

SECURITIES AND EXCHANGE COMMISSION
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STATISTICAL SERIES
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VOLUME AND COMPOSITION OF INDIVIDUAL^{1/}' SAVINGS, JULY-SEPT., 1956

Individual's saving continued at a high rate in the third quarter of 1956, amounting to \$3.9 billion^{2/}, according to estimates made public today by the Securities and Exchange Commission. Saving during the first nine months of the year totaled \$10.9 billion, \$6.0 billion more than in the similar period of 1955, primarily reflecting rising personal income after payment of taxes.

During the third quarter the most important form of liquid saving was in securities, mainly corporate issues. Checking accounts expanded substantially in contrast to decreases in the preceding two quarters. However, the growth in savings and time deposits at banks and share accounts with savings and loan associations was not as large as in the two preceding quarters. Currency holdings dropped sharply contrasted with a considerable rise in the second quarter. In addition to these items of liquid savings, individuals increased their ownership of other financial assets, including private and government insurance and pension reserves, at about the same rate as in the third quarter of 1955. They added much less to their net indebtedness in 1956 than in 1955.

Individuals' increased their equity in corporate and other securities by \$1.2 billion in the third quarter compared with \$800 million and \$600 million in the first and second quarters respectively. During the third quarter the greater saving through this medium was mainly a reflection of two factors: the volume of net offerings was at a higher level, and there were large repayments of borrowings on securities. Saving in corporate securities in the third quarter of 1956 was about evenly divided between stocks and bonds.

Among other securities investments of individuals during the third quarter, there was a reduction of U. S. Saving Bonds of \$100 million, while their net purchases of other U. S. Government bonds totalled \$600

1/ Individuals' savings, 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, and securities as well as insurance and pension reserves, net of the increase in individuals' debts.

million, and saving in state and local obligations totalled \$200 million.

Total saving in currency and bank deposits amounted to \$1.5 billion in the third quarter compared with \$800 million during the preceding quarter. Of the total increase, individuals added \$1.4 billion to their checking accounts, compared with a decline of the same amount in the second quarter and a \$900 million decline in the first quarter. Currency holdings decreased by \$700 million as against a \$900 million rise during the preceding quarterly period. Time and savings deposits increased \$900 million, \$400 million less than the second quarter but \$100 million higher than the like period of last year. Similarly, the increase in share accounts at savings and loan associations was less than in the second quarter of 1956 but the same as the third quarter period of 1955, amounting to \$700 million.

Equity in the form of private insurance and pension reserves rose by \$2.2 billion during the quarter, \$200 million more than the preceding quarter and \$100 million higher than the third quarter of 1955. Savings in government insurance and pension reserves totalled \$1.0 billion, less than in the preceding quarter but about the same as in the third quarter of 1955.

There was a \$600 million increase in consumer indebtedness during the third quarter compared with a \$1.7 billion increase in the same period last year. Mortgage debt of individuals increased by \$2.8 billion during the third quarter, less than the record \$3.5 billion increase in the like period last year reflecting the decline in home construction.

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 saving 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

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

1953 - 1956

(Billions of dollars)

Type of Saving	1953	1954	1955	1955		1956		
				July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June	July- Sept.
1. Currency and deposits	4.8	7.0	4.4	3.2	2.0	-.5	.8	1.5
a. Currency	.6	-.3	.4	.1	.7	-.8	.9	-.7
b. Demand deposits	-.4	2.5	.4	2.4	.5	-.9	-1.4	1.4
c. Time and savings deposits ^{2/}	4.6	4.8	3.5	.8	.7	1.3	1.2	.9
2. Savings and loan associations	3.6	4.4	4.9	.7	1.6	1.1	1.6	.7
3. Securities ^{3/}	2.9	-.5	5.7	1.8	1.2	3.7	.6	1.9
a. U.S. Savings bonds	.2	.6	.3	*	.1	.2	-.1	-.1
b. Other U.S. Government	.1	-1.6	1.6	.8	-.6	2.1	-.3	.6
c. State and local Government	1.6	.5	1.4	.3	.7	.6	.4	.2
d. Corporate and other	1.1	*	2.4	.6	1.0	.8	.6	1.2
(1) Bonds and notes	.4	*	2.1	.3	.8	.3	.6	.6
(2) Preferred and common stock	.7	*	.3	.3	.2	.5	*	.6
4. Liquid saving (1+2+3)	11.3	11.0	14.9	5.7	4.8	4.3	3.0	4.1
5. Private insurance and pension reserves	6.8	7.4	8.0	2.0	2.1	1.9	1.9	2.2
a. Insurance reserves	3.9	4.4	4.7	1.2	1.3	1.0	1.0	1.2
b. Insured pension reserves	1.1	1.2	1.3	.3	.3	.4	.4	.4
c. Non-insured pension funds	1.8	1.8	2.1	.5	.5	.6	.6	.6
6. Government insurance and pension reserves ^{4/}	3.2	2.7	3.2	1.0	.7	.8	1.6	1.0
7. Increase in individuals' debts	10.8	9.7	18.0	5.2	4.4	2.2	4.3	3.4
a. Mortgage debt ^{5/}	7.3	9.2	12.2	3.5	2.7	2.6	2.9	2.8
b. Consumer indebtedness ^{6/}	3.5	.5	5.8	1.7	1.8	-.4	1.3	.6
8. Change in net claims (4+5+6-7)	10.6	11.3	8.1	3.5	3.3	4.8	2.2	3.9
9. Non-farm homes ^{7/}	10.9	12.5	15.3	4.4	3.9	2.9	3.5	3.9
10. Construction and equipment of non-profit institutions	1.5	1.9	2.0	.5	.5	.5	.5	.6
11. Consumer durable goods	29.8	29.4	35.7	8.8	9.8	7.8	8.5	7.9
12. Total gross saving (8+9+10+11)	52.8	55.0	61.2	17.2	17.5	16.0	14.8	16.2
13. Change in net claims excluding Government insurance (8-6)	7.3	8.6	4.9	2.5	2.6	4.0	.6	2.8
14. Total gross saving excluding Government insurance (12-6)	49.6	52.3	58.0	16.2	16.8	15.2	13.2	15.2

* 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 consumer 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.