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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING,^{1/} JULY-SEPTEMBER, 1947^{2/}

Liquid saving by individuals amounted to \$2.9 billion during the third quarter of 1947, 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 about \$500 million more than that for the preceding quarter. The estimates now reflect the issuance of armed forces leave bonds to veterans during 1946 and the first half of 1947 and the subsequent redemptions during the third quarter. The increase in saving is attributable for the most part to a rise in disposable income and a slight decline in consumer expenditures.

During the three months, July through September 1947, individuals increased their holdings of cash and deposits by \$2.5 billion. They added \$800 million to their equity in private insurance, \$800 million to their equity in government insurance, \$300 million to their holdings of securities other than U. S. Government and \$200 million to their investment in savings and loan associations. At the same time, they increased their mortgage indebtedness by \$1.1 billion, other consumer indebtedness by \$400 million and reduced their holdings of U. S. Government securities by \$200 million.

The increase of \$2.5 billion during the third quarter of 1947 in individuals' cash and deposits was mainly accounted for by an increase of \$1.9 billion in demand deposits compared with the previous quarter when the growth in individuals' checking accounts amounted to \$500 million. Time and savings deposits showed an increase of \$500 million during the third quarter while currency in the hands of individuals increased by \$200 million.

Individuals' holdings of U. S. savings bonds increased \$300 million, practically all in the form of the larger Series F and G bonds; sales were about equal to redemptions in the case of the more widely held Series A-E bonds. Individuals' holdings of other U. S. Government securities decreased \$500 million, reflecting a decline of \$800 million in the holdings of armed forces leave bonds, which became redeemable in September. Individuals' holdings of state and local government issues increased by \$100 million while their equity in corporate and other securities increased by \$200 million. The increase in individuals' equity in corporate and other securities is explained by individuals' purchases of new stock issues, offset in part by institutional purchases of corporate bonds from individuals.

The above discussion of individuals' saving is based on data presented in the following table.

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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 \$200 million in the third quarter of 1947.