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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JAN.-MAR., 1946

The rate of saving by individuals ^{1/} declined considerably during the first quarter of 1946, according to the quarterly analysis made public today by the Securities and Exchange Commission. Total liquid saving during the three months January through March amounted to \$2.9 billion, ^{2/} only one-third the amount saved during the previous quarter. Saving during the first quarter of 1946 was at the lowest rate since the middle of 1941. The decline in saving is partly attributable to the drop in disposable income and to seasonal influences, but also reflects a marked decrease from the high war-time levels in the proportion of income saved adjusted for seasonal variation.

During the first three months of this year individuals added \$1.5 billion to their holdings of cash and deposits and \$700 million to their holdings of U. S. Government securities. They also added \$800 million to their equity in private insurance, mostly life insurance, \$800 million to their equity in government insurance, and \$200 million to their investment in savings and loan associations. At the same time they increased their mortgage indebtedness by \$400 million, other consumer indebtedness by \$200 million, and reduced their holdings of securities other than U. S. Government by \$600 million.

The growth in individuals' cash and deposits was more than accounted for by the \$1.7 billion increase in time and savings deposits, approximately the same amount as in the previous quarter. Demand deposits increased only \$200 million while holdings of currency were reduced by \$400 million contrasted with increases of \$2.7 billion and \$400 million, respectively, during the last quarter of 1945. There was a net increase in individuals' holdings of U. S. savings bonds during this quarter amounting to \$100 million. However, this was more than accounted for by purchases of the larger Series G bonds, with redemptions exceeding sales for the more widely held Series E bonds. There was also an increase in individuals' equity in U. S. Government securities other than savings bonds amounting to \$600 million, reflecting net purchases of almost \$400 million and a repayment of bank loans of more than \$200 million.

Of the remaining components of individuals' saving during the first quarter of this year, equity in private insurance rose by \$800 million while government insurance also increased by \$800 million, largely due to the National Service Life Insurance Fund. It is interesting to note that the Unemployment Insurance Trust Fund, reflected in government insurance, showed a substantial drop due to large benefit payments. There was a considerable decline in individuals' holdings of securities other than U. S. Government amounting to \$600 million. This was mainly attributable to large net retirements of corporate bonds and increase in institutional holdings which more than offset the increase in outstanding stock issues. The only other significant development in the composition of individuals' saving in this quarter was the increase in consumer indebtedness. Mortgage debt increased by \$400 million while consumer debt other than mortgages increased by \$200 million although, seasonally, a drop in the latter type of indebtedness would be expected.

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 increase in inventories of unincorporated business (net of the change in notes and accounts payable). Although the amount of this increase is not known, it is believed to have been in the neighborhood of \$250 million in the first quarter of 1946.

Gross Saving by Individuals in the United States ^{1/}
1940 - 1946

(Billions of dollars)

	1940	1941	1942	1943	1944	1945	1945				1946
							Jan.- March	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- March
Gross Saving	15.3	24.3	38.7	45.4	48.4	46.2	10.5	11.9	12.1	11.5	5.6
Liquid Saving ^{2/}	4.0	10.4	29.4	37.8	40.4	37.2	8.7	9.8	10.0	8.7	2.9
Gross Saving by Type											
1. Currency and bank deposits	+ 3.0	+ 4.9	+11.4	+15.3	+16.9	+19.2	+ 5.0	+ 2.7	+ 6.7	+ 4.7	+ 1.5
2. Savings and loan associations	+ .2	+ .4	+ .3	+ .6	+ .8	+ 1.1	+ .2	+ .3	+ .3	+ .3	+ .2
3. Insurance and pension reserves											
a. Private insurance	+ 1.7	+ 2.1	+ 2.5	+ 3.1	+ 3.5	+ 3.7	+ .9	+ .9	+ .8	+ 1.0	+ .8
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ 3.8	+ 4.7	+ 5.1	+ 1.3	+ 1.5	+ 1.3	+ 1.0	+ .8
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 6.9	+ 8.2	+ 8.8	+ 2.2	+ 2.5	+ 2.1	+ 2.0	+ 1.6
4. Securities ^{3/}											
a. U. S. Savings bonds	+ .9	+ 2.8	+ 8.0	+11.1	+11.8	+ 6.9	+ 1.4	+ 3.0	+ .9	+ 1.5	+ .1
b. Other U. S. Government	- .4	+ .8	+ 1.9	+ 2.7	+ 3.6	+ 3.5	- .1	+ 2.2	- .3	+ 1.7	+ .6
c. State and local governments	- .1	- .2	- .2	+ .2	- .2	- .3	- .1	- .1	0	- .1	0
d. Corporate and other	- .5	- .5	+ .3	- .2	- .3	- .9	- .3	- .6	+ .3	- .3	- .6
e. Total	- .2	+ 2.9	+10.0	+13.8	+14.9	+ 9.2	+ 1.0	+ 4.5	+ .9	+ 2.8	+ .1
5. Non-farm dwellings											
a. Purchases ^{4/}	+ 2.5	+ 3.0	+ 1.6	+ 1.0	+ .8	+ 1.0	+ .1	+ .2	+ .3	+ .4	+ .6
b. Change in debt	+ .9	+ .9	+ .1	- .3	0	+ .3	- .2	+ .1	+ .1	+ .3	+ .4
c. Saving (a. minus b.)	+ 1.7	+ 2.1	+ 1.5	+ 1.3	+ .8	+ .7	+ .3	+ .1	+ .2	+ .1	+ .1
6. Automobiles and other durable consumers' goods ^{5/}	+ 8.8	+10.8	+ 7.6	+ 6.6	+ 7.2	+ 8.0	+ 1.7	+ 1.9	+ 2.0	+ 2.4	+ 2.2
7. Liquidation of debt, not elsewhere classified ^{6/}	- 1.1	- .6	+ 2.9	+ 1.0	- .4	- .8	+ .2	- .1	0	- .9	- .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/} 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 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.