

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

STATISTICAL SERIES

RELEASE NO. 1471

For Release August 1, 1957

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JAN.-MAR. 1957 1/

Individuals in the United States saved more in the first quarter of 1957 than in any quarter in the post-war period, according to a report released today by the Securities and Exchange Commission. Saving amounted to \$5.9 billion 2/, \$2.1 billion more than in the preceding quarter and \$1.0 billion larger than in the first quarter of 1956.

During the first quarter individuals added substantial amounts to their savings accounts in banks, purchased a large volume of U. S. Government bonds -- other than Savings Bonds -- and also invested considerably more than in recent periods in corporate bonds and stocks. Saving in other financial assets, such as insurance and pension reserves and share accounts at savings and loan associations, were at the usual first-quarter rate; however, larger net withdrawals were shown in demand deposits than in the first quarter of 1956. Contributing to the greater saving in the first quarter of this year was the lower rate of expansion of individuals' debts.

Individuals' saving in corporate and miscellaneous securities was at a high level, amounting to \$1.8 billion, and reflecting the record volume of new securities floated during the first three months of the year. Saving in this component compares with \$900 million in the fourth quarter of 1956 and \$700 million in the first quarter of last year. During the first quarter of this year, ownership of preferred and common stock was increased by \$800 million, including repayment of securities loans of \$300 million. These investments in equity securities were \$200 million greater than in either of the preceding two quarters and \$300 million higher than in the first quarter of 1956. Corporate, Federal agency and foreign bond investments totalled \$1.0 billion, compared with \$200 million in the preceding quarter and in the first quarter of 1956. The amount of net bond flotations of U. S. corporations in the first quarter aggregated \$1.8 billion, of which \$450 million were issues convertible into stocks. In addition, over \$500 million of foreign and Federal agency issues were marketed, bringing total net new bond issues to almost \$2.4 billion. This was double the amount in the fourth quarter of 1956. Although institutional investors increased their net purchases of such securities moderately, the excess volume mainly was absorbed by individuals.

-
- 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, and securities as well as insurance and pension reserves, net of the increase in individuals' debts.

Individuals' holdings of U. S. savings bonds declined sharply, by \$600 million. However, their ownership of other U. S. Government bonds increased by \$1.7 billion, about the same as in the first quarter of 1956, apparently reflecting the usual large investment in the first part of the year by personal trust funds and non-profit foundations. Net purchases of state and local securities totalled \$600 million, practically unchanged from the preceding quarter and the first quarter of 1956.

Holdings of currency and bank deposits rose by \$200 million during the first quarter. Currency held by individuals was reduced by \$600 million, and demand deposits dropped by \$1.5 billion. In contrast, time and savings deposits grew by \$2.2 billion, a record for the post-war period, probably in response to higher-interest rates offered at most banks. Individuals also added \$1.0 billion to their savings and loan association accounts, about the same as in the first quarter of 1956.

Individuals equity in private insurance and pension funds continued to advance close to the 1956 quarterly rate, growing by \$1.7 billion during the first quarter. In contrast, saving in Government insurance of \$400 million was lower than in the similar period of last year, chiefly because of larger benefit payments from the old-age and survivors' insurance fund due to newly extended coverage.

Mortgage debt of individuals rose by \$2.0 billion during the first quarter, the smallest increase since the first quarter of 1954. The lower rate of expansion in this component reflects the lower volume of residential construction and growing mortgage repayments. Consumer indebtedness decreased by \$900 million, including a net repayment of noninstallment debt (principally payments on charge accounts) of \$700 million, and a decrease of \$200 million in installment debt. This was the first decrease in installment debt in any quarter since the first quarter of 1954.

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 the 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 the S.E.C. saving: time and saving deposits, saving and loan associations, private life insurance, and U. S. Saving Bonds.

^{3/} For a complete reconciliation, see Table 6, in the July 1957 issue of the Survey of Current Business.

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

1954 - 1957

(Billions of dollars)

Type of Saving	1954	1955	1956	1956				1957 Jan.- Mar.
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	
1. Currency and deposits	5.8	4.6	4.5	-.1	.2	1.6	2.9	.2
a. Currency	-.3	.4	*	-.8	.9	-.7	.6	-.6
b. Demand deposits	1.4	.6	.2	-.6	-1.9	1.4	1.3	-1.5
c. Time and savings deposits ^{2/}	4.7	3.5	4.4	1.3	1.2	.9	1.0	2.2
2. Savings and loan associations	4.4	4.8	5.1	1.1	1.6	.7	1.7	1.0
3. Securities ^{3/}	-.7	5.6	7.2	3.4	1.1	1.8	.8	3.5
a. U. S. Savings bonds	.6	.3	-.1	.2	-.1	-.1	-.1	-.6
b. Other U. S. Government	-1.7	1.8	1.8	1.8	.1	.5	-.6	1.7
c. State and local Government	.5	1.4	1.9	.7	.4	.2	.6	.6
d. Corporate and other	-.1	2.1	3.5	.7	.7	1.2	.9	1.8
(1) Bonds and notes	-.1	1.8	1.7	.2	.6	.6	.2	1.0
(2) Preferred and common stock	*	.3	1.8	.5	*	.6	.6	.8
4. Liquid saving (1+2+3)	9.5	14.9	16.8	4.4	2.9	4.0	5.4	4.8
5. Private insurance and pension reserves	7.3	7.6	7.7	1.8	1.8	2.0	2.0	1.7
a. Insurance reserves	4.2	4.2	4.3	1.0	1.0	1.2	1.2	.9
b. Insured pension reserves	1.2	1.3	1.2	.3	.3	.3	.3	.3
c. Non-insured pension funds	1.9	2.1	2.2	.6	.6	.6	.6	.6
6. Government insurance and pension reserves ^{4/}	2.6	3.1	3.7	.7	1.7	1.0	.4	.4
7. Increase in individuals' debts	10.2	18.0	13.6	2.0	4.3	3.4	4.0	1.0
a. Mortgage debt ^{5/}	9.2	11.9	10.6	2.6	2.8	2.8	2.5	2.0
b. Consumer indebtedness ^{6/}	1.0	6.1	3.1	-.5	1.5	.6	1.5	-.9
8. Change in net claims (4+5+6-7)	9.3	7.6	14.6	4.9	2.1	3.6	3.8	5.9
9. Non-farm homes ^{7/}	12.5	15.3	14.1	2.9	3.6	3.9	3.5	2.7
10. Construction and equipment of non-profit institutions	1.9	2.0	2.1	.5	.5	.6	.6	.5
11. Consumer durable goods	29.4	35.7	34.0	7.8	8.5	7.9	9.7	8.1
12. Total gross saving (8+9+10+11)	53.0	60.6	64.7	16.1	14.8	16.1	17.7	17.2
13. Change in net claims excluding Government insurance (8-6)	6.7	4.5	10.8	4.2	.5	2.7	3.5	5.5
14. Total gross saving excluding Government insurance (12-6)	50.3	57.5	61.0	15.4	13.1	15.1	17.3	16.8

* 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.