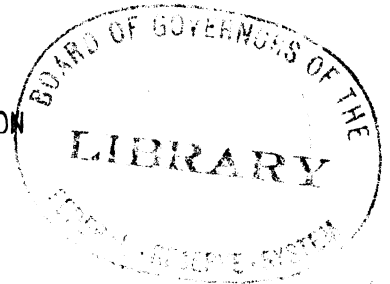


SECURITIES AND EXCHANGE COMMISSION
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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APRIL-JUNE 1945

Individuals continued to save at a high rate in the second quarter of 1945, 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 \$10.0 billion. ^{2/} This rate of saving was considerably higher than in the previous quarter, reflecting an increase in income after taxes.

A \$5.1 billion increase in U. S. Government securities constituted the largest component of individuals' saving in the second quarter of 1945. During these three months individuals also added \$2.8 billion to their cash and deposits; \$1.5 billion to their equity in Government insurance; \$1.0 billion to their equity in private insurance, mostly life insurance; and \$300 million to their investment in savings and loan associations. At the same time they reduced their saving in securities other than U. S. Government by \$500 million.

As a result of the Seventh War Loan Drive, saving in Government bonds was substantially higher than in the preceding quarter while additions to cash and deposits were not as high. The smaller increase in individuals' cash and deposits over the second quarter was almost entirely accounted for by a \$300 million decline in demand deposits compared with a substantial increase in such deposits in the first three months of the year. In contrast individuals from April through June increased their time and savings deposits by \$2.1 billion and their currency by \$1.0 billion.

Of the remaining components of individuals' saving in the second quarter of 1945, only the \$500 million reduction in individuals' saving in securities other than U. S. Government is of particular interest. This reflected a shift of corporate bonds from individuals to institutions, an increase in individuals' borrowings for the purpose of purchasing or carrying corporate securities, and the retirement of a Federal land bank issue.

Because of its magnitude, wartime saving continues to receive considerable emphasis in discussions of the post-war economy, particularly with reference to the effect of such saving on consumption and investment in the post-war period. It may, therefore, be well to note again that the full significance of wartime saving from this point of view depends upon its distribution among different groups in the population. Satisfactory data of this type are not yet available. However, it is known, as previously stated in these releases, that a substantial proportion of individuals' wartime saving is attributable to owners of unincorporated businesses, such as tradesmen, farmers, professionals, etc. Such saving does not have the same implications as saving by other individuals, particularly with respect to post-war consumer demand.

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

^{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 1945.

Gross Saving by Individuals in the United States ^{1/}
1940 - 1945

(Billions of dollars)

	1940	1941	1942	1943	1944	1944			1945	
						Apr.- June	July- Sept.	Oct.- Dec.	Jan.- March	Apr.- June
Gross Saving	15.3	24.3	38.7	45.4	48.5	10.8	12.5	14.3	10.4	12.1
Liquid Saving ^{2/}	4.0	10.4	29.5	37.8	40.6	8.7	10.4	12.1	8.6	10.0
Gross Saving by Type										
1. Currency and bank deposits	+ 3.0	+ 4.9	+11.4	+15.3	+16.9	+ 3.3	+ 6.2	+ 5.4	+ 5.0	+ 2.8
2. Savings and loan associations	+ .2	+ .4	+ .3	+ .6	+ .9	+ .2	+ .2	+ .3	+ .2	+ .3
3. Insurance and pension reserves										
a. Private insurance	+ 1.7	+ 2.1	+ 2.5	+ 3.1	+ 3.4	+ .8	+ .7	+ 1.0	+ .9	+ 1.0
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ 3.8	+ 4.7	+ 1.1	+ 1.3	+ 1.3	+ 1.3	+ 1.5
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 6.9	+ 8.1	+ 1.9	+ 2.0	+ 2.3	+ 2.2	+ 2.5
4. Securities ^{3/}										
a. U. S. Savings bonds	+ .9	+ 2.8	+ 8.0	+11.1	+11.8	+ 2.6	+ 2.3	+ 3.0	+ 1.4	+ 3.0
b. Other U. S. Government	- .4	+ .8	+ 1.9	+ 2.7	+ 3.6	+ 1.2	- .1	+ 1.5	- .1	+ 2.1
c. State and local governments	- .1	- .2	- .1	+ .2	- .1	0	0	0	0	0
d. Corporate and other	- .5	- .5	+ .3	- .2	- .3	- .3	0	+ .1	- .3	- .5
e. Total	- .2	+ 2.9	+10.1	+13.8	+15.0	+ 3.5	+ 2.2	+ 4.6	+ 1.0	+ 4.6
5. Non-farm dwellings										
a. Purchases ^{4/}	+ 2.5	+ 3.0	+ 1.6	+ 1.0	+ .8	+ .2	+ .2	+ .2	+ .1	+ .2
b. Change in debt	+ .9	+ .9	+ .1	- .3	0	0	+ .1	0	- .1	+ .1
c. Saving (a. minus b.)	+ 1.7	+ 2.1	+ 1.5	+ 1.3	+ .8	+ .2	+ .1	+ .2	+ .2	+ .1
6. Automobiles and other durable consumers' goods ^{5/}	+ 8.8	+10.8	+ 7.6	+ 6.6	+ 7.2	+ 1.8	+ 1.8	+ 2.0	+ 1.7	+ 1.9
7. Liquidation of debt, not elsewhere classified ^{6/}	- 1.1	- .6	+ 2.9	+ 1.0	- .3	- .2	0	- .4	+ .2	- .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 non-farm 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.

OCT 8 1945
Division of Research
and Statistics