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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPTEMBER 1949

During the third quarter of 1949 individuals saved \$1.7 billion in liquid form, according to the quarterly estimates of individuals' saving made public today by the Securities and Exchange Commission. 1/ This rate of liquid saving was higher than in the preceding quarter but considerably below the \$2.8 billion saved in the third quarter of last year.

Liquid saving of individuals consists of 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.

Individuals added \$1.7 billion to their holdings of currency and bank deposits in the third quarter. Individuals' equity in insurance and pension reserves increased \$1.5 billion, and in savings and loan associations \$200 million. There was a net decrease of \$100 million in their holdings of securities. Mortgage debt increased \$1.0 billion and consumer debt increased \$600 million.

Individuals failed to add to their holdings of corporate securities during the three months July through September in contrast to recent quarters. They reduced their holdings of corporate bonds by almost \$300 million, while they increased their holdings of stocks by more than \$200 million. Institutions, mainly insurance companies, made net purchases of \$900 million of corporate bonds, absorbing all of the \$400 million of net new bond issues. The greater part of net new issues of common and preferred stock was taken by individuals. During this quarter individuals repaid approximately \$200 million of their borrowings for purchasing and carrying corporate securities.

During the third quarter of 1949 U. S. savings bonds held by individuals increased by almost \$300 million. Holdings of other U. S. government securities showed a decline amounting to about \$500 million, compared to a \$100 million drop in the preceding quarter. Holdings of state and local government securities increased somewhat in the third quarter but less than in the previous quarter. The decline in individuals' holdings of U. S. government securities other than savings bonds and the lower rate of increase in state and local government securities mainly reflected larger accumulations by institutions of such securities in this quarter. Institutions increased their holdings of U. S. government securities by about \$4.2 billion and of state and local government securities by about \$600 million.

The \$1.7 billion increase in currency and bank deposits was the result of an increase of about \$1.8 billion in demand deposits while currency declined \$100 million. Time and savings deposits showed little change. In the preceding quarter currency and bank deposits had declined \$300 million.

Additions to insurance and pension reserves in the third quarter were at a slightly higher rate than in the preceding quarter, an increase in the rate of additions to government insurance funds more than offsetting a slight decrease in the rate of additions to individuals' equity in private life insurance.

Mortgage debt of individuals continued to increase, the third quarter rate showing some increase over the second quarter. Other consumer debt of individuals also continued to increase in the third quarter, but at a somewhat lower rate than in the second 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		
										July-Sept.	Oct.-Dec.	Jan.-March	Apr.-June	July-Sept.
1. Currency and bank deposits	+ 2.9	+ 4.8	+11.0	+16.2	+17.5	+19.1	+10.6	+ 2.9	- 1.3	+ 1.9	+ 0.8	- 3.6	- 0.3	+ 1.7
2. Savings and loan associations	+ 0.2	+ 0.4	+ 0.3	+ 0.6	+ 0.8	+ 1.1	+ 1.2	+ 1.2	+ 1.2	+ 0.2	+ 0.4	+ 0.4	+ 0.4	+ 0.2
3. Insurance and pension reserves	+ 3.1	+ 4.0	+ 5.0	+ 6.8	+ 8.2	+ 8.6	+ 7.0	+ 7.1	+ 6.8	+ 1.6	+ 1.8	+ 1.3	+ 1.4	+ 1.5
a. Private insurance	+ 1.8	+ 2.1	+ 2.5	+ 2.8	+ 3.2	+ 3.5	+ 3.4	+ 3.7	+ 3.5	+ 0.7	+ 1.0	+ 0.9	+ 0.9	+ 0.8
b. Government insurance	+ 1.3	+ 1.9	+ 2.5	+ 3.9	+ 5.0	+ 5.1	+ 3.5	+ 3.4	+ 3.4	+ 0.9	+ 0.8	+ 0.4	+ 0.5	+ 0.7
4. Securities <sup>2/</sup>	(*)	+ 2.9	+10.4	+13.9	+15.1	+ 9.9	+ 0.7	+ 3.8	+ 4.0	+ 0.7	+ 0.5	+ 2.2	+ 1.0	- 0.1
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	+ 0.3	+ 0.7	+ 0.3	+ 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	- 1.0	- 0.5	- 0.6	+ 0.8	- 0.1	- 0.5
c. State and local government	- 0.5	- 0.3	- 0.2	- 0.1	- 0.1	- 0.2	- 0.4	+ 0.4	+ 1.0	+ 0.1	+ 0.4	+ 0.3	+ 0.3	+ 0.2
d. Corporate and other	- 0.1	- 0.3	+ 0.2	- 0.2	- 0.5	- 0.4	+ 0.6	+ 1.0	+ 1.8	+ 0.3	+ 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	- 1.1	- 1.0	- 0.6	- 0.9	- 1.0
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	- 0.5	- 1.1	+ 1.0	- 0.7	- 0.6
7. Total Liquid Saving	+ 4.3	+10.2	+29.8	+39.1	+41.6	+37.6	+12.9	+ 7.7	+ 4.3	+ 2.8	+ 1.5	+ 0.8	+ 0.9	+ 1.7
8. Nonfarm dwellings <sup>6/</sup>	+ 3.5	+ 4.1	+ 2.2	+ 1.3	+ 1.2	+ 1.4	+ 4.5	+ 6.8	+ 9.1	+ 2.7	+ 2.4	+ 1.7	+ 1.9	+ 2.4
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	+ 6.0	+ 6.7	+ 5.1	+ 6.0	+ 6.5
10. Total Gross Saving (7+8+9)	+15.6	+24.0	+39.1	+47.2	+49.9	+47.4	+33.9	+36.4	+36.9	+11.5	+10.6	+ 7.6	+ 8.8	+10.6

<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 of 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.