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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY - SEPT. 1944

Individuals' saving in the third quarter of 1944 was the highest on record, according to the quarterly analysis of saving by individuals 1/ in the United States made public today by the Securities and Exchange Commission. Total liquid saving during this quarter amounted to \$10.6 billion. 2/ This rate of saving was considerably higher than in the second quarter, reflecting a normal seasonal rise in the rate of saving as well as an increase in income after payment of taxes. The proportion of income saved was higher than it had been at any time since the third quarter of 1943 and was close to the all-time high reached in the third quarter of 1942.

A \$6.4 billion increase in cash and deposits constituted by far the largest component of individuals' saving in the third quarter of 1944. During these three months individuals also added \$2.3 billion to their holdings of U. S. Government securities; \$1.2 billion to their equity in Government insurance; and \$700 million to their equity in private insurance, mostly life insurance. Saving in cash and deposits was substantially higher than in the preceding quarter while additions to U. S. Government securities were not as high, reflecting the much greater impact of the Fifth War Loan Drive in the second quarter than in the third quarter.

The rate of growth in individuals' cash and deposits during the third quarter was the highest in history. The total increase of \$6.4 billion reflected a large rise in individuals' currency and demand deposits, amounting roughly to \$1.3 billion and \$2.9 billion respectively, and an unprecedented rise in time and saving deposits, amounting to about \$2.1 billion.

Because of its magnitude, wartime saving has received considerable emphasis in recent discussions of the post-war economy, particularly with reference to the effect of such saving on consumption and investment in the post-war period. It may, therefore, be well to note that the full significance of wartime saving from this point of view depends upon its distribution among different income, occupation and geographic groups. Satisfactory data of this type are not yet available although they are in the process of being obtained. However, it is known, as previously stated in these releases, that a substantial proportion of individuals' wartime saving is attributable to owners of unincorporated businesses, such as tradesmen, farmers, professionals, etc. Such saving does not have the same implications as saving by other individuals, particularly with respect to post-war consumer demand.

The above discussion is based on data presented in the following table.

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 as part of individuals' saving.

2/ This does not reflect the change in inventories of unincorporated business (net of the change in notes and accounts payable). Although the amount of this change is not known, it is believed to have been negligible in the third quarter of 1944.

Gross Saving by Individuals in the United States ^{1/}
1940 - 1944

(Billions of dollars)

	1940	1941	1942	1943	1943		1944			
					July- Sept.	Oct.- Dec.	Jan.- March	Apr.- June	July- Sept.	
Gross Saving	15.3	24.3	38.6	45.4	11.7	12.0	11.3	10.7	12.6	
Liquid Saving ^{2/}	4.0	10.5	29.3	37.8	9.8	9.9	9.5	8.7	10.6	
Gross Saving by Type										
1. Currency and bank deposits	+ 3.0	+ 4.9	+11.4	+15.3	+ 2.9	+ 5.9	+ 2.2	+ 3.3	+ 6.4	
2. Savings and loan associations	+ .2	+ .4	+ .3	+ .6	+ .1	+ .2	+ .2	+ .2	+ .2	
3. Insurance and pension reserves										
a. Private insurance	+ 1.7	+ 2.1	+ 2.5	+ 3.1	+ .7	+ .8	+ .9	+ .8	+ .7	
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ 3.8	+ 1.0	+ 1.0	+ 1.0	+ 1.1	+ 1.2	
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 6.9	+ 1.7	+ 1.8	+ 1.9	+ 1.9	+ 1.9	
4. Securities ^{3/}										
a. U.S. Savings bonds	+ .9	+ 2.8	+ 8.0	+11.1	+ 3.4	+ 2.2	+ 3.9	+ 2.6	+ 2.3	
b. Other U.S. Government	- .4	+ .8	+ 1.9	+ 2.7	+ 1.6	- .2	+ 1.1	+ 1.1	0	
c. State and local governments	- .1	- .2	- .1	+ .1	+ .1	0	- .1	0	0	
d. Corporate and other	- .5	- .5	+ .3	0	- .3	+ .2	0	- .3	- .1	
e. Total	- .2	+ 2.9	+10.1	+13.9	+ 4.8	+ 2.2	+ 4.9	+ 3.4	+ 2.2	
5. Non-farm dwellings										
a. Purchases ^{4/}	+ 2.5	+ 3.0	+ 1.6	+ 1.0	+ .3	+ .3	+ .2	+ .2	+ .2	
b. Change in debt	+ .9	+ .9	+ .1	- .3	- .1	0	- .1	0	0	
c. Saving (a. minus b.)	+ 1.7	+ 2.1	+ 1.5	+ 1.3	+ .4	+ .3	+ .3	+ .2	+ .2	
6. Automobiles and other durable consumers' goods ^{5/}	+ 8.8	+10.8	+ 7.6	+ 6.6	+ 1.7	+ 1.8	+ 1.6	+ 1.8	+ 1.8	
7. Liquidation of debt, not elsewhere classified ^{6/}	- 1.1	- .6	+ 2.8	+ .8	+ .1	- .2	+ .3	- .1	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 nonfarm homes less net acquisition of properties by non-individuals.
- ^{5/} Purchases. Based on revised 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.

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.