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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING 1/, APRIL - JUNE 1946

Individuals saved \$5.7 billion 2/ in liquid form during the second quarter of 1946, according to the quarterly analysis made public today by the Securities and Exchange Commission. While such saving was about twice the amount saved during the first quarter of this year, it was still much less than the wartime rate. The increase over the previous quarter was mainly attributable to the increase in income after payment of taxes which more than offset the increase in consumer expenditures.

A \$5.0 billion increase in cash and deposits constituted by far the largest component of individuals' saving in the second quarter of 1946. During these three months, individuals also added \$900 million to their equity in government insurance, \$800 million to their equity in private insurance, \$500 million to their investment in securities other than U. S. Government, and \$300 million to their investment in savings and loan associations. At the same time, they increased their mortgage indebtedness by \$900 million, other consumer indebtedness by \$600 million and reduced their holdings of U. S. Government securities by \$400 million.

Almost 90% of the total liquid saving of individuals during the second quarter of 1946 was in the form of cash and deposits. The total increase of \$5.0 billion in individuals' cash and deposits reflected a \$500 million rise in their holdings of currency, \$2.9 billion in their demand deposits and \$1.6 billion in time and savings deposits.

There was a net increase in individuals' holdings of U. S. savings bonds during this quarter amounting to \$200 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. As a result of large retirements during this quarter, individuals' equity in U. S. Government securities other than savings bonds declined by \$600 million, reflecting net redemptions of almost \$1.4 billion partly offset by repayment of bank loans of not quite \$800 million.

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- 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 \$150 million in the second quarter of 1946.

Of the remaining components of individuals' saving during the second quarter of 1946, there was an increase in individuals' holdings of securities other than U. S. Government amounting to \$500 million. This was mainly attributable to the large net increase in outstanding stock issues, almost all of which was absorbed by individuals; the much smaller increase in corporate bonds outstanding was entirely taken by institutions. The increase in stock issues amounting to \$700 million was the largest for any quarter since 1930. The only other significant development in the composition of individuals' saving was the continued increase in consumer indebtedness. Mortgage debt increased by \$900 million, the largest quarterly rate on record, while consumer debt other than mortgages increased by \$600 million. The increase in mortgage debt was nearly equal to net purchases of new homes by individuals.

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

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

1940 - 1946

(Billions of dollars)

	1940	1941	1942	1943	1944	1945	1945			1946	
							Apr.- June	July- Sept.	Oct.- Dec.	Jan.- March	Apr.- June
Gross Saving	15.3	24.4	38.2	46.1	48.2	46.5	12.0	12.4	11.5	5.6	9.6
Liquid Saving ^{2/}	4.0	10.6	29.0	38.5	40.2	37.6	9.9	10.2	8.7	2.8	5.7
Gross Saving by Type											
1. Currency and bank deposits	+ 3.0	+ 5.0	+11.0	+16.0	+16.7	+19.5	+ 2.8	+ 6.9	+ 4.8	+ 1.5	+ 5.0
2. Savings and loan associations ^{3/}	.2	.4	.3	.6	.8	1.1	.3	.3	.3	.2	.3
3. Insurance and pension reserves											
a. Private insurance	+ 1.7	+ 2.1	+ 2.5	+ 3.1	+ 3.5	+ 3.7	.9	.8	1.0	.8	.8
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ 3.8	+ 4.7	+ 5.1	1.5	1.4	1.0	.7	.9
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 6.9	+ 8.2	+ 8.8	2.5	2.1	2.0	1.5	1.7
4. Securities ^{3/}											
a. U. S. Savings bonds	+ .9	+ 2.8	+ 8.0	+11.1	+11.8	+ 6.9	3.0	.9	1.5	.1	.2
b. Other U. S. Government	- .4	.8	1.9	2.7	3.6	3.5	2.2	.3	1.7	.4	.6
c. State and local governments	- .1	.2	.2	.2	.2	.3	.1	0	.1	.1	.1
d. Corporate and other	- .5	.5	.3	.2	.3	.8	.5	.4	.4	.5	.4
e. Total	- .2	+ 2.9	+10.0	+13.8	+14.9	+ 9.3	4.6	1.0	2.7	.1	.2
5. Non-farm dwellings											
a. Purchases ^{4/}	+ 2.5	+ 3.0	+ 1.6	+ 1.0	.8	1.0	.2	.3	.4	.6	.9
b. Change in debt	+ .9	.9	.1	.3	0	.3	.1	.1	.3	.4	.9
c. Saving (a. minus b.)	+ 1.7	+ 2.1	+ 1.5	+ 1.3	.8	.7	.1	.2	.1	.2	.1
6. Automobiles and other durable consumers' goods ^{5/}	+ 8.8	+10.8	+ 7.6	+ 6.6	+ 7.2	+ 8.0	+ 1.9	+ 2.0	+ 2.4	+ 2.2	+ 2.9
7. Liquidation of debt, not elsewhere classified ^{6/}	- 1.1	- .6	+ 2.9	+ 1.0	- .4	- .8	- .1	0	- .9	- .2	- .6

^{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.