

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C.

STATISTICAL SERIES  
Release No. 887

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APRIL-JUNE 1949

Individuals saved about \$1.0 billion in liquid form during the second quarter of 1949, according to the quarterly estimates of individuals' saving made public today by the Securities and Exchange Commission. 1/ This amount of liquid saving was about \$300 million more than in the first quarter of this year and about \$200 million more than in the second quarter of last year.

Liquid saving comprises saving in the form of currency and bank deposits, equity in savings and loan associations, insurance and pension reserves, securities, and reduction of mortgage debt and other consumer debt. Saving in non-liquid forms, such as the purchase of new homes and new physical investment by individuals, is also estimated to have increased slightly in the second quarter of this year.

Individuals' holdings of currency and bank deposits declined \$200 million in the second quarter as compared with a \$3.6 billion drop in the first quarter. Individuals' equity in insurance and pension reserves increased \$1.4 billion, while the net addition in security holdings amounted to \$1.0 billion. Approximately \$400 million was added to savings in savings and loan associations. At the same time mortgage debt of individuals increased \$900 million and consumer debt increased by \$700 million.

The \$200 million decline in individuals' holdings of currency and bank deposits in the second quarter was the result of a decline of \$600 million in demand deposits, offset in part by an increase of \$400 million in time and savings deposits. Currency showed little change.

Net additions to insurance and pension reserves in the second quarter of 1949, as in the first quarter, were at a somewhat lower level than in the last several years as a result of smaller additions to government insurance funds, largely social security funds. Individuals' equity in private life insurance increased \$900 million, about the same as in earlier quarters, but government insurance funds increased only about \$500 million. The increase in government insurance funds in the corresponding quarter of last year amounted to about \$900 million.

Security holdings of individuals increased about \$1.0 billion in the second quarter of 1949; in the first quarter there had been an increase of \$2.1 billion. Holdings of U. S. savings bonds increased only about \$300 million in the second quarter, compared with an increase of \$700 million in the first quarter; and holdings of other U. S. government securities in the second quarter declined \$200 million, compared with an increase of \$700 million in the first quarter. Holdings of state and local government securities increased \$400 million, about the same as in the first quarter, and holdings of corporate and other securities increased \$500 million, somewhat more than in the first quarter. Of the \$500 million increase in corporate and other securities, \$300 million was in bonds and \$200 million was in stocks. Net issues of securities in the second quarter, after retirements, are estimated to have amounted to about \$2.3 billion, most of which were absorbed by institutions, mainly insurance companies. There was a \$400 million increase in borrowing by individuals for the purpose of purchasing or carrying securities.

As for the remaining components of liquid saving, mortgage debt showed an increase of about \$900 million, somewhat more than in the first quarter, and other consumer debt increased about \$700 million as compared with a reduction in debt of \$1.0 billion in the first quarter.

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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.

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	
										Apr.- June	July- Sept.	Oct.- Dec.	Jan.- March	Apr.- June
1. Currency and bank deposits	+ 2.9	+ 4.8	+11.0	+16.2	+17.5	+19.1	+10.6	+ 2.9	- 1.2	+ 0.2	+ 1.9	+ 0.8	- 3.6	- 0.2
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	+ 0.2	+ 0.4	+ 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	+ 6.8	+ 1.8	+ 1.6	+ 1.8	+ 1.3	+ 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	+ 0.7	+ 1.0	+ 0.9	+ 0.9
b. Government insurance	+ 1.3	+ 1.9	+ 2.5	+ 3.9	+ 5.0	+ 5.1	+ 3.5	+ 3.4	+ 3.4	+ 0.9	+ 0.9	+ 0.8	+ 0.4	+ 0.5
4. Securities <sup>2/</sup>	(*)	+ 2.9	+10.4	+13.9	+15.1	+ 9.9	+ 0.7	+ 3.8	+ 4.0	+ 0.4	+ 0.6	+ 0.4	+ 2.1	+ 1.0
a. U.S. savings bonds	+ 0.9	+ 2.8	+ 8.0	+11.1	+11.8	+ 6.9	+ 0.9	+ 1.8	+ 2.1	+ 0.2	+ 0.8	+ 0.3	+ 0.7	+ 0.3
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	- 0.6	- 0.6	- 0.7	+ 0.7	- 0.2
c. State and local government	- 0.5	- 0.3	- 0.2	- 0.1	- 0.1	- 0.2	- 0.4	+ 0.4	+ 1.2	+ 0.2	+ 0.1	+ 0.4	+ 0.4	+ 0.4
d. Corporate and other	- 0.1	- 0.3	+ 0.2	- 0.2	- 0.5	- 0.4	+ 0.6	+ 1.0	+ 1.7	+ 0.5	+ 0.2	+ 0.4	+ 0.4	+ 0.5
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	- 1.2	- 1.1	- 1.0	- 0.6	- 0.9
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	- 0.8	- 0.5	- 1.1	+ 1.0	- 0.7
7. Total Liquid Saving	+ 4.3	+10.2	+29.8	+39.1	+41.6	+37.6	+12.9	+ 7.7	+ 4.3	+ 0.8	+ 2.7	+ 1.4	+ 0.7	+ 1.0
8. Nonfarm dwellings <sup>6/</sup>	+ 3.1	+ 3.6	+ 1.8	+ 1.1	+ 1.0	+ 1.1	+ 3.9	+ 5.8	+ 8.0	+ 2.0	+ 2.4	+ 2.1	+ 1.5	+ 1.8
9. Other durable consumers' goods <sup>7/</sup>	+ 7.9	+ 9.7	+ 7.1	+ 6.8	+ 7.1	+ 8.5	+16.5	+22.0	+23.5	+ 5.8	+ 6.0	+ 6.7	+ 5.0	+ 6.1
10. Total Gross Saving (7+8+9)	+15.2	+23.5	+38.7	+47.0	+49.7	+47.2	+33.3	+35.5	+35.8	+ 8.6	+11.0	+10.3	+ 7.2	+ 8.9

<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> After deducting change in bank loans made for the purpose of purchasing or carrying securities.

<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.

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