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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING,<sup>1/</sup> APRIL-JUNE, 1947

Liquid saving by individuals amounted to \$1.8 billion <sup>2/</sup> during the second 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. While this rate of saving was quite low compared with last year, it still was considerably higher than the \$800 million of saving in the first quarter of this year. The increase in saving from the low level of the previous quarter is attributable to the rise in disposable income and to seasonal influences.

During the three months April through June, 1947, individuals increased their holdings of cash and deposits by \$1.0 billion. They also added \$900 million to their equity in government insurance, \$700 million to their equity in private insurance, \$600 million to their holdings of U. S. government securities, and \$300 million to their investment in savings and loan associations. At the same time, they increased their mortgage indebtedness by \$1.0 billion, other consumer indebtedness by \$600 million, and reduced their holdings of securities other than U. S. government by \$100 million.

The increase of \$1.0 billion in individuals' cash and deposits reflected for the most part a \$700 million increase in time and savings deposits as compared to \$1.0 billion during the first quarter of 1947. Checking accounts also showed an increase during this quarter amounting to \$300 million, in sharp contrast to a decline of \$2.4 billion in the previous quarter. There was little change in currency in the hands of individuals compared to a \$500 million drop during the first quarter.

There was a net increase in individuals' holdings of U. S. savings bonds amounting to \$400 million. It should be noted, however, that the entire increase was in the form of the larger Series F and G bonds; sales equalled redemptions for the more widely held Series A-E bonds. Individuals' equity in U. S. government securities other than savings bonds increased by \$100 million compared to an increase of \$1.0 billion the previous quarter. The \$100 million increase during this quarter reflected net purchases of \$500 million partly offset by an increase in bank loans of \$400 million. The growth in bank loans was entirely due to operations by brokers and dealers in securities during May and June. It should be pointed out that the \$400 million of armed forces leave bonds issued during the second quarter of 1947 to discharged veterans has not been included in saving.

Of the remaining components of individuals' saving during the second quarter of 1947, there was a record increase in mortgage debt amounting to \$1.0 billion continuing the trend of the past year. Consumer indebtedness other than mortgages increased by \$600 million. There was a \$100 million drop in individuals' equity in corporate and other securities. This drop is explained by institutional purchases of corporate bonds from individuals and increased brokers' loans from banks more than offsetting individuals' purchases of new stock issues.

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

<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 decrease in inventories of unincorporated business (net of the change in notes and accounts payable). Although the amount of this decrease is not known, it is believed to have been in the neighborhood of \$150 million in the second quarter of 1947.

1940 - 1947

(Billions of dollars)

	1940	1941	1942	1943	1944	1945	1946	1947 Jan.- March	April June
Gross Saving	15.1	23.9	37.8	45.9	48.0	46.0	33.2	5.9	7.8
Liquid Saving 2/	4.1	10.6	29.1	38.3	40.2	36.9	14.5	.8	1.8
Gross Saving by Type									
1. Currency and bank deposits	+ 2.9	+ 4.9	+ 10.9	+ 16.0	+ 17.0	+ 19.0	+ 12.2	- 1.9	+ 1.0
2. Savings and loan associations	+ .2	+ .4	+ .3	+ .6	+ .8	+ 1.1	+ 1.1	+ .3	+ .3
3. Insurance and pension reserves									
a. Private insurance	+ 1.8	+ 2.1	+ 2.5	+ 2.8	+ 3.2	+ 3.5	+ 3.2	+ .8	+ .7
b. Government insurance	+ 1.3	+ 1.9	+ 2.6	+ 3.9	+ 4.9	+ 5.1	+ 3.4	+ .8	+ .9
c. Total	+ 3.1	+ 4.0	+ 5.0	+ 6.8	+ 8.2	+ 8.6	+ 6.7	+ 1.6	+ 1.6
4. Securities 3/									
a. U. S. Savings bonds	+ .9	+ 2.8	+ 8.0	+ 11.1	+ 11.8	+ 6.9	+ .9	+ .9	+ .4
b. Other U. S. Government	- .4	+ .8	+ 1.9	+ 2.7	+ 3.6	+ 3.4	+ .2	+ 1.0	+ .2
c. State and local governments	- .1	- .2	- .2	+ .2	- .2	- .3	- .3	0	0
d. Corporate and other	- .5	- .5	+ .3	- .4	- .7	- .7	0	- .2	+ .1
e. Total	- .2	+ 2.9	+ 10.0	+ 13.6	+ 14.5	+ 9.3	+ .8	+ 1.7	+ .5
5. Non-farm dwellings									
a. Purchases 4/	+ 2.9	+ 3.3	+ 1.7	+ 1.1	+ .9	+ 1.0	+ 3.5	+ .9	+ 1.1
b. Change in debt	+ .9	+ .9	+ .1	- .3	- .1	+ .2	+ 3.4	+ .7	+ 1.0
c. Saving (a. minus b.)	+ 2.0	+ 2.4	+ 1.7	+ 1.3	+ 1.0	+ .7	0	+ .2	+ .1
6. Automobiles and other durable consumers' goods 5/	+ 8.1	+ 10.0	+ 7.0	+ 6.5	+ 6.8	+ 8.1	+ 15.3	+ 4.2	+ 4.9
7. Liquidation of debt, not elsewhere classified 6/	- 1.1	- .6	+ 2.9	+ 1.0	- .4	- .7	- 2.9	- .1	- .6

1/ Includes unincorporated business saving of the types specified. Does not include corporate or government saving. Revisions have been made in some of the series.

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/ Consumer expenditures on durable goods estimated by the Department of Commerce plus construction by non-profit institutions.

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 \$400 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.

Saving by Individuals in the United States 1/

1940 - 1947

(Billions of dollars)

Type of Saving	1947							Jan.- March	Apr.- June	July- Sept.
	1940	1941	1942	1943	1944	1945	1946			
1. Currency and bank deposits	+ 2.9	+ 4.9	+10.9	+16.1	+17.5	+19.0	+11.9	- 2.2	+ 0.9	+ 2.5
2. Savings and loan associations	+ 0.2	+ 0.4	+ 0.3	+ 0.6	+ 0.8	+ 1.1	+ 1.1	+ 0.3	+ 0.3	+ 0.2
3. Insurance and pension reserves										
a. Private insurance	+ 1.8	+ 2.1	+ 2.5	+ 2.9	+ 3.2	+ 3.5	+ 3.5	+ 0.8	+ 0.8	+ 0.8
b. Government insurance	+ 1.3	+ 1.9	+ 2.5	+ 3.9	+ 4.9	+ 5.1	+ 3.4	+ 0.8	+ 0.9	+ 0.8
c. Total	+ 3.1	+ 4.0	+ 5.0	+ 6.8	+ 8.2	+ 8.5	+ 7.0	+ 1.6	+ 1.6	+ 1.6
4. Securities 2/										
a. U.S. savings bonds	+ 0.9	+ 2.8	+ 8.0	+11.1	+11.8	+ 6.8	+ 0.9	+ 0.8	+ 0.3	+ 0.3
b. Other U.S. Government 3/	- 0.3	+ 0.7	+ 2.4	+ 3.1	+ 4.0	+ 3.7	+ 0.6	+ 1.6	+ 0.7	- 0.5
c. State and local government	- 0.4	- 0.3	- 0.2	0	- 0.1	- 0.2	- 0.3	+ 0.1	+ 0.1	+ 0.1
d. Corporate and other	- 0.2	- 0.3	+ 0.3	- 0.5	- 1.0	- 0.7	+ 0.4	+ 0.2	+ 0.1	+ 0.2
e. Total	- 0.1	+ 2.9	+10.4	+13.7	+14.7	+ 9.6	+ 1.6	+ 2.7	+ 1.2	+ 0.1
5. Liquidation of mortgage debt 4/	- 0.9	- 0.9	- 0.1	+ 0.3	+ 0.1	- 0.2	- 3.4	- 0.7	- 1.0	- 1.1
6. Liquidation of debt not elsewhere classified 5/	- 1.2	- 1.0	+ 3.3	+ 1.3	- 0.2	- 1.1	- 3.2	- 0.1	- 0.6	- 0.4
7. Total Liquid Saving	+ 4.1	+10.3	+29.9	+38.8	+41.1	+36.9	+15.0	+ 1.6	+ 2.4	+ 2.9
8. Nonfarm dwellings 6/	+ 3.1	+ 3.6	+ 1.9	+ 1.1	+ 1.0	+ 1.1	+ 3.9	+ 1.0	+ 1.2	+ 1.5
9. Other durable consumers' goods 7/	+ 7.9	+ 9.7	+ 6.8	+ 6.5	+ 6.8	+ 8.0	+14.9	+ 4.2	+ 4.7	+ 4.6
10. Total Gross Saving (7+8+9)	+15.1	+23.6	+38.6	+46.4	+48.9	+46.0	+33.8	+ 6.8	+ 8.3	+ 9.1

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 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 and securities.

6/ Construction of one-to-four 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.

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.