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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING IN 1948

During the year 1948 individuals saved \$4.9 billion in liquid form, according to estimates of saving by individuals in the United States made public today by the Securities and Exchange Commission. 1/ This was \$3.4 billion less than in 1947 and approximated the 1940 level. In addition to saving in liquid form, individuals purchased \$7.7 billion of new homes and there was also a considerable amount of new physical investment and expansion of inventories by farmers and unincorporated business. Including these non-liquid forms of saving, individuals added more to their total assets in 1948 than in 1947.

As of the end of 1948 individuals held about \$130 billion in cash and bank deposits and about \$70 billion of U. S. Government securities. Of the total of cash and deposits, \$24 billion was in the form of currency, \$56 billion was in time and savings deposits, and \$50 billion was in checking accounts. U. S. Government securities held by individuals were mainly U. S. savings bonds, \$34 billion of Series A-E bonds and \$14 billion of Series F and G bonds, with other U. S. Government securities amounting to \$21 billion.2/ In addition, individuals had an equity of about \$54 billion in private insurance and about \$36 billion in government insurance and pension reserves. Equity in savings and loan associations amounted to about \$11 billion at the end of 1948.

During 1948 individuals' holdings of U. S. Government securities increased by about \$1.4 billion while their holdings of securities other than U. S. Government increased by \$2.8 billion. Individuals also added about \$3.5 billion to their equity in government insurance and pension reserves, \$3.4 billion to their equity in private insurance, and \$1.1 billion to their equity in savings and loan associations. During the same period individuals increased their mortgage indebtedness by \$3.7 billion and other consumer indebtedness by \$2.3 billion, and reduced their holdings of cash and bank deposits by \$1.4 billion.

While the increase in individuals' holdings of securities during 1948 was about the same as in 1947, a larger proportion was in the form of securities other than U. S. Government. Holdings of U. S. savings bonds increased by about \$2.1 billion with Series A-E bonds accounting for \$700 million, more than twice the amount for 1947. There was a decline in individuals' equity in U. S. Government securities other than savings bonds reflecting redemptions of Armed Forces Leave Bonds of \$300 million and an increase in security loans by banks of about \$400 million.

1/ In this analysis individuals' saving includes unincorporated business saving of the 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/ Loans by banks to individuals (including brokers) for the purchasing or carrying of these government securities amounted to \$1.0 billion at the end of 1948.

During 1948 saving in the form of securities other than U. S. Government amounted to \$2.8 billion compared with \$1.4 billion in 1947. New securities issued by state and local governments reached a record level, largely because of flotations to pay veterans' bonuses, and individuals' holdings increased by \$1.2 billion. This may be compared with a \$400 million increase in the preceding year. In 1948 there was a record \$5.0 billion increase in the net issues of corporate and other bonds. Of this total, \$400 million was taken by individuals while \$4.6 billion was bought by institutions. Almost all the net increase in corporate stock of \$1.2 billion, however, was absorbed by individuals.

Individuals' equity in insurance and pension reserves increased in 1948 by about \$6.9 billion as compared with an increase of \$7.1 billion in 1947. Individuals' saving in private life insurance, one of the more stable forms of savings, amounted to \$3.5 billion, maintaining the rate of increase shown since 1945. Equity in government insurance reserves increased \$3.4 billion, almost half in social security funds.

One of the more significant developments in the composition of saving in 1948 was the decline in individuals' holdings of cash and bank deposits. This decline reflects to some extent the expansion of farm and other inventories. Individuals' checking accounts declined by \$1.8 billion in contrast to an increase of \$1.1 billion the preceding year. The rate of accumulation of time and saving deposits continued to slow down so that, in 1948, only \$900 million was saved in this form compared with \$2.2 billion the previous year.

Mortgage debt in 1948 showed an increase of \$3.7 billion as compared with \$3.8 billion in 1947. Other consumer debt increased in 1948, but at a smaller rate than in 1947, largely reflecting the credit restrictions imposed in September of 1948. The increase in consumer debt amounted to \$2.3 billion as compared with an increase of \$3.1 billion in the previous year.

During the fourth quarter of 1948 individuals' liquid saving amounted to about \$1.8 billion, a lower rate than in the third quarter. During this last quarter, individuals added \$800 million to their holdings of cash and bank deposits, \$1.9 billion to their equity in insurance and pension reserves, \$700 million to their investment in securities, and \$400 million to their equity in savings and loan associations. Individuals' indebtedness arising from the purchase of consumer goods increased by \$1.1 billion in the quarter, while mortgage debt rose by about \$900 million. The \$700 million increase in security investments was accounted for by net purchases of \$300 million of U. S. savings bonds, \$300 million of state and local government bonds, and \$400 million of corporate and other securities, counteracted in part by a decline of \$300 million in U. S. Government securities other than savings bonds.

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

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

1940 - 1948

(Billions of dollars)

Type of Saving	1940	1941	1942	1943	1944	1945	1946	1947	1948	1947	1948			
										Oct.- Dec.	Jan.- March	Apr.- June	July- Sept.	Oct.- Dec.
1. Currency and bank deposits	+ 2.9	+ 4.9	+10.9	+16.1	+17.5	+18.9	+11.9	+ 3.0	- 1.4	+ 1.7	- 4.3	+ 0.3	+ 1.9	+ 0.8
2. Savings and loan associations	+ 0.2	+ 0.4	+ 0.3	+ 0.6	+ 0.8	+ 1.1	+ 1.2	+ 1.2	+ 1.1	+ 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	+ 6.9	+ 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	+ 3.5	+ 1.0	+ 0.9	+ 0.9	+ 0.8	+ 1.0
b. Government insurance	+ 1.3	+ 1.9	+ 2.5	+ 3.9	+ 5.0	+ 5.1	+ 3.5	+ 3.4	+ 3.4	+ 0.9	+ 0.7	+ 0.9	+ 0.9	+ 0.9
4. Securities ^{2/}	(*)	+ 2.9	+10.4	+13.8	+15.1	+ 9.8	+ 1.1	+ 4.0	+ 4.2	+ 0.5	+ 2.7	+ 0.2	+ 0.6	+ 0.7
a. U.S. savings bonds	+ 0.9	+ 2.8	+ 8.0	+11.1	+11.8	+ 6.9	+ 0.9	+ 1.8	+ 2.1	+ 0.3	+ 0.8	+ 0.2	+ 0.8	+ 0.3
b. Other U.S. Government ^{3/}	- 0.3	+ 0.7	+ 2.4	+ 3.0	+ 3.9	+ 3.6	(*)	+ 0.8	- 0.7	- 0.5	+ 0.9	- 0.7	- 0.6	- 0.3
c. State and local government	- 0.5	- 0.3	- 0.2	- 0.1	- 0.1	- 0.2	- 0.4	+ 0.4	+ 1.2	(*)	+ 0.5	+ 0.2	+ 0.1	+ 0.3
d. Corporate and other	- 0.1	- 0.3	+ 0.2	-0.2	- 0.6	- 0.5	+ 0.6	+ 1.0	+ 1.7	+ 0.6	+ 0.6	+ 0.5	+ 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	- 3.7	- 1.0	- 0.8	- 1.0	- 1.0	- 0.9
6. Liquidation of debt not elsewhere classified ^{5/}	- 1.2	- 1.0	+ 3.3	+ 1.3	- 0.2	- 0.8	- 3.3	- 3.1	- 2.3	- 1.7	- 0.1	- 0.7	- 0.4	- 1.1
7. Total Liquid Saving	+ 4.2	+10.3	+29.8	+38.9	+41.5	+37.3	+14.5	+ 8.3	+ 4.9	+ 1.7	- 0.6	+ 0.8	+ 2.8	+ 1.8
8. Nonfarm dwellings ^{6/}	+ 3.1	+ 3.6	+ 1.8	+ 1.1	+ 1.0	+ 1.1	+ 3.9	+ 5.8	+ 7.7	+ 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	+22.7	+ 6.5	+ 4.9	+ 5.5	+ 5.6	+ 6.7
10. Total Gross Saving (7+8+9)	+15.1	+23.6	+38.5	+46.5	+49.3	+46.6	+34.7	+35.0	+35.3	+10.2	+ 5.7	+ 8.2	+10.8	+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 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 nonprofit institutions.

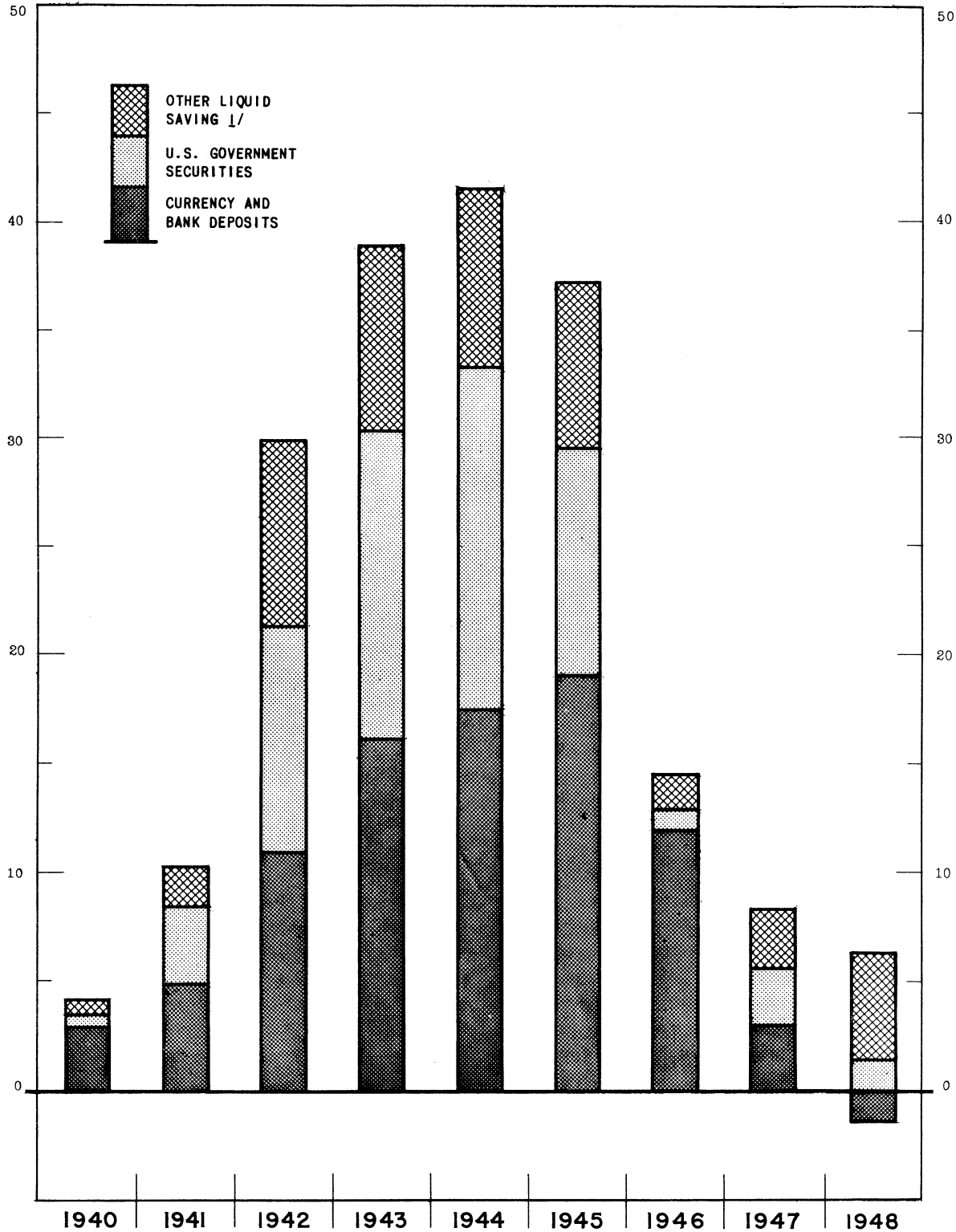
^{7/} Consumer expenditures on durable goods as estimated by the Department of Commerce.

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.

COMPONENTS OF INDIVIDUALS' LIQUID SAVING 1940 - 1948

DOLLARS
BILLIONS

DOLLARS
BILLIONS



^{1/} INCLUDES SAVING IN SAVINGS AND LOAN ASSOCIATIONS; PRIVATE AND GOVERNMENT INSURANCE; STATE, LOCAL AND CORPORATE SECURITIES; AND LIQUIDATION OF MORTGAGE DEBT AND DEBT NOT ELSEWHERE CLASSIFIED.

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