

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

STATISTICAL SERIES
Release No. 1393

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JAN.-MARCH, 1956 1/

According to estimates made public today by the Securities and Exchange Commission, individuals in the United States saved \$5.0 billion during the first quarter of 1956, 2/ an amount higher than for any period since the third quarter of 1952. This rate of saving compares with \$3.3 billion in the fourth quarter and \$1.7 billion in the first quarter of 1955.

The most important form of liquid saving by individuals in the first quarter was investment in securities, including the largest net purchase of United States Government issues since the first quarter of 1947. Aside from unusually large investments in securities, individuals increased their ownership of other financial assets somewhat more than in the first quarter of last year. Individuals' checking accounts, although showing a seasonal reduction, did not drop as much as in the first quarter of 1955, while their currency holdings, also affected by seasonal factors, were reduced by the same amount as in the preceding year. During the first quarter there was some slackening in the growth of individuals' mortgage debt while consumer indebtedness was reduced chiefly due to seasonal payments of charge accounts.

During the first quarter of 1956, individuals added \$3.8 billion to their securities investments, of which over 60 percent was U. S. Government obligations. This consisted of \$200 million of Savings Bonds and \$2.2 billion of other Government issues. During this period, U. S. Government issues held in portfolios of non-individuals, chiefly banks and non-financial corporations, were reduced by almost \$6.7 billion while at the same time, Government securities outstanding declined more than \$4.4 billion. Thus, there was an addition to individuals' holdings (after a net repayment of over \$150 million loans) of \$2.4 billion. It should be noted that "individuals" includes personal trust funds and non-profit foundations, which it is understood made large purchases of Government issues in the first quarter.

Investments in corporate and other securities, including stocks and bonds, continued at a high level, amounting to \$800 million. Such investments amounted to \$1.0 billion in the fourth quarter of 1955 and \$400 million in the first quarter of that year. Ownership of preferred and common stock was increased \$500 million of which about half represented increased equity through payment during the quarter of securities loans. In the preceding quarter individuals had borrowed on corporate stocks to the extent of about \$500 million, so that their equity in stocks increased by less than \$200 million. Corporate and other bond investments totalled \$300 million for the first quarter, substantially less than in the preceding quarter when a large volume of non-guaranteed government issues (included in this category) were marketed.

1/ Individuals' saving, in addition to personal holdings, covers saving of unincorporated business, trust funds, and non-profit institutions in the forms specified.

2/ Represents change in net claims and includes individuals' saving in the form of cash and deposits, savings and loan associations, securities and insurance, net of the increase in individuals' debts.

Net purchases by individuals of state and local obligations in the first quarter amounted to \$600 million, \$100 million less than in the fourth quarter of 1955, but \$500 million more than in the first quarter of that year.

There was a moderate decline in individuals' cash and bank deposits of \$500 million. Individuals reduced their currency holdings by \$800 million, practically the same as in the first quarter of 1955, and their checking accounts dropped by \$900 million. This latter decline is comparable to a decrease of \$1.2 billion in the first quarter of 1955. Time and savings deposits, on the other hand, rose by \$1.3 billion, a somewhat larger increase than in the 1955 first quarter. In addition, individuals placed \$1.1 billion in savings and loan associations, the same as in the first quarter of the two preceding years.

The growth in individuals' equity in private insurance and pension reserves was estimated at \$1.9 billion, continuing close to the rise in the preceding year. Saving in Government insurance and pension reserves totalled \$800 million, \$300 million higher than in the first quarter of 1955.

Mortgage debt of individuals increased by \$2.6 billion, slightly less than in the comparable period of 1955, and reflecting somewhat lower amounts spent for residential construction. Consumer indebtedness declined by \$400 million due to substantial first-quarter payments on charge accounts, offset to a minor extent by a small increase in installment debt. The small rise in installment debt contrasted with a fairly large expansion in the first quarter of 1955, reflecting lower automobile purchases this year.

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. 3/

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.

3/ For a complete reconciliation, see Table 6, in the July 1956 issue of the Survey of Current Business.

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

1953 - 1956

(Billions of dollars)

Type of Saving	1953	1954	1955	1955				1956 Jan.- Mar.
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	
1. Currency and deposits	4.8	7.0	4.4	-1.0	.2	3.2	2.0	- .5
a. Currency	.6	- .3	.4	- .8	.3	.1	.7	- .8
b. Demand deposits	- .4	2.5	.4	-1.2	-1.2	2.4	.5	- .9
c. Time and savings deposits ^{2/}	4.6	4.8	3.5	1.0	1.0	.8	.7	1.3
2. Savings and loan associations	3.6	4.4	4.9	1.1	1.5	.7	1.6	1.1
3. Securities ^{3/}	2.9	- .5	5.7	1.8	.8	1.8	1.2	3.8
a. U. S. Savings bonds	.2	.6	.3	.2	*	*	.1	.2
b. Other U. S. Government	.1	-1.6	1.6	1.2	.1	.8	- .6	2.2
c. State and local Government	1.6	.5	1.4	.1	.3	.3	.7	.6
d. Corporate and other	1.1	*	2.4	.4	.3	.6	1.0	.8
(1) Bonds and notes	.4	*	2.1	.3	.6	.3	.8	.3
(2) Preferred and common stock	.7	*	.3	.1	- .2	.3	.2	.5
4. Liquid saving (1+2+3)	11.3	11.0	14.9	2.0	2.4	5.7	4.8	4.5
5. Private insurance and pension reserves	6.8	7.4	8.0	2.0	1.8	2.0	2.1	1.9
a. Insurance reserves	3.9	4.4	4.7	1.2	1.0	1.2	1.3	1.0
b. Insured pension reserves	1.1	1.2	1.3	.3	.3	.3	.3	.4
c. Non-insured pension funds	1.8	1.8	2.1	.5	.5	.5	.5	.6
6. Government insurance and pension reserves ^{4/}	3.2	2.7	3.2	.5	1.0	1.0	.7	.8
7. Increase in individuals' debts	10.8	9.7	18.0	2.7	5.6	5.2	4.4	2.2
a. Mortgage debt ^{5/}	7.3	9.2	12.2	2.7	3.4	3.5	2.7	2.6
b. Consumer indebtedness ^{6/}	3.5	.5	5.8	*	2.3	1.7	1.8	- .4
8. Change in net claims (4+5+6-7)	10.6	11.3	8.1	1.7	- .3	3.5	3.3	5.0
9. Non-farm homes ^{7/}	10.9	12.5	15.3	3.1	4.0	4.4	3.9	2.9
10. Construction and equipment of non-profit institutions	1.5	1.9	2.0	.5	.5	.5	.5	.5
11. Consumer durable goods	29.8	29.4	35.7	7.9	9.2	8.8	9.8	7.8
12. Total gross saving (8+9+10+11)	52.8	55.0	61.2	13.2	13.3	17.2	17.5	16.2
13. Change in net claims excluding Government insurance (8-6)	7.3	8.6	4.9	1.3	-1.4	2.5	2.6	4.2
14. Total gross saving excluding Government insurance (12-6)	49.6	52.3	58.0	12.7	12.2	16.2	16.8	15.4

* Indicates less than \$50 million.

^{1/}Includes unincorporated business saving of the types specified. Figures are rounded and will not necessarily add to totals. 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.

^{2/}Includes shares and deposits in credit unions and Postal Savings System.

^{3/}After deducting change in bank loans made for the purpose of purchasing or carrying securities.

^{4/}Includes Social Security funds and state and local retirement systems.

^{5/}Mortgage debt to institutions on one-to four-family nonfarm dwellings.

^{6/}Consumer debt owed to corporations, 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.

^{7/}Construction of one- to four-family nonfarm dwellings less net acquisitions of properties by non-individuals.

NOTE: Several changes which were made recently in the form and presentation of the above data are described in Statistical Release No. 1379.