

SECURITIES AND EXCHANGE COMMISSION  
Philadelphia

STATISTICAL SERIES  
Release No. 709

The Securities and Exchange Commission today made public an analysis of the volume and composition of saving by individuals in the United States during the first quarter of 1942, continuing a series of quarterly figures recently inaugurated.

The more important results of the analysis may be summarized as follows:

1. Individuals saved somewhat less in the first quarter of 1942 than they did in the last quarter of the preceding year.
2. Individuals' purchases of Government bonds increased to some extent, but apparently at the expense of other forms of saving, particularly cash and deposits.
3. Individuals failed to add to their cash holdings and deposits notwithstanding the high level of income. This is in marked contrast to the large increase in cash and deposits in the preceding quarter and in prior quarters of 1940 and 1941.
4. Individuals' debts were reduced substantially in the quarter. This appears to have resulted chiefly from the inability to purchase automobiles and certain other durable consumers' goods. There is no indication that the decrease in debt reflects voluntary debt reduction.

Individuals' gross saving in the first quarter of 1942 amounted to 6.0 billions. Their liquid saving, i.e. saving exclusive of expenditures on durable goods, amounted to 3.7 billions. Both of these figures represent a drop in saving from the high point reached in the fourth quarter of 1941. The large decrease in gross saving appears to be attributable primarily to the reduction in expenditures on automobiles and other durable consumers' goods as a result of scarcities. The decrease in liquid saving probably reflects the lower level of income in the hands of individuals after payment of taxes. The volume of liquid saving is higher than might be expected on the basis of the past relationships between such saving and income alone. This seems to be explainable largely in terms of the restrictions placed on the purchases of automobiles and other durable consumers' goods and on the extension of credit for such purchases, resulting not only in an enforced decrease in expenditures on these goods but also in an automatic decrease in outstanding debt. However, there is little evidence in this period of any unusual voluntary diversion from consumption into liquid saving.

Federal government securities accounted for 2.2 billions in the first quarter of 1942 compared with 1.9 billions in the preceding quarter. This type of saving constituted 60 percent of individuals' liquid saving in the first quarter of 1942, compared with 46 percent in the last quarter of 1941, 17 percent in the first quarter of 1941, and 8 percent in 1940. As noted above, 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, individuals' cash holdings and deposits actually showed a small decline in the first quarter of 1942. This dis-saving was in sharp contrast to the substantial saving in this form in 1940 and 1941, which had amounted on the average to 1.2 billions quarterly. The decrease in cash and deposits is the more striking in view of the fact that disposable income in the hands of individuals in the first quarter of 1942 was higher than in any preceding quarter with the exception of the last two quarters of 1941.

The figures for the first quarter of 1942 also show that individuals' total expenditure on automobiles and other durable consumers' goods was 1.7 billions, a marked decline from the expenditure of 2.6 billions in the last quarter of 1941, 2.5 billions in the first quarter of 1941, and even higher levels in the other two quarters of 1941. A substantial reduction of 0.8

billions in individuals' debt which had been incurred in the purchase of automobiles and other durable consumers' goods was recorded, due principally to the sharp decline in expenditures on such goods and, to a lesser extent, to the restrictions on the granting of credit. Individuals were compelled to pay off installment debt previously incurred, at the same time incurring less new debt than usual. The resulting reduction in debt was the highest for any quarter on record.

Of the remaining components of individuals' saving in the first quarter, expenditure on homes amounted to 0.5 billions, somewhat less than the amount in the last quarter of 1941, but almost identical with the figure for the first quarter of that year. As in the past, there was a sizable growth in individuals' equity in insurance and pension reserves, amounting to 0.6 billions in private insurance and 0.4 billions in Government insurance. This increase was in line with the level of income. Finally, there was not much change in individuals' net absorption of corporate securities.

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

GROSS SAVING OF INDIVIDUALS IN THE UNITED STATES <sup>1/</sup>  
1940-1942  
(Billions of dollars)

	1940	1941	Jan. - Mar.	1941 Apr. - June	July - Sept.	Oct. - Dec.	1942 Jan. - Mar.
Gross Saving	16.23	24.73	4.78	6.04	6.52	7.38	5.96
Liquid Saving <sup>2/</sup>	4.87	10.42	1.75	1.83	2.81	4.04	3.69
Gross Saving by Type							
1. Currency and bank deposits	+3.70	+5.60	+1.00	+1.50	+1.70	+1.40	- .20
2. Savings and loan associations	+ .25	+ .45	+ .05	+ .15	+ .15	+ .10	0
3. Insurance and pension reserves							
a. Private insurance	+1.70	+2.04	+ .53	+ .46	+ .49	+ .57	+ .57
b. Government insurance	+1.24	+1.76	+ .31	+ .46	+ .53	+ .46	+ .41
c. Total	+2.94	+3.80	+ .83	+ .92	+1.02	+1.03	+ .98
4. Securities							
a. Federal	+ .38	+3.11	+ .30	+ .51	+ .45	+1.86	+2.21
b. Municipal	- .19	- .22	- .06	- .06	- .05	- .05	- .05
c. Corporate and other	- .35	- .65	- .06	- .20	- .13	- .25	+ .10
d. Total	- .16	+2.25	+ .18	+ .25	+ .27	+1.55	+2.26
5. Nonfarm dwellings <sup>3/</sup>							
a. Expenditures <sup>4/</sup>	+2.31	+2.87	+ .53	+ .75	+ .88	+ .72	+ .52
b. Change in debt	+ .90	+1.01	+ .21	+ .29	+ .27	+ .25	+ .18
c. Saving (a minus b)	+1.41	+1.86	+ .32	+ .45	+ .62	+ .47	+ .34
6. Automobiles and other durable consumers' goods <sup>5/</sup>	+9.06	+11.44	+2.51	+3.47	+2.84	+2.63	+1.75
7. Liquidation of debt, not elsewhere classified <sup>6/</sup>	- .97	- .67	- .11	- .71	- .06	+ .21	+ .83

<sup>1/</sup> Does not include business or government saving.

<sup>2/</sup> Gross saving excluding expenditures on homes as well as on automobiles and other durable consumers' goods.

<sup>3/</sup> One- to four-family nonfarm homes.

<sup>4/</sup> All new construction less net acquisition of properties by non-individuals.

<sup>5/</sup> Expenditures. Based on a new, more inclusive, series published by the Department of Commerce. The figures shown above include all passenger cars sold in the United States. No adjustment has been made for dealers' over-allowances on trade-ins.

<sup>6/</sup> Largely attributable to expenditures on 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.

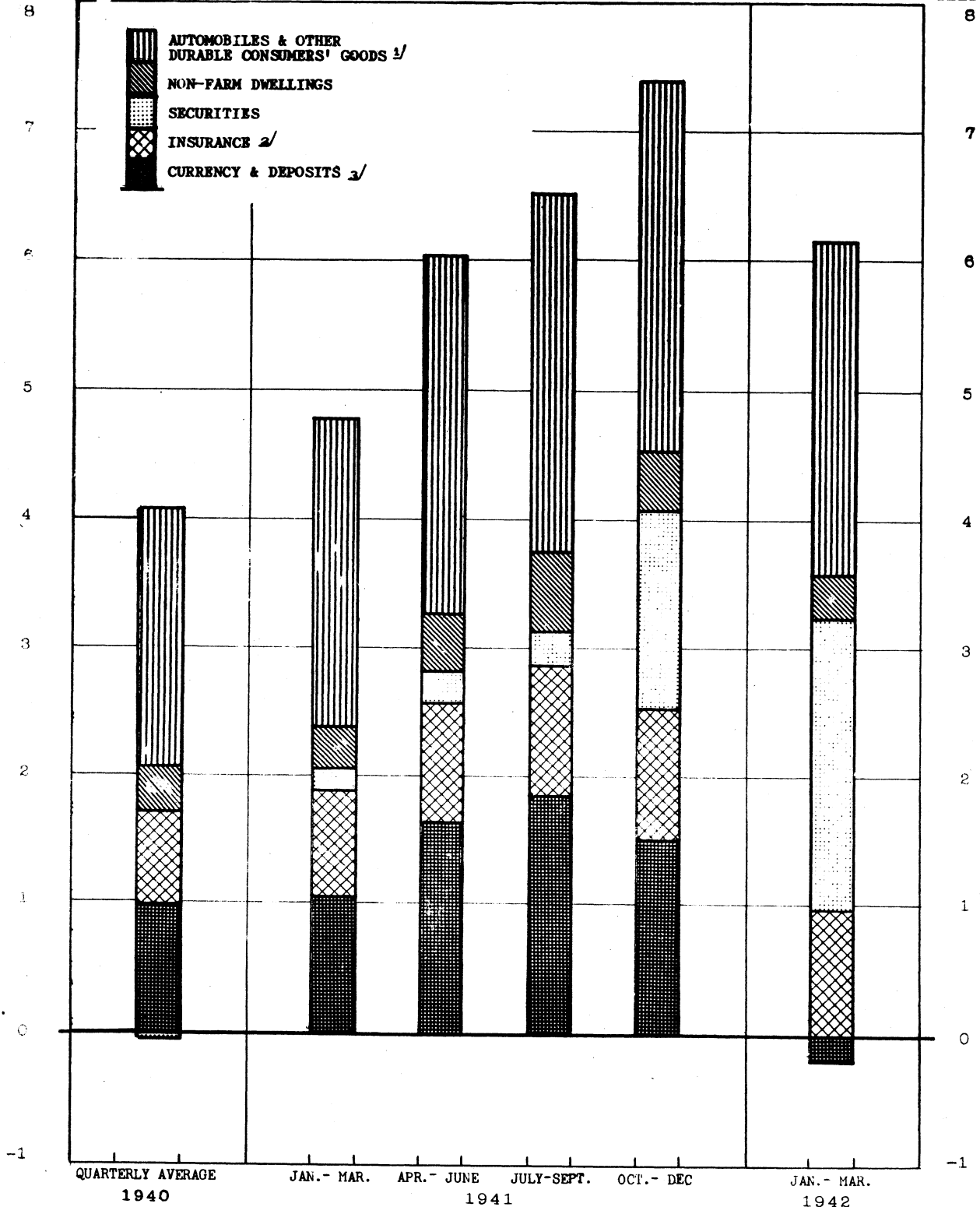
Note: Figures are rounded and will not necessarily add to totals.

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.

# COMPONENTS OF INDIVIDUALS' SAVING 1940 - 1942

DOLLARS  
BILLIONS

DOLLARS  
BILLIONS

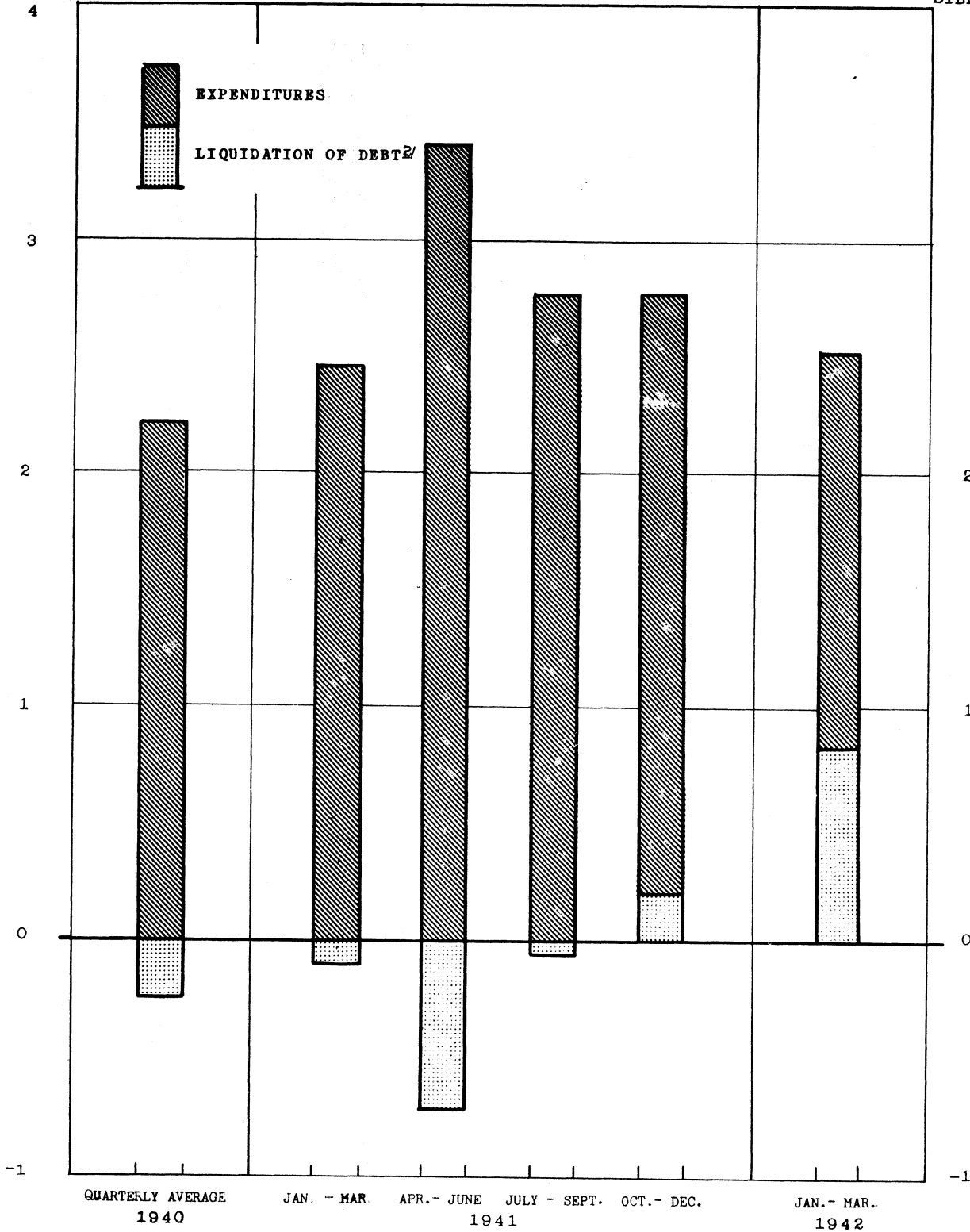


1/ INCLUDES "LIQUIDATION OF DEBT NOT ELSEWHERE CLASSIFIED". SEE FOLLOWING CHART FOR BREAKDOWN.  
 2/ INCLUDES SAVING IN GOVERNMENT INSURANCE FUNDS.  
 3/ INCLUDES SAVING IN SAVINGS AND LOAN ASSOCIATIONS.

# INDIVIDUALS' EXPENDITURES ON DURABLE CONSUMERS' GOODS <sup>1/</sup> AND THE RELATED LIQUIDATION OF DEBT 1940 - 1942

DOLLARS  
BILLIONS  
4

DOLLARS  
BILLIONS  
4



1/ AUTOMOBILES AND OTHER DURABLE CONSUMERS' GOODS.

2/ DEBT, NOT ELSEWHERE CLASSIFIED. FIGURES BELOW THE BASE LINE INDICATE AN INCREASE IN DEBT, I.E. DISSAVING.