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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APRIL - ~~MARCH~~ ^{June} 1957^{1/}

Individuals in the United States saved \$3.2 billion ^{2/} during the second quarter of 1957, bringing to \$9.2 billion the saving in the first six months of the year, according to estimates made public today by the Securities and Exchange Commission. The large volume of saving in the first half of 1957 -- two billion dollars larger than in the same period of 1956 -- mainly reflected higher personal income and a reduction in the expansion of individuals' debts.

Although saving was lower in the second quarter than in the first quarter of 1957, the decline was in large part due to seasonal factors. Following the pattern of recent years, individuals' purchases of U. S. Government bonds, other than Savings Bonds, in the second quarter of 1957 were small as compared with substantial first quarter acquisitions, and there was a growth in consumer indebtedness in the second quarter in contrast to a reduction in the previous quarter. As compared with the second quarter of 1956, however, saving was considerably larger. Of major importance was a sharp increase this year in individuals' investments in corporate bonds and stocks, responding to the record volume of securities offerings and higher yields obtainable. Saving in this form was at a high level in the first quarter and continued in the second quarter. Among other changes in the volume and composition of saving, mortgage debt of individuals expanded much less than in the second quarter of 1956, thereby contributing to greater total saving.

Individuals' saving in corporate and other securities amounted to \$1.6 billion during the second quarter, compared with \$1.7 billion in the preceding quarter and \$500 million in the second quarter of 1956. During the second quarter net new bond issues of domestic corporations increased \$1.7 billion and in addition almost \$300 million of foreign bonds were floated and almost \$600 million of new quasi-government agency bonds, principally Federal National Mortgage Association issues, were sold, resulting in net additions to bonds outstanding of over \$2.6 billion. It is estimated that non-individuals made net purchases of bonds totalling over \$1.4 billion during the three-month period, and that individuals' holdings rose by \$1.2 billion. Individuals'

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

2/ Represents change in net claims and includes individuals' saving in the form of cash and deposits, savings and loan associations, and securities as well as insurance and pension reserves, net of the increase in individuals' debt.

ownership of preferred and common stock issues increased by \$400 million as compared with \$700 million in the first quarter, the difference in the two periods mainly being due to a large repayment on securities loans in the first three months and additional borrowing in the second period. Disregarding securities loans, individuals acquired a larger amount of stock in the second than in the first quarter, \$500 million as against \$400 million.

Individuals' reduced their holdings of U. S. Saving Bonds by \$500 million during the second quarter, (only slightly less than the reduction in the first quarter) and added only \$100 million of other U. S. Government issues to their portfolios in contrast to net purchases of \$1.6 billion in the first quarter of 1957. Net purchases of state and local bonds were estimated at \$400 million, compared with \$600 million in the first quarter.

Individuals' holdings of currency and demand deposits increased by \$500 million during the second quarter, \$300 million more than in the first quarter of 1957 and the second quarter of 1956. Currency held by individuals' expanded \$500 million, and time and savings deposits increased \$1.5 billion. Demand deposits declined by \$1.4 billion, partly due to tax payments, but this withdrawal was less than in the similar periods of the two proceeding years. Net investment in share accounts at savings and loan associations of \$1.6 billion were the same as in the second quarter of 1956.

Individuals' equity in private insurance and pension reserves grew by \$1.8 billion during the second quarter, somewhat lower than in recent periods. This decline was due to a slackening in the net flow into insurance reserves other than private pension funds, which it is estimated, continued to increase. Saving in Government insurance and pension reserves of \$1.2 billion continued at a lower level than in 1956 chiefly because of larger benefit payments from the old-age and survivors' insurance fund due to extended coverage.

Individuals' increased their mortgage indebtedness by \$2.1 billion during the second quarter of 1957, \$600 million less than the same period in 1956, reflecting the decline in new home construction activity. Consumer debt increased \$1.5 billion, the same as the second quarter last year.

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 the Securities and Exchange Commission 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 the Securities and Exchange Commission saving: time and saving deposits, saving and loan associations, private life insurance, and U. S. Saving Bonds.

^{3/} For a complete reconciliation, see Table 6, in the July 1957 issue of the Survey of Current Business.

Saving by Individuals in the United States ^{1/}
1954 - 1957

(Billions of dollars)

Type of Saving	1954	1955	1956	1956			1957	
				Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June
1. Currency and deposits	5.4	4.4	4.7	.2	1.6	2.9	.2	.5
a. Currency	-.4	.4	*	.9	-.7	.6	-.6	.5
b. Demand deposits ^{2/}	1.1	.5	.4	-1.9	1.4	1.4	-1.5	-1.4
c. Time and savings deposits	4.7	3.5	4.4	1.2	.9	1.0	2.2	1.5
2. Savings and loan associations ^{3/}	4.4	4.8	5.1	1.6	.7	1.7	1.0	1.6
3. Securities	-.7	5.7	6.7	1.0	1.7	.7	3.3	1.7
a. U. S. Savings bonds	.6	.3	-.1	-.1	-.1	-.1	-.6	-.5
b. Other U. S. Government	-1.7	1.8	1.9	.1	.5	-.6	1.6	.1
c. State and local Government	.5	1.4	1.9	.4	.2	.6	.6	.4
d. Corporate and other	-.1	2.1	3.0	.5	1.1	.7	1.7	1.6
(1) Bonds and notes	-.1	1.8	1.3	.5	.5	.1	1.0	1.2
(2) Preferred and common stock	*	.3	1.7	*	.6	.6	.7	.4
4. Liquid saving (1+2+3)	9.2	14.9	16.5	2.8	4.0	5.3	4.6	3.8
5. Private insurance and pension reserves	7.3	7.6	7.9	1.9	2.1	2.1	1.9	1.8
a. Insurance reserves	4.2	4.2	4.3	1.0	1.2	1.2	.9	.8
b. Insured pension reserves	1.2	1.3	1.2	.3	.3	.3	.3	.3
c. Non-insured pension funds	1.9	2.1	2.4	.6	.6	.6	.7	.7
6. Government insurance and pension reserves ^{4/}	2.6	3.1	3.7	1.6	1.0	.3	.5	1.2
7. Increase in individuals' debts	10.1	18.1	13.7	4.2	3.4	4.0	1.0	3.6
a. Mortgage debt ^{5/}	9.2	12.0	10.6	2.8	2.8	2.5	2.0	2.1
b. Consumer indebtedness ^{6/}	1.0	6.1	3.1	1.5	.6	1.5	-.9	1.5
8. Change in net claims (4+5+6-7)	9.0	7.4	14.4	2.0	3.7	3.7	5.9	3.2
9. Non-farm homes ^{7/}	14.2	17.3	16.2	4.2	4.6	4.1	3.1	3.9
10. Construction and equipment of non-profit institutions	1.9	2.0	2.1	.5	.6	.6	.5	.6
11. Consumer durable goods	29.4	35.7	34.0	8.5	7.9	9.7	8.1	8.9
12. Total gross saving (8+9+10+11)	54.5	62.4	66.7	15.3	16.7	18.1	17.6	16.6
13. Change in net claims excluding Government insurance (8-6)	6.4	4.3	10.7	.4	2.7	3.4	5.4	2.0
14. Total gross saving excluding Government insurance (12-6)	51.8	59.3	63.1	13.7	15.8	17.9	17.1	15.3

* Indicates less than \$50 million.

^{1/} Includes unincorporated business saving of the types specified. Figures are rounded and will not necessarily add to totals. 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.

^{2/} Includes shares and deposits in credit unions and Postal Savings System.

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

^{4/} Includes Social Security funds and state and local retirement systems.

^{5/} Mortgage debt to institutions on one-to-four-family nonfarm dwellings.

^{6/} Consumer debt owed to corporations, largely attributable to purchases of automobiles and other durable consumer 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.

^{7/} Construction of one-to four-family nonfarm dwellings less net acquisitions of properties by non-individuals.