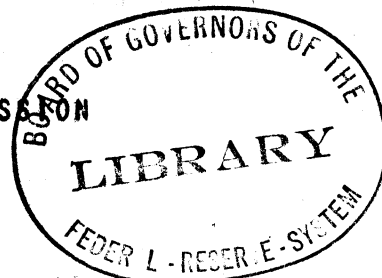


SECURITIES AND EXCHANGE COMMISSION
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The Securities and Exchange Commission today made public its quarterly analysis of saving by individuals 1/ in the United States covering the second quarter of 1943. This survey shows that the rate of liquid saving remained at about the same level as in the first quarter of the year, in spite of an increase in income after payment of taxes. This result reflects the normal seasonal decline in the rate of saving during the second quarter of the year but may also indicate an increase in the propensity to consume totally apart from seasonal factors. In the three months, April through June, individuals added \$2.9 billion to their cash and deposits; \$4.2 billion to their holdings of U. S. Government bonds; and \$800 million to their equity in private insurance, mostly life insurance. They also paid off somewhat less than \$50 million of mortgage debt and \$200 million of consumer indebtedness other than mortgages.

There were notable changes in the composition of saving in the second quarter of 1943 as compared with the pattern established in the preceeding twelve months. In contrast to prior quarters, individuals added more to their holdings of U. S. Government securities than to their cash on hand and in banks, largely as a result of the Second War Loan Drive in April. Saving in the form of U. S. Government securities during this quarter not only constituted the largest component of individuals' current saving but also reached the highest point on record.

While additions to cash on hand and in banks continued to be substantial, they were at the lowest level since the second quarter of 1942. The smaller accumulation of money in the second quarter of 1943 as compared with prior quarters was, as mentioned above, largely a result of the Second War Loan Drive in April, but it may also have reflected in part the enactment of the Current Tax Payment Act of 1943 which freed for other purposes, including on the one hand increased purchases of Government securities and on the other increased consumption, funds which had been earmarked for payment of taxes.

In addition to the increased importance of saving in the form of Government securities as compared to cash and deposits, the most significant feature of the pattern of saving in the second quarter of 1943 was the substantial decline in the liquidation of consumer debt. Individuals paid off only \$200 million in the second quarter in contrast to \$650 million in the first quarter. 2/ The decrease in this form of saving is partly due to seasonal factors and partly to the fact that individuals have already paid off the bulk of their outstanding installment obligations.

1/ In this analysis individuals' saving includes unincorporated business saving of types specified in the attached table. Corporate and Government saving are not included.

2/ This does not include the reduction in consumers' indebtedness to unincorporated business, estimated at about \$75 million in the second quarter of 1943, and \$150 million in the first quarter.

It will be noted that the above estimates include the saving of unincorporated businesses, i.e., tradesmen, farmers, etc., as well as the saving of consumers. There is some evidence that a considerable part of individuals' liquid saving since the beginning of the War has been attributable to such unincorporated businesses as a result of greatly increased profits. Such profits have been reflected in substantial increases in cash and deposits. ^{1/} However, in spite of the large accumulation of cash and deposits by unincorporated businesses included in the above estimates, the increase in cash and deposits held by the consuming public has been greater by far and has been of unprecedented volume during the past year. While there is as yet no reliable measure of the distribution of total saving or the components of saving between consumers and unincorporated businesses, an attempt is currently being made to obtain such data.

The attached table presents in detail the estimates of saving by individuals (including unincorporated businesses) on which the above analysis is based.

In addition to the estimates of saving by individuals, the Commission also made public estimates of corporate saving, excluding banks and insurance companies, in the form of increases in cash and deposits, Government securities, and inventories, and the offsetting increases in Federal income tax liabilities for the second quarter of 1943 and prior periods. ^{2/}

	Change			1943		Level as of 6/30/43
	1940	1941	1942	Jan.- Mar.	Apr.- June	
				(Billions of dollars)		
Currency and bank deposits	+2.2	+ .4	+3.3	+2.9 ^{3/}	+ .6	20.1 ^{3/}
U. S. Government securities	- .3	+2.4	+6.0	+ .5	+2.6	13.4
Inventories	+1.8	+5.8	+1.5	- .4	- .5	26.2
Federal income tax liabilities	+1.2	+4.5	+4.9	0	+ .6	12.5

It is planned to make the estimates of corporate saving in these and additional forms a regular part of the releases in the future. The addition of these other forms of saving in subsequent releases will, of course, give a much more adequate picture of the financial condition of corporations and their liquid position. In this way the volume and most significant components of the saving of all important segments of the national economy will be available.

^{1/} Part of the increase in cash and deposits reflects a liquidation of inventories and receivables of unincorporated trade (net of retirement of notes and accounts payable). Although the amount of this increase is not known, it is believed to have been less than \$200 million in the second quarter of 1943 and even smaller in the first quarter of the year.

^{2/} These estimates are based on Securities and Exchange Commission, Treasury Department, and Department of Commerce data.

^{3/} Somewhat less than \$500 million of this amount represented Victory taxes withheld by corporations (other than banks and insurance companies) but not paid to the Treasury Department until the next quarter.

Gross Saving by Individuals in the United States 1/
1940 - 1943
(Billions of dollars)

	1940	1941	1942	1943 Jan.- March	April- June
Gross Saving	16.1	24.7	38.7	11.0	11.3
Liquid Saving <u>2/</u>	4.3	10.3	29.4	9.1	9.1
Gross Saving by Type					
1. Currency and bank deposits	+ 3.0	+ 5.3	+11.6	+ 4.0 ^{3/}	+ 2.9
2. Savings and loan associations	+ .3	+ .4	+ .4	+ .1	+ .2
3. Insurance and pension reserves					
a. Private insurance	+ 1.7	+ 2.1	+ 2.4	+ .8	+ .8
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ .7	+ 1.0
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 1.5	+ 1.7
4. Securities <u>4/</u>					
a. U.S. Savings bonds	+ .9	+ 2.8	+ 8.0	+ 2.6	+ 3.0
b. Other U.S. Government	- .2	+ .4	+ 2.0	0	+ 1.2
c. State and local governments	- .1	- .2	- .1	0	0
d. Corporate and other	- .5	- .5	+ .3	+ .2	- .2
e. Total	+ .1	+ 2.4	+10.2	+ 2.7	+ 4.0
5. Non-farm dwellings					
a. Purchases <u>5/</u>	+ 2.5	+ 3.0	+ 1.6	+ .2	+ .2
b. Change in debt	+ .9	+ 1.1	+ .3	- .1	0
c. Saving (a. minus b.)	+ 1.7	+ 1.9	+ 1.3	+ .3	+ .3
6. Automobiles and other durable consumers' goods <u>6/</u>	+ 9.3	+11.4	+ 7.6	+ 1.6	+ 2.0
7. Liquidation of debt, not elsewhere classified <u>7/</u>	- 1.1	- .6	+ 2.8	+ .7	+ .2

- 1/ Includes unincorporated business saving of the types specified. Does not include corporate or government saving.
- 2/ Gross saving excluding purchases of homes as well as of automobiles and other durable consumers' goods.
- 3/ Revised.
- 4/ Does not include purchases by brokers and dealers financed by bank loans.
- 5/ New construction of one- to four-family nonfarm homes less net acquisition of properties by non-individuals.
- 6/ Purchases. Based on Department of Commerce data on commodity flow currently being revised. The figures shown above include all new passenger cars sold in the United States.
- 7/ 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.