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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APR.-JUNE, 1951

Individuals saved \$3.2 billion in liquid form during the second quarter of 1951, more than in any period since the third quarter of 1946 according to the quarterly estimates made public today by the Securities and Exchange Commission. 1/ During the first quarter of this year and the second quarter of last year there was practically no liquid saving by individuals.

The higher rate of saving in the second quarter was due to the fact that while disposable personal income expanded, personal consumption expenditures remained about the same as in the preceding quarter. In contrast to preceding quarters there was a substantial flow of funds into liquid rather than non-liquid saving apparently reflecting the effects of credit controls and restrictions on housing and durable consumer goods.

Individuals' saving in the form of corporate stocks and bonds increased sharply during the second quarter of 1951. Total net purchases of corporate securities by individuals amounted to \$1.0 billion, almost as much as in the full year 1950, purchases of corporate stocks amounting to about \$800 million. During the second quarter of 1951 corporate stock flotations were quite substantial; in addition there was a large amount of conversions of bonds into common stock. Almost all of the net increase in new stock outstanding went to individuals. Net new issues of corporate bonds during the second quarter were also substantial in volume, amounting to \$1.2 billion, of which only \$200 million was absorbed by individuals and the remainder, in large part comprising issues of manufacturing companies, purchased privately by life insurance companies.

Individuals made net purchases of \$300 million of state and municipal bonds, more than in any quarter since the end of 1948. There was no saving in this form in the first quarter of 1951 and a small liquidation in the second quarter of 1950. The large increase in purchases of these tax-exempt issues in part reflects anticipation of higher income taxes.

Individuals' holdings of U.S. savings bonds were reduced \$200 million in the second quarter as compared with \$300 million in the first quarter of this year, primarily reflecting the redemption of matured Series D bonds, but also to a lesser extent, redemptions in excess of sales of Series F and G bonds. As in the preceding quarter, sales and redemptions of Series E bonds were about equal. Holdings of U.S. government issues other than savings bonds were increased by \$300 million.

1/ Individuals' saving, in addition to personal holdings, covers saving of unincorporated business, trust and pension funds, and non-profit institutions. 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.

During the second quarter insurance and pension reserves constituted the largest form of liquid saving as they have in most of the post-war period. Private insurance increased by \$900 million, approximately the same amount as in the corresponding period of last year. Government insurance and pension funds grew by \$1.2 billion, the largest quarterly increase since the third quarter of 1945, primarily reflecting greater accumulations in Social Security funds due to the high level of employment.

Individuals' holdings of currency and bank deposits increased by \$600 million in the second quarter of 1951 compared with a reduction of \$2.3 billion in the preceding quarter and a \$200 million increase in the second quarter of last year. There was an expansion in currency holdings of almost \$700 million and in time and savings deposits of about the same amount while demand deposits dropped by \$700 million.

Mortgage debt of individuals increased by \$1.7 billion during the second quarter, the same as in the corresponding period of 1950. In contrast to the increase in such debt, a further reduction was shown in other consumer indebtedness as a result of credit restrictions, such debt being paid off in the amount of \$200 million, as compared with an increase of \$1.3 billion in the second quarter of 1950.

Saving in non-liquid forms was somewhat lower than during the preceding quarter, and also was lower than during the second quarter of 1950. A moderate increase in home construction occurred, reflecting seasonal influences, but purchases of durable goods, such as automobiles and household equipment, decreased to \$6.3 billion as compared with \$6.9 billion in the preceding quarter and \$8.5 billion in the third quarter of 1950 following the Korean outbreak.

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

1940 - 1951

(Billions of dollars)

| Type of Saving | 1940 | 1941 | 1942 | 1943 | 1944 | 1945 | 1946 | 1947 | 1948 | 1949 | 1950 | 1950 | | | 1951 | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------|----------------|---------------|----------------|---------------|
| | | | | | | | | | | | | 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 | + 4.3 | + 0.2 | + 2.3 | + 2.5 | - 2.3 | + 0.6 |
| 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 | + 0.5 | (*) | + 0.6 | + 0.3 | + 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 | + 5.5 | + 1.4 | + 2.1 | + 2.3 | + 2.0 | + 2.0 |
| 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 | + 0.9 | + 1.0 | + 1.3 | + 1.1 | + 0.9 |
| 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 | + 0.5 | + 1.1 | + 1.0 | + 0.9 | + 1.2 |
| 4. Securities ^{2/} | - 0.2 | + 2.8 | +10.2 | +13.8 | +15.0 | + 9.5 | + 0.8 | + 3.5 | + 3.8 | + 2.6 | + 1.5 | + 0.9 | - 0.1 | - 0.7 | + 0.7 | + 1.5 |
| 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 | + 0.6 | + 0.1 | - 0.2 | + 0.1 | - 0.3 | - 0.2 |
| b. Other U.S. Government ^{3/} | - 0.3 | + 0.7 | + 2.4 | + 3.0 | + 3.9 | + 3.6 | - 0.4 | + 0.5 | - 0.9 | - 0.3 | - 0.3 | + 0.4 | - 0.2 | - 0.9 | + 0.4 | + 0.3 |
| 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 | - 0.1 | - 0.2 | + 0.1 | (*) | + 0.3 |
| d. Corporate and other ^{4/} | - 0.2 | - 0.4 | + 0.1 | - 0.2 | - 0.7 | - 0.9 | + 0.7 | + 0.9 | + 1.6 | + 0.8 | + 1.1 | + 0.4 | + 0.5 | + 0.1 | + 0.6 | + 1.0 |
| 5. Liquidation of mortgage debt ^{5/} | - 1.0 | - 0.8 | - 0.1 | + 0.4 | + 0.1 | - 0.2 | - 3.7 | - 4.5 | - 4.6 | - 3.8 | - 7.0 | - 1.7 | - 1.9 | - 2.1 | - 1.5 | - 1.7 |
| 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 | - 1.3 | - 1.7 | - 0.7 | + 0.8 | + 0.2 |
| 7. Total Liquid Saving | + 4.0 | +10.3 | +29.7 | +39.0 | +41.4 | +37.2 | +12.6 | + 6.0 | + 4.0 | + 2.7 | + 2.5 | (*) | + 0.8 | + 1.8 | - 0.1 | + 3.2 |
| 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 | + 3.1 | + 3.9 | + 3.4 | + 2.7 | + 2.8 |
| 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 | + 6.4 | + 8.5 | + 8.4 | + 6.9 | + 6.3 |
| 10. Total Gross Saving (7+8+9) | +15.2 | +23.9 | +38.8 | +47.0 | +49.6 | +46.8 | +33.3 | +33.5 | +35.4 | +34.7 | +44.2 | + 9.5 | +13.1 | +13.7 | + 9.5 | +12.3 |

^{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.