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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APR.-JUNE, 1956 1/

Individuals saved \$2.2 billion during the second quarter of 1956 2/ according to estimates made public today by the Securities and Exchange Commission. Adding first quarter saving of \$4.8 billion, the total for the first half of 1956 amounted to \$7.0 billion. This high rate of saving reflects rising personal incomes after taxes, together with some slackening in the growth of individuals' debts.

During the second quarter saving in the more stable forms, including savings accounts, shares in saving and loan associations and private insurance and pension reserves, continued at a high level. Among other items of saving, however, there were changes from the first quarter. Most important was a reduction in U. S. Government holdings as compared with large investments by individuals in the preceding quarter. Investment in corporate securities and state and local obligations were not as large and checking accounts were drawn down further. Partly reflecting seasonal factors, currency holdings showed a considerable increase and there was also an increase in individuals' equity in Government insurance. Mortgage debt of individuals increased more than in the first quarter, due to seasonal factors, while consumer debt also increased in contrast to a net repayment in the preceding period.

Individuals' net purchases of corporate and other securities amounted to \$600 million during the second quarter. Practically all of this investment was in debt issues. New stock issues amounted to \$1.1 billion, about the same as the first three months of the year. However, stock retirements were considerably larger due to a number of transactions in connection with mergers. Purchases by non-individuals continued at the same rate, resulting in a small change in equity holdings of individuals. In addition to investments in corporate securities, individuals added almost \$400 million to their holdings of state and local government bonds. Holdings of U. S. savings bonds were decreased by \$100 million and investments in other U. S. Government obligations were decreased by almost \$300 million.

Individuals' holdings of currency and bank deposits expanded by about \$800 million during the second quarter. There was an increase in currency

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, insurance and pension reserves, net of the increase in individuals' debts.

holdings of \$900 million (the largest increase since the second quarter of 1951) and a \$1.2 billion increase in time and saving deposits. Demand deposits, however, declined \$1.4 billion, in part attributable to income tax payments. Net investments in savings and loans shares amounted to \$1.6 billion, a little higher than the same period last year.

During the second quarter, saving in the form of private insurance and pension reserves increased by \$1.9 billion, about the same as the preceding quarter, and \$100 million higher than the second quarter of 1955. Saving in government insurance and pension reserves rose by \$1.6 billion, mainly reflecting the high level of employment.

Mortgage debt of individuals increased by \$2.9 billion as compared to \$3.4 billion in the second quarter of 1955 due to the drop in home construction this year. Consumer indebtedness increased by \$1.3 billion compared with a record \$2.3 billion rise in the second quarter of 1955, the smaller increase largely 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	Apr.- June	1955 July- Sept.	Oct.- Dec..	1956 Jan.- Mar.	Apr.- June
1. Currency and deposits	4.8	7.0	4.4	.2	3.2	2.0	-.5	.8
a. Currency	.6	-.3	.4	.3	.1	.7	-.8	.9
b. Demand deposits	-.4	2.5	.4	-1.2	2.4	.5	-.9	-1.4
c. Time and savings deposits <u>2/</u>	4.6	4.8	3.5	1.0	.8	.7	1.3	1.2
2. Savings and loan associations	3.6	4.4	4.9	1.5	.7	1.6	1.1	1.6
3. Securities <u>3/</u>	2.9	-.5	5.7	.8	1.8	1.2	3.7	.6
a. U. S. Savings bonds	.2	.6	.3	*	*	.1	.2	-.1
b. Other U. S. Government	.1	-1.6	1.6	.1	.8	-.6	2.1	-.3
c. State and local Government	1.6	.5	1.4	.3	.3	.7	.6	.4
d. Corporate and other	1.1	*	2.4	.3	.6	1.0	.8	.6
(1) Bonds and notes	.4	*	2.1	.6	.3	.8	.3	.6
(2) Preferred and common stock	.7	*	.3	-.2	.3	.2	.5	*
4. Liquid saving (1+2+3)	11.3	11.0	14.9	2.4	5.7	4.8	4.3	3.0
5. Private insurance and pension reserves	6.8	7.4	8.0	1.8	2.0	2.1	1.9	1.9
a. Insurance reserves	3.9	4.4	4.7	1.0	1.2	1.3	1.0	1.0
b. Insured pension reserves	1.1	1.2	1.3	.3	.3	.3	.4	.4
c. Non-insured pension funds	1.8	1.8	2.1	.5	.5	.5	.6	.6
6. Government insurance and pension reserves <u>4/</u>	3.2	2.7	3.2	1.0	1.0	.7	.8	1.6
7. Increase in individuals' debts	10.8	9.7	18.0	5.6	5.2	4.4	2.2	4.3
a. Mortgage debt <u>5/</u>	7.3	9.2	12.2	3.4	3.5	2.7	2.6	2.9
b. Consumer indebtedness <u>6/</u>	3.5	.5	5.8	2.3	1.7	1.8	-.4	1.3
8. Change in net claims (4+5+6-7)	10.6	11.3	8.1	-.3	3.5	3.3	4.8	2.2
9. Non-farm homes <u>7/</u>	10.9	12.5	15.3	4.0	4.4	3.9	2.9	3.5
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	9.2	8.8	9.8	7.8	8.5
12. Total gross saving (8+9+10+11)	52.8	55.0	61.2	13.3	17.2	17.5	16.0	14.8
13. Change in net claims excluding Government insurance (8-6)	7.3	8.6	4.9	-1.4	2.5	2.6	4.0	.6
14. Total gross saving excluding Government insurance (12-6)	49.6	52.3	58.0	12.2	16.2	16.8	15.2	13.2

* 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.