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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPT., 1951

Individuals continued to increase their saving in liquid form during the third quarter of 1951, according to the quarterly estimates made public today by the Securities and Exchange Commission. 1/ Liquid saving of individuals totalled \$5.7 billion, the highest amount since the fourth quarter of 1945. The current volume of liquid saving compares with \$3.2 billion in the second quarter of this year and only \$800 million in the corresponding period of 1950.

The high rate of saving in the third quarter of 1951 reflects a further rise in disposable income and a levelling off of consumer expenditures. In addition, there appears to have been a diversion of funds from non-liquid saving, such as the purchase of homes, into liquid saving.

Increased bank deposits constituted the largest component of liquid saving in the third quarter. Total saving in currency and bank deposits amounted to \$4.1 billion, the largest expansion in this segment since the second quarter of 1946. Individuals added \$3.7 billion to their demand deposits and \$600 million to their time deposits while at the same time currency holdings were reduced by \$200 million. The extremely large rise in demand deposits in the third quarter was in contrast to a \$1.4 billion decrease in the second quarter and a decrease of \$1.3 billion in the first quarter of this year. The large growth in checking accounts is of particular significance in view of the high inflationary potential of this type of saving.

Saving in the form of insurance continued at about the same rate as in recent quarters amounting to \$2.1 billion, about evenly divided between private life insurance and government insurance. Saving in the latter form, despite a small decline in the third quarter, has been maintained at a high rate since the middle of 1950, varying only slightly in each quarterly period. The large amount of saving in this category is chiefly related to the high level of employment since the Korean outbreak with resulting greater accumulations in Social Security funds.

Individuals made net purchases of corporate, foreign and miscellaneous securities totalling \$600 million, a sharp decrease as compared with heavy purchases of \$1.1 billion in the second quarter. Lower purchases were due to a substantial reduction in the net supply of securities. Net new issues of corporate and other bonds in the third quarter amounted to \$600 million and of this \$500 million was taken by institutional investors and \$100 million by individuals. Corporate stocks, net of securities retired, amounted to somewhat over \$500 million and practically all of the offerings were absorbed by individuals.

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

Individuals reduced their holdings of U. S. savings bonds by \$100 million, compared with declines of \$300 million and \$200 million in the first two quarters of this year. A slight increase in sales of Series E bonds, accompanied by a small decrease in redemptions of these bonds, resulted in an addition in individuals holdings of \$60 million, the largest quarterly increase since the second quarter of 1950. However, in respect to Series F and G bonds, sales were smaller than in the preceding quarter and redemptions larger resulting in a decrease in individuals' holdings of \$85 million. Less than \$40 million of the remaining matured Series A-D bonds was redeemed.

In contrast to the second quarter when individuals purchased more than \$400 million of state and local issues, no change in net holdings of these tax-exempt securities was shown in the third quarter. Although net securities issued by state and local governments were lower by almost \$300 million, offerings still remained in substantial volume, amounting to \$500 million. These issues were purchased by institutional investors with commercial banks taking the largest part.

Mortgage debt of individuals increased by \$1.4 billion in the third quarter, \$300 million less than the increase in the second quarter and \$500 million less than the third quarter of 1950. Other consumer debt increased by a small margin, as compared with reductions in such debt during the first half of 1951; the small rise in this debt probably reflects the slight easing on July 31 in credit regulations pertaining to major home appliances and automobiles.

During the third quarter of 1951, saving in non-liquid forms, such as the purchase of homes and other durable consumer goods was considerably below the record levels of the corresponding period of 1950. Home construction and construction by non-profit institutions amounted to \$3.0 billion compared with \$3.9 billion in the same quarter a year previous. Individuals purchased \$6.2 billion of other durable goods in the third quarter of 1951, \$2.3 billion less than in the third quarter of 1950.

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		
												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	4.3	2.3	2.5	- 2.2	0.5	4.1
2. Savings and loan associations	0.2	0.4	0.3	0.6	0.8	1.1	1.2	1.2	1.2	1.1	1.5	(*)	0.6	0.3	0.6	0.4
3. Insurance	3.1	4.0	5.0	6.8	8.2	8.6	7.0	7.1	7.3	6.1	5.5	2.1	2.3	2.0	2.0	2.1
a. Private	1.8	2.1	2.5	2.8	3.2	3.5	3.4	3.6	3.7	3.7	4.3	1.0	1.3	1.1	0.9	1.0
b. Government	1.3	1.9	2.6	3.9	5.0	5.1	3.5	3.5	3.6	2.3	1.2	1.1	1.0	0.9	1.2	1.0
4. Securities <u>2/</u>	- 0.2	2.8	10.2	13.8	15.0	9.5	0.8	3.5	3.8	2.6	1.5	- 0.1	- 0.7	0.9	1.6	0.6
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	0.1	- 0.3	- 0.2	- 0.1
b. Other U.S. Government <u>3/</u>	- 0.4	0.7	2.4	3.0	3.9	3.6	- 0.4	0.5	- 0.9	- 0.3	- 0.3	- 0.2	- 0.9	0.3	0.2	(*)
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	0.1	0.4	(*)
d. Corporate and other	- 0.2	- 0.4	0.1	- 0.2	- 0.7	- 0.9	0.7	0.9	1.6	0.8	1.1	0.5	0.1	0.7	1.1	0.6
5. Liquidation of mortgage debt <u>4/</u>	- 1.0	- 0.8	- 0.1	0.4	0.1	- 0.2	- 3.7	- 4.5	- 4.6	- 3.8	- 7.0	- 1.9	- 2.1	- 1.5	- 1.7	- 1.4
6. Liquidation of debt not elsewhere classified <u>5/</u>	- 1.2	- 1.0	3.3	1.3	- 0.2	- 0.8	- 3.3	- 3.4	- 2.5	- 2.3	- 3.2	- 1.7	- 0.7	0.8	0.2	- 0.1
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	5.7
8. Nonfarm dwellings <u>6/</u>	3.4	3.9	2.0	1.2	1.0	1.2	4.1	6.2	8.5	8.1	12.5	3.9	3.4	2.7	2.9	3.0
9. Other durable consumers' goods <u>7/</u>	7.9	9.8	7.1	6.8	7.1	8.5	16.6	21.4	22.9	23.9	29.2	8.5	8.4	6.9	6.3	6.2
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	13.1	13.7	9.8	12.3	14.9

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/ 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.