

For Release in MORNING Newspapers of Friday, July 10, 1953

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C.

STATISTICAL SERIES
Release No. 1172

JUL 11 1953

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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JAN.-MAR., 1953 1/

Individuals saved \$2.5 billion in liquid form during the first quarter of 1953, according to estimates made public today by the Securities and Exchange Commission. This rate of saving was slightly higher than in the first quarter of 1952 and was the highest for any first quarter of the post-war period. Following the usual pattern, liquid saving was substantially less than in the fourth quarter of 1952, primarily reflecting payment of income taxes.

The composition of saving in the first quarter differed slightly from that of the same period last year. While saving of the more permanent types, such as savings accounts in banks, insurance, and purchase of shares in savings and loan associations, continued at or near the high rates of recent periods, individuals' investments in securities -- mainly United States Government bonds -- were greater than at any time since the first quarter of 1947. Offsetting the rise in these liquid asset holdings, individuals increased their mortgage indebtedness somewhat more than in the first quarter of last year, and instead of the usual first quarter repayment of consumer debt, expanded their aggregate installment indebtedness.

Individuals' net investments in U. S. Government issues rose by \$1.8 billion during the first quarter of 1953. This increase reflects a substantial liquidation of government securities by institutions, chiefly commercial banks, and includes an increase of \$400 million in individuals' holdings of U. S. Savings Bonds. In the corresponding period of 1952 there was an increase of \$100 million in holdings of Savings Bonds.

Corporate stocks and bonds purchased by individuals in the first three months of this year amounted to over \$600 million, compared with \$1.0 billion in the preceding quarter and \$900 million in the first quarter of 1952. The lower amount of corporate security purchases relative to the fourth quarter mainly reflected the smaller volume of securities offerings in the first three months of 1953. Of total corporate securities purchased by individuals in the first quarter of this year, somewhat under \$200 million were bonds and notes, and somewhat under \$500 million were common and preferred stock issues.

Although a large volume of state and local securities was marketed during the first quarter it is estimated that institutional investors absorbed almost all of the new issues.

The usual seasonal contraction in individuals' holdings of currency and demand deposits in banks took place during the first quarter. Currency holdings were

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. 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.

reduced by almost \$250 million, while demand deposits were drawn down by \$2.2 billion. Individuals' time and saving deposits in banks rose by over \$900 million, compared with \$1.2 billion in the preceding quarter, and \$1.0 billion in the first quarter of 1952. During the first quarter investments in shares of savings and loan associations, net of withdrawals, amounted to over \$900 million, almost as high as the record \$1.0 billion of the preceding quarter.

In addition, individuals' saving in insurance, including private life insurance and Government pension reserves, such as Social Security funds, amounted to \$2.2 billion. In the first quarter of 1952 saving in insurance was about \$200 million higher; the lower figure this year was due to less saving in the form of Government insurance resulting from larger benefit payments under the old-age and survivors' insurance system. Saving in private insurance which had reached a record \$1.4 billion in the final quarter of 1952 was at the same rate as the first quarter of 1952, \$1.2 billion.

During the first quarter of this year consumer indebtedness of individuals increased by almost \$200 million. While charge accounts at retail stores were reduced by almost \$500 million, these repayments were more than offset by a further expansion in installment credit, for the most part incurred in connection with purchases of automobiles. Despite large repayments, mortgage indebtedness was increased by \$1.4 billion and was associated with the high level of home construction during the period.

In addition to the concept of liquid saving discussed above there are other concepts of individuals' saving with varying 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. liquid saving: housing net of depreciation, unincorporated business and farm items such as net plant and equipment, changes in net receivables and changes in inventories. Government insurance is excluded from Commerce saving.

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

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

1948 - 1953

(Billions of dollars)

Type of Saving	1948	1949	1950	1951	1952 ^{2/}	1952 ^{2/}				1953
						Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.
1. Currency and bank deposits	-1.8	-1.4	4.2	5.7	7.1	-1.9	0.9	3.6	4.5	-1.5
a. Currency	-0.5	-0.8	(*)	0.8	1.2	-0.3	0.4	0.4	0.6	-0.2
b. Demand deposits	-2.2	-1.4	3.8	3.0	1.7	-2.7	-0.7	2.4	2.6	-2.2
c. Time and savings deposits	0.8	0.9	0.5	1.9	4.3	1.0	1.1	0.9	1.2	0.9
2. Savings and loan associations	1.2	1.5	1.5	2.1	3.1	0.7	0.9	0.5	1.0	0.9
3. Insurance	7.3	6.1	5.0	8.2	9.4	2.4	2.4	2.4	2.2	2.2
a. Private	3.7	3.7	3.9	4.0	4.8	1.2	1.0	1.2	1.4	1.2
b. Government	3.6	2.3	1.1	4.2	4.6	1.2	1.4	1.2	0.8	0.9
4. Securities ^{3/}	3.3	2.7	1.1	2.8	4.6	1.8	0.2	1.3	1.3	2.5
a. U. S. savings bonds	2.1	1.5	0.6	-0.4	0.3	0.1	(*)	0.1	0.2	0.4
b. Other U. S. Government	-1.5	-0.3	-1.2	-0.3	-0.5	0.8	-1.1	-0.2	-0.1	1.4
c. State and local government	1.1	0.6	0.5	0.3	0.9	(*)	0.3	0.6	0.1	0.1
d. Corporate and other	1.6	0.9	1.3	3.1	3.8	0.9	1.0	0.9	1.0	0.6
5. Liquidation of mortgage debt ^{4/}	-4.6	-3.9	-7.2	-6.4	-6.0	-1.3	-1.4	-1.6	-1.6	-1.4
6. Liquidation of debt not elsewhere classified ^{5/}	-2.3	-2.4	-3.2	-0.5	-3.8	0.7	-1.6	-0.9	-2.0	-0.2
7. Total liquid saving	3.0	2.7	1.5	11.9	14.4	2.4	1.4	5.4	5.3	2.5
8. Nonfarm dwellings ^{6/}	8.5	8.1	12.6	11.5	11.6	2.3	2.9	3.2	3.2	2.5
9. Other durable consumers' goods	22.9	23.9	29.2	26.8	25.8	5.5	6.4	6.0	7.9	6.6
10. Total Gross Saving	34.3	34.7	43.3	50.3	51.8	10.2	10.6	14.6	16.4	11.6

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

^{2/} Revised

^{3/} After deducting change in bank loans made for the purpose of purchasing or carrying securities.

^{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 insurance and securities. Data revised on basis of the new Federal Reserve consumer credit series.

^{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.

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.