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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, 1/ JAN.-MARCH 1948

Individuals reduced their liquid assets by \$400 million in the first quarter of 1948, according to the quarterly analysis of saving by individuals in the United States made public today by the Securities and Exchange Commission. 2/ This was the first decline in liquid assets since the inception of the quarterly series in 1942 and may be compared with an increase of \$2.0 billion during the last quarter of 1947. Taking into consideration, however, saving in non-liquid forms such as purchases of homes and private business investment, individuals during the first quarter of 1948 made net additions to their total assets, but considerably less than in the fourth quarter of 1947. The decline in the rate of saving is attributable in large part to the drop in disposable income and to seasonal influences.

During the first quarter of 1948 individuals reduced their holdings of cash and deposits by \$4.0 billion, the largest decrease since before the war. During the same period individuals added \$2.5 billion to their holdings of securities, of which \$1.6 billion was in U.S. Government securities, \$400 million in state and local government issues, and \$500 million in corporate and other securities. Individuals also added \$900 million to their equity in private insurance, \$700 million to their equity in government insurance, and \$300 million to their investment in savings and loan associations. At the same time they increased their mortgage debt by \$800 million, while there was practically no change in consumer indebtedness other than mortgages.

The drop in individuals' cash and deposits reflected a decline of \$3.6 billion in checking accounts compared with an increase of \$1.5 billion during the fourth quarter. Individuals also reduced their holdings of currency by about \$800 million. Time and savings deposits, on the other hand, increased by \$500 million during the first quarter of this year, about \$200 million more than in the previous quarter.

There was a net increase in individuals' holdings of U.S. savings bonds amounting to \$800 million, about evenly divided between Series A-E bonds and Series F-G bonds. The rather large net increase in savings bonds may be explained for the most part by individuals' purchases at the beginning of the year to make up their 1948 allotments. Individuals' net holdings of U.S. Government securities other than saving bonds also increased by \$800 million. This increase reflected market purchases in excess of retirements of \$900 million, offset slightly by a \$100 million increase in bank loans.

During the first quarter of this year there was a comparatively large increase in individuals' holdings of state and local government securities amounting to \$400 million. This was accounted for by the substantial amount of new securities issued by States to pay for veterans' bonuses. Individuals increased their investment in corporate and other securities by \$500 million. While there were approximately \$1.3 billion of net issues of corporate bonds during this quarter, individuals increased their holdings by only \$200 million; most of the new debt issues were purchased by insurance companies. The \$300 million increase in individuals' investment in corporate stock reflected net issues of \$200 million and repayment of bank loans of \$100 million.

Of the remaining components of individuals' saving during the first quarter of 1948, there was an increase of \$800 million in mortgage debt, while at the same time new construction of homes amounted to about \$1.5 billion. Mainly as a reflection of seasonal factors, there was very little change in other consumer indebtedness in contrast to the record increase during the last quarter of 1947.

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

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- 1/ 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 a part of individuals' saving.
 - 2/ 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 \$600 million in the first quarter of 1948.

Saving by Individuals in the United States ^{1/}

1940 - 1948

(Billions of dollars)

Type of Saving	1940	1941	1942	1943	1944	1945	1946	1947	1947				1948
									Jan.- March	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- March
1. Currency and bank deposits	+ 2.9	+ 4.9	+10.9	+16.1	+17.5	+19.0	+11.9	+ 3.0	- 2.2	+ 0.9	+ 2.5	+ 1.8	- 4.0
2. Savings and loan associations	+ 0.2	+ 0.4	+ 0.3	+ 0.6	+ 0.8	+ 1.1	+ 1.2	+ 1.2	+ 0.3	+ 0.3	+ 0.2	+ 0.3	+ 0.3
3. Insurance and pension reserves	+ 3.1	+ 4.0	+ 5.0	+ 6.8	+ 8.2	+ 8.5	+ 6.9	+ 6.7	+ 1.6	+ 1.7	+ 1.6	+ 1.8	+ 1.6
a. Private insurance	+ 1.8	+ 2.1	+ 2.5	+ 2.9	+ 3.2	+ 3.5	+ 3.4	+ 3.3	+ 0.9	+ 0.8	+ 0.8	+ 0.9	+ 0.9
b. Government insurance	+ 1.3	+ 1.9	+ 2.5	+ 3.9	+ 4.9	+ 5.1	+ 3.4	+ 3.4	+ 0.8	+ 0.9	+ 0.8	+ 0.9	+ 0.7
4. Securities ^{2/}	- 0.1	+ 2.9	+10.4	+13.7	+14.9	+ 9.6	+ 0.9	+ 4.1	+ 2.6	+ 0.9	- 0.1	+ 0.6	+ 2.5
a. U.S. savings bonds	+ 0.9	+ 2.8	+ 8.0	+11.1	+11.8	+ 6.8	+ 0.9	+ 1.8	+ 0.8	+ 0.3	+ 0.3	+ 0.3	+ 0.8
b. Other U.S. Government ^{3/}	- 0.3	+ 0.7	+ 2.4	+ 3.1	+ 4.0	+ 3.7	(*)	+ 1.0	+ 1.6	+ 0.4	- 0.6	- 0.4	+ 0.8
c. State and local government	- 0.4	- 0.3	- 0.2	(*)	- 0.1	- 0.2	- 0.4	+ 0.3	+ 0.1	+ 0.1	+ 0.1	(*)	+ 0.4
d. Corporate and other	- 0.2	- 0.3	+ 0.3	- 0.5	- 0.8	- 0.7	+ 0.4	+ 1.0	+ 0.1	+ 0.1	+ 0.1	+ 0.7	+ 0.5
5. Liquidation of mortgage debt ^{4/}	- 0.9	- 0.9	- 0.1	+ 0.3	+ 0.1	- 0.2	- 3.3	- 3.8	- 0.7	- 1.0	- 1.0	- 1.1	- 0.8
6. Liquidation of debt not elsewhere classified ^{5/}	- 1.2	- 1.0	+ 3.3	+ 1.3	- 0.2	- 1.1	- 3.2	- 2.9	- 0.2	- 0.7	- 0.4	- 1.5	(*)
7. Total Liquid Saving	+ 4.1	+10.3	+29.9	+38.8	+41.3	+36.9	+14.3	+ 8.3	+ 1.4	+ 2.1	+ 2.8	+ 2.0	- 0.4
8. Nonfarm dwellings ^{6/}	+ 3.1	+ 3.6	+ 1.9	+ 1.1	+ 1.0	+ 1.1	+ 3.9	+ 5.8	+ 1.0	+ 1.2	+ 1.6	+ 1.9	+ 1.5
9. Other durable consumers' goods ^{7/}	+ 7.9	+ 9.7	+ 6.8	+ 6.5	+ 6.8	+ 8.0	+14.9	+19.8	+ 4.1	+ 4.7	+ 4.8	+ 6.1	+ 4.7
10. Total Gross Saving (7 + 8 + 9)	+15.1	+23.6	+38.6	+46.4	+49.0	+46.0	+33.1	+33.8	+ 6.5	+ 8.0	+ 9.3	+10.0	+ 5.8

- 1/ Includes unincorporated business saving of the types specified. Does not include corporate or government saving. Considerable revisions have been made in some of the series.
- 2/ Does not include net purchases by brokers and dealers or by other individuals financed by bank loans.
- 3/ Includes Armed Forces Leave bonds.
- 4/ Mortgage debt to institutions on one-to-four family nonfarm dwellings.
- 5/ Largely attributable to purchase 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 and securities.
- 6/ Construction of one-to-four family nonfarm dwellings less net acquisition of properties by non-individuals. Also includes a small amount of construction by non-profit institutions.
- 7/ Consumer expenditures on durable goods as estimated by the Department of Commerce.

Note: Figures are rounded and will not necessarily add to totals. Asterisk (*) indicates less than \$50 million.

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.