

SECURITIES AND EXCHANGE COMMISSION
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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APR.-JUNE 1955 1/

Estimates of saving during the second quarter of 1955 showed that individuals added \$500 million more to their debts than to their financial assets, according to data released today by the Securities and Exchange Commission. 2/

Saving in the form of securities, savings and loan association shares, insurance and savings deposits in banks continued to expand. However, these savings were offset by a record quarterly growth both in individuals' mortgage debt and consumer indebtedness, reflecting the high level of residential building and consumer spending. During the second quarter, home construction including alteration and also construction by non-profit institutions, amounted to \$4.3 billion. Purchases of automobiles and other durable goods amounted to \$9.1 billion.

Individuals' net purchases of corporate securities amounted to \$700 million during the second quarter, slightly lower than either the first quarter of the year or the second quarter of 1954. These investments were primarily in debt securities which, however, included a large amount of debenture issues convertible into common stock. During the second quarter, net new bond issues totalled \$1.3 billion of which almost one-third were convertible debentures. Of the total debt issues, it is estimated that individuals bought almost \$800 million while \$500 million was absorbed by institutional investors. Although about \$200 million of common and preferred stock was added to individuals' accounts during the second quarter, borrowing on corporate securities increased by \$250 million, resulting in a small reduction in individuals' equity in stock holdings. In addition to their investment in corporate securities, individuals added to their saving \$400 million of state and local bonds and \$100 million of U. S. Savings bonds. Their holdings of other U. S. Government obligations were reduced by \$250 million.

Equity in private insurance rose by \$1.3 billion, \$100 million more than in the similar period of 1954. Saving by individuals through increased equity in Government insurance, i. e., Social Security funds, etc., amounted to \$1.2 billion, the highest in three years, reflecting not only larger appropriations to the various trust funds during the period but also reduced unemployment benefit payments.

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

New investment in savings and loan associations shares also was at record levels, amounting to \$1.4 billion during the second quarter of this year.

Holdings of currency and bank deposits of individuals increased by \$200 million, compared with an increase of \$1.4 billion in the second quarter of 1954. The smaller saving this year was due to a drop of \$1.1 billion in checking accounts, in part reflecting the new income tax payment date. Time deposits grew by \$900 million, a somewhat lower rate of increase than in recent quarters. On the other hand, currency holdings of individuals rose by \$300 million, the highest second quarter since 1952.

Mortgage debt of individuals increased by \$3.3 billion during the three months April-June 1955. This was 18 percent greater than the previous record during the fourth quarter of 1954, and 62 percent greater when compared with the second quarter of 1954. As noted above, home construction was at a record level, the value of new non-farm dwellings completed being almost \$1.0 billion greater than in the second quarter of 1954.

Consumer indebtedness increased by \$2.2 billion, exceeding by a small margin the previous record expansion in the fourth quarter of 1952. This large rise in credit was concentrated in installment debt and was chiefly due to the exceedingly large sales of automobiles purchased on time.

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. 3/

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.

3/ 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 ^{1/}
 1952 - 1955

(Billions of dollars)

Type of Saving	1952	1953	1954	1954			1955	
				Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June
1. Currency and bank deposits	6.8	4.8	6.8	1.4	3.6	4.0	-1.1	0.2
a. Currency	1.1	0.6	-0.3	0.1	-0.1	0.8	-0.8	0.3
b. Demand deposits	1.5	(*)	2.7	(*)	2.8	2.4	-1.3	-1.1
c. Time and savings deposits	4.2	4.2	4.4	1.3	1.0	0.8	1.0	0.9
2. Savings and loan associations	3.1	3.6	4.5	1.3	0.7	1.4	1.1	1.4
3. Private insurance	4.9	5.2	5.3	1.2	1.3	1.6	1.5	1.3
4. Securities ^{2/}	4.0	5.1	1.6	0.2	-1.0	0.5	2.0	1.0
a. U. S. savings bonds	0.1	0.3	0.8	0.2	0.1	0.2	0.3	0.1
b. Other U. S. Government	(*)	0.3	-2.5	-1.3	-1.4	(*)	0.7	-0.2
c. State and local government	0.8	2.0	0.7	0.5	-0.3	0.4	0.2	0.4
d. Corporate and other	3.1	2.5	2.6	0.8	0.6	-0.1	0.8	0.7
5. Liquidation of mortgage debt ^{3/}	-6.3	-7.0	-8.6	-2.0	-2.4	-2.8	-2.6	-3.3
6. Liquidation of debt not elsewhere classified ^{4/}	-3.8	-3.2	-0.4	-0.6	-0.1	-1.0	(*)	-2.2
7. Subtotal (1 through 6)	8.7	8.5	9.2	1.4	2.1	3.7	0.9	-1.6
8. Government insurance	4.3	3.3	2.6	0.9	0.7	0.4	0.3	1.2
9. Change in net claims (7 + 8)	13.0	11.8	11.9	2.2	2.8	4.1	1.2	-0.5
10. Nonfarm dwellings ^{5/}	11.6	12.3	14.1	3.4	4.1	4.1	3.5	4.3
11. Other durable consumers' goods	26.8	29.7	28.9	7.5	6.8	8.4	7.8	9.1
12. Gross Saving (9 + 10 + 11)	51.4	53.8	54.9	13.1	13.7	16.5	12.5	12.9

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.

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

^{2/} After deducting change in bank loans made for the purpose of purchasing or carrying securities.

^{3/} Mortgage debt to institutions on one-to four-family nonfarm dwellings.

^{4/} 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.

^{5/} 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.

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