 1947

Individuals saved \$1.4 billion in liquid form <sup>2/</sup>during the first quarter of 1947, according to the quarterly analysis of saving by individuals in the United States made public today by the Securities and Exchange Commission. This rate of saving was less than half that in the last quarter of 1946 and the lowest since 1940. The sharp decline in saving is partly attributable to the drop in disposable income and to seasonal influences, but also reflects a decrease in the proportion of income saved.

During the first three months of 1947, for the first time since before the war, individuals reduced their holdings of cash and deposits. This decline amounted to \$1.8 billion. However, during the same quarter, they added \$1.9 billion to their holdings of U. S. Government securities. Individuals also added \$900 million to their equity in government insurance, \$800 million to their equity in private insurance, and \$300 million to their investment in savings and loan associations. At the same time they increased their mortgage indebtedness by \$600 million and reduced their investment in securities other than U. S. Government by \$100 million. There was little change in consumer indebtedness other than mortgages.

The unusual decrease of \$1.8 billion in individuals' cash and deposits was more than accounted for by the \$2.2 billion drop in checking accounts. There was also a \$600 million reduction in individuals' holdings of currency. These declines may be compared with increases of \$900 million and \$200 million, respectively, during the last quarter of 1946. Time and savings deposits, on the other hand, increased by \$1.0 billion during the first quarter of this year, about \$300 million less than in the previous quarter.

There was a substantial net increase in individuals' holdings of U. S. savings bonds amounting to \$900 million. This reflected net purchases of \$700 million of Series F and G bonds and \$200 million of Series A-E bonds. The rather large net increase in savings bonds was explained, for the most part, by individuals' purchases of the larger denomination bonds at the beginning of the year to make up their 1947 allotments. Individuals' equity in U. S. Government securities other than savings bonds increased by \$1.0 billion. This increase resulted from repayments of bank loans of \$700 million and \$300 million of market purchases in excess of retirements. It should be pointed out that the \$800 million of armed forces leave bonds issued in the first quarter of 1947 to discharged veterans has been excluded from saving.

Of the remaining components of individuals' saving during the first quarter of 1947, there was an increase of \$100 million in individuals' investment in state and local government securities, while their investment in corporate and other securities declined by \$200 million. The drop in individuals' investment in corporate securities is explained by institutional purchases of corporate bonds from individuals more than offsetting individuals' net purchases of new stock issues. Mortgage debt increased by \$600 million, somewhat less than in the previous quarter. Mainly as a reflection of seasonal factors, there was very little increase in other consumer indebtedness in contrast to the record increase during the last quarter of 1946.

The above discussion of individuals' saving is based on data presented in the following table.

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<sup>1/</sup> In this analysis individuals' saving includes unincorporated business saving of types specified in the attached table. Corporate and Government saving are not included. The change in individuals' equity in Government insurance is, however, considered as part of individuals' saving.

<sup>2/</sup> This does not reflect the increase in inventories of unincorporated business (net of the change in notes and accounts payable). Although the amount of this increase is not known, it is believed to have been in the neighborhood of \$450 million in the first quarter of 1947.

Gross Saving by Individuals in the United States 1/

1940 - 1947

(Billions of dollars)

	1940	1941	1942	1943	1944	1945	1946	1946				1947
								Jan.- March	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- March
Gross Saving	15.3	24.4	38.2	46.1	48.1	47.0	31.9	5.7	9.2	8.7	8.4	5.7
Liquid Saving 2/	4.0	10.6	29.0	38.3	40.1	37.7	15.1	2.7	5.0	4.0	3.3	1.4
Gross Saving by Type												
1. Currency and bank deposits	+ 3.0	+ 5.0	+11.0	+16.0	+16.7	+19.4	+12.1	+ 1.5	+ 4.6	+ 3.5	+ 2.4	- 1.8
2. Savings and loan associations	+ .2	+ .4	+ .3	+ .6	+ .8	+ 1.1	+ 1.1	+ .2	+ .3	+ .2	+ .3	+ .3
3. Insurance and pension reserves												
a. Private insurance	+ 1.7	+ 2.1	+ 2.5	+ 3.1	+ 3.5	+ 3.9	+ 3.3	+ .8	+ .9	+ .7	+ .9	+ .8
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ 3.8	+ 4.8	+ 5.0	+ 3.5	+ .7	+ .8	+ .9	+ 1.0	+ .9
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 6.9	+ 8.3	+ 8.9	+ 6.8	+ 1.5	+ 1.7	+ 1.6	+ 1.9	+ 1.7
4. Securities 3/												
a. U. S. Savings bonds	+ .9	+ 2.8	+ 8.0	+11.1	+11.8	+ 6.9	+ .9	+ .1	+ .2	+ .3	+ .2	+ .9
b. Other U. S. Government	- .4	+ .8	+ 1.9	+ 2.7	+ 3.6	+ 3.4	+ .2	+ .3	- .6	+ .2	+ .2	+ 1.0 7/
c. State and local governments	- .1	- .2	- .2	+ .2	- .2	- .3	- .3	0	+ .1	- .3	+ .1	+ .1
d. Corporate and other	- .5	- .5	+ .3	- .4	- .7	- .7	- .1	- .2	+ .2	- .2	+ .1	- .2
e. Total	- .2	+ 2.9	+10.0	+13.6	+14.5	+ 9.3	+ .7	+ .2	- .1	0	+ .6	+ 1.8
5. Non-farm dwellings												
a. Purchases 4/	+ 2.5	+ 3.0	+ 1.6	+ 1.0	+ .8	+ 1.0	+ 3.6	+ .6	+ .9	+ 1.1	+ 1.0	+ .8
b. Change in debt	+ .9	+ .9	+ .1	- .3	- .1	+ .2	+ 2.9	+ .4	+ .8	+ .9	+ .8	+ .6
c. Saving (a. minus b.)	+ 1.7	+ 2.1	+ 1.5	+ 1.3	+ .9	+ .7	+ .7	+ .1	+ .1	+ .2	+ .2	+ .2
6. Automobiles and other durable consumers' goods 5/	+ 8.8	+10.8	+ 7.6	+ 6.8	+ 7.2	+ 8.3	+13.2	+ 2.4	+ 3.2	+ 3.6	+ 4.0	+ 3.5
7. Liquidation of debt, not elsewhere classified 6/	- 1.1	- .6	+ 2.9	+ 1.0	- .4	- .7	- 2.7	- .3	- .7	- .5	- 1.2	0

1/ Includes unincorporated business saving of the types specified. Does not include corporate or government saving.

2/ Gross saving excluding purchases of homes as well as of automobiles and other durable consumers' goods.

3/ Does not include net purchases by brokers and dealers or by other individuals financed by bank loans.

4/ New construction of one- to four-family non-farm homes less net acquisition of properties by non-individuals.

5/ Purchases. Based on Department of Commerce data. The figures shown above include all new passenger cars sold in the United States.

6/ Largely attributable to purchases of automobiles and other durable consumers' goods, although including some debt arising from purchases of consumption goods. The other segments of individuals' debt have been allocated to the assets to which they pertain, viz., saving in savings and loan associations, insurance, securities and homes.

7/ Does not include armed forces leave bonds amounting to \$800 million.

Note: Figures are rounded and will not necessarily add to totals.

The foregoing data have been compiled by the Commission from many different sources. Because of the nature of the figures, current data are necessarily estimates and, therefore, are subject to revision.