

STATISTICAL SERIES

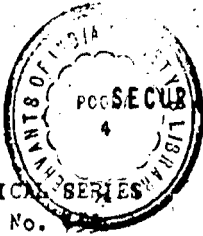
RELEASE NOS.

733 TO 736

UNITED STATES.

SECURITIES AND EXCHANGE COMMISSION

PHILADELPHIA.



SECURITIES AND EXCHANGE COMMISSION
Philadelphia

STATISTICAL SERIES
Release No.

The Securities and Exchange Commission today made public its quarterly analysis of saving by individuals ^{1/} in the United States covering the second quarter of 1943. This survey shows that the rate of liquid saving remained at about the same level as in the first quarter of the year, in spite of an increase in income after payment of taxes. This result reflects the normal seasonal decline in the rate of saving during the second quarter of the year but may also indicate an increase in the propensity to consume totally apart from seasonal factors. In the three months, April through June, individuals added \$2.9 billion to their cash and deposits; \$4.2 billion to their holdings of U. S. Government bonds; and \$800 million to their equity in private insurance, mostly life insurance. They also paid off somewhat less than \$50 million of mortgage debt and \$200 million of consumer indebtedness other than mortgages.

There were notable changes in the composition of saving in the second quarter of 1943 as compared with the pattern established in the preceding twelve months. In contrast to prior quarters, individuals added more to their holdings of U. S. Government securities than to their cash on hand and in banks, largely as a result of the Second War Loan Drive in April. Saving in the form of U. S. Government securities during this quarter not only constituted the largest component of individuals' current saving but also reached the highest point on record.

While additions to cash on hand and in banks continued to be substantial, they were at the lowest level since the second quarter of 1942. The smaller accumulation of money in the second quarter of 1943 as compared with prior quarters was, as mentioned above, largely a result of the Second War Loan Drive in April, but it may also have reflected in part the enactment of the Current Tax Payment Act of 1943 which freed for other purposes, including on the one hand increased purchases of Government securities and on the other increased consumption, funds which had been earmarked for payment of taxes.

In addition to the increased importance of saving in the form of Government securities as compared to cash and deposits, the most significant feature of the pattern of saving in the second quarter of 1943 was the substantial decline in the liquidation of consumer debt. Individuals paid off only \$200 million in the second quarter in contrast to \$650 million in the first quarter. ^{2/} The decrease in this form of saving is partly due to seasonal factors and partly to the fact that individuals have already paid off the bulk of their outstanding installment obligations.

^{1/} In this analysis individuals' saving includes unincorporated business saving of types specified in the attached table. Corporate and Government saving are not included.

^{2/} This does not include the reduction in consumers' indebtedness to unincorporated business, estimated at about \$75 million in the second quarter of 1943, and \$150 million in the first quarter.

It will be noted that the above estimates include the saving of unincorporated businesses, i.e., tradesmen, farmers, etc., as well as the saving of consumers. There is some evidence that a considerable part of individuals' liquid saving since the beginning of the War has been attributable to such unincorporated businesses as a result of greatly increased profits. Such profits have been reflected in substantial increases in cash and deposits. ^{1/} However, in spite of the large accumulation of cash and deposits by unincorporated businesses included in the above estimates, the increase in cash and deposits held by the consuming public has been greater by far and has been of unprecedented volume during the past year. While there is as yet no reliable measure of the distribution of total saving or the components of saving between consumers and unincorporated businesses, an attempt is currently being made to obtain such data.

The attached table presents in detail the estimates of saving by individuals (including unincorporated businesses) on which the above analysis is based.

In addition to the estimates of saving by individuals, the Commission also made public estimates of corporate saving, excluding banks and insurance companies, in the form of increases in cash and deposits, Government securities, and inventories, and the offsetting increases in Federal income tax liabilities for the second quarter of 1943 and prior periods. ^{2/}

	1940	1941	1942	Change		Level as of 6/30/43
				1943 Jan.- Mar.	1943 Apr.- June	
				(Billions of dollars)		
Currency and bank deposits	+2.2	+ .4	+3.3	+2.9 ^{3/}	+ .6	20.1 ^{3/}
U. S. Government securities	- .3	+2.4	+6.0	+ .5	+2.6	13.4
Inventories	+1.8	+5.8	+1.5	- .4	- .5	26.2
Federal income tax liabilities	+1.2	+4.5	+4.9	0	+ .6	12.5

It is planned to make the estimates of corporate saving in these and additional forms a regular part of the releases in the future. The addition of these other forms of saving in subsequent releases will, of course, give a much more adequate picture of the financial condition of corporations and their liquid position. In this way the volume and most significant components of the saving of all important segments of the national economy will be available.

^{1/} Part of the increase in cash and deposits reflects a liquidation of inventories and receivables of unincorporated trade (net of retirement of notes and accounts payable). Although the amount of this increase is not known, it is believed to have been less than \$200 million in the second quarter of 1943 and even smaller in the first quarter of the year.

^{2/} These estimates are based on Securities and Exchange Commission, Treasury Department, and Department of Commerce data.

^{3/} Somewhat less than \$500 million of this amount represented Victory taxes withheld by corporations (other than banks and insurance companies) but not paid to the Treasury Department until the next quarter.

Gross Saving by Individuals in the United States 1/
1940 - 1943
(Billions of dollars)

	1940	1941	1942	1943	
				Jan.- March	April- June
Gross Saving	16.1	24.7	38.7	11.0	11.3
Liquid Saving <u>2/</u>	4.3	10.3	29.4	9.1	9.1
Gross Saving by Type					
1. Currency and bank deposits	+ 3.0	+ 5.3	+11.6	+ 4.0 ^{3/}	+ 2.9
2. Savings and loan associations	+ .3	+ .4	+ .4	+ .1	+ .2
3. Insurance and pension reserves					
a. Private insurance	+ 1.7	+ 2.1	+ 2.4	+ .8	+ .8
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ .7	+ 1.0
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 1.5	+ 1.7
4. Securities <u>4/</u>					
a. U.S. Savings bonds	+ .9	+ 2.8	+ 8.0	+ 2.6	+ 3.0
b. Other U.S. Government	- .2	+ .4	+ 2.0	0	+ 1.2
c. State and local governments	- .1	- .2	- .1	0	0
d. Corporate and other	- .5	- .5	+ .3	+ .2	- .2
e. Total	+ .1	+ 2.4	+10.2	+ 2.7	+ 4.0
5. Non-farm dwellings					
a. Purchases <u>5/</u>	+ 2.5	+ 3.0	+ 1.6	+ .2	+ .2
b. Change in debt	+ .9	+ 1.1	+ .3	- .1	0
c. Saving (a. minus b.)	+ 1.7	+ 1.9	+ 1.3	+ .3	+ .3
6. Automobiles and other durable consumers' goods <u>6/</u>	+ 9.3	+11.4	+ 7.6	+ 1.6	+ 2.0
7. Liquidation of debt, not elsewhere classified <u>7/</u>	- 1.1	- .6	+ 2.8	+ .7	+ .2

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

2/ Gross saving excluding purchases of homes as well as of automobiles and other durable consumers' goods.

3/ Revised.

4/ Does not include purchases by brokers and dealers financed by bank loans.

5/ New construction of one- to four-family nonfarm homes less net acquisition of properties by non-individuals.

6/ Purchases. Based on Department of Commerce data on commodity flow currently being revised. The figures shown above include all new passenger cars sold in the United States.

7/ 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, securities and homes. Changes in the commercial indebtedness of unincorporated business and in consumers' indebtedness to unincorporated business are not included in these figures.

Note: 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. Figures are rounded and will not necessarily add to totals.

For Release in MORNING Newspapers of Friday, October 29, 1943

SECURITIES AND EXCHANGE COMMISSION
Philadelphia

HOLDING COMPANY ACT OF 1935

Release No. 4647

STATISTICAL SERIES

Release No. 734

The Securities and Exchange Commission today made public a thirteen-year survey of financial statistics for 204 operating electric and gas subsidiaries of registered public utility holding companies. The report includes all companies with assets of \$5,000,000 or more, and is a continuation of similar reports published in 1940, 1941 and 1942. The assets of the 204 companies included in the survey total \$11,699,724,773, or approximately 75% of the total assets of all registered companies.

The report consists of two pages for each company, one being a statement of balance sheet and earning statement items and the other a series of financial charts covering the thirteen-year period. The statement covers financial items such as operating revenues, depreciation, maintenance, fixed charges, dividends, capitalization, surplus, assets, fixed capital and preferred dividend arrearages as well as ratio and percentage computations on depreciation, maintenance, fixed charges, dividends, etc.

The charts include four diagrams. One shows the effect on net income by using income tax depreciation. The second shows the thirteen-year breakdown of operating revenues into the various deductions ending with portion left available for common stock. The third shows twelve comparisons of the individual company with the weighted average of the 204 companies on such items as times funded debt interest earned, % of taxes to operating revenues, etc. The fourth diagram is a pie-chart showing the breakdown of capitalization outstanding.

The report was prepared by C. A. Turner of the Public Utilities Division and a copy may be obtained from the publications unit of the Commission in Philadelphia by requesting the 1943 report showing the thirteen-year financial statistics for electric and gas subsidiaries of public utility holding companies.

SECURITIES AND EXCHANGE COMMISSION
Philadelphia

STATISTICAL SERIES
Release No. 735

REPORT ON CORPORATE WAR AND POST-WAR RESERVES
1939-1942

The Securities and Exchange Commission today made public a comprehensive report showing the results of a study of war and post-war reserves established by 250 leading manufacturing and other industrial corporations which file annual reports with the Commission. The study originated in response to a request from the Treasury Department for certain information on the subject. As expanded the report has been published for the purpose of furnishing various government agencies and other interested persons with the data available in the public files of the Commission. The report covers the four-year period 1939-1942. It seeks by summary and analysis to establish the extent to which such reserves have been set up and to describe their character and origin.

The selective sample of corporations used for the study consisted of the five largest companies, on the basis of 1939 net sales, in 50 basic industry groups. Though relatively small in number the economic importance of the 250 corporations is evident from the fact that their total assets aggregated \$31.9 billion at the end of 1942 (an increase of 26.8% over 1939) and included assets of individual companies ranging from a low of \$3.0 million to a high of \$2,200 million.

Among the significant facts revealed by the report is that, by the end of 1942, 146 corporations or 58.4% of the total had set up 171 war or post-war reserves. The aggregate provisions made to these reserves together with the growth and quantity of the reserve balances are indicated by the following figures:

	<u>Provisions credited to reserves</u>			<u>Year-end reserve balances</u>	
	<u>Charged against income</u>	<u>Charged against surplus or transferred from other reserves</u>	<u>Total</u>	<u>Amount</u>	<u>Percent of total assets of corporations which had the reserves</u>
1938				532,000	-
1939	\$ 14,744,000	\$3,300,000	\$ 18,044,000	18,576,000	.75
1940	44,062,000	120,000	44,182,000	62,758,000	1.32
1941	135,140,000	6,757,000	141,897,000	204,655,000	1.66
1942	286,566,000	47,478,000	334,044,000	514,593,000*	2.19
	<u>\$480,512,000</u>	<u>\$57,655,000</u>	<u>\$538,167,000</u>		

* There were charges against the reserves in 1942 amounting to \$24,106,000.

The percentage relationships of the above amounts that were charged against income to net income (after taxes, but with the provisions added back) of the corporations making the provisions were as follows: 1939, 6%; 1940, 9.0%; 1941, 13.5%; 1942, 19.6%.

The aggregate reported net income of the 250 corporations, after taxes and reserve provisions, was as follows:

	<u>Reported net income</u>	<u>Percent of 1939</u>
1939	\$1,616,606,000	100.0
1940	1,952,514,000	120.8
1941	2,190,163,000	135.5
1942	1,826,580,000	113.0
	<u>\$7,585,863,000</u>	

The report points out that for the four-year period cash dividends aggregated \$5,067,245,000, leaving \$2,518,618,000 retained earnings. A small part of this amount was utilized for reserves by direct charges against surplus but after taking this into consideration, retained earnings for the four-year period were nearly five times the amount of reserves actually in existence at the end of 1942 which, as indicated, amounted to \$514,593,000.

In addition to the tables and charts which summarize the statistical analysis of the reserve provisions, there are shown in appendices the actual reserve titles used and explanations given by each of the corporations included in the study, together with data for each corporation, grouped by industries, including total assets, reserve balances and provisions, tax provisions, net income, and dividends. Industry and grand totals are provided, together with individual and aggregate percentage comparisons.

A copy of the report may be obtained from the Publications Unit of the Commission in Philadelphia.

SECURITIES AND EXCHANGE COMMISSION
Philadelphia

STATISTICAL SERIES

Release No. 735

In the third quarter of 1943, individuals, including non-corporate business enterprises, and corporations continued to augment their large holdings of liquid assets at the extremely high rate of the past year, according to the quarterly report on the volume and composition of saving released today by the Securities and Exchange Commission. Even more than in the prior quarter, investment in U. S. Government securities accounted for the predominant part of the increase in liquid saving and assets.

The rate of individuals' liquid saving ^{1/} in this quarter reached a new high for the year, amounting to \$9.9 billion. ^{2/} The increase of \$700 million over the second quarter saving reflects a normal seasonal rise in the rate of saving as well as an increase in income after payment of taxes. In the three months, July through September, individuals added \$2.7 billion to their cash and deposits ^{3/}, \$5.5 billion to their holdings of U. S. Government bonds and \$700 million to their equity in private insurance, mostly life insurance. They also paid off somewhat less than \$200 million of consumer indebtedness other than mortgages. At the same time they reduced their holdings of corporate securities by \$300 million.

As in the previous quarter but to a greater extent, individuals' investment in U. S. Government securities exceeded their accumulation of cash on hand and in banks, due largely to the Third War Loan Drive. Saving of individuals in the form of U. S. Government securities reached a new high in this quarter. While additions to currency and deposits were again substantial, they were less than in the preceding quarter and showed the smallest rate of increase since the second quarter of 1942.

Because of the magnitude of accumulations of cash and deposits since the beginning of the War, they have received considerable emphasis in recent discussions of the public's saving. It may, therefore, be well to note again that additions to individuals' cash on hand and in checking accounts, amounting roughly to \$7.0 billion and \$9.5 billion respectively since the end of 1941 ^{4/}, do not constitute saving in the same sense as increases in holdings of securities and life insurance, or debt liquidation, but represent in considerable part only a temporary accumulation of funds not ear-marked for investment that may at any time be diverted into consumption and other channels. In view of the differences between the various forms of saving, it is important to consider not only the volume but also the components of saving and the significant shifts among them in order to determine the effects of saving on the economy during the war as well as in the post-war period.

As previously noted in these releases, a substantial proportion of the increase in individuals' saving is attributable to unincorporated businesses such as tradesmen, farmers, professionals, etc. With respect to demand deposits (a form of saving in which unincorporated business might be expected to hold a relatively larger share than in other forms) there is some reason to

^{1/} Includes unincorporated business saving of types specified in the attached table.

^{2/} This includes saving in Government insurance, mostly Social Security funds, amounting to \$1.0 billion.

^{3/} Includes currency, deposits in checking accounts, and deposits in savings accounts.

^{4/} It is estimated that additions to individuals' savings (and time) deposits amounted to \$4.5 billion during this period.

believe that unincorporated businesses accounted for as much of such saving in the past year as other individuals.

The attached table presents in detail the estimates on which the above analysis is based.

In addition to the estimates of saving by individuals the Commission again made public estimates of corporate saving, excluding banks and insurance companies, in the form of increases in cash and deposits, Government securities and inventories, and the offsetting increases in Federal income tax liabilities for the third quarter of 1943 and prior periods. 6/

	1940	1941	Change				Level as of 9/30/43
			1942	1943			
				Jan.- Mar.	Apr.- June	July- Sept.	
			(Billions of dollars)				
Currency and bank deposits	+2.2	+ .7	+3.3	+3.0	7/ + .5	- .7	19.9 8/
U. S. Government securities	- .3	+2.0	+6.3	+ .5	+2.6	+3.7	9/ 16.9 2/
Inventories	+1.8	+5.6	+1.6	- .5	- .4	+ .6	26.7
Federal income tax liabilities	+1.3	+4.4	+4.7	+ .1	+ .7	+ .7	13.3

This table shows that while during the third quarter there was a decrease of \$700 million in the cash and deposits of non-financial corporations, holdings of U. S. Government securities increased by \$3.7 billion, the highest increase on record. The net increase in cash, deposits and U. S. Government securities combined, amounting to \$3.0 billion, was at about the same rate as in the first and second quarters of the year. Inventories increased \$600 million in contrast to a decrease of approximately \$500 million in each of the prior quarters of the year. The increase of \$700 million in Federal income tax liabilities was about the same as in the second quarter.

In subsequent releases it is planned to present estimates of corporate saving in considerably more detail. The addition of these other forms of saving will, of course, give a much more adequate picture of the financial condition of corporations and their liquid position. In this way the volume and most significant components of the saving of all important segments of the national economy will be available.

5/ It should be noted that part of the increase in cash and deposits of unincorporated business reflects liquidation of inventories and receivables of unincorporated trade (net of retirement of notes and accounts payable). Although the amount of this increase is not known, it is believed to have been not more than \$1.0 billion since the beginning of 1942.

6/ These estimates are based on Securities and Exchange Commission, Treasury Department, and Department of Commerce data.

7/ Somewhat less than \$500 million of this amount represented Victory Taxes withheld by corporations (other than banks and insurance companies) but not paid to the Treasury Department until the next quarter.

8/ Somewhat over \$500 million of this amount represented withholding taxes not paid to the Treasury Department until next quarter.

9/ Does not include purchases financed by bank loans, estimated at somewhat over \$300 million.

Gross Saving by Individuals in the United States ^{1/}
 1940 - 1943
 (Billions of dollars)

	1942			1943		
	1940	1941	1942	Jan.- March	April- June	July- Sept.
Gross Saving	15.8	25.0	38.7	10.8	11.4	11.9
Liquid Saving ^{2/}	4.0	10.6	29.5	9.0	9.2	9.9
Gross Saving by Type						
1. Currency and bank deposits	+ 3.0	+ 5.0	+11.5	+ 3.8	+ 3.0	+ 2.7
2. Savings and loan associations	+ .2	+ .4	+ .3	+ .1	+ .2	+ .1
3. Insurance and pension reserves						
a. Private insurance	+ 1.7	+ 2.1	+ 2.4	+ .8	+ .8	+ .7
b. Government insurance	+ 1.2	+ 1.8	+ 2.4	+ .8	+ 1.1	+ 1.0
c. Total	+ 2.9	+ 3.8	+ 4.9	+ 1.7	+ 1.3	+ 1.7
4. Securities ^{3/}						
a. U.S. Savings bonds	+ .9	+ 2.8	+ 8.0	+ 2.6	+ 3.0	+ 3.4
b. Other U.S. Government	- .4	+ .8	+ 1.9	0	+ 1.2	+ 2.1
c. State and local governments	- .1	- .2	- .1	0	0	+ .1
d. Corporate and other	- .5	- .5	+ .3	0	- .2	- .3
e. Total	- .1	+ 2.9	+10.1	+ 2.6	+ 4.0	+ 5.2
5. Non-farm dwellings						
a. Purchases ^{4/}	+ 2.5	+ 3.0	+ 1.6	+ .2	+ .2	+ .3
b. Change in debt	+ .9	+ .9	+ .1	- .2	0	0
c. Saving (a. minus b.)	+ 1.7	+ 2.1	+ 1.5	+ .4	+ .3	+ .2
6. Automobiles and other durable consumers' goods ^{5/}	+ 9.3	+11.4	+ 7.6	+ 1.6	+ 1.9	+ 1.8
7. Liquidation of debt, not elsewhere classified ^{6/}	- 1.1	- .6	+ 2.8	+ .7	+ .2	+ .2

- ^{1/} Includes unincorporated business saving of the types specified. Does not include corporate or government saving.
- ^{2/} Gross saving excluding purchases of homes as well as of automobiles and other durable consumers' goods.
- ^{3/} Does not include net purchases by brokers and dealers or by other individuals financed by bank loans. In the third quarter of 1943 it is estimated that such purchases of U.S. Government securities amounted to approximately \$1.0 billion for brokers and dealers and \$300 million for other individuals.
- ^{4/} New construction of one- to four-family nonfarm homes less net acquisition of properties by non-individuals.
- ^{5/} Purchases. Based on Department of Commerce data on commodity flow currently being revised. The figures shown above include all new passenger cars sold in the United States.
- ^{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, securities and homes. Changes in the commercial indebtedness of unincorporated business and in consumers' indebtedness to unincorporated business are not included in these figures. The reduction in consumers' indebtedness to unincorporated business is estimated at about \$50 million in the third quarter of 1943.

Note: 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. Figures are rounded and will not necessarily add to totals.