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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING IN 1953^{1/}

During the year 1953 individuals in the United States saved \$13.6 billion in liquid form according to estimates made public today by the Securities and Exchange Commission. This rate of liquid saving was almost the same as in 1952, the highest since 1946.

While the total was unchanged from 1952, there were several differences in the composition of liquid saving, the most important being a sharp rise in securities investments, a reduction in individuals' checking accounts, and lower saving in the form of Government insurance and pension reserves. Despite variations in some of the components, however, the underlying trend toward larger saving in the more permanent type investments continued in 1953. Both individuals' ownership of savings and loan shares and equity in private life insurance rose by a record amount and about the same large amount as in 1952 was added to time and savings deposits in banks. The liquid saving of individuals during the years 1949 through 1953 is shown in Table 1.

At the end of 1953 individuals had accumulated a total of \$379 billion of liquid assets excluding corporate securities. Offsetting these assets, individuals had debts totalling \$80 billion. The composition of these holdings is shown for the period 1929 to 1953 in Table 2.

During 1953 individuals made net purchases of securities totalling \$6.5 billion, the largest amount in the post-war period. This total included \$3.4 billion of corporate bonds and stocks, \$1.8 billion of state and local government securities and \$1.3 billion of U. S. Government issues. Of the \$3.4 billion of corporate securities individuals purchased \$1.4 billion of common and preferred stock and \$2.0 billion of bonds. These compare with net investments of \$2.1 billion in stock and \$1.6 billion in bonds in 1952. Corporate pension funds are included with individuals and it is estimated that these investments accounted for approximately one-third of individuals' net purchases of corporate securities in 1953.

State and local investments by individuals were double the 1952 investments, these large purchases reflecting the substantial volume of tax-exempt offerings in the past year. Investments in U. S. Government issues included \$300 million of U. S. Savings Bonds and \$1.0 billion of other U. S. Government issues. While the latter investments were increased on balance over the year, it should be noted that a considerable shifting occurred in individuals' holdings during the year, the first two quarters showing a substantial increase partly offset by a sharp decline in the fourth quarter.

^{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. Individuals' 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.

Individuals increased their holdings of currency and bank deposits by \$4.4 billion in 1953 compared with \$7.1 billion in 1952. Practically all of the increase in 1953 was accounted for by time and savings deposits which rose by \$4.2 billion, the same as in the preceding year, while currency holdings increased \$600 million. Demand deposits were reduced by \$400 million as against substantial increases in the preceding years. In addition to the considerable growth in savings accounts in banks, individuals purchased a record \$3.7 billion of shares in savings and loan associations.

In 1953, individuals saved \$8.3 billion in the form of insurance, including a record \$5.1 billion in private insurance. Equity in Government insurance and pension reserves (such as Social Security funds) rose by \$3.2 billion as against \$4.4 billion in 1952. The lower savings in this form primarily reflected an increase in the number of persons receiving benefit payments in 1953.

Mortgage debt of individuals grew by \$6.5 billion in 1953, compared with \$6.0 billion in the preceding year. Other consumer indebtedness, incurred mainly for the purchase of automobiles, increased by \$2.8 billion in 1953, \$1.0 billion less than the 1952 credit expansion.

In addition to the concept of liquid saving discussed above 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. 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. ^{2/}

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.

^{2/} For a complete reconciliation see Table 6, p. 14, Survey of Current Business, July 1953.

LIQUID ASSETS HELD BY INDIVIDUALS, 1929 - 1953

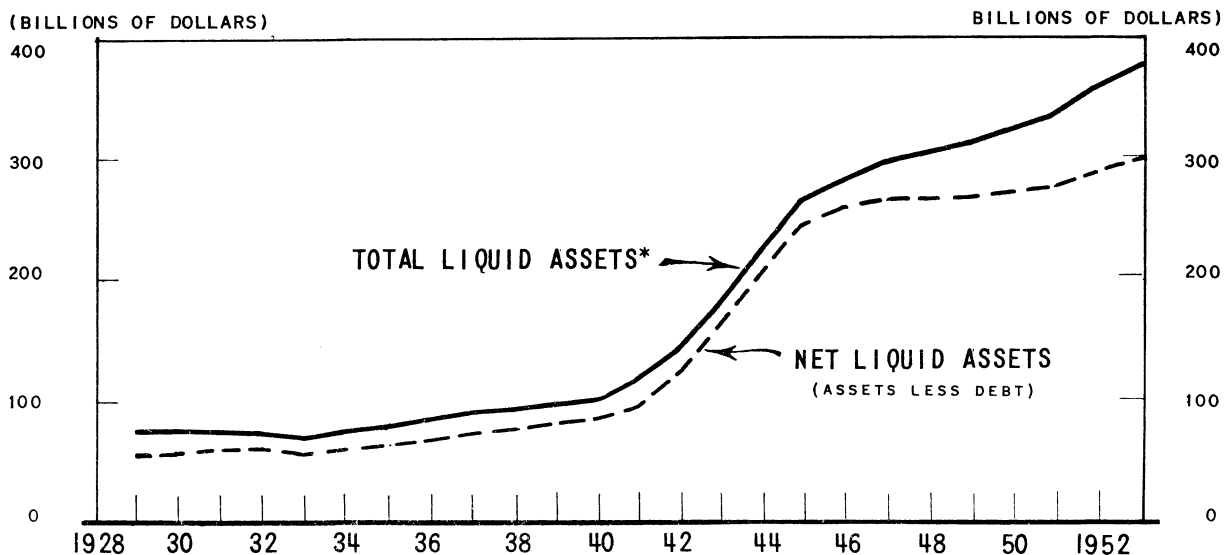


Table 1
 Saving by Individuals in the United States ^{1/}
 1949 - 1953
 (Billions of dollars)

Type of Saving	1949	1950	1951	1952	1953	1953			
						Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.
1. Currency and bank deposits	-1.5	3.6	5.6	7.1	4.4	-1.3	0.6	1.8	3.3
a. Currency	-0.8	-0.1	0.8	1.1	0.6	-0.3	0.2	(*)	0.6
b. Demand deposits	-1.5	3.2	2.9	1.7	-0.4	-2.0	-1.0	0.9	1.8
c. Time and savings deposits	0.9	0.4	1.9	4.2	4.2	1.1	1.4	0.9	0.9
2. Savings and loan associations	1.5	1.5	2.1	3.1	3.7	1.0	1.0	0.6	1.1
3. Insurance	6.1	5.0	8.3	9.2	8.3	2.1	2.1	2.1	2.0
a. Private	3.7	3.9	4.0	4.9	5.1	1.2	1.1	1.2	1.5
b. Government	2.3	1.1	4.2	4.4	3.2	0.9	1.0	0.9	0.4
4. Securities ^{2/}	3.0	2.0	2.8	4.2	6.5	2.4	2.4	1.1	0.6
a. U.S. savings bonds	1.5	0.6	-0.4	0.3	0.3	0.4	-0.3	0.1	0.1
b. Other U. S. Government	-0.1	-0.6	-0.4	-0.7	1.0	1.2	0.9	-0.1	-1.0
c. State and local government	0.6	0.7	0.4	0.9	1.8	0.2	0.6	0.4	0.6
d. Corporate and other	1.0	1.4	3.2	3.7	3.4	0.6	1.2	0.7	0.9
5. Liquidation of mortgage debt ^{3/}	-3.9	-7.2	-6.5	-6.0	-6.5	-1.4	-1.8	-1.7	-1.6
6. Liquidation of debt not elsewhere classified ^{4/}	-2.4	-3.2	-0.5	-3.8	-2.8	-0.3	-1.2	-0.5	-0.8
7. Total Liquid Saving	2.9	1.8	11.6	13.7	13.6	2.6	3.1	3.4	4.6
8. Nonfarm dwellings ^{5/}	8.1	12.6	11.5	11.6	12.2	2.5	3.2	3.4	3.2
9. Other durable consumers' goods	23.8	29.2	27.3	26.7	30.1	6.7	7.5	7.4	8.4
10. Total Gross Saving	34.8	43.6	50.4	52.0	56.0	11.8	13.8	14.2	16.1

^{1/} Includes unincorporated business saving of the types specified. Estimates after 1949 have been revised.

^{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 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.

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Table 2

Liquid Assets Held by Individuals in the United States^{1/}

Year end, 1929 - 1953

(Billions of dollars)

	1929	1930	1935	1940	1945	1946	1947	1948	1949	1950	1951	1952	1953
<u>Liquid Assets</u>													
1. Currency and bank deposits	37.5	37.6	36.6	48.3	117.2	127.8	129.8	127.9	126.5	130.1	135.7	142.7	147.2
a. Currency	2.9	2.9	4.5	6.5	25.0	25.1	24.7	24.2	23.4	23.4	24.1	25.2	25.8
b. Demand deposits	8.7	8.1	9.0	15.7	45.0	50.1	50.4	48.2	46.6	49.9	52.7	54.4	54.1
c. Time and savings deposits	25.9	26.6	23.1	26.2	47.2	52.6	54.8	55.6	56.4	56.9	58.8	63.1	67.3
2. Savings and loan associations	6.2	6.3	4.3	4.3	7.4	8.5	9.8	11.0	12.5	14.0	16.1	19.1	22.8
3. Insurance	17.3	18.5	22.3	36.0	69.4	76.5	83.5	90.9	97.0	102.3	110.4	119.8	128.1
a. Private	15.6	16.6	20.6	28.6	43.6	47.2	50.7	54.5	58.3	62.5	66.4	71.4	76.4
b. Government	1.7	1.9	1.7	7.3	25.8	29.3	32.8	36.4	38.7	39.8	44.0	48.4	51.6
4. Securities ^{1/}	14.1	14.4	16.1	17.1	70.4	70.7	73.4	75.1	77.1	77.8	77.4	77.9	81.0
a. U. S. savings bonds	--	--	0.1	2.7	43.3	44.2	46.0	48.1	49.6	50.2	49.8	50.1	50.4
b. Other U. S. Government	4.2	3.8	6.6	6.4	20.1	19.6	20.1	18.6	18.5	17.9	17.5	16.9	17.9
c. State and local government	9.9	10.7	9.4	8.0	7.1	6.9	7.3	8.4	9.0	9.7	10.1	10.9	12.7
Total liquid assets	75.1	76.8	79.2	105.7	264.4	283.5	296.4	304.8	313.1	324.1	339.6	359.6	379.1
<u>Liabilities</u>													
5. Mortgage debt	12.3	12.4	10.9	12.4	13.1	16.7	21.1	25.7	29.6	36.8	43.3	49.3	55.8
6. Consumer debt	5.4	4.8	3.6	6.5	3.9	6.2	8.9	11.2	13.6	16.8	17.4	21.2	24.1
Total liabilities	17.7	17.2	14.5	18.9	17.0	22.9	30.1	37.0	43.2	53.6	60.7	70.6	79.9
7. Individuals' net equity (liquid assets less debt) ^{2/}	57.4	59.6	64.7	86.8	247.4	260.6	266.3	267.8	269.8	270.5	278.9	289.0	299.2

^{1/} Does not include individuals' holdings of corporate securities. Rough estimates indicate an order of magnitude of \$200 billion at the end of 1953.

^{2/} The year to year changes in the above data are not exactly equivalent to liquid saving shown in Table 1 which includes investments in corporate securities, not included above, and also reflects adjustments in certain of the components in order to exclude revaluations and capital gains and losses.