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STATISTICAL SERIES  
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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPT., 1955 1/

Individuals in the United States saved \$3.3 billion during the third quarter of 1955 2/ according to estimates made public today by the Securities and Exchange Commission. The high rate of saving in the third quarter reflects a rise in personal income after taxes and a levelling off in consumer expenditures, and is in contrast to the preceding quarter, during which individuals increased their debts more than their financial assets.

Most of the difference in the pattern of saving between the second and third quarters this year was accounted for by two types of saving. Individuals' checking accounts showed a considerable expansion in contrast to a second quarter reduction, which reflected the change in the income tax payment date. There also was an increase in the net purchase of securities both government and corporate.

Total saving in currency and bank deposits amounted to \$2.7 billion in the third quarter compared with less than \$200 million in the preceding quarter and \$3.6 billion in the third quarter of 1954. Of the total increase in currency and deposits individuals added \$2.1 billion to their checking accounts, contrasted with a decrease of \$1.1 billion in the second quarter. While time and savings deposits increased \$600 million, this was the smallest rise in savings accounts for any quarter in four years. Currency holdings rose by \$100 million.

Investment in securities by individuals totalled \$2.4 billion about evenly divided between government and corporate. Although individuals failed to increase their ownership of U. S. Savings bonds in the third quarter, they added to their portfolios almost \$800 million of other U. S. Government obligations. Their net purchases of state and local obligations amounted to \$400 million, the same as in the preceding quarter. It is estimated that in the third quarter, new corporate issues, net of retirements, amounted to \$1.7 billion, consisting of \$1.2 billion of debt issues and \$500 million of preferred and common stock. Of the debt issues it is estimated that institutional investors took \$400 million and individuals \$800 million. Net purchases of preferred and common stock totalled \$200 million but a repayment of securities loans increased individuals' equity in stock issues to almost \$400 million.

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

2/ This series is no longer designated as "liquid saving" but is shown in the accompanying table, item 9, as "change in net claims" of individuals. This and the change in the placement of the government insurance item are tentative. The changes have been made because the series has frequently, but incorrectly, been taken to measure saving readily available in cash form.

Equity in private life insurance increased by \$1.5 billion, while saving in Government insurance and pension reserves amounted to \$1.0 billion. Net investment in savings and loan association shares totalled \$700 million, the same as in the third quarter of 1954.

During the third quarter home construction, including construction by non-profit institutions, amounted to a record \$4.8 billion. Purchases of consumer durable goods, though somewhat lower than the preceding quarter, were still at record levels amounting to \$8.7 billion.

Reflecting the high level of residential building, mortgage debt of individuals rose by a record \$3.4 billion, slightly more than in the second quarter. Consumer indebtedness, primarily installment credit, increased by \$1.6 billion as compared with \$2.2 billion in the second quarter.

Besides the concept of saving presented here, there are other concepts of individuals' saving with different degrees of coverage currently in use. The series with the most complete coverage, the personal saving estimates of the Department of Commerce, is derived as the difference between personal income and expenditures. Conceptually, Commerce saving includes the following items not included with S.E.C. gross saving: unincorporated business and farm items such as net plant and equipment, changes in net receivables and changes in inventories. Government insurance and consumer durables are excluded from Commerce saving which, in addition, reflects depreciation on homes. <sup>3/</sup>

A more restricted concept of individuals' saving is the selected item series of the Home Loan Bank Board. This series covers the following components included in S.E.C. saving: time and savings deposits, savings and loan associations, private life insurance, and U. S. savings bonds.

<sup>3/</sup> For a complete reconciliation see Table 6 in the July 1955 issue of the Survey of Current Business.

Table 1  
Saving by Individuals in the United States <sup>1/</sup>  
1952 - 1955  
(Billions of dollars)

Type of Saving	1952	1953	1954	1954		1955		
				July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June	July- Sept.
1. Currency and bank deposits	6.8	4.8	6.8	3.6	4.0	-1.1	0.2	2.7
a. Currency	1.1	0.6	-0.3	-0.1	0.8	-0.8	0.3	0.1
b. Demand deposits	1.5	(*)	2.7	2.8	2.4	-1.3	-1.1	2.1
c. Time and savings deposits	4.2	4.2	4.4	1.0	0.8	1.0	0.9	0.6
2. Savings and loan associations	3.1	3.6	4.5	0.7	1.4	1.1	1.4	0.7
3. Private insurance	4.9	5.2	5.3	1.3	1.6	1.5	1.3	1.5
4. Securities <sup>2/</sup>	4.0	5.1	1.6	-1.0	0.5	2.0	1.0	2.4
a. U. S. savings bonds	0.1	0.3	0.8	0.1	0.2	0.3	0.1	(*)
b. Other U. S. Government	(*)	0.3	-2.5	-1.4	(*)	0.7	-0.2	0.8
c. State and local government	0.8	2.0	0.7	-0.3	0.4	0.2	0.4	0.4
d. Corporate and other	3.1	2.5	2.6	0.6	-0.1	0.8	0.7	1.2
5. Liquidation of mortgage debt <sup>3/</sup>	-6.3	-7.0	-8.6	-2.4	-2.8	-2.6	-3.3	-3.4
6. Liquidation of debt not elsewhere classified <sup>4/</sup>	-3.8	-3.2	-0.4	-0.1	-1.0	(*)	-2.2	-1.6
7. Subtotal (1 through 6)	8.7	8.5	9.2	2.1	3.7	0.9	-1.6	2.3
8. Government insurance	4.3	3.3	2.6	0.7	0.4	0.3	1.2	1.0
9. Change in net claims (7 + 8)	13.0	11.8	11.9	2.8	4.1	1.2	-0.5	3.3
10. Nonfarm dwellings <sup>5/</sup>	11.6	12.3	14.1	4.1	4.1	3.5	4.3	4.8
11. Other durable consumers' goods	26.8	29.7	28.9	6.8	8.4	7.8	9.1	8.7
12. Gross Saving (9 + 10 + 11)	51.4	53.8	54.9	13.7	16.5	12.5	12.9	16.8

NOTE: The earlier series designated "liquid saving" has been discontinued for reasons outlined on page 1, note 2. The change in net claims (line 9) is conceptually the same as the earlier series. It includes all items that are changes in net claims against assets regardless of degree of "liquidity". 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.

<sup>1/</sup> Includes unincorporated business saving of the types specified.

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

<sup>3/</sup> Mortgage debt to institutions on one-to four-family nonfarm dwellings.

<sup>4/</sup> 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 insurance and securities.

<sup>5/</sup> Construction of one- to four-family nonfarm dwellings less net acquisition of properties by non-individuals; also includes a small amount of construction of non-profit institutions.