

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

STATISTICAL SERIES
Release No. 791

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING IN 1947

During the year 1947, individuals saved \$8.9 billion in liquid form, according to the quarterly analysis of saving by individuals in the United States made public today by the Securities and Exchange Commission. ^{1/} This amount of liquid saving, which exceeded that of any pre-war year, represents a substantial decrease from the abnormally high war-time rate. While there was, during 1947, an increase in income after payment of taxes, liquid saving was about \$5 billion less than that in 1946, reflecting higher consumer expenditures. The proportion of income saved, though considerably lower than during the war, approximated the 1929 level.

As of the end of 1947, individuals' holdings in cash and deposits amounted to about \$132 billion and holdings of U. S. Government securities amounted to about \$68 billion. Of the total of cash and deposits, \$25 billion was in the form of currency, \$55 billion was in time and savings deposits, and \$52 billion was in checking accounts. Individuals' holdings of U. S. Government securities were mainly U. S. savings bonds, amounting to about \$33 billion in Series A - E bonds and \$13 billion in Series F and G bonds, with other U. S. Government securities amounting to \$22 billion. ^{2/}

During 1947, the composition of saving changed substantially from the preceding year. Currency and bank deposits, which constituted the predominant form of saving in 1946, were approximately equalled in importance by several other components. Individuals added \$3.3 billion to their holdings of currency and bank deposits, \$3.1 billion to their holdings of U. S. Government securities, \$3.2 billion to their equity in private insurance, and \$3.4 billion to their equity in government insurance. They also increased their net holdings of securities other than U. S. Government by \$1.5 billion, and their investment in savings and loan associations by \$1.2 billion. During the same period individuals increased their mortgage indebtedness by \$3.8 billion, and other consumer indebtedness by \$2.9 billion.

The growth in individuals' cash and deposits during 1947 was considerably less than in the preceding year and the lowest since 1940. Individuals added \$2.2

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- ^{1/} In this analysis individuals' saving includes unincorporated business saving of the 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/} Net of loans by banks to individuals (including brokers) for the purchasing or carrying of government securities. There was \$600 million of such debt outstanding as of the end of 1947.

billion to their time and savings deposits and \$1.4 billion to their checking accounts as contrasted to increases of \$5.4 billion and \$6.4 billion, respectively, during 1946. Holdings of currency declined by \$400 million compared with an increase of \$200 million the previous year.

The increase in individuals' holdings of securities during 1947 was much greater than in 1946, \$4.6 billion as compared with \$1.0 billion. Holdings of U. S. savings bonds increased \$1.8 billion, with net acquisitions of \$300 million in Series A - E bonds and \$1.5 billion in Series F and G bonds. Individuals' equity in U. S. Government securities other than savings bonds increased by \$1.3 billion, reflecting net acquisitions of \$400 million and repayments of bank loans of \$900 million. About \$165 million of these net acquisitions represented issues of Armed Forces Leave bonds in excess of redemptions. Holdings by individuals of state and local government securities increased \$300 million. There was a large increase in individuals' holdings of corporate and other securities during 1947, amounting to \$1.2 billion. This increase reflected net purchases by individuals of new corporate stock issues amounting to \$1.3 billion. On the other hand, there was a small reduction in individuals' holdings of bonds, the substantial net increase in outstanding bond issues being absorbed by institutions.

Individuals' equity in insurance and pension reserves in 1947 increased \$6.6 billion as compared with \$6.9 billion in 1946. Equity in private insurance increased \$3.2 billion; policy loans showed a small increase over the year, the first since 1932. Equity in government insurance increased \$3.4 billion, about half in social security funds. Individuals' equity in the National Service Life Insurance Fund increased about \$800 million, compared with an increase of \$1.7 billion the previous year. Equity in savings and loan associations increased \$1.2 billion, about the same as in 1946.

Mortgage debt showed a record increase of \$3.8 billion, as compared with an increase of \$3.3 billion in 1946. Other consumer debt increased by \$2.9 billion, as compared with \$3.2 billion in 1946. The increase in mortgage debt in 1947 represented over 75 percent of net purchases of new homes by individuals.

During the fourth quarter of 1947, individuals' liquid saving amounted to \$2.5 billion, ^{3/} a somewhat lower rate than in the third quarter. Individuals added \$2.0 billion to their holdings of cash and deposits, \$1.7 billion to their equity in insurance and pension reserves, \$1.0 billion to their investment in securities, and \$300 million to their equity in savings and loan associations. Individuals' indebtedness arising from the purchase of consumer goods increased by \$1.5 billion as compared with \$400 million for the previous quarter, while mortgage debt rose by about \$1.1 billion. The \$1.0 billion increase in security investments was accounted for by net purchases of over \$700 million of stock issues and \$300 million of U. S. savings bonds.

^{3/} This does not include 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 \$75 million in the fourth quarter of 1947.

Saving by Individuals in the United States 1/

1940 - 1947

(Billions of dollars)

Time 104

1948

Type of Saving	1940	1941	1942	1943	1944	1945	1946	1947	1947				Jan. - March	Apr. - June	July - Sept.	Oct. - Dec.	
									Jan. - March	Apr. - June	July - Sept.	Oct. - Dec.					
1. Currency and bank deposits	+ 2.9	+ 4.9	+10.9	+16.1	+17.5	+19.0	+11.9	+ 3.3	- 2.2	+ 0.9	+ 2.6	+ 2.0	- 4.0				
2. Savings and loan associations	+ 0.2	+ 0.4	+ 0.3	+ 0.6	+ 0.8	+ 1.1	+ 1.1	+ 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	+ 6.6	+ 1.6	+ 1.6	+ 1.6	+ 1.7	1.6				
a. Private insurance	+ 1.8	+ 2.1	+ 2.5	+ 2.9	+ 3.2	+ 3.5	+ 3.4	+ 3.2	+ 0.8	+ 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	+ 1.0	+ 4.6	+ 2.7	+ 1.0	- 0.1	+ 1.0	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	(*)	+ 1.3	+ 1.5	+ 0.5	- 0.7	(*)	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	+ 1.2	+ 0.2	(*)	+ 0.2	+ 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	0				
7. Total Liquid Saving	+ 4.1	+10.3	+29.9	+38.8	+41.3	+36.9	+14.4	+ 8.9	+ 1.4	+ 2.1	+ 2.9	+ 2.5	- 0.4				
8. Nonfarm dwellings 6/	+ 3.1	+ 3.6	+ 1.9	+ 1.1	+ 1.0	+ 1.1	+ 3.9	+ 5.5	+ 1.0	+ 1.2	+ 1.5	+ 1.8	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	+33.2	+34.2	+ 6.6	+ 8.0	+ 9.2	+10.4	5.8				

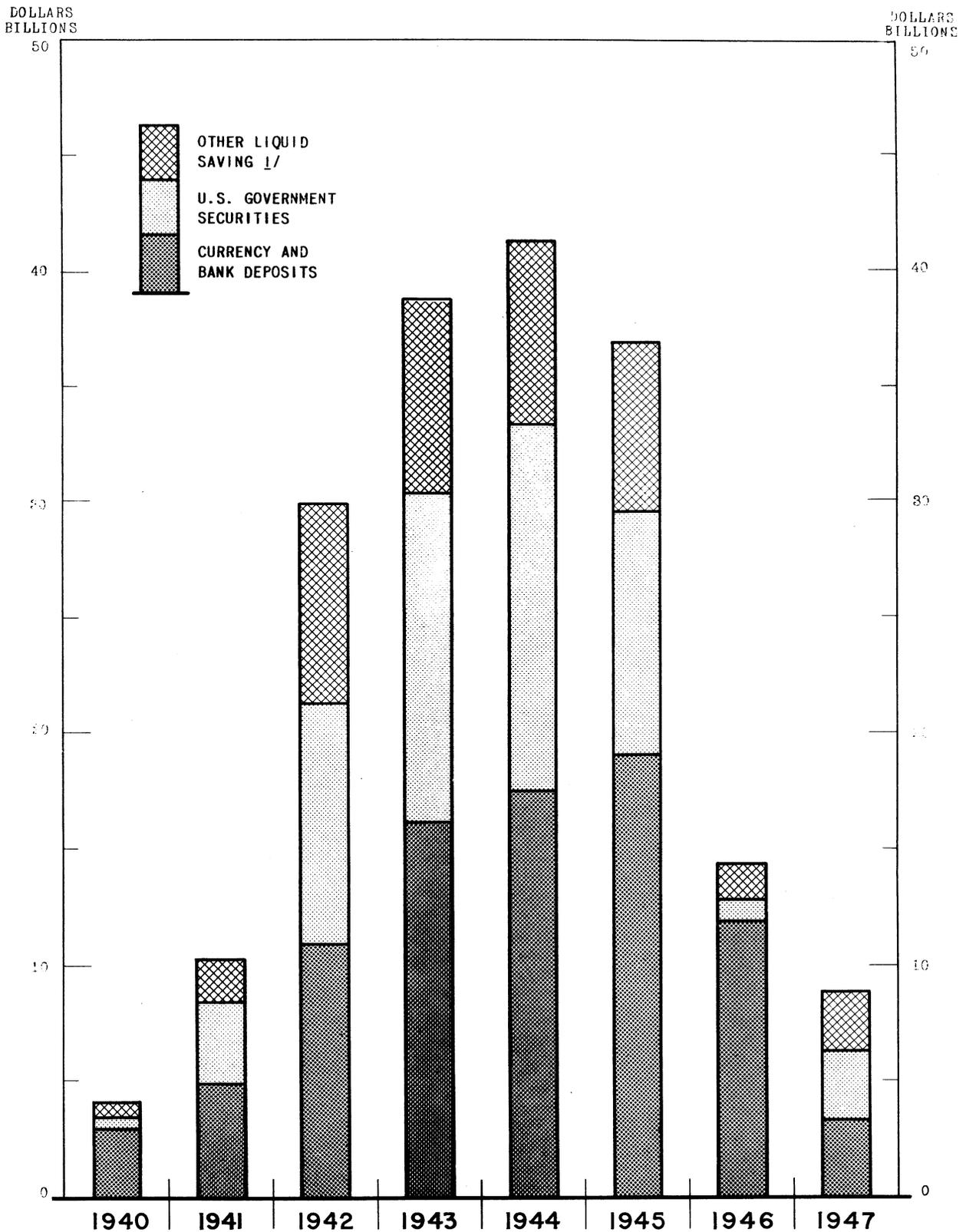
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- 1/ Includes unincorporated business saving of the types specified. Does not include corporate or government saving. Considerable revisions have been made in some of the series.
- 2/ Does not include net purchases by brokers and dealers or by other 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. 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.

COMPONENTS OF INDIVIDUALS' LIQUID SAVING 1940-1947



1/ INCLUDES SAVING IN SAVINGS AND LOAN ASSOCIATIONS; PRIVATE AND GOVERNMENT INSURANCE; STATE, LOCAL AND CORPORATE SECURITIES; AND LIQUIDATION OF MORTGAGE DEBT AND DEBT NOT ELSEWHERE CLASSIFIED.