

SECURITIES AND EXCHANGE COMMISSION
Philadelphia

STATISTICAL SERIES
Release No. 690

In response to a growing demand as a result of the war program for detailed data on the volume and composition of saving by individuals in the United States the Securities and Exchange Commission today made public an analysis of individuals' saving for the fourth quarter of 1941. This compilation shows the aggregate volume of individuals' saving, i.e., the increase in their assets less the increase in their liabilities, exclusive of gains or losses from revaluation of assets. Shown also for the first time are the components contributing to this total, such as bank balances and currency holdings, insurance, securities, consumers' indebtedness, and consumers' durable goods.

Individuals' saving in all forms in the fourth quarter amounted to 6.8 billions. Their saving exclusive of durable goods totaled 3.8 billions. This was the highest quarterly volume of saving on record and is explained in large part by the high level of their income. Individuals' saving thus far apparently has not increased markedly out of proportion to their total income, according to the indications of these data. In other words, there is little evidence as yet of any unusual diversion from consumption into saving.

Federal government securities accounted for 1.9 billions, or 27 percent of individuals' gross saving in the fourth quarter, compared with 8 percent in the third quarter of 1941 and not much over 1 percent in the last quarter of 1940. The analysis indicates that a considerable part of saving in Federal government securities was financed by the curtailment of current saving in other forms rather than by curtailment of consumption. In reflection of this tendency, current saving by individuals in the form of cash and deposits dropped off in absolute terms and decreased markedly relative to total saving; these items totaled only 17 percent of individuals' saving in the fourth quarter as compared with 26 percent in the preceding quarter and 32 percent in the fourth quarter of 1940.

In addition to showing the diversion of saving from currency and bank deposits into government securities, the figures for the last quarter show that expenditure on automobiles and other durable consumers' goods was 2.4 billions, an amount almost identical with that in the fourth quarter of 1940. Individuals' expenditure on homes amounted to 0.6 billions, also about the level of the last three months of 1940. In spite of anticipated shortages and price rises, purchases of durable goods during the last quarter of 1941 were not disproportionate in relation to the amount of disposable income in individuals' hands, remaining in line with the average relationship which had prevailed in earlier years. A slight reduction of individuals' debt which had been incurred in the purchase of automobiles and other durable consumers' goods was recorded, indicating that consumers were not making net additions to their indebtedness for the purpose of stocking up on consumers' durable goods, though such net additions to debt have been typical of earlier periods of increased income.

Of the remaining components of individuals' saving in the fourth quarter, the most important was the growth in their equity in insurance and pension reserves. This increase was in line with the higher level of income payments. Finally, there was, as in each of the preceding quarters in 1941, a small decline in individuals' equity in corporate securities. The primary reason for this change was a net shift in the ownership of outstanding corporate bonds from individuals to non-individuals, largely life insurance companies.

SAVING OF INDIVIDUALS IN THE UNITED STATES ^{1/}
1940 - 1941
(Billions of dollars)

	1940	1941					Total
		Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.		
I. Gross Saving	15.42	4.87	5.36	5.98	6.81	23.01	
II. Depreciation	7.86	2.02	2.11	2.20	2.28	8.60	
III. Net after Depreciation	+ 7.56	+2.84	+3.25	+3.78	+4.53	+14.40	
I. Gross Saving by Type							
A. Currency and bank deposits	+ 3.70	+1.34	+1.34	+1.58	+1.18	+ 5.44	
B. Savings and loan associations	+ .25	+ .06	+ .08	+ .08	+ .08	+ .31	
C. Insurance and pension reserves							
1. Private insurance	+ 1.70	+ .52	+ .46	+ .49	+ .57	+ 2.04	
2. Government insurance funds	+ 1.24	+ .31	+ .46	+ .53	+ .46	+ 1.76	
3. Total	+ 2.94	+ .83	+ .92	+1.02	+1.03	+ 3.80	
D. Securities							
1. Corporate	- .35	- .06	- .20	- .13	- .25	- .64	
2. Municipal	- .19	- .06	- .06	- .05	- .05	- .22	
3. Federal	+ .38	+ .30	+ .51	+ .45	+1.86	+ 3.11	
4. Total	- .16	+ .18	+ .25	+ .27	+1.55	+ 2.25	
E. Non-farm dwellings ^{2/}							
1. Expenditures	+ 2.30	+ .54	+ .74	+ .82	+ .64	+ 2.74	
2. Change in debt	+ .90	+ .20	+ .29	+ .26	+ .25	+ 1.01	
3. Saving (1 minus 2)	+ 1.40	+ .33	+ .45	+ .56	+ .39	+ 1.73	
F. Automobiles							
1. Expenditures	+ 2.70	+ .93	+1.21	+ .55	+ .55	+ 3.24	
2. Change in debt	+ .46	+ .13	+ .37	- .01	- .28	+ .22	
3. Saving (1 minus 2)	+ 2.24	+ .79	+ .84	+ .56	+ .83	+ 3.02	
G. Other durable consumers' goods	+ 5.55	+1.30	+1.82	+1.99	+1.81	+ 6.92	
H. Liquidation of debt, not elsewhere classified ^{3/}	- .51	+ .02	- .34	- .07	- .08	- .46	
II. Depreciation by Type							
A. Non-farm dwellings	1.48	.37	.38	.38	.38	1.52	
B. Automobiles	2.09	.58	.61	.64	.67	2.50	
C. Other durable consumers' goods	4.29	1.07	1.12	1.17	1.22	4.59	

^{1/} Does not include business or government saving.

^{2/} One to four family non-farm houses.

^{3/} Includes liquidation of debt attributable to purchases of consumption goods as well as other durable consumers' goods.

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

The foregoing data have been compiled by the Commission from many different sources and are the result of a long period of research in this field. The interest of the Commission in data on the total volume and components of saving has developed as a result of its concern with corporate financing and the capital markets. Information of this type, however, has acquired increased importance due to the war effort, since current observation of the various forms of saving and forecasts of the probable volume and distribution of saving in the immediate future are essential in the determination of monetary and fiscal policy. It is planned, therefore, to develop these saving studies in the future in such directions as the financial aspects of the war effort dictate. Because of the nature of the figures, current data necessarily are in the nature of estimates and, therefore, are subject to revision. However, improvements in methods of compilation are continually being devised to increase their accuracy.