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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, 1/ July-Sept. 1948

Individuals' liquid saving was estimated at \$3.1 billion in the third quarter of 1948, 2/ according to the quarterly analysis of saving by individuals in the United States made public today by the Securities and Exchange Commission. This was \$2.5 billion more than liquid saving in the second quarter reflecting, in part, the usual seasonal increase in income of farmers. In addition to saving in liquid form there was a considerable amount of purchases of homes and durable consumer goods as well as new physical investment by unincorporated business. Adjusting for seasonal influences, it appears that the proportion of income saved during the third quarter was higher than in 1947 and considerably above prewar levels.

Currency and bank deposits held by individuals increased \$1.8 billion in the third quarter of 1948. Individuals' equity in insurance and pension reserves increased by \$1.6 billion, about evenly divided between government and private insurance. Other increases were in individuals' investment in securities, \$900 million, and in individuals' equity in savings and loan association, \$200 million. Partly offsetting these increases in liquid assets, mortgage indebtedness of individuals increased \$900 million and other consumer indebtedness \$500 million.

The increase of \$1.8 billion in currency and bank deposits in the third quarter of 1948 was almost all in the form of checking accounts and reflected in large part the seasonal cash receipts from farm marketings. Currency holdings of individuals increased about \$100 million. For the first time since 1942 there was no increase in time and savings deposits.

During the third quarter of 1948 there was an increase in individuals' holdings of U. S. Government securities amounting to about \$500 million, with holdings of U. S. savings bonds increasing \$700 million and holdings of other U. S. Government securities decreasing \$200 million. The comparatively large increase in holdings of U. S. savings bonds reflected sales during the mid-year bond drive. About \$500 million of the increased holdings of saving bonds was in the larger Series F and G bonds, while \$200 million was in Series E bonds. Bank loans to individuals on U. S. Government securities were reduced by about \$200 million during the quarter.

Holdings of state and local government securities by individuals increased \$200 million during the third quarter and individuals' investment in corporate and other securities increased about the same amount, reflecting purchases of new stock issues of that amount. There was no net change in individuals' investment in corporate bonds. Net new issues of such bonds, after retirements, amounted to about \$1.1 billion and were absorbed by institutional investors, mainly life insurance companies.

Mortgage debt on nonfarm dwellings of one-to-four families increased \$900 million during the third quarter, about the same as in the second quarter. Other consumer indebtedness increased about \$500 million, about the same as the increase in the second quarter.

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 a part of individuals' savings.

2/ This does not reflect the change in inventories of unincorporated business.

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

1940 - 1948

(Billions of dollars)

Type of Saving	1940	1941	1942	1943	1944	1945	1946	1947	1947		1948			
									July-Sept.	Oct.-Dec.	Jan.-March	Apr.-June	July-Sept.	
1. Currency and bank deposits	+ 2.9	+ 4.9	+10.9	+16.1	+17.5	+18.9	+11.9	+ 3.1	+ 2.5	+ 1.8	- 4.2	+ 0.2	+ 1.8	0.8
2. Savings and loan associations	+ 0.2	+ 0.4	+ 0.3	+ 0.6	+ 0.8	+ 1.1	+ 1.2	+ 1.2	+ 0.2	+ 0.3	+ 0.3	+ 0.3	+ 0.2	0.4
3. Insurance and pension reserves	+ 3.1	+ 4.0	+ 5.0	+ 6.8	+ 8.2	+ 8.6	+ 7.0	+ 7.1	+ 1.7	+ 1.8	+ 1.6	+ 1.8	+ 1.6	1.9
a. Private insurance	+ 1.8	+ 2.1	+ 2.5	+ 2.9	+ 3.2	+ 3.5	+ 3.4	+ 3.7	+ 0.9	+ 1.0	+ 0.9	+ 0.9	+ 0.8	1.5
b. Government insurance	+ 1.3	+ 1.9	+ 2.5	+ 3.9	+ 5.0	+ 5.1	+ 3.5	+ 3.4	+ 0.8	+ 0.9	+ 0.7	+ 0.9	+ 0.9	1.9
4. Securities ^{2/}	(*)	+ 2.9	+10.4	+13.8	+15.1	+ 9.8	+ 1.1	+ 4.0	(*)	+ 0.5	+ 2.8	(*)	+ 0.9	0.7
a. U.S. savings bonds	+ 0.9	+ 2.8	+ 8.0	+11.1	+11.8	+ 6.8	+ 0.9	+ 1.8	+ 0.3	+ 0.3	+ 0.8	+ 0.2	+ 0.7	0.2
b. Other U.S. Government ^{3/}	- 0.3	+ 0.7	+ 2.4	+ 3.0	+ 3.9	+ 3.6	(*)	+ 0.8	- 0.6	- 0.5	+ 0.8	- 1.0	- 0.2	- 0.2
c. State and local government	- 0.5	- 0.3	- 0.2	- 0.1	- 0.1	- 0.2	- 0.4	+ 0.5	+ 0.2	(*)	+ 0.6	+ 0.2	+ 0.2	0.2
d. Corporate and other	- 0.1	- 0.3	+ 0.2	- 0.2	- 0.6	- 0.5	+ 0.6	+ 1.0	+ 0.2	+ 0.6	+ 0.6	+ 0.6	+ 0.2	0.4
5. Liquidation of mortgage debt ^{4/}	- 0.9	- 0.9	- 0.1	+ 0.3	+ 0.1	- 0.2	- 3.3	- 3.8	- 1.0	- 1.1	- 0.7	- 1.0	- 0.9	- 0.7
6. Liquidation of debt not elsewhere classified ^{5/}	- 1.2	- 1.0	+ 3.3	+ 1.3	- 0.2	- 0.8	- 3.3	- 3.1	- 0.4	- 1.7	(*)	- 0.6	- 0.5	- 1.1
7. Total Liquid Saving	+ 4.2	+10.3	+29.8	+38.9	+41.5	+37.3	+14.5	+ 8.4	+ 3.0	+ 1.7	- 0.3	+ 0.6	+ 3.1	+ 1.8
8. Nonfarm dwellings ^{6/}	+ 3.1	+ 3.6	+ 1.8	+ 1.1	+ 1.0	+ 1.1	+ 3.9	+ 5.8	+ 1.6	+ 1.9	+ 1.5	+ 1.9	+ 2.3	2.1
9. Other durable consumers' goods ^{7/}	+ 7.9	+ 9.7	+ 6.8	+ 6.5	+ 6.9	+ 8.3	+16.2	+21.0	+ 5.0	+ 6.5	+ 4.8	+ 5.4	+ 5.6	2.7
10. Total Gross Saving (7 + 8 + 9)	+15.1	+23.6	+38.5	+46.5	+49.4	+46.6	+34.7	+35.2	+ 9.6	+10.2	+ 6.0	+ 7.9	+11.0	10.6

^{1/} Includes unincorporated business saving of the types specified. Does not include corporate or government saving. Considerable revisions have been made in some of the series.

^{2/} Does not include net purchases by brokers and dealers or by other individuals financed by bank loans.

^{3/} Includes Armed Forces Leave bonds.

^{4/} Mortgage debt to institutions on one-to-four family nonfarm dwellings.

^{5/} 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 and securities.

^{6/} Construction of one-to-four family nonfarm dwellings less net acquisition of properties by non-individuals. Also includes a small amount of construction by non-profit institutions.

^{7/} Consumer expenditures on durable goods as estimated by the Department of Commerce.

NOTE: Figures are rounded and will not necessarily add to totals. Asterisk (*) indicates less than \$50 million. 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.