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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPT. 1950 1/

The post-war trend of lower liquid saving by individuals continued during the third quarter of 1950, according to the quarterly estimates made public today by the Securities and Exchange Commission.^{2/} In the third quarter of 1950 it is estimated that individuals saved on balance only a nominal amount of about \$100 million in liquid form, compared with \$1.4 billion in the corresponding period of 1949. Liquid saving in the third quarter of 1950 amounted to less than one-fifth of 1 percent of income after taxes compared with an annual rate of over 2 percent in 1949 and about 6 percent prior to the war. Substantial saving in the form of currency and bank deposits and insurance was offset by a record increase in mortgage and consumer debt and by a decrease in individuals' holdings of U.S. Government securities.

Non-liquid saving by individuals continued at a high rate during the third quarter of 1950, particularly in the purchase of homes. Home construction, including alterations and also construction by nonprofit institutions, amounted to \$3.8 billion in the third quarter of 1950, as compared with \$2.3 billion in the same period of 1949. Purchases of automobiles and other durable goods amounted to a record \$8.5 billion in the third quarter.

During the third quarter of 1950 individuals added about \$1.7 billion to their holdings of currency and bank deposits, compared to about \$1.4 billion in the third quarter of 1949. The increase in currency and bank deposits reflected an increase in demand deposits of \$2.6 billion. This may be largely attributable to unincorporated business and farmers. Time and savings deposits declined a record \$800 million and currency holdings decreased about \$100 million.

Net security holdings of individuals declined about \$300 million in the third quarter of 1950, as compared with a \$100 million increase in the corresponding period of 1949. Holdings of U.S. Government securities declined by \$500 million. Individuals reduced their investments in U.S. Savings Bonds by \$200 million in the third quarter of 1950 as the result of maturities of Series A-D bonds. Sales of Series E-G bonds in the third quarter of 1950 were just about offset by redemptions. Holdings of other U.S. Government securities were reduced by \$300 million and state and local government securities were reduced \$200 million. Individuals' holdings of corporate securities showed an increase of \$400 million compared with a \$200 million increase in the third quarter of 1949. The increase in corporate securities in the third quarter of 1950 reflected net purchases of \$300 million of stocks and \$100 million of bonds. Net new issues of corporate bonds in the third quarter amounted to about \$400 million. New issues of quasi-government securities and inflow of foreign securities totalled another \$400 million. Net absorption of bonds by insurance companies and other institutions amounted to about \$700 million. Corporate net new stock issues in the third quarter of 1950 amounted to \$200 million, with insurance companies and investment companies purchasing not quite \$100 million and individuals somewhat over \$100 million. In addition, individuals repaid about \$200 million of loans on corporate stock.

The largest component of individuals' saving in the third quarter of 1950 was a \$2.1 billion increase in insurance and pension reserves. Private life insurance accounted for \$1.0 billion and government insurance and pension reserves accounted for \$1.1 billion.

Mortgage debt of individuals increased \$1.8 billion in the third quarter of 1950, a new record rate. Other consumer debt also showed a substantial increase, \$1.7 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		
											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	+ 2.0	- 1.2	- 1.2	+ 1.4	+ 1.2	- 0.8	+ 0.2	+ 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	+ 1.4	+ 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	+ 1.7	- 0.3	+ 1.3	+ 2.1
a. Private insurance	+ 1.8	+ 2.1	+ 2.5	+ 2.8	+ 3.2	+ 3.5	+ 3.4	+ 3.7	+ 3.5	+ 3.8	+ 0.8	+ 1.2	+ 1.1	+ 0.9	+ 1.0
b. Government insurance	+ 1.3	+ 1.9	+ 2.5	+ 3.9	+ 5.0	+ 5.1	+ 3.5	+ 3.4	+ 3.4	+ 2.1	+ 0.6	+ 0.6	- 1.4	+ 0.4	+ 1.1
4. Securities 2/	(*)	+ 2.9	+10.4	+13.9	+15.1	+ 9.9	+ 0.7	+ 3.6	+ 4.0	+ 3.1	+ 0.1	- 0.1	+ 1.5	+ 1.3	- 0.3
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	+ 0.2	+ 0.4	+ 0.4	- 0.2
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	- 0.4	- 0.6	+ 0.4	+ 0.1	- 0.3
c. State and local government	- 0.5	- 0.3	- 0.2	- 0.1	- 0.1	- 0.2	- 0.4	+ 0.4	+ 1.1	+ 0.6	- 0.1	(*)	+ 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	+ 1.3	+ 0.2	+ 0.3	+ 0.4	+ 0.8	+ 0.4
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	- 1.1	- 1.0	- 1.4	- 1.8
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	- 0.6	- 1.9	+ 0.5	- 1.3	- 1.7
7. Total Liquid Saving	+ 4.3	+10.2	+29.8	+39.1	+41.6	+37.6	+12.9	+ 6.5	+ 4.3	+ 3.3	+ 1.4	+ 0.3	+ 0.4	+ 0.6	+ 0.1
8. Nonfarm dwellings 6/	+ 3.4	+ 3.9	+ 2.0	+ 1.2	+ 1.0	+ 1.2	+ 4.1	+ 6.2	+ 8.5	+ 8.1	+ 2.3	+ 2.5	+ 2.2	+ 3.1	+ 3.8
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	+ 6.1	+ 7.2	+ 6.0	+ 6.5	+ 8.5
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	+35.3	+ 9.8	+ 9.9	+ 8.6	+10.2	+12.4

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.