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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING IN 1949

During the year 1949 individuals in the United States saved \$4.3 billion in liquid form, according to estimates made public today by the Securities and Exchange Commission. ^{1/} This rate of liquid saving was about the same as in the preceding year and approximated the 1940 level. As a percentage of income after taxes, this rate of liquid saving was much less in 1949 than in 1940. However, saving in non-liquid forms, such as the purchase of homes, was much higher in 1949 and the total of all forms of saving represented about the same proportion of income in both years.

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.

At the end of 1949 cash and bank deposits owned by individuals amounted to about \$128 billion, \$57 billion in the form of checking accounts, \$48 billion in time and savings deposits, and \$23 billion in currency. U. S. government securities held by individuals amounted to almost \$71 billion, over \$35 billion in Series A-E savings bonds, over \$14 billion in Series F and G savings bonds, and \$21 billion in other U. S. government securities. ^{2/} Equity in private insurance amounted to about \$58 billion at the end of 1949, while government insurance and pension funds aggregated about \$38 billion. Equity in savings and loan associations at the year-end was over \$12 billion. On the other side of the balance sheet individuals owed \$28 billion to financial institutions on home mortgages and \$16 billion on installment and other consumer debt.

Saving during the year 1949 fell into about the same pattern as in 1948. Insurance and pension reserves, again the largest component, increased by \$6.0 billion, holdings of U. S. government securities increased \$1.6 billion, other security holdings increased \$2.2 billion, and equity

^{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 about \$1.1 billion at the end of 1949.

in savings and loan associations increased \$1.4 billion. Mortgage debt rose by \$3.5 billion and other consumer indebtedness rose by \$2.3 billion, and there was a \$1.0 billion decline in currency and bank deposits.

Saving in the form of securities was somewhat less in 1949 than in 1948, \$3.8 billion as against \$4.0 billion. Holdings of U. S. savings bonds increased \$1.5 billion, other U. S. government securities increased \$100 million, state and local government securities \$800 million.

Individuals' holdings of corporate and other securities increased about \$1.4 billion in 1949, about equally divided between stocks and bonds. Net new issues of such bonds in 1949 amounted to about \$3.8 billion, of which institutions absorbed about \$3.1 billion. While net new bond issues were less in 1949 than in the preceding year, smaller institutional purchases resulted in about the same increase in individuals' equity in both years. Although net issues of corporate stocks were somewhat larger in 1949 than in 1948, individuals' saving in this form was less in 1949, largely reflecting individuals' borrowings.

Individuals' saving in the form of equity in private insurance amounted to the record total of \$3.8 billion in 1949, \$300 million more than in 1948. Equity in government insurance and pension reserves, however, increased only \$2.2 billion during the year, \$1.2 billion less than in the preceding year. This lower rate was the result of net withdrawals from the unemployment trust fund during the year to pay increased benefits.

During 1949, individuals' holdings of cash and bank deposits again declined. Individuals reduced their checking accounts by about \$1.2 billion compared with a reduction of \$1.7 billion in 1948, while currency holdings declined \$800 million compared with \$400 million the preceding year. Time and savings deposits, on the other hand, continued to grow, the increase in 1949 amounting to \$1.0 billion compared with \$800 million in 1948.

Mortgage debt on homes in 1949 showed an increase of \$3.5 billion as compared with the 1948 increase of \$4.1 billion. Installment and other consumer indebtedness rose \$2.3 billion, a slightly lower rate than in 1948.

During the fourth quarter of 1949 individuals' liquid saving amounted to about \$800 million, a lower rate than in the third quarter. During the last quarter individuals added \$1.1 billion to their holdings of cash and deposits, \$1.8 billion to their equity in insurance and pension reserves, \$500 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 \$1.9 billion during the quarter, while mortgage debt rose by \$1.1 billion. The \$500 million increase in security investments comprised net purchases of \$200 million of U. S. savings bonds and \$300 million of corporate and other securities.

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

1940 - 1949

(Billions of dollars)

Type of Saving	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1948 Oct.- Dec.	1949			
												Jan.- March	Apr.- June	July- Sept.	Oct.- Dec.
1. Currency and bank deposits	+ 2.9	+ 4.8	+11.0	+16.2	+17.5	+19.1	+10.6	+ 2.9	- 1.3	- 1.0	+ 0.8	- 3.6	- 0.3	+ 1.8	+ 1.1
2. Savings and loan associations	+ 0.2	+ 0.4	+ 0.3	+ 0.6	+ 0.8	+ 1.1	+ 1.2	+ 1.2	+ 1.2	+ 1.4	+ 0.4	+ 0.4	+ 0.4	+ 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	+ 6.8	+ 6.0	+ 1.8	+ 1.3	+ 1.4	+ 1.5	+ 1.8
a. Private insurance	+ 1.8	+ 2.1	+ 2.5	+ 2.8	+ 3.2	+ 3.5	+ 3.4	+ 3.7	+ 3.5	+ 3.8	+ 1.0	+ 0.9	+ 0.9	+ 0.8	+ 1.2
b. Government insurance	+ 1.3	+ 1.9	+ 2.5	+ 3.9	+ 5.0	+ 5.1	+ 3.5	+ 3.4	+ 3.4	+ 2.2	+ 0.8	+ 0.4	+ 0.5	+ 0.7	+ 0.6
4. Securities ^{2/}	(*)	+ 2.9	+10.4	+13.9	+15.1	+ 9.9	+ 0.7	+ 3.8	+ 4.0	+ 3.8	+ 0.5	+ 2.2	+ 1.0	(*)	+ 0.5
a. U.S. savings bonds	+ 0.9	+ 2.8	+ 8.0	+11.1	+11.8	+ 6.9	+ 0.9	+ 1.8	+ 2.1	+ 1.5	+ 0.3	+ 0.7	+ 0.3	+ 0.3	+ 0.2
b. Other U.S. Government ^{3/}	- 0.3	+ 0.7	+ 2.4	+ 3.0	+ 3.9	+ 3.6	- 0.4	+ 0.7	- 1.0	+ 0.1	- 0.6	+ 0.8	- 0.1	- 0.5	- 0.1
c. State and local government	- 0.5	- 0.3	- 0.2	- 0.1	- 0.1	- 0.2	- 0.4	+ 0.4	+ 1.0	+ 0.8	+ 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	+ 1.4	+ 0.4	+ 0.4	+ 0.5	+ 0.1	+ 0.3
5. Liquidation of mortgage debt ^{4/}	- 0.8	- 0.9	- 0.1	+ 0.4	+ 0.1	- 0.2	- 3.2	- 4.1	- 4.1	- 3.5	- 1.0	- 0.6	- 0.9	- 1.0	- 1.1
6. Liquidation of debt not elsewhere classified ^{5/}	- 1.2	- 1.0	+ 3.3	+ 1.3	- 0.2	- 0.8	- 3.3	- 3.3	- 2.5	- 2.3	- 1.1	+ 1.0	- 0.7	- 0.6	- 1.9
7. Total Liquid Saving	+ 4.3	+10.2	+29.8	+39.1	+41.6	+37.6	+12.9	+ 7.7	+ 4.3	+ 4.3	+ 1.5	+ 0.8	+ 0.9	+ 1.8	+ 0.8
8. Nonfarm dwellings ^{6/}	+ 3.5	+ 4.1	+ 2.2	+ 1.3	+ 1.2	+ 1.4	+ 4.5	+ 6.8	+ 9.1	+ 8.8	+ 2.4	+ 1.7	+ 1.9	+ 2.4	+ 2.7
9. Other durable consumers' goods ^{7/}	+ 7.9	+ 9.7	+ 7.1	+ 6.8	+ 7.1	+ 8.5	+16.5	+22.0	+23.5	+24.4	+ 6.7	+ 5.0	+ 5.8	+ 6.3	+ 7.2
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	+37.5	+10.6	+ 7.6	+ 8.6	+10.6	+10.7

^{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/} After deducting change in bank loans made for the purpose of purchasing or carrying securities.

^{3/} Includes Armed Forces Leave bonds.

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

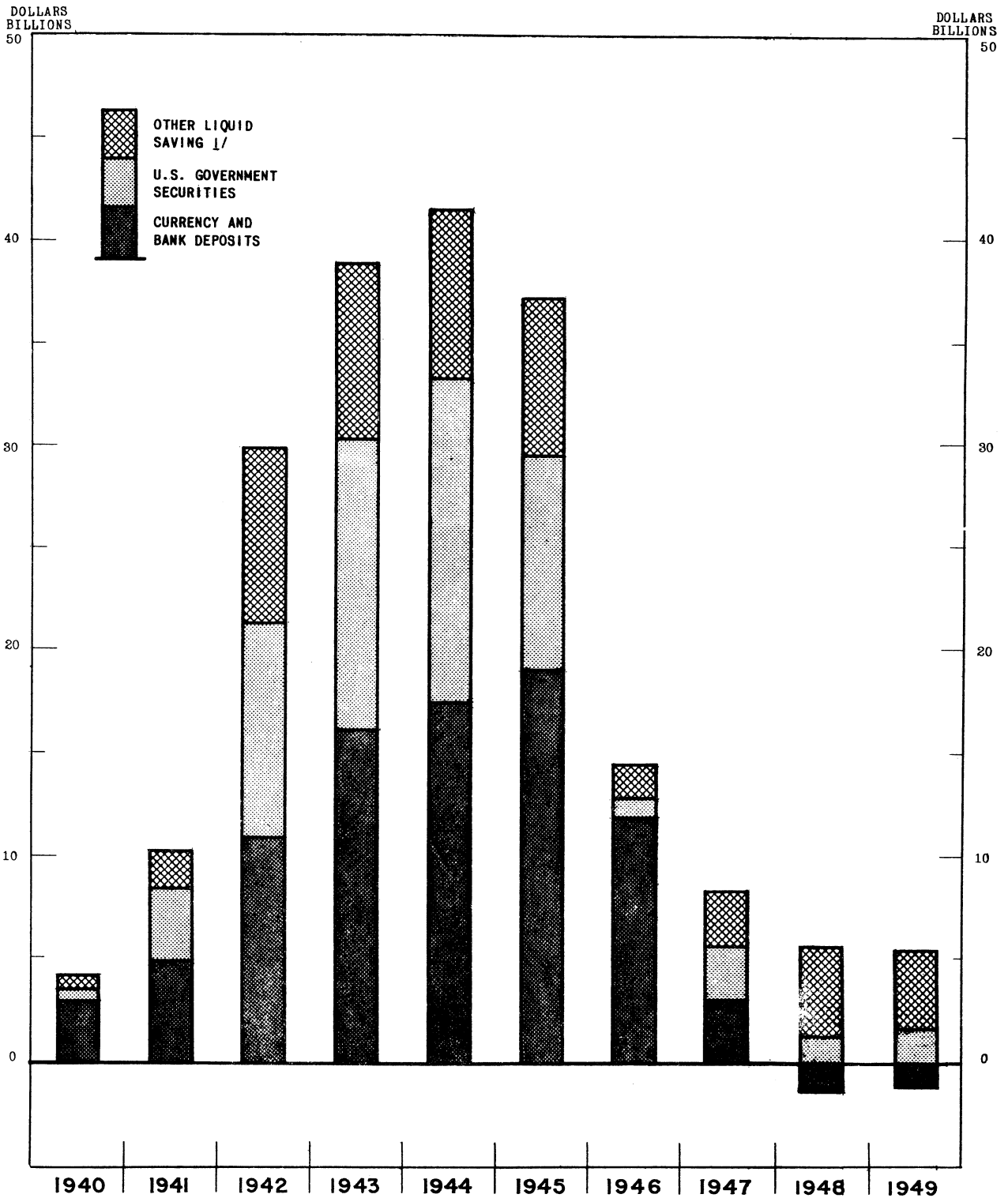
^{5/} Largely attributable to purchases of automobiles and other durable consumers' goods, although including some debt arising from purchases of consumption goods. The other segments of individuals' debt have been allocated to the assets to which they pertain, viz., saving in savings and loan associations, 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 of 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 1940-1949



^{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.