

SECURITIES AND EXCHANGE COMMISSION
Philadelphia

STATISTICAL SERIES
Release No. 770

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING 1/, July-Sept. 1946

During the third quarter of 1946, individuals saved \$4.3 billion 2/ in liquid form, according to the quarterly analysis of saving by individuals in the United States made public today by the Securities and Exchange Commission. This rate of saving was somewhat less than in the previous quarter, reflecting the increase in consumer expenditures which more than offset the increase in income after payment of taxes. The decline in saving may be contrasted with the normal seasonal rise during the third quarter.

The increase in cash and deposits amounting to \$3.6 billion constituted by far the largest component of individuals' saving during the third quarter of 1946. During these three months, individuals also added \$900 million to their equity in government insurance, \$700 million to their equity in private insurance, \$700 million to their investment in U. S. Government securities, and \$200 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 \$500 million, and reduced their investment in securities other than U. S. Government by \$500 million.

Of the total increase in cash and deposits during the three months July through September, \$2.6 billion was in demand deposits, about the same as in the preceding quarter. Time and savings deposits increased by \$1.1 billion while holdings of currency were reduced by \$100 million contrasted to increases of \$1.6 billion and \$500 million, respectively, during the second quarter of 1946.

There was a net increase in individuals' holdings of U. S. savings bonds amounting to \$300 million. This reflected net purchases of Series F and G bonds amounting to \$500 million, partly offset by \$200 million of net redemptions of Series A-E bonds. Individuals' equity in U. S. Government securities other than savings bonds increased by \$400 million. This increase resulted from repayments of bank loans of \$800 million less \$400 million of retirements in excess of market purchases.

Of the remaining components of individuals' saving during the third quarter of 1946, there were declines in individuals' investment in state and local government securities and corporate and other securities amounting to \$200 million and \$300 million, respectively. The drop in individuals' investment in corporate securities reflected large net retirements and institutional purchases of corporate bonds partly offset by repayment of bank loans, a net increase in outstanding stock issues, and liquidation of foreigners' holdings. 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 same record increase as in the previous quarter, while consumer debt other than mortgages increased by \$500 million.

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 \$450 million.

1940 - 1946

(Billions of dollars)

	1940	1941	1942	1943	1944	1945	1945		1946		
							July- Sept.	Oct.- Dec.	Jan.- March	Apr.- June	July- Sept.
Gross Saving	15.3	24.4	38.2	46.1	47.9	47.0	12.6	11.5	6.0	9.5	8.9
Liquid Saving 2/	4.0	10.6	29.0	38.3	39.9	37.7	10.3	8.5	3.0	5.3	4.3
Gross Saving by Type											
1. Currency and bank deposits	+ 3.0	+ 5.0	+ 11.0	+ 16.0	+ 16.7	+ 19.4	+ 6.9	+ 4.8	+ 1.5	+ 4.7	+ 3.6
2. Savings and loan associations+	.2	.4	.3	.6	.8	1.0	.3	.3	.2	.3	.2
3. Insurance and pension reserves											
a. Private insurance	+ 1.7	+ 2.1	+ 2.5	+ 3.1	+ 3.5	+ 3.7	+ .8	+ 1.0	+ .8	+ .8	+ .7
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ 3.8	+ 4.7	+ 5.1	+ 1.4	+ 1.0	+ .7	+ .9	+ .9
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 6.9	+ 8.2	+ 8.8	+ 2.1	+ 2.0	+ 1.5	+ 1.7	+ 1.6
4. Securities 3/											
a. U. S. Savings bonds	+ .9	+ 2.8	+ 8.0	+ 11.1	+ 11.8	+ 6.9	+ .9	+ 1.5	+ .1	+ .2	+ .3
b. Other U. S. Government	- .4	+ .8	+ 1.9	+ 2.7	+ 3.6	+ 3.5	- .3	+ 1.7	+ .3	- .6	+ .4
c. State and local governments-	.1	.2	.2	.2	.2	.2	0	.1	.1	.1	.2
d. Corporate and other	- .5	- .5	+ .3	- .4	- .7	- .5	+ .5	- .6	- .2	+ .4	- .3
e. Total	- .2	+ 2.9	+ 10.0	+ 13.6	+ 14.5	+ 9.6	+ 1.1	+ 2.5	+ .4	+ .1	+ .2
5. Non-farm dwellings											
a. Purchases 4/	+ 2.5	+ 3.0	+ 1.6	+ 1.0	+ .8	+ 1.0	+ .3	+ .4	+ .6	+ .9	+ 1.1
b. Change in debt	+ .9	+ .9	+ .1	- .3	0	+ .3	+ .1	+ .3	+ .4	+ .9	+ .9
c. Saving (a. minus b.)	+ 1.7	+ 2.1	+ 1.5	+ 1.3	+ .8	+ .7	+ .2	+ .1	+ .2	+ .1	+ .2
6. Automobiles and other durable consumers' goods 5/	+ 8.8	+ 10.8	+ 7.6	+ 6.8	+ 7.2	+ 8.3	+ 2.0	+ 2.6	+ 2.4	+ 3.2	+ 3.6
7. Liquidation of debt, not elsewhere classified 6/	- 1.1	- .6	+ 2.9	+ 1.0	- .4	- .8	0	- .9	- .2	- .6	- .5

- 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.