

For Release in MORNING Newspapers of Wednesday, January 5, 1955

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.

STATISTICAL SERIES

Release No. 1280 LIBRARY

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPT., 1954^{1/}

Individuals in the United States saved \$2.7 billion in liquid form during the third quarter of 1954, according to estimates made public today by the Securities and Exchange Commission. This rate of saving was slightly lower than in the second quarter of this year.

A significant development in the pattern of saving during the third quarter was a considerable rise in individuals' bank deposits, chiefly in checking accounts. This increase was offset by a liquidation of government securities by individuals and a sharp rise in mortgage indebtedness. During the three months July through September individuals' holdings of United States Government bonds, other than Savings Bonds, were reduced by \$1.6 billion. Holdings of state and local government securities declined for the first time in three years. While individuals continued to make substantial net purchases of corporate and other securities, these purchases were less than in the two preceding quarters.

Individuals' holdings of currency and bank deposits increased by \$3.5 billion during the third quarter, comprised of a growth in demand deposits of \$2.7 billion, a rise in time and savings deposits of \$900 million, and a decline in currency holdings of \$100 million. The third quarter figures may be compared with a rise in currency and bank deposits of \$1.4 billion in the second quarter of 1954 and \$1.7 billion in the third quarter of 1953.

Net purchases of corporate and other securities by individuals during the third quarter of 1954 amounted to \$700 million; this was \$300 million less than in the second quarter, and \$400 million less than in the first quarter of 1954. Almost all of the increase in corporate securities investments was in debt issues. Little change occurred in individuals' holdings of corporate stock, primarily reflecting a smaller volume of new stock issues during the quarter and an increase in retirements.

Individuals' holdings of United States Government Savings Bonds increased by \$100 million while equity in other U. S. Government securities declined \$1.6 billion. The decline in holdings of these Government issues, also large in the preceding quarter, apparently was due to substantial maturities of

^{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.

Government securities in these months. Holdings of state and local government securities decreased \$300 million, compared with increases of \$400 million and \$300 million, respectively, in the two preceding quarters. During the third quarter, the net increase in state and local government issues outstanding was less than in the preceding quarters while institutional investors continued to absorb about the same amount as previously, resulting in net sales by individuals.

Individuals' equity in insurance and pension reserves increased by \$2.1 billion, about the same as in recent quarters. Equity on private insurance rose by \$1.4 billion, while government insurance and pension reserves (Social Security, etc.) increased by \$700 million. Individuals increased their holdings of savings and loan shares by \$700 million during the third quarter.

In addition to the above changes in liquid assets, mortgage debt on non-farm dwellings increased \$2.3 billion during the quarter, a record amount, reflecting the high level of construction activity. Consumer indebtedness was practically unchanged during the period.

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 | | |
|---|------|------|------|------|----------------|---------------|---------------|---------------|----------------|
| | | | | | July- Sept. | Oct.- Dec. | Jan.- Mar. | Apr.- June | July- Sept. |
| 1. Currency and bank deposits | 3.6 | 6.0 | 7.1 | 4.7 | 1.7 | 3.7 | -2.2 | 1.4 | 3.5 |
| a. Currency | -0.1 | 0.8 | 1.1 | 0.6 | (*) | 0.6 | -1.0 | 0.1 | -0.1 |
| b. Demand deposits | 3.2 | 3.2 | 1.7 | -0.1 | 0.9 | 2.1 | -2.5 | -0.1 | 2.7 |
| c. Time and savings deposits | 0.4 | 2.0 | 4.2 | 4.2 | 0.8 | 1.0 | 1.3 | 1.3 | 0.9 |
| 2. Savings and loan associations | 1.5 | 2.1 | 3.1 | 3.7 | 0.6 | 1.1 | 1.1 | 1.3 | 0.7 |
| 3. Insurance | 5.0 | 8.3 | 9.3 | 8.3 | 2.1 | 1.9 | 2.0 | 2.1 | 2.1 |
| a. Private | 3.9 | 4.0 | 4.9 | 5.1 | 1.2 | 1.5 | 1.4 | 1.3 | 1.4 |
| b. Government | 1.1 | 4.2 | 4.4 | 3.2 | 0.9 | 0.4 | 0.6 | 0.8 | 0.7 |
| 4. Securities ^{2/} | 2.0 | 2.6 | 4.2 | 6.2 | 1.1 | 0.2 | 2.5 | 0.5 | -1.1 |
| a. U. S. savings bonds | 0.6 | -0.4 | 0.3 | 0.3 | 0.1 | 0.1 | 0.2 | 0.2 | 0.1 |
| b. Other U. S. Government | -0.6 | -0.6 | -0.7 | 1.0 | -0.1 | -1.0 | 0.8 | -1.1 | -1.6 |
| c. State and local government | 0.7 | 0.4 | 0.9 | 1.8 | 0.4 | 0.6 | 0.3 | 0.4 | -0.3 |
| d. Corporate and other | 1.4 | 3.2 | 3.7 | 3.0 | 0.7 | 0.5 | 1.1 | 1.0 | 0.7 |
| 5. Liquidation of mortgage debt ^{3/} | -7.2 | -6.5 | -6.3 | -6.7 | -1.8 | -1.5 | -1.3 | -1.9 | -2.3 |
| 6. Liquidation of debt not elsewhere classified ^{4/} | -3.2 | -0.5 | -3.8 | -2.8 | -0.5 | -0.8 | 1.5 | -0.4 | -0.1 |
| 7. Total Liquid Saving | 1.8 | 11.8 | 13.6 | 13.4 | 3.2 | 4.7 | 3.6 | 2.9 | 2.7 |
| 8. Nonfarm dwellings ^{5/} | 12.6 | 11.5 | 11.6 | 12.3 | 3.4 | 3.2 | 2.6 | 3.3 | 3.9 |
| 9. Other durable consumers' goods | 29.2 | 27.3 | 26.7 | 30.1 | 7.4 | 8.4 | 6.3 | 7.5 | 6.8 |
| 10. Total Gross Saving | 43.6 | 50.6 | 51.8 | 55.8 | 14.0 | 16.3 | 12.4 | 13.7 | 13.5 |

^{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 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.