

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

STATISTICAL SERIES
Release No. 1001

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING IN 1950 1/

In the year 1950 individuals in the U.S. saved \$3.8 billion in liquid form of which \$2.6 billion occurred in the fourth quarter, according to estimates made public today by the Securities and Exchange Commission. 2/ Liquid saving in 1950 showed an increase over the \$2.6 billion saved in 1949 but represented only a slightly higher proportion of income after payment of taxes. Saving in non-liquid forms increased substantially in 1950; purchases of homes amounted to a record \$12.5 billion compared with \$8.1 billion in 1949.

The composition of individuals' saving during 1950 differed markedly from that in 1949. Individuals increased their holdings of currency and bank deposits by \$4.8 billion compared with a decrease of \$1.2 billion in 1949. Demand deposits accounted for most of the increase in 1950, \$4.2 billion, while savings accounts increased \$600 million. There was little change in currency holdings.

During 1950 individuals increased their holdings of securities by \$1.3 billion, compared with \$2.4 billion the preceding year. The lower rate of saving in this form is largely attributable to lower sales of Series E savings bonds and the continued redemption of maturing Series D bonds. In 1950 individuals made net purchases of \$700 million of Series E bonds compared to \$1.6 billion in 1949. However, net purchases of Series F and G bonds amounted to about the same in both years, \$700 million. Individuals reduced their holdings of other U.S. Government securities by \$200 million as against a reduction of \$300 million in 1949.

During last year individuals' holdings of corporate securities increased \$900 million reflecting \$1.0 billion in stocks (net of a \$400 million increase in borrowings on stock) and a \$100 million decline in bonds. Net new issues of stock in 1950 amounted to \$1.7 billion, of which \$1.3 billion was purchased by individuals and \$400 million by institutions. Net new issues of bonds amounted to \$2.5 billion which were entirely absorbed by institutions, largely insurance companies.

In 1950 insurance again represented the largest component of individuals' saving, increasing by \$5.6 billion. Private life insurance amounted to \$4.3 billion compared with \$3.7 billion the previous year. On the other hand individuals' equity in government insurance declined as a result of the special dividends paid from the National Service Life Insurance fund in the early part of 1950.

Reflecting the tremendous expansion in purchases of homes in 1950, mortgage debt increased by \$6.1 billion, more than in any previous year on record. Installment and other consumer debt also showed substantial increases amounting to \$3.2 billion.

During the fourth quarter of 1950 liquid saving by individuals amounted to \$2.6 billion, more than twice what was saved in such form in the first nine months of the year. Individuals in the last quarter of 1950 added \$3.0 billion to their holdings of currency and bank deposits, \$2.3 billion to their equity in insurance

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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 securities, and repayment of mortgage debt and other consumer debt.

and \$600 million to their deposits in savings and loan associations. Security holdings of individuals declined \$700 million while mortgage debt of individuals increased by \$1.9 billion in the last quarter of 1950.

One of the more significant developments in the fourth quarter of 1950 was the sharply reduced rate of consumer borrowings, in contrast to the usual seasonal expansion, reflecting the imposition of new restrictions on consumer credit. Consumer indebtedness in the third quarter of 1950 had increased by a near-record \$1.7 billion, possibly influenced by consumers anticipation of shortages and the imposition of credit restrictions. In the fourth quarter consumers increased their indebtedness by only about \$700 million.

At the end of 1950 individuals had accumulated a total of \$326 billion of liquid assets excluding corporate securities. ^{3/} Offsetting these assets individuals had debts totalling \$54 billion. The composition of these holdings is shown below.

<u>Individuals held these liquid assets:</u>	(Billions of dollars)
Currency	\$23
Demand deposits in banks	52
Savings deposits in banks	57
Savings and loan deposits	14
Private insurance	62
Government insurance	40
U.S. savings bonds	50
Other U.S. Government securities	19
State and local government securities	9
 Total liquid assets	 326
 <u>Individuals owed:</u>	
Mortgage debt	34
Consumer debt	20
 Total debts	 54
 Individuals' equity (liquid assets less debts)	 272

^{3/} Reliable data on the value of individuals' holdings of corporate securities are not available. However, rough estimates indicate an order of magnitude of about \$200 billion as of the end of 1950.

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	1950	1949 Oct.- Dec.	1950			
													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	+ 2.0	- 1.2	- 1.2	+ 4.8	+ 1.2	- 0.8	+ 0.2	+ 2.3	+ 3.0
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	+ 1.5	+ 0.4	+ 0.4	+ 0.5	(*)	+ 0.6
3. Insurance and pension reserves	+ 3.1	+ 4.0	+ 5.0	+ 6.8	+ 8.2	+ 8.6	+ 7.0	+ 7.1	+ 7.3	+ 6.1	+ 5.6	+ 1.8	- 0.3	+ 1.4	+ 2.1	+ 2.3
a. Private insurance	+ 1.8	+ 2.1	+ 2.5	+ 2.8	+ 3.2	+ 3.5	+ 3.4	+ 3.6	+ 3.7	+ 3.7	+ 4.3	+ 1.2	+ 1.1	+ 0.9	+ 1.0	+ 1.3
b. Government insurance	+ 1.3	+ 1.9	+ 2.5	+ 3.9	+ 5.0	+ 5.1	+ 3.5	+ 3.5	+ 3.6	+ 2.3	+ 1.2	+ 0.6	- 1.4	+ 0.4	+ 1.1	+ 1.0
4. Securities 2/	- 0.2	+ 2.8	+10.2	+13.8	+15.0	+ 9.5	+ 0.8	+ 3.5	+ 3.8	+ 2.4	+ 1.3	- 0.4	+ 1.3	+ 0.8	- 0.2	- 0.7
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	+ 0.6	+ 0.2	+ 0.5	+ 0.1	- 0.2	+ 0.1
b. Other U.S. Government 3/	- 0.3	+ 0.7	+ 2.4	+ 3.0	+ 3.9	+ 3.6	- 0.4	+ 0.5	- 0.9	- 0.3	- 0.2	- 0.5	+ 0.4	+ 0.4	- 0.2	- 0.8
c. State and local government	- 0.5	- 0.3	- 0.2	- 0.1	(*)	- 0.1	- 0.3	+ 0.4	+ 1.0	+ 0.5	+ 0.1	(*)	+ 0.2	- 0.1	- 0.2	+ 0.1
d. Corporate and other 4/	- 0.2	- 0.4	+ 0.1	- 0.2	- 0.7	- 0.9	+ 0.7	+ 0.9	+ 1.6	+ 0.6	+ 0.9	(*)	+ 0.2	+ 0.3	+ 0.4	- 0.1
5. Liquidation of mortgage debt 5/	- 0.8	- 0.9	- 0.1	+ 0.4	+ 0.1	- 0.2	- 3.2	- 4.1	- 4.3	- 3.7	- 6.1	- 1.1	- 1.0	- 1.4	- 1.8	- 1.9
6. Liquidation of debt not elsewhere classified 6/	- 1.2	- 1.0	+ 3.3	+ 1.3	- 0.2	- 0.8	- 3.3	- 3.4	- 2.5	- 2.3	- 3.2	- 1.9	+ 0.5	- 1.3	- 1.7	- 0.7
7. Total Liquid Saving	+ 4.1	+10.1	+29.7	+39.0	+41.4	+37.2	+13.0	+ 6.4	+ 4.4	+ 2.6	+ 3.8	(*)	+ 0.2	+ 0.2	+ 0.8	+ 2.6
8. Nonfarm dwellings 7/	+ 3.4	+ 3.9	+ 2.0	+ 1.2	+ 1.0	+ 1.2	+ 4.1	+ 6.2	+ 8.5	+ 8.1	+12.5	+ 2.5	+ 2.2	+ 3.1	+ 3.9	+ 3.4
9. Other durable consumers' goods 8/	+ 7.9	+ 9.7	+ 7.1	+ 6.8	+ 7.1	+ 8.5	+16.6	+21.4	+22.9	+23.8	+29.2	+ 7.2	+ 5.9	+ 6.5	+ 8.6	+ 8.3
10. Total Gross Saving (7+8+9)	+15.3	+23.8	+38.8	+47.0	+49.6	+46.9	+33.7	+33.9	+35.7	+34.6	+45.6	+ 9.6	+ 8.3	+ 9.7	+13.3	+14.3

1/ Includes unincorporated business saving of the types specified; does not include corporate or government saving.

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

3/ Includes Armed Forces Leave bonds.

4/ Revised on the basis of new data on retirements of corporate securities.

5/ Mortgage debt to institutions on one-to-four family nonfarm dwellings.

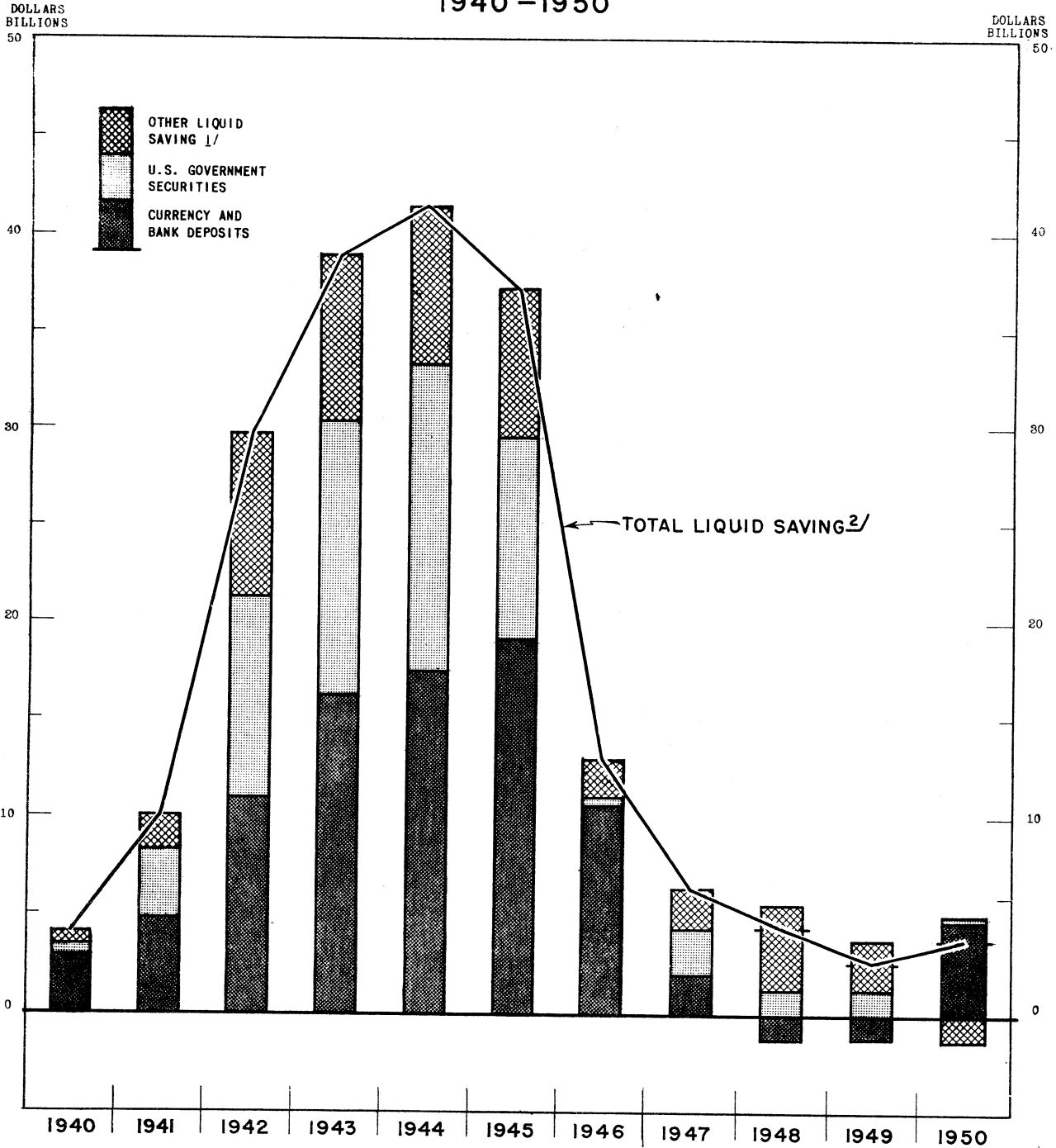
6/ Largely attributable to purchases of automobiles and other durable consumers' goods, although including some debt arising from purchases of consumption goods. The other segments of individuals' debt have been allocated to the assets to which they pertain, viz., saving in savings and loan associations, insurance and securities.

7/ 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.

8/ 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 - 1950



^{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.

^{2/} TOTAL LIQUID SAVING IS THE NET AMOUNT AFTER DEDUCTION OF NEGATIVE ITEMS.