

SECURITIES AND EXCHANGE COMMISSION  
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# STATISTICAL SERIES

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## VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPT. 1957 1/

Individuals' saving continued at a high rate in the third quarter of 1957, amounting to \$4.7 billion 2/, according to estimates made public today by the Securities and Exchange Commission. This compares with \$3.2 billion of saving in the preceding period and \$3.7 billion in the third quarter of last year. Saving by individuals in the first nine months of 1957 was about \$3 billion higher than in the corresponding period of 1956.

During the third quarter of this year the most important form of liquid saving was in securities, both government and corporate issues. Checking accounts expanded in contrast to substantial decreases in the preceding two quarters. Time and saving deposits at banks continued to expand at a high rate, although net investment in savings and loan shares showed a seasonal decline. Currency holdings declined slightly during the quarter. In addition to these items of liquid saving, individuals increased their holdings of other financial assets, including government and private insurance and pension reserves, close to the rate in the third quarter of 1956. Contributing to the increased savings this year was the lower rate of expansion in mortgage debt of individuals.

Investment in securities by individuals totalled \$2.4 billion, about evenly divided between government and corporate issues. While individuals continued to reduce their ownership of U. S. Savings bonds in the third quarter, they added almost \$1.2 billion of other U. S. government obligations to their portfolios. Their net purchases of state and local government obligations amounted to \$600 million, \$200 million more than the preceding quarter.

Net investments in corporate and other securities during the third quarter of this year amounted to \$1.2 billion, considerably less than the preceding two quarters, but slightly more than in the same period of 1956. Investments in corporate and other debt issues amounted to \$800 million, almost \$400 million less than the preceding quarter when large flotations by foreign issuers and Federal government agencies occurred. Individuals' equity in corporate stocks increased by \$300 million, reflecting a repayment of securities loans of the same amount. It is estimated that all of the net increase in stock issues in the third quarter was absorbed by institutional investors. In the preceding quarter, in contrast, individuals made net purchases of preferred and common stock of more than \$500 million, and added over \$100 million to their securities loans, increasing their equity in stock issues by \$400 million.

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- 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.

Total saving in currency and bank deposits amounted to \$1.9 billion in the third quarter compared to \$500 million in preceding quarter and \$1.6 billion in the July-September 1956 period. Checking accounts increased \$600 million compared with substantial decreases during the first six months of the year. Time and savings deposits have expanded more in the first 9 months of 1957 than in any similar period of the post-war period, increasing \$1.5 billion during the third quarter; this was the same as the second quarter, but \$600 million greater than the 1956 third quarter. Net investment in savings and loan shares amounted to \$500 million, a seasonal decline from the \$1.6 million increase in the second quarter and \$200 million less than in the third quarter of 1956.

Individuals' equity in private insurance and pension reserves grew by \$2.2 billion, \$400 million higher than the preceding quarter and \$100 million more than the same period last year. Saving in government insurance and pension reserves amounted to \$600 million, \$400 million less than last year's third quarter, for the most part reflecting the expansion of benefits in accordance with the 1956 amendments to the Social Security Act.

There was a \$700 million increase in consumer indebtedness during the third quarter of this year compared with a growth of \$1.5 billion in the preceding quarter and \$600 million in the 1956 period. Mortgage debt of individuals increased by \$2.2 billion in the quarter, about the same as in the preceding period, but less than the similar quarter last year, reflecting decreased home construction activity.

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, Department of Commerce saving includes the following items not included with the Securities and Exchange Commission 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 the Securities and Exchange Commission saving: time and saving deposits, saving and loan associations, private life insurance, and U. S. Saving Bonds.

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<sup>3/</sup> 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 <sup>1/</sup>

1954 - 1957

(Billions of Dollars)

Type of Saving	1954	1955	1956	1956		1957		
				July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June	July- Sept.
1. Currency and deposits	5.4	4.4	4.7	1.6	2.9	.2	.5	1.9
a. Currency	-.4	.4	*	-.7	.6	-.6	.5	-.1
b. Demand deposits	1.1	.5	.4	1.4	1.4	-1.5	-1.4	.6
c. Time and savings deposits <sup>2/</sup>	4.7	3.5	4.4	.9	1.0	2.2	1.5	1.5
2. Savings and loan associations	4.4	4.3	5.1	.7	1.7	1.0	1.6	.5
3. Securities <sup>3/</sup>	-.7	5.7	6.7	1.7	.7	3.3	1.7	2.4
a. U. S. Savings bonds	.6	.3	-.1	-.1	-.1	-.6	-.5	-.5
b. Other U. S. Government	-1.7	1.3	1.9	.5	-.6	1.6	.1	1.2
c. State and local government	.5	1.4	1.9	.2	.6	.6	.4	.6
d. Corporate and other	-.1	2.1	3.0	1.1	.7	1.7	1.6	1.2
(1) Bonds and notes	-.1	1.3	1.3	.5	.1	1.0	1.2	.8
(2) Preferred and common stock	*	.3	1.7	.6	.6	.7	.4	.3
4. Liquid saving (1+2+3)	9.2	14.9	16.5	4.0	5.3	4.6	3.8	4.9
5. Private insurance and pension reserves	7.3	7.6	7.9	2.1	2.1	1.9	1.8	2.2
a. Insurance reserves	4.2	4.2	4.3	1.2	1.2	.9	.8	1.2
b. Insured pension reserves	1.2	1.3	1.2	.3	.3	.3	.3	.3
c. Non-insured pension funds	1.9	2.1	2.4	.6	.6	.7	.7	.7
6. Government insurance and pension reserves <sup>4/</sup>	2.6	3.1	3.7	1.0	.3	.5	1.2	.6
7. Increase in individuals' debts	10.1	13.1	13.7	3.4	4.0	1.0	3.6	2.9
a. Mortgage debt <sup>5/</sup>	9.2	12.0	10.6	2.3	2.5	2.0	2.1	2.2
b. Consumer indebtedness <sup>6/</sup>	1.0	6.1	3.1	.6	1.5	-.9	1.5	.7
8. Change in net claims (4+5+6-7)	9.0	7.4	14.4	3.7	3.7	5.9	3.2	4.7
9. Non-farm homes <sup>7/</sup>	14.2	17.3	16.2	4.6	4.1	3.1	3.9	4.3
10. Construction and equipment of non-profit institutions	1.9	2.0	2.1	.6	.6	.5	.6	.7
11. Consumer durable goods	29.4	35.7	34.0	7.9	9.7	3.1	3.9	3.4
12. Total gross saving (3+9+10+11)	54.5	62.4	66.7	16.7	18.1	17.6	16.6	13.1
13. Change in net claims excluding Government insurance (3-6)	6.4	4.3	10.7	2.7	3.4	5.4	2.0	4.2
14. Total gross saving excluding Government insurance (12-6)	51.3	59.3	63.1	15.3	17.9	17.1	15.3	17.5

\*Indicates less than \$50 million.

<sup>1/</sup> 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.

<sup>2/</sup> Includes shares and deposits in credit unions and Postal Savings System.

<sup>3/</sup> After deducting change in bank loans made for the purpose of purchasing or carrying securities.

<sup>4/</sup> Includes Social Security funds and state and local retirement systems.

<sup>5/</sup> Mortgage debt to institutions on one-to-four-family nonfarm dwellings.

<sup>6/</sup> 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.

<sup>7/</sup> Construction of one-to four-family nonfarm dwellings less net acquisitions of properties by non-individuals.