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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPT., 1952 ^{1/}

During the third quarter of 1952 individuals in the U. S. saved \$5.6 billion in liquid form, according to the quarterly estimates made public today by the Securities and Exchange Commission. This rate of saving was the highest since the fourth quarter of 1945, and compares with \$2.0 billion in the second quarter of 1952, and \$5.1 billion in the third quarter of 1951. The large volume of saving in the third quarter of this year resulted primarily from an increase in disposable income and a moderate decline in consumer expenditures.

The largest component of individuals' saving in the third quarter of 1952 was a \$3.5 billion increase in their holdings of currency and bank deposits, including a rise of \$2.2 billion in checking accounts, a growth of \$900 million in savings accounts and an increase in currency holdings of \$400 million. The large increase in demand deposits was partly due to seasonal influences and contrasted with a decrease of \$400 million in the second quarter and a very sharp drop in the first quarter of this year, when income tax payments and repayments of consumer debt were heavy. While the rise in checking accounts was large in the third quarter of this year, it was not as great as in the corresponding quarter of 1951 which showed an increase of \$3.8 billion.

Substantial investments continued to be made in corporate and municipal securities. Individuals' net purchases of corporate bonds and stocks amounted to over \$900 million which compares with net investments of around one billion dollars in each of the three preceding quarters. The large amount of saving in the form of securities investments reflects the fact that securities offerings this year have been greater in volume than at any time since 1929. Of the corporate securities added to individuals' portfolios in the third quarter, almost \$400 million was in stock issues and almost \$600 million in debt issues, about the same as for the preceding quarter. Securities of state and local governments have also been offered in large quantities and it is estimated that during the third quarter individuals bought \$600 million of these tax-exempt issues.

U. S. savings bonds held by individuals increased by less than \$100 million in the third quarter, despite the fact that more attractive terms were provided for Savings Bonds beginning May 1. During the same period individuals reduced their holdings of other U. S. Government bonds by more than \$300 million.

Individuals' saving in the form of life insurance, which appears to be the most stable segment of personal saving, amounted to \$2.4 billion in the third quarter, almost \$200 million higher than in the preceding quarter and \$400 million higher than the similar period of 1951. The saving in the third quarter was about evenly divided between private life insurance and government insurance and pension reserves (Social Security, National Service Life Insurance, etc.).

Net investments in savings and loan associations during the third quarter amounted to \$500 million, \$300 million less than the record amount in the preceding quarter, the lower amount apparently being due to the usual large withdrawals in July following dividend payments. The figure for the third quarter of 1952 compares with \$400 million in the similar period of 1951.

Reflecting a sharp expansion in home construction, which reached the highest level since the fourth quarter of 1950, there was an increase of \$1.4 billion in mortgage debt of individuals. Consumer indebtedness rose by \$600 million as compared with an increase of \$1.3 billion in the second quarter.

In addition to their saving in liquid forms, \$3.3 billion was spent for construction of new homes and buildings of non-profit institutions, and close to \$6.0 billion was used to purchase other durable consumer goods. A decline of \$400 million was shown in the latter expenditures, as compared with the preceding quarter, because of lower sales of automobiles resulting from the steel strike earlier in the year.

^{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.

Saving by Individuals in the United States 1/

1945 - 1952

(Billions of dollars)

Type of Saving	1945	1946	1947	1948	1949	1950	1951	1951		1952		
								July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.
1. Currency and bank deposits	19.1	10.6	2.0	-1.8	-1.3	4.2	5.8	4.1	3.7	-2.3	1.2	3.5
a. Currency	3.0	0.1	-0.4	-0.5	-0.8	(*)	0.8	-0.2	0.6	-0.3	0.4	0.4
b. Demand deposits	7.3	5.2	0.2	-2.2	-1.3	3.8	3.1	3.8	2.2	-3.0	-0.4	2.2
c. Time and savings deposits	8.8	5.3	2.2	0.8	0.9	0.5	2.0	0.5	0.9	1.0	1.2	0.9
2. Savings and loan associations	1.1	1.2	1.2	1.2	1.5	1.5	2.1	0.4	0.7	0.7	0.8	0.5
3. Insurance	8.6	7.0	7.1	7.3	6.1	5.2	8.0	2.0	2.1	2.3	2.2	2.4
a. Private	3.5	3.4	3.6	3.7	3.7	3.9	4.2	1.0	1.2	1.2	1.1	1.2
b. Government	5.1	3.5	3.5	3.6	2.3	1.3	3.8	1.0	0.9	1.1	1.1	1.2
4. Securities <u>2/</u>	9.4	0.9	3.6	3.2	2.8	0.7	3.5	0.2	1.1	1.7	0.4	1.3
a. U.S. savings bonds	6.9	0.9	1.8	2.1	1.5	0.6	-0.4	-0.1	0.1	0.1	(*)	0.1
b. Other U. S. Government	3.6	-0.4	0.5	-1.5	-0.4	-1.5	-0.2	-0.1	-0.4	0.6	-1.0	-0.3
c. State and local government	-0.2	-0.2	0.4	1.1	0.6	0.5	0.8	(*)	0.3	0.1	0.4	0.6
d. Corporate and other	-0.9	0.7	0.9	1.5	1.1	1.2	3.3	0.5	1.0	1.0	1.1	0.9
5. Liquidation of mortgage debt <u>3/</u>	-0.2	-3.7	-4.5	-4.6	-3.8	-7.0	-6.4	-1.6	-1.4	-1.2	-1.3	-1.4
6. Liquidation of debt not elsewhere classified <u>4/</u>	-0.8	-3.3	-3.4	-2.5	-2.3	-3.2	-0.4	-0.1	-1.3	1.1	-1.3	-0.6
7. Total liquid saving	37.0	12.6	6.0	2.8	2.9	1.5	12.7	5.1	4.9	2.3	2.0	5.6
8. Nonfarm dwellings <u>5/</u>	1.2	4.1	6.2	8.5	8.1	12.6	11.5	3.0	2.8	2.3	2.9	3.3
9. Other durable consumers' goods <u>6/</u>	8.5	16.6	21.4	22.9	23.9	29.2	26.8	6.2	7.4	5.5	6.4	6.0
10. Total Gross Saving	46.7	33.4	33.5	34.1	34.9	43.2	51.0	14.3	15.1	10.1	11.3	14.9

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 savings and loan associations, 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 nonprofit institutions.

6/ Consumer expenditures on durable goods as estimated by the Department of Commerce.

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.