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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING IN 1952^{1/}

During 1952 individuals in the United States saved more in liquid form than in any year since the end of the War, according to estimates made public today by the Securities and Exchange Commission. Liquid saving in 1952 totalled \$14.6 billions, compared to \$11.8 billion in 1951, the previous peak in the post-war period.

The increased rate of liquid saving during the last two years reflects not only the fact that disposable personal income has risen at a faster rate than consumer expenditures, but also that, as compared with the years 1947-1950, saving has been in more liquid forms while the proportion invested in new homes and other durable goods has declined. In 1952 liquid saving was characterized by a sharp rise in the more permanent types of saving such as insurance, time and savings deposits in banks, and shares in saving and loan associations.

Corporate securities purchased by individuals were greater in 1952 than in any year since 1929 and amounted to \$3.9 billion, \$2.1 billion in equity issues and \$1.8 billion in debt issues. It should be noted that corporate pension funds are included with individuals and accounted for almost one-third of individuals' net purchases of corporate securities. The amount of saving in this form corresponded with the very large volume of securities offerings. Corporate securities sold in 1952, net of retirements, amounted to \$8.6 billion, comprising debt issues of \$5.5 billion^{2/} and equity issues of \$3.1 billion, including over \$700 million of conversions into common stock. Individuals' net purchases of investment company shares amounted to over \$500 million in 1952. Of the debt issues, two-thirds were absorbed by institutional groups, partly reflecting the continued large volume of issues sold directly by issuers to insurance companies.

Individuals' holdings of cash and bank deposits increased by \$6.7 billion in 1952. Most of the increase was in time and savings deposits which rose by \$4.3 billion, the largest increase since 1946. Currency holdings expanded by \$1.1 billion, as compared with an increase of \$800 million in 1951. However, amounts in checking accounts rose by only \$1.3 billion last year, compared with \$3.0 billion in 1951 and \$3.8 billion in 1950. In addition to the sharp rise in savings accounts in banks, individuals made net investments in savings and loan associations of \$3.1 billion. This was \$1.0 billion higher than in 1951 and represented a record amount placed in such savings institutions.

^{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.

Estimates of individuals' saving using different coverages and concepts are published by the Department of Commerce and the Federal Home Loan Bank Board. A further description of these series appears on Page 3.

^{2/} Including \$200 million of foreign bonds.

Insurance again constituted the largest form of liquid saving, as in all years since 1946. Equity in private life insurance rose by a record \$4.9 billion. Equity in government insurance and pension reserves, including Social Security funds, increased by \$4.6 billion, the largest amount since the end of the War. The growth in saving in the form of insurance during recent years reflects not only a larger number of persons covered but also larger amounts per individual.

Mortgage debt on homes in 1952 showed an increase of \$6.0 billion, a somewhat smaller rate of increase than in 1951 and 1950. However, in the last half of 1952 the rate of mortgage debt financing increased, the rise being associated with the sharp expansion in home construction in this period. Installment and other consumers indebtedness rose by \$3.1 billion, three-quarters of the increase occurring in the last quarter of the year in connection with a sharp rise in automobile sales following the steel strike settlement, as well as larger sales of television sets and other consumer goods. The substantial rise in consumer indebtedness last year was in contrast to the very small rise in 1951 when restrictive credit regulations were in effect, but is about equal to the increase in 1950 when purchases of consumer goods were at an all-time high.

At the end of 1952 individuals had accumulated a total of \$359 billion of liquid assets excluding corporate securities. ^{3/} Offsetting these assets, individuals had debts totalling \$70 billion. The composition of these holdings excluding corporate securities is shown below for 1951 and 1952:

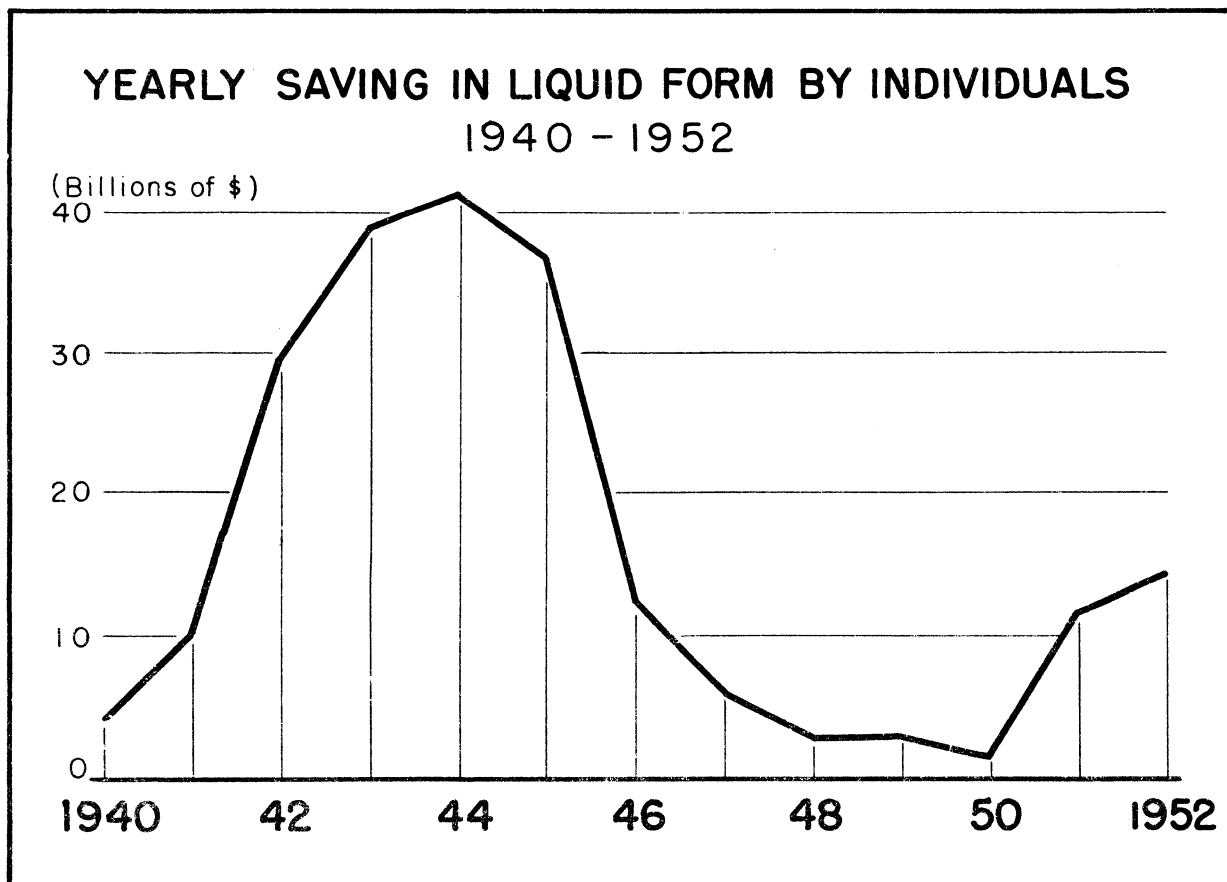
(Billions of Dollars)	Dec. 31 <u>1951</u>	Dec. 31 <u>1952</u>
<u>Individuals held these liquid assets:</u>		
Currency	\$ 24.1	\$ 25.2
Demand deposits in banks	53.4	54.7
Savings deposits in banks	58.8	63.2
Savings and loan association shares	15.9	18.9
Private insurance	66.5	71.4
Government insurance	44.0	48.6
U. S. Savings Bonds	49.7	50.0
Other U. S. Government securities	17.3	16.4
State and local government securities	9.7	10.6
Total liquid assets	339.3	359.0
<u>Individuals owed:</u>		
Mortgage debt	43.2	49.1
Consumer debt	17.9	21.0
Total debts	61.1	70.1
Individuals' equity (liquid assets less debts)	278.2	288.9

^{3/}Reliable data on the value of individuals' holdings of corporate securities are not available. However, rough estimates indicate an order of magnitude of slightly more than \$200 billion at the end of 1952.

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.^{4/}

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.

^{4/} For a complete reconciliation see Table 6, p. 16, Survey of Current Business, July 1952.



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

1948 - 1952

(Billions of dollars)

Type of Saving	1948	1949	1950	1951	1952	1952			
						Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.
1. Currency and bank deposits	-1.8	-1.4	4.2	5.7	6.7	-1.9	0.9	3.5	4.2
a. Currency	-0.5	-0.8	(*)	0.8	1.1	-0.3	0.4	0.4	0.6
b. Demand deposits	-2.2	-1.4	3.8	3.0	1.3	-2.6	-0.6	2.3	2.3
c. Time and savings deposits	0.8	0.9	0.5	1.9	4.3	1.0	1.2	0.9	1.3
2. Savings and loan associations	1.2	1.5	1.4	2.1	3.1	0.7	0.8	0.5	1.0
3. Insurance	7.3	6.1	5.0	8.1	9.5	2.4	2.4	2.4	2.3
a. Private	3.7	3.7	3.9	3.9	4.9	1.2	1.1	1.2	1.4
b. Government	3.6	2.3	1.1	4.2	4.6	1.2	1.4	1.2	0.8
4. Securities ^{2/}	3.2	3.0	1.2	2.8	4.3	1.8	0.2	1.4	0.9
a. U.S. savings bonds	2.1	1.5	0.6	-0.4	0.3	0.1	(*)	0.1	0.2
b. Other U. S. Government	-1.5	-0.3	-1.2	-0.3	-0.9	0.8	-1.1	-0.1	-0.5
c. State and local government	1.1	0.6	0.5	0.3	1.0	(*)	0.3	0.6	0.1
d. Corporate and other	1.5	1.1	1.4	3.1	3.9	0.9	1.0	0.9	1.1
5. Liquidation of mortgage debt ^{3/}	-4.6	-3.9	-7.2	-6.4	-6.0	-1.3	-1.4	-1.6	-1.6
6. Liquidation of debt not elsewhere classified ^{4/}	-2.5	-2.3	-3.2	-0.4	-3.1	1.1	-1.3	-0.6	-2.3
7. Total liquid saving	2.8	3.0	1.5	11.8	14.6	2.9	1.6	5.6	4.4
8. Nonfarm dwellings ^{5/}	8.5	8.1	12.6	11.5	11.6	2.3	2.9	3.2	3.2
9. Other durable consumers' goods ^{6/}	22.9	23.9	29.2	26.8	25.8	5.5	6.4	6.0	7.9
10. Total Gross Saving	34.1	35.0	43.3	50.2	52.0	10.8	10.9	14.9	15.5

^{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.