

For Release in Morning Newspapers of Thursday, May 20, 1943

SECURITIES AND EXCHANGE COMMISSION

Philadelphia

STATISTICAL SERIES

Release No. 731

The Securities and Exchange Commission today made public its quarterly analysis of the volume and composition of saving by individuals in the United States covering the first quarter of 1943. ^{1/} This survey shows that total saving declined somewhat from the high point reached in the fourth quarter of 1942, reflecting a small decrease in income after taxes. However, after paying the largest tax bill in history, individuals in the first three months of this year added \$4.8 billion to their cash and deposits, largely cash on hand and in checking accounts ^{2/}; \$2.6 billion to their holdings of Government bonds; \$800 million to their equity in private insurance, mostly life insurance; and paid off \$700 million of debt other than mortgages.

The most significant feature of the pattern of saving during the first quarter of 1943, as in prior quarters, was the unusually high proportion of income which the public continued to put into currency and demand deposits. Additions to cash on hand and to checking accounts, amounting to \$4.3 billion, ^{3/} again constituted the largest component of individuals' saving. From the beginning of 1942 to the end of March, 1943, money in the hands of the public (currency and demand deposits) increased by the unprecedented sum of \$15.5 billion, an increase of more than 50% since December, 1941.

In view of the magnitude of the item, it may be well to recall that additions to cash on hand and to checking accounts do not constitute saving in the same sense as increases in holdings of securities or saving in other liquid forms. While part of the growth in currency and demand deposits undoubtedly represents a relatively permanent form of saving and another part provision for future payment of currently accruing taxes, there remains a considerable portion which represents only a temporary accumulation of funds not earmarked for investment that may at any time be diverted into consumption and other channels. If such funds continue to grow at the present rate, the control of inflationary tendencies will become increasingly difficult.

The following table presents in detail the estimates of individuals' saving.

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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.
 - ^{2/} Although not included in this analysis, it may be noted that corporations other than banks added \$3.5 billion to their cash and deposits in the first quarter of 1943, by far the largest increase on record.
 - ^{3/} Individuals added about \$3.5 billion to their checking accounts and \$800 million to their cash on hand.

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

1940 - 1943

(Billions of dollars)

	1940	1941	1942	1942 ^{2/}		1943
				July- Sept.	Oct.- Dec.	
Gross Saving	16.1	25.0	38.9	11.5	12.7	11.8
Liquid Saving ^{3/}	4.3	10.5	29.6	9.3	10.5	9.9
Gross Saving by Type						
1. Currency and bank deposits						
a. Currency and demand deposits	+ 2.5	+ 5.6	+11.2	+ 4.0	+ 4.7	+ 4.3
b. Time deposits	+ .5	0	+ .6	+ .4	+ .7	+ .5
c. Total	+ 3.0	+ 5.6	+11.7	+ 4.4	+ 5.4	+ 4.8
2. Savings and loan associations	+ .3	+ .3	+ .3	+ .1	+ .1	+ .1
3. Insurance and pension reserves						
a. Private insurance	+ 1.7	+ 2.1	+ 2.4	+ .6	+ .7	+ .8
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ .7	+ .7	+ .7
c. Total	+ 2.9	+ 3.8	+ 4.8	+ 1.3	+ 1.4	+ 1.5
4. Securities						
a. U.S. Savings bonds	+ .9	+ 2.8	+ 8.0	+ 2.1	+ 2.3	+ 2.6
b. Other U.S. Government	- .2	+ .4	+ 2.2	+ .6	+ 1.0	0
c. State and local governments	- .1	- .2	- .2	0	0	+ .1
d. Corporate and other	- .5	- .5	+ .4	0	0	+ .1
e. Total	+ .1	+ 2.5	+10.4	+ 2.7	+ 3.3	+ 2.8
5. Non-farm dwellings						
a. Purchases ^{4/}	+ 2.5	+ 3.0	+ 1.6	+ .3	+ .3	+ .2
b. Change in debt	+ .9	+ 1.1	+ .3	+ .1	0	- .1
c. Saving (a. minus b.)	+ 1.7	+ 1.9	+ 1.3	+ .2	+ .3	+ .3
6. Automobiles and other durable consumers' goods ^{5/}	+ 9.3	+11.4	+ 7.6	+ 1.9	+ 2.0	+ 1.7
7. Liquidation of debt, not elsewhere classified ^{6/}	- 1.1	- .6	+ 2.8	+ .8	+ .3	+ .7

^{1/} Includes unincorporated business saving of the types specified. Does not include corporate or government saving.

^{2/} For first two quarters of 1942, see Statistical Series Release No. 728.

^{3/} Gross saving excluding purchases of homes as well as of automobiles and other durable consumers' goods.

^{4/} New construction of one- to four-family nonfarm homes less net acquisition of properties by non-individuals.

^{5/} Purchases. The figures shown above include all new passenger cars sold in the United States. No adjustment has been made for dealers' overallowances on trade-ins.

^{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. Changes in the commercial indebtedness of unincorporated business and in consumers' indebtedness to unincorporated business are not included in these figures.

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