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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JAN.-MARCH 1949

Individuals saved about \$600 million in liquid form during the first quarter of 1949, according to the quarterly estimates of liquid saving made public today by the Securities and Exchange Commission. <sup>1/</sup> This increase in individuals' holdings of liquid assets may be compared with a reduction of about \$600 million in the corresponding quarter of 1948. In the fourth quarter of 1948 individuals added \$1.9 billion to their liquid assets.

Liquid saving comprises saving in the form of currency and bank deposits, in savings and loan associations, insurance and pension reserves, securities, and repayment of mortgage debt and other consumer debt. Saving in non-liquid forms, such as the purchase of new homes and new physical investment and inventory expansion by individuals, added substantially to individuals' assets in the first quarter of 1949, but it is estimated that saving in these forms did not equal that in the previous quarter.

As in the first quarter of 1948 individuals' holdings of currency and bank deposits fell off in the first quarter of 1949. This decline, or negative saving, amounted to \$3.7 billion. All other components making up the total showed some positive saving except for mortgage debt. Individuals' equity in securities increased \$2.1 billion, in savings and loan associations \$400 million, in insurance and pension reserves \$1.4 billion, and consumer debt was reduced by \$1.0 billion, reversing the trend of the last several years.

The \$3.8 billion drop in individuals' holdings of currency and bank deposits during the first quarter of 1949 was the result of a decline of \$3.2 billion in demand deposits and a decline of \$900 million in currency, offset in part by an increase of \$400 million in time and savings deposits.

Making up the \$2.1 billion increase in individuals' holdings of securities were \$700 million in U.S. savings bonds, \$600 million in other U.S. Government securities, \$400 million in state and local government securities, and \$400 million in corporate and other securities. The \$700 million increase in U.S. savings bonds in the first quarter followed the pattern of the previous two years, with individuals coming in at the beginning of the year to purchase their annual allotments. Most of the increase was in Series E bonds. The \$400 million increase in corporate and other securities was about evenly divided between stocks and bonds. While net issues of corporate bonds during the first quarter amounted to about \$800 million, about \$600 million was purchased by institutions, mainly insurance companies.

One of the more significant developments in the composition of individuals' saving in the first three months of this year was the \$1.0 billion net repayment of consumer debt. This debt reduction, the first since the first quarter of 1945, was attributable in large part to seasonal factors and reflected substantial declines in charge accounts. Mortgage debt continued to increase during the first quarter of 1949, approximately \$500 million, a lower rate than in the previous two years. At the same time new construction of homes amounted to about \$1.5 billion.

Of the remaining components of individuals' saving during the first quarter of 1949, there was an increase of \$900 million in private life insurance, continuing at about the same quarterly rate as previously. The increase in government insurance funds, however, dropped sharply and amounted to \$500 million, the smallest quarter since 1942. This reflected larger payments for unemployment compensation in the first quarter of this year.

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

<sup>1/</sup> 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.

Saving by Individuals in the United States <sup>1/</sup>

1940 - 1949

(Billions of dollars)

Type of Saving	1940	1941	1942	1943	1944	1945	1946	1947	1948	1948				1949
										Jan.- March	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- March
1. Currency and bank deposits	+ 2.9	+ 4.8	+11.0	+16.2	+17.5	+19.1	+10.6	+ 2.9	- 1.2	- 4.2	+ 0.2	+ 1.6	+ 1.2	- 3.7
2. Savings and loan associations	+ 0.2	+ 0.4	+ 0.3	+ 0.6	+ 0.8	+ 1.1	+ 1.2	+ 1.2	+ 1.2	+ 0.3	+ 0.3	+ 0.2	+ 0.4	+ 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	+ 1.6	+ 1.8	+ 1.6	+ 1.9	+ 1.4
a. Private insurance	+ 1.8	+ 2.1	+ 2.5	+ 2.8	+ 3.2	+ 3.5	+ 3.4	+ 3.7	+ 3.5	+ 0.9	+ 0.9	+ 0.8	+ 1.0	+ 0.9
b. Government insurance	+ 1.3	+ 1.9	+ 2.5	+ 3.9	+ 5.0	+ 5.1	+ 3.5	+ 3.4	+ 3.4	+ 0.7	+ 0.9	+ 0.9	+ 0.9	+ 0.5
4. Securities <sup>2/</sup>	(*)	+ 2.9	+10.4	+13.9	+15.1	+10.0	+ 0.7	+ 3.9	+ 4.1	+ 2.7	+ 0.4	+ 0.6	+ 0.4	+ 2.1
a. U.S. savings bonds	+ 0.9	+ 2.8	+ 8.0	+11.1	+11.8	+ 6.9	+ 0.9	+ 1.8	+ 2.1	+ 0.8	+ 0.2	+ 0.8	+ 0.3	+ 0.7
b. Other U.S. Government <sup>3/</sup>	- 0.3	+ 0.7	+ 2.4	+ 3.0	+ 3.9	+ 3.6	- 0.4	+ 0.7	- 1.1	+ 0.7	- 0.6	- 0.6	- 0.7	+ 0.6
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	+ 0.4	+ 0.4
d. Corporate and other	- 0.1	- 0.3	+ 0.2	- 0.2	- 0.5	- 0.3	+ 0.6	+ 1.0	+ 1.9	+ 0.8	+ 0.6	+ 0.3	+ 0.4	+ 0.4
5. Liquidation of mortgage debt <sup>4/</sup>	- 0.8	- 0.9	- 0.1	+ 0.4	+ 0.1	- 0.2	- 3.2	- 4.1	- 4.1	- 0.9	- 1.2	- 1.1	- 1.0	- 0.5
6. Liquidation of debt not elsewhere classified <sup>5/</sup>	- 1.2	- 1.0	+ 3.3	+ 1.3	- 0.2	- 0.8	- 3.3	- 3.3	- 2.5	- 0.1	- 0.8	- 0.5	- 1.1	+ 1.0
7. Total Liquid Saving	+ 4.3	+10.2	+29.8	+39.1	+41.6	+37.7	+12.9	+ 7.7	+ 4.5	- 0.6	+ 0.9	+ 2.4	+ 1.9	+ 0.6
8. Nonfarm dwellings <sup>6/</sup>	+ 3.1	+ 3.6	+ 1.8	+ 1.1	+ 1.0	+ 1.1	+ 3.9	+ 5.8	+ 7.7	+ 1.5	+ 1.9	+ 2.3	+ 2.1	+ 1.5
9. Other durable consumers' goods <sup>7/</sup>	+ 7.9	+ 9.7	+ 6.8	+ 6.5	+ 6.9	+ 8.3	+16.2	+21.0	+22.7	+ 4.9	+ 5.5	+ 5.6	+ 6.7	+ 4.9
10. Total Gross Saving (7+8+9)	+15.2	+23.5	+38.5	+46.7	+49.5	+47.0	+33.0	+34.5	+34.9	+ 5.7	+ 8.2	+10.3	+10.6	+ 7.0

<sup>1/</sup> 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.

<sup>2/</sup> Does not include net purchases by brokers and dealers or other individuals financed by bank loans.

<sup>3/</sup> Includes Armed Forces Leave bonds.

<sup>4/</sup> Mortgage debt to institutions on one-to-four family nonfarm dwellings.

<sup>5/</sup> 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.

<sup>6/</sup> 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.

<sup>7/</sup> 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.