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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APRIL-JUNE 1944

Individuals continued to save at a very high rate in the second quarter of 1944, according to the quarterly analysis of saving by individuals ^{1/} in the United States made public today by the Securities and Exchange Commission. Total liquid saving during this quarter amounted to \$8.8 billion. ^{2/} This rate of saving, however, was somewhat lower than in the previous quarter 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 a continued tendency for individuals to save a smaller proportion of their income after taxes. Thus the ratio of saving to income after taxes has shown a small but rather steady decrease over the past year in contrast to the rapid increase prior to that time.

The composition of saving in the second quarter of 1944 was similar to that in preceding quarters. During the three months individuals added \$3.6 billion to their holdings of U.S. Government securities; \$3.4 billion to their cash and deposits; \$1.1 billion to their equity in Government insurance; and \$800 million to their equity in private insurance, mostly life insurance. At the same time, individuals reduced their holdings of corporate securities by \$300 million.

U.S. Government securities were again the largest component of individuals' saving with cash and deposits a close second. However, the rate of individuals' accumulation of cash and deposits was considerably higher than in the first quarter while their net purchases of U.S. Government securities were considerably lower. This was partly due to the fact that the Fourth War Loan Drive fell completely within the first quarter of 1944 whereas the Fifth War Loan Drive was not confined entirely to the second quarter. The substantial growth in individuals' cash and deposits during the second quarter of 1944 reflected a record increase in time and savings deposits, amounting to \$1.8 billion, and a large rise in currency, amounting to \$1.5 billion. Demand deposits showed virtually no change, a result characteristic of recent quarters in which there have been war loan drives.

^{1/} In this analysis individuals' saving includes unincorporated business saving of 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/} This does not reflect the change in inventories of unincorporated business (net of the change in notes and accounts payable). Although the amount of this change is not known, it is believed to have been negligible in the second quarter of 1944.

Together cash and deposits and U.S. Government securities again accounted for the greater part of total current saving. At the time of our entry into the war at the end of 1941, accumulated saving in these two highly liquid forms was already at the highest point in history. Since that time, in the comparatively short period of two and one-half years, such accumulated saving has shown an increase of close to 100%. As of June 30, 1944 individuals' holdings of cash and deposits and U.S. Government securities amounted to the unprecedented totals of \$84 billion and \$46 billion, respectively. Of the total of cash and deposits, \$20 billion was in currency, \$35 billion in time deposits, and \$29 billion in demand deposits. Individuals' holdings of U.S. Government securities were mainly concentrated in U.S. savings bonds, amounting to \$31 billion of the total, with other U.S. Government securities accounting for \$15 billion.

Of the remaining components of individuals' saving in the second quarter of 1944, private and Government insurance continued to grow at the same high rate as in prior quarters. There was a small increase in consumer indebtedness, reflecting the tailing off of debt retirement, in sharp contrast to the large saving in this form which characterized the earlier war period.

Finally, individuals' holdings of corporate securities decreased by \$300 million due for the most part to the substantial debt retirement by corporations. During the war period as a whole there has been little change in individuals' holdings of corporate stocks and bonds. However, as of June 30, 1944, the market value of corporate securities held by individuals still exceeded their accumulated saving in any other form.

Gross Saving by Individuals in the United States ^{1/}
1940 - 1944

(Billions of dollars)

	1940	1941	1942	1943	Apr.- June	1943 July- Sept.	Oct.- Dec.	1944 Jan.- March	Apr.- June
Gross Saving	15.3	24.3	38.6	45.5	11.2	11.7	12.0	11.1	10.8
Liquid Saving ^{2/}	4.0	10.5	29.3	37.9	9.3	9.8	10.0	9.3	8.8
Gross Saving by Type									
1. Currency and bank deposits	+ 3.0	+ 4.9	+11.4	+15.3	+ 2.9	+ 2.9	+ 5.9	+ 2.1	+ 3.4
2. Savings and loan associations	+ .2	+ .4	+ .3	+ .6	+ .2	+ .1	+ .2	+ .2	+ .2
3. Insurance and pension reserves									
a. Private insurance	+ 1.7	+ 2.1	+ 2.5	+ 3.1	+ .8	+ .7	+ .8	+ .9	+ .8
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ 3.8	+ 1.0	+ 1.0	+ 1.0	+ 1.0	+ 1.1
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 6.9	+ 1.8	+ 1.7	+ 1.8	+ 1.9	+ 1.9
4. Securities ^{3/}									
a. U.S. Savings bonds	+ .9	+ 2.8	+ 8.0	+11.1	+ 3.0	+ 3.4	+ 2.2	+ 3.9	+ 2.6
b. Other U.S. Government	- .4	+ .8	+ 1.9	+ 2.7	+ 1.2	+ 1.6	- .2	+ 1.1	+ 1.0
c. State and local governments	- .1	- .2	- .1	+ .1	0	+ .1	0	- .1	0
d. Corporate and other	- .5	- .5	+ .3	0	0	- .3	+ .2	- .1	- .3
e. Total	- .2	+ 2.9	+10.1	+13.9	+ 4.1	+ 4.8	+ 2.2	+ 4.8	+ 3.3
5. Non-farm dwellings									
a. Purchases ^{4/}	+ 2.5	+ 3.0	+ 1.6	+ 1.0	+ .2	+ .3	+ .3	+ .2	+ .2
b. Change in debt	+ .9	+ .9	+ .1	- .4	- .1	- .1	- .1	- .1	0
c. Saving (a. minus b.)	+ 1.7	+ 2.1	+ 1.5	+ 1.4	+ .3	+ .4	+ .4	+ .4	+ .2
6. Automobiles and other durable consumers' goods ^{5/}	+ 8.8	+10.8	+ 7.6	+ 6.6	+ 1.7	+ 1.7	+ 1.8	+ 1.6	+ 1.8
7. Liquidation of debt, not elsewhere classified ^{6/}	- 1.1	- .6	+ 2.8	+ .8	+ .2	+ .1	- .2	+ .3	- .1

- ^{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/} Does not include net purchases by brokers and dealers or by other individuals financed by bank loans.
- ^{4/} New construction of one- to four-family nonfarm homes less net acquisition of properties by non-individuals.
- ^{5/} Purchases. Based on revised Department of Commerce data. The figures shown above include all new passenger cars sold in the United States.
- ^{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.

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.