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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JAN.-MAR., 1955<sup>1/</sup>

According to estimates made public today by the Securities and Exchange Commission, individuals in the United States saved \$1.7 billion during the first quarter of 1955 compared with \$2.8 billion in the first quarter of 1954 and \$1.9 billion in the first quarter of 1953.<sup>2/</sup> The lower rate of saving this year primarily reflects the substantial growth in individuals' debts.

In addition to the greater expansion in debt, there were other changes in the composition of individuals' saving in the first three months of 1955 as compared with the similar period of 1954. Because of the new payment date for income taxes, checking accounts at banks declined only moderately in contrast to the usual sharp first-quarter decline. Individuals purchased a larger amount of U. S. Government securities this year, and also saved more in the form of private life insurance than in any other first-quarter period. About the same amount of new investment in savings and loan association shares and state and local bonds was made, while there was a reduction in currency holdings due to seasonal factors. Individuals added substantially to their savings accounts at banks and to their investments in corporate securities, although at a lower rate than in the first quarter of 1954. Equity in Government insurance and pension reserves showed a comparatively small increase.

Investment in securities, including Government and corporate issues, was the most important component of individuals' saving in the first quarter of this year, amounting to \$2.1 billion. Net purchases of corporate and other bonds and stocks totalled somewhat over \$900 million. Net new additions to stocks outstanding amounted to \$800 million with about half being taken by non-individuals and foreigners. While \$400 million was added to individuals' accounts, there was an increase in borrowing of over \$100 million, resulting in increased equity in stock issues of \$300 million. Corporate and other debt issues outstanding increased \$1.5 billion, of which \$800 million was absorbed by institutional investors and \$700 million by individuals. Holdings of U. S. Government bonds were enlarged by \$1.0 billion, consisting of \$300 million U. S. savings bonds and \$700 million other Government issues, while net purchases of state and local issues totalled \$200 million.

<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.

<sup>2/</sup> Beginning with the preceding release on saving, this series is no longer designated as "liquid saving" but is shown in the accompanying table, item 9, as "change in net claims" of individuals. This and the change in the placement of the government insurance item are tentative pending completion of the general review of savings estimates now in progress. The changes have been made because the series has frequently, but incorrectly, been taken to measure saving readily available in cash form.

Equity in private life insurance rose by \$1.5 billion, the highest first quarter of record. Saving in Government insurance and pension funds amounted to only \$300 million, chiefly reflecting higher benefit payments from the Old Age and Survivors Insurance Trust Fund as well as large unemployment insurance payments.

Individuals' holdings of currency and bank deposits declined by \$700 million during the first quarter. Cash held by individuals dropped \$1.1 billion from the high level at the end of 1954, and checking accounts were reduced \$600 million. As mentioned above, the decline in demand deposits during the quarter was less than in preceding years due to the new income tax payment date. Savings deposits rose \$900 million, compared with \$1.3 billion in the first quarter of 1954. New investment in savings and loan shares amounted to \$1.1 billion, about the same as in the first quarter of last year.

Mortgage debt of individuals rose by \$2.7 billion, only slightly less than the record increase in the fourth quarter of 1954, and \$1.4 billion greater than the first quarter of last year, the continued growth reflecting the high level of residential building. In the first three months of 1955 the value of home construction amounted to \$3.5 billion, an all-time record for the first quarter of the year.

Although total consumer credit of individuals remained unchanged over the quarter, there was a sharp rise in installment debt, principally for purchase of automobiles. This was offset by an equal decline in non-installment debt due to the usual seasonal repayment of charge accounts.

Besides the concept of saving presented here 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. gross saving: unincorporated business and farm items such as net plant and equipment, changes in net receivables and changes in inventories. Government insurance and consumer durables are excluded from Commerce saving which, in addition, reflects depreciation on homes.<sup>3/</sup>

A more restricted concept of individuals' saving is the selected item series of the Home Loan Bank Board. This series covers the following components included in S.E.C. saving: time and savings deposits, savings and loan associations, private life insurance, and U. S. savings bonds.

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<sup>3/</sup> For a complete reconciliation see Table 6 in the July 1955 issue of the Survey of Current Business.

Table 1  
Saving by Individuals in the United States<sup>1/</sup>  
1952 - 1955

(Billions of dollars)

Type of Saving	1952	1953	1954	1954				1955
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.
1. Currency and bank deposits	6.8	4.8	6.8	-2.2	1.4	3.6	4.0	-0.7
a. Currency	1.1	0.6	-0.3	-1.0	0.1	-0.1	0.8	-1.1
b. Demand deposits	1.5	(*)	2.7	-2.5	(*)	2.8	2.4	-0.6
c. Time and savings deposits	4.2	4.2	4.4	1.3	1.3	1.0	0.8	0.9
2. Savings and loan associations	3.1	3.6	4.5	1.1	1.3	0.7	1.4	1.1
3. Private insurance	4.9	5.2	5.3	1.3	1.2	1.3	1.6	1.5
4. Securities <sup>2/</sup>	4.0	5.1	1.6	1.9	0.2	-1.0	0.5	2.1
a. U. S. savings bonds	0.1	0.3	0.8	0.2	0.2	0.1	0.2	0.3
b. Other U. S. Government	(*)	0.3	-2.5	0.3	-1.3	-1.4	(*)	0.7
c. State and local government	0.8	2.0	0.7	0.2	0.5	-0.3	0.4	0.2
d. Corporate and other	3.1	2.5	2.6	1.2	0.8	0.6	-0.1	0.9
5. Liquidation of mortgage debt <sup>3/</sup>	-6.3	-7.0	-8.6	-1.4	-2.0	-2.4	-2.8	-2.7
6. Liquidation of debt not elsewhere classified <sup>4/</sup>	-3.8	-3.2	-0.4	1.4	-0.6	-0.1	-1.0	(*)
7. Subtotal (1 through 6)	8.7	8.5	9.2	2.1	1.4	2.1	3.7	1.3
8. Government insurance	4.3	3.3	2.6	0.7	0.9	0.7	0.4	0.3
9. Change in net claims (7 + 8)	13.0	11.8	11.9	2.8	2.2	2.8	4.1	1.7
10. Nonfarm dwellings <sup>5/</sup>	11.6	12.3	14.1	2.6	3.4	4.1	4.1	3.5
11. Other durable consumers' goods	26.8	29.7	28.9	6.3	7.5	6.8	8.4	7.7
12. Gross Saving (9 + 10 + 11)	51.4	53.8	54.9	11.6	13.1	13.7	16.5	12.8

NOTE: The earlier series designated "liquid saving" has been discontinued for reasons outlined on page 1, note 2. The change in net claims (line 9) is conceptually the same as the earlier series. It includes all items that are changes in net claims against assets regardless of degree of "liquidity." 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.

<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.