

SECURITIES AND EXCHANGE COMMISSION
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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, April-June 1950 1/

The trend toward a lower rate of liquid saving by individuals which has characterized the post-war period was continued during the second quarter of this year according to the quarterly estimates made public today by the Securities and Exchange Commission. 2/ In the second quarter of 1950 individuals saved \$600 million in liquid form, compared with \$800 million in the corresponding quarter of 1949. Liquid saving in the first half of 1950 accounted for only 1 percent of income after taxes compared with about 2 percent in 1949 and almost 6 percent in 1940. This lower rate of saving in large part reflected substantial increases in mortgage and other consumer debt.

However, non-liquid saving by individuals in the second quarter of 1950, particularly purchases of homes, was considerably higher than the average rate for the last several years. Home construction including alterations, and construction by nonprofit institutions, amounted to a total of \$2.9 billion in the second quarter of 1950, as compared with a total of \$1.8 billion in the second quarter of last year.

Individuals' holdings of currency and bank deposits increased by almost \$300 million. This increase comprised a \$200 million increase in currency holdings and a \$200 million increase in time and savings deposits with a slight decline in demand deposits.

During the second quarter of 1950 individuals' net purchases of securities amounted to \$1.1 billion, somewhat less than in the first quarter. U. S. savings bonds accounted for only \$100 million compared with \$400 million in the preceding quarter due to a lower volume of sales. Individuals' net purchases of other U. S. Government securities amounted to \$100 million and there was practically no change in their holdings of state and local government securities. Individuals' net purchases of corporate securities amounted to a record \$800 million -- \$700 million in bonds and \$100 million in stocks -- as compared with \$300 million in the first quarter. Net new issues of bonds totaled \$1.0 billion with absorption by insurance companies and other institutions amounting to \$300 million. Corporate net new stock issues amounted to almost \$700 million, with insurance companies and investment companies purchasing over \$100 million and individuals over \$500 million. This was offset, however, by an increase of \$400 million in individuals' borrowings on corporate stock.

The largest component of individuals' saving in the three months, April through June, was the \$1.3 billion increase in equity in insurance and pension reserves. Private life insurance accounted for \$900 million, and government insurance and pension reserves accounted for \$400 million. The relatively small increase in government insurance was due to a decline in the national service life insurance fund amounting to \$300 million reflecting additional special dividend payments to veterans during the quarter.

Mortgage debt of individuals continued to increase in the second quarter, the increase amounting to \$1.4 billion, a record rate. There was also a substantial increase in other consumer debt, \$1.2 billion.

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- 1/ Individuals' saving, in addition to personal holdings, covers saving of unincorporated business, trust and pension funds and nonprofit institutions.
2/ Liquid saving comprises saving in the form of currency and bank deposits, equity in savings and loan associations, private and government insurance and pension reserves, securities, and repayment of mortgage debt and other consumer debt.

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

1940 - 1950

(Billions of dollars)

Type of Saving	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1949			1950	
											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	+ 2.0	- 1.2	- 1.2	- 0.3	+ 1.4	+ 1.2	- 0.6	+ 0.3
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	+ 0.2	+ 0.4	+ 0.4	+ 0.5
3. Insurance and pension reserves	+ 3.1	+ 4.0	+ 5.0	+ 6.8	+ 8.2	+ 8.6	+ 7.0	+ 7.1	+ 6.8	+ 5.9	+ 1.4	+ 1.4	+ 1.7	- 0.3	+ 1.3
a. Private insurance	+ 1.8	+ 2.1	+ 2.5	+ 2.8	+ 3.2	+ 3.5	+ 3.4	+ 3.7	+ 3.5	+ 3.8	+ 0.9	+ 0.8	+ 1.2	+ 1.1	+ 0.9
b. Government insurance	+ 1.3	+ 1.9	+ 2.5	+ 3.9	+ 5.0	+ 5.1	+ 3.5	+ 3.4	+ 3.4	+ 2.1	+ 0.5	+ 0.6	+ 0.6	- 1.4	+ 0.4
4. Securities ^{2/}	(*)	+ 2.9	+10.4	+13.9	+15.1	+ 9.9	+ 0.7	+ 3.6	+ 4.0	+ 3.5	+ 1.0	+ 0.2	+ 0.1	+ 1.4	+ 1.1
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	+ 0.3	+ 0.2	+ 0.4	+ 0.1
b. Other U.S. Government ^{3/}	- 0.3	+ 0.7	+ 2.4	+ 3.0	+ 3.9	+ 3.6	- 0.4	+ 0.5	- 1.0	- 0.4	- 0.2	- 0.4	- 0.6	+ 0.1	+ 0.1
c. State and local government	- 0.5	- 0.3	- 0.2	- 0.1	- 0.1	- 0.2	- 0.4	+ 0.4	+ 1.1	+ 0.8	+ 0.3	+ 0.1	+ 0.1	+ 0.5	(*)
d. Corporate and other	- 0.1	- 0.3	+ 0.2	- 0.2	- 0.5	- 0.4	+ 0.6	+ 1.0	+ 1.8	+ 1.5	+ 0.5	+ 0.2	+ 0.3	+ 0.3	+ 0.8
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	- 0.9	- 1.0	- 1.1	- 1.0	- 1.4
6. Liquidation of debt not elsewhere classified ^{5/}	- 1.2	- 1.0	+ 3.3	+ 1.3	- 0.2	- 0.8	- 3.3	- 3.4	- 2.5	- 2.3	- 0.7	- 0.6	- 1.9	+ 0.5	- 1.2
7. Total Liquid Saving	+ 4.3	+10.2	+29.8	+39.1	+41.6	+37.6	+12.9	+ 6.5	+ 4.3	+ 3.8	+ 0.8	+ 1.6	+ 0.5	+ 0.6	+ 0.6
8. Nonfarm dwellings ^{6/}	+ 3.4	+ 3.9	+ 2.0	+ 1.2	+ 1.0	+ 1.2	+ 4.1	+ 6.2	+ 8.5	+ 8.1	+ 1.8	+ 2.3	+ 2.5	+ 2.2	+ 2.9
9. Other durable consumers' goods ^{7/}	+ 7.9	+ 9.7	+ 7.1	+ 6.8	+ 7.1	+ 8.5	+16.6	+21.4	+22.9	+23.8	+ 5.7	+ 6.1	+ 7.2	+ 6.0	+ 6.5
10. Total Gross Saving (7+8+9)	+15.5	+23.9	+38.9	+47.1	+49.8	+47.3	+33.6	+34.0	+35.6	+35.8	+ 8.3	+10.0	+10.1	+ 8.6	+10.0

^{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.