

For Release in MORNING Newspapers of Wednesday, June 30, 1954

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

STATISTICAL SERIES

Release No. 1242

LIBRARY

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JAN.-MAR., 1954 1/

Individuals in the United States continued to save at a high rate during the first quarter of 1954 according to estimates made public today by the Securities and Exchange Commission. Total liquid saving during the quarter amounted to \$3.3 billion, the highest first quarter in the post-war period, and compares with \$2.4 billion in the first quarter of 1953. Reflecting the usual seasonal decline, saving in the first quarter of this year was lower than in the fourth quarter of 1953.

During the first three months of 1954, saving in securities constituted the most important single component of saving. There was also a continuation of the high level of saving in the more stable types of investment including savings deposits, shares of savings and loan associations, and insurance. In addition, individuals substantially reduced their consumer indebtedness by more than the seasonal amount. Partly offsetting these forms of saving individuals reduced their holdings of currency and demand deposits by a considerable amount, and increased their mortgage indebtedness.

Individuals' saving in the form of securities totalled \$2.3 billion, about the same amount as in the first quarter period of 1953. The total included \$200 million of U. S. Savings Bonds, \$700 million of other U. S. Government issues, \$600 million of state and local government bonds and \$800 million of corporate and other securities. The net additions of corporate securities to individuals' portfolios consisted of preferred and common stock, their holdings of bonds and notes showing a small net decline during the quarter. The substantial amount of net stock acquisitions, almost \$900 million, reflected large conversions of American Telephone and Telegraph convertible debentures into common stock of the company. Although new issues of bonds and notes, net of retirements and conversions, totalled almost \$900 million, such additional issues were largely absorbed by institutional investors.

The amount of state and municipal bond offerings in the first quarter of this year reached an all-time record volume, and while the greater part of the net new issues was bought by institutions, individuals also made substantial investments in this field.

Individuals' equity in insurance rose by \$2.0 billion during the first quarter of this year, including an increase in private life insurance of \$1.4 billion,

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.

and an increase in Government insurance and pension funds amounting to \$600 million. Saving in the latter form was \$300 million less than in the first quarter of 1953, reflecting unemployment insurance payments of over half a billion dollars, approximately the same amount of payments as in the first quarter of 1950.

During the first three months of 1954, individuals' holdings of currency and demand deposits in banks were sharply reduced, partly reflecting seasonal influences. Currency holdings of individuals, which had reached a peak level in December 1953, were contracted by an unusually large amount, \$1.1 billion, during the first quarter of 1954. Amounts held in checking accounts declined by \$2.4 billion. In contrast, time and savings accounts of individuals continued to expand at a high rate, growing by \$1.3 billion; furthermore, individuals again placed substantial amounts in savings and loan associations, net new investments amounting to \$1.1 billion.

In addition to the above items of liquid saving, individuals reduced their aggregate indebtedness on consumer goods, such as automobiles and other durable items, by \$1.5 billion. This was the first quarterly period in two years that there was a net reduction in consumer indebtedness, and reflected record repayments on installment debt and a slackening in new extensions which was due to reduced expenditures for consumer durable goods as well as to a decline in the use of instalment credit.

Mortgage debt of individuals was increased by \$1.3 billion, almost as much as in the first quarter of 1953, due to the continued high level of residential building.

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.

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.

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

1950 - 1954

(Billions of dollars)

Type of Saving	1950	1951	1952	1953	1953				1954
					Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.
1. Currency and bank deposits	3.6	6.0	7.1	4.7	-1.3	0.6	1.7	3.7	-2.2
a. Currency	-0.1	0.6	1.1	0.6	-0.3	0.2	(*)	0.6	-1.1
b. Demand deposits	3.2	3.2	1.7	-0.1	-2.1	-1.0	0.9	2.1	-2.4
c. Time and savings deposits	0.4	2.0	4.2	4.2	1.1	1.4	0.8	1.0	1.3
2. Savings and loan associations	1.5	2.1	3.1	3.7	1.0	1.0	0.6	1.1	1.1
3. Insurance	5.0	8.3	9.3	8.3	2.1	2.1	2.1	1.9	2.0
a. Private	3.9	4.0	4.9	5.1	1.2	1.1	1.2	1.5	1.4
b. Government	1.1	4.2	4.4	3.2	0.9	1.0	0.9	0.4	0.6
4. Securities ^{2/}	2.0	2.6	4.2	6.2	2.4	2.4	1.1	0.2	2.3
a. U. S. savings bonds	0.6	-0.4	0.3	0.3	0.4	-0.3	0.1	0.1	0.2
b. Other U. S. Government	-0.6	-0.6	-0.7	1.0	1.2	0.9	-0.1	-1.0	0.7
c. State and local government	0.7	0.4	0.9	1.8	0.2	0.6	0.4	0.6	0.6
d. Corporate and other	1.4	3.2	3.7	3.0	0.6	1.2	0.7	0.5	0.8
5. Liquidation of mortgage debt ^{3/}	-7.2	-6.5	-6.3	-6.7	-1.5	-1.9	-1.8	-1.5	-1.3
6. Liquidation of debt not elsewhere classified ^{4/}	-3.2	-0.5	-3.8	-2.8	-0.3	-1.2	-0.5	-0.8	1.5
7. Total Liquid Saving	1.8	11.8	13.6	13.4	2.4	3.1	3.2	4.7	3.3
8. Nonfarm dwellings ^{5/}	12.6	11.5	11.6	12.3	2.5	3.2	3.4	3.2	2.6
9. Other durable consumers' goods	29.2	27.3	26.7	30.1	6.7	7.5	7.4	8.4	6.3
10. Total Gross Saving	43.6	50.6	51.8	55.8	11.6	13.8	14.0	16.3	12.1

^{1/} Includes unincorporated business saving of the types specified. Estimates after 1950 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.