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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APRIL-JUNE, 1953 <sup>1/</sup>

Individuals saved \$3.7 billion in liquid form during the second quarter of 1953, according to estimates made public today by the Securities and Exchange Commission. This rate of saving compares with liquid saving of \$2.9 billion in the first quarter of this year and \$1.4 billion in the second quarter of 1952.

As in recent periods the high rate of saving in the second quarter was characterized by a substantial flow of funds into the more stable types of investment, such as savings accounts, insurance, and savings and loan association shares. In addition, individuals have greatly expanded their holdings of securities. These increases in liquid assets have been partly offset by a further rise in mortgage indebtedness and a considerable growth in consumer debt.

During the second quarter of this year individuals increased their securities investments by \$2.9 billion. Of this total, \$1.2 billion consisted of corporate bonds and stocks, these net purchases comparing with \$700 million in the preceding quarter. Individuals invested more than \$700 million in corporate debt issues compared with less than \$300 million in the first quarter, while their net purchases of stock issues totalled \$400 million, the same as in the preceding quarter.

There was a net increase in individuals' holdings of U. S. Government bonds of \$900 million in the three months April through June 1953, as compared with a liquidation of \$1.1 billion in the corresponding period of 1952. Purchases, net of redemptions, of Series E and H Savings Bonds amounted to \$260 million, but large maturities of Series F and G Savings Bonds - a substantial portion of which were exchanged for the new long-term Treasury 3½s offered in May - resulted in a net decrease in individuals' holdings of all Savings Bonds. Net purchases of other U. S. Government issues came to \$1.2 billion including the exchange of over \$400 million of maturing Series F and G Savings Bonds.

Individuals increased their holdings of state and local government securities by a record \$800 million during the second quarter of this year compared with net purchases of \$200 million in the first quarter. During the first

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<sup>1/</sup> 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.

two quarters offerings of state and municipal issues reached peak levels, but whereas in the first quarter the bulk of the net issues was absorbed by institutional investors, in the second quarter purchases by institutions were negligible.

During the second quarter individuals added \$500 million to their holdings of cash and deposits. Demand deposits were reduced by \$900 million, while a small increase was recorded in currency holdings. Savings deposits in commercial and mutual savings banks, on the other hand, continued to expand and in the second quarter rose by \$1.4 billion, the largest amount since the second quarter of 1946. In the first quarter of this year, savings accounts rose by \$1.0 billion and in the second quarter of 1952 by \$1.1 billion.

In addition, individuals again placed substantial funds in savings and loan associations. Net new investment in these savings institutions aggregated \$1.1 billion in the second quarter, a record figure, and comparing with \$900 million in both the preceding quarter and the similar period of 1952.

Individuals' equity in private and Government insurance increased by \$2.1 billion with private life insurance accounting for \$1.1 billion of the total and Government pension reserves (i.e., Social Security funds, etc.) amounting to \$1.0 billion. While equity in private insurance was about the same as in the second quarter of last year, saving in the form of Government insurance was almost \$400 million less, chiefly as a result of larger benefit payments due to increased coverage under the old-age and survivors' insurance system.

Reflecting the high level of home purchases, mortgage debt of individuals continued to increase at a near-record rate during the second quarter, growing by \$1.7 billion. Other consumer debt, primarily installment credit, rose by \$1.1 billion as compared with an increase of \$1.6 billion in the same three months 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 the Commerce saving series.

Saving by Individuals in the United States <sup>1/</sup>

1948 - 1953

(Billions of dollars)

Type of Saving	1948	1949	1950	1951	1952	1952				1953	
						Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June
1. Currency and bank deposits	-1.8	-1.4	4.5	5.7	7.1	-1.9	0.9	3.6	4.5	-1.2	0.5
a. Currency	-0.5	-0.8	(*)	0.8	1.1	-0.3	0.4	0.4	0.6	-0.2	0.1
b. Demand deposits	-2.2	-1.5	3.8	3.0	1.7	-2.7	-0.7	2.4	2.7	-2.1	-0.9
c. Time and savings deposits	0.8	0.9	0.5	1.9	4.2	1.0	1.1	0.9	1.2	1.0	1.4
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	1.1
3. Insurance	7.3	6.1	5.0	8.2	9.1	2.5	2.4	2.1	2.1	2.1	2.1
a. Private	3.7	3.7	3.9	4.0	4.8	1.2	1.0	1.2	1.4	1.2	1.1
b. Government	3.6	2.3	1.1	4.2	4.3	1.3	1.4	1.0	0.7	0.8	1.0
4. Securities <sup>2/</sup>	3.3	3.1	1.3	2.8	4.8	1.8	0.3	1.4	1.3	2.7	2.9
a. U. S. savings bonds	2.1	1.5	0.6	-0.4	0.3	0.1	(*)	0.1	0.2	0.4	-0.3
b. Other U. S. Government	-1.5	-0.1	-1.3	-0.4	-0.5	0.8	-1.1	-0.2	-0.1	1.3	1.2
c. State and local government	1.1	0.6	0.7	0.4	1.1	0.1	0.3	0.6	0.1	0.2	0.8
d. Corporate and other	1.6	1.0	1.4	3.2	3.9	0.9	1.0	0.9	1.1	0.7	1.2
5. Liquidation of mortgage debt <sup>3/</sup>	-4.6	-3.9	-7.2	-6.4	-6.0	-1.3	-1.4	-1.6	-1.6	-1.3	-1.7
6. Liquidation of debt not elsewhere classified <sup>4/</sup>	-2.3	-2.4	-3.2	-0.5	-3.8	0.7	-1.6	-0.9	-2.0	-0.2	-1.1
7. Total liquid saving	3.0	2.9	1.7	11.8	14.4	2.5	1.4	5.2	5.3	2.9	3.7
8. Nonfarm dwellings <sup>5/</sup>	8.5	8.1	12.6	11.5	11.6	2.3	2.9	3.2	3.1	2.5	3.1
9. Other durable consumers' goods	22.9	23.8	29.2	27.3	26.7	5.7	6.6	6.2	8.2	6.7	7.5
10. Total Gross Saving	34.4	34.9	43.5	50.6	52.6	10.5	10.9	14.6	16.6	12.1	14.2

<sup>1/</sup> Includes unincorporated business saving of the types specified.

<sup>2/</sup> After deducting change in bank loans made for the purpose of purchasing or carrying securities.

<sup>3/</sup> Mortgage debt to institutions on one- to four-family nonfarm dwellings.

<sup>4/</sup> 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.

<sup>5/</sup> 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.