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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, Jan.-Mar. 1958^{1/}

Individuals in the United States saved \$4.1 billion in financial form^{2/} during the first quarter of 1958, according to estimates made public today by the Securities and Exchange Commission. This compares with \$3.4 billion of saving in the fourth quarter of 1957 and \$5.5 billion in the first quarter of 1957.

Although net financial saving was \$1.5 billion less than in the first quarter of 1957, there was a record increase in savings accounts at banks. This reflected a more cautious attitude on the part of many individuals as well as a shift from other saving media bearing lower rates of return. There was a substantial reduction in U. S. Government obligations and a sharp drop in individuals' checking accounts. As compared with the first quarter of last year, other securities investments, including corporate stocks and bonds, Federal agency and state and local issues, also were moderately lower. Holdings of U. S. savings bonds were unchanged during the first quarter of 1958. There was a greater increase in shares of savings and loan associations than in the same period of 1957. Individuals' equity in private insurance and pension fund reserves increased at about the same quarterly rate as last year, but their equity in government insurance and pension reserves declined, chiefly reflecting substantial unemployment payments. Consumer indebtedness was reduced by more than a seasonal amount and the increase in mortgage debt was less than in any quarter of 1957.

Individuals' holdings of securities in the first quarter of 1958 increased by \$400 million, the same as in the preceding quarter, but a substantial decline from the \$2.4 billion of such saving in the first quarter of 1957. Individuals liquidated \$800 million of U. S. government securities (other than saving bonds) as compared to a net investment of \$1.2 billion in the first quarter of 1957. As noted above there was no appreciable change in individuals' holdings of U. S. saving bonds, the large redemptions in recent quarters apparently having tapered off. Individuals increased their holdings of state and local government obligations by \$500 million, \$200 million less than in the same period in 1957.

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- ^{1/} Individuals' saving, in addition to personal holdings, covers saving of unincorporated business, trust funds, and nonprofit institutions in the forms specified.
- ^{2/} Individuals' saving in the form of cash and deposits, savings and loan association shares, and securities, as well as insurance and pension reserves, net of the increase in individuals' debt.

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Net investments in corporate and other securities in the first quarter of this year amounted to \$700 million, a decline from the \$1.1 billion saved in this form during the corresponding period of last year. Although the volume of corporate bond offerings was at a very high level, it is estimated that institutional investors absorbed proportionately more of these issues, resulting in lower amounts being added to individuals' holdings. Individuals' net purchases of mutual fund shares were only slightly lower than in the first quarter of 1957, amounting to over \$200 million. However, their holdings of other preferred and common stock were reduced by \$100 million, partly reflecting a decreased volume of new stock offerings in the first quarter.

Currency holdings of individuals were reduced by \$400 million and demand deposits declined by \$2.4 billion, the sharpest decline since the first quarter of 1954. In contrast, time and savings deposits increased by \$3.2 billion, these deposits growing by record amounts both at commercial banks and mutual savings banks.

Individuals' equity in private insurance and pension reserves increased close to the 1957 quarterly rate, amounting to \$1.9 billion during the first quarter of 1958. On the other hand, saving in government insurance and pension reserves declined by \$100 million, reflecting larger withdrawals from unemployment and old-age funds.

During the first three months of 1958, there was a decline in consumer debt amounting to a record \$1.7 billion as compared to a \$900 million decrease in the first quarter of last year, and while the major part of the increase was due to seasonal payments of charge accounts, this year there was also a substantial decline in debt outstanding on automobiles and other consumer goods. Offsetting the decline in consumer indebtedness was a \$1.5 billion rise in mortgage debt, the smallest increase since the first quarter of 1954. There was practically no change in individuals' borrowings on securities compared to a rise in loans of over \$200 million in the fourth quarter of 1957 and a decline of over \$300 million in the first quarter of last year.

Other concepts of saving

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.

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, savings and loan associations, private life insurance, and U. S. saving bonds.

TABLE 1

SAVING BY INDIVIDUALS IN THE UNITED STATES^{1/}

1951 - 1958

(Billions of Dollars)

Type of Saving	1951	1952	1953	1954	1955	1956	1957	1957				1958
								Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.
1. Currency and Deposits	6.0	7.1	4.9	5.4	3.8	4.9	5.7	.1	.7	2.2	2.6	.4
a. Currency	.8	1.1	.6	.4	.4	*	*	.6	.5	.1	.2	.4
b. Demand deposits	3.1	1.5	.2	1.1	.1	.6	.9	1.5	1.3	.7	1.3	2.4
c. Time and savings deposits ^{2/}	2.1	4.5	4.6	4.7	3.5	4.3	6.6	2.3	1.6	1.6	1.1	3.2
2. Savings and Loan Association shares	2.1	3.1	3.6	4.4	4.8	4.8	4.8	1.0	1.6	.5	1.7	1.3
3. Securities	.4	3.4	3.4	.2	6.3	5.2	6.0	2.4	1.0	2.2	.4	.4
a. U. S. Savings bonds	.5	.1	.2	.6	.3	.1	1.9	.6	.5	.5	.4	*
b. Other U. S. Government	1.2	.3	*	1.6	1.6	1.5	2.0	1.2	.3	1.3	.2	.8
c. State and local government	.4	1.0	1.8	.7	1.7	1.4	2.0	.7	.4	.6	.3	.5
d. Corporate and other	1.7	2.1	1.3	.6	2.7	2.3	4.0	1.1	1.4	.8	.7	.7
(1) Bonds and notes ^{3/}	.1	.4	.4	.1	1.6	.8	2.7	.8	.8	.8	.4	.5
(2) Investment company shares	.4	.6	.4	.5	.8	.9	1.0	.3	.2	.3	.2	.2
(3) Other preferred and common stock	1.4	1.0	.5	.2	.3	.4	.3	.1	.4	.3	.1	.1
4. Private insurance and pension reserves	5.4	6.4	6.9	7.3	7.6	8.0	7.3	1.9	1.8	2.2	1.9	1.9
a. Insurance reserves	3.1	3.8	3.9	4.2	4.2	4.4	3.6	.8	.8	1.1	.9	.8
b. Insured pension reserves	1.0	1.1	1.1	1.2	1.3	1.2	1.6	.4	.4	.4	.4	.4
c. Non-insured pension funds	1.4	1.5	1.8	1.9	2.1	2.4	2.7	.7	.7	.7	.7	.6
5. Government insurance and pension reserves ^{4/}	4.2	4.4	3.2	2.6	3.1	3.5	3.1	.7	1.4	.8	.2	.1
6. Increase in individuals' debts	7.3	11.5	11.4	10.9	18.6	12.8	10.8	.7	3.7	2.9	3.4	.2
a. Mortgage debt ^{5/}	6.6	6.5	7.3	9.1	11.9	10.4	8.2	1.9	2.2	2.2	1.9	1.5
b. Consumer indebtedness ^{6/}	1.0	4.4	3.6	1.0	6.1	3.1	2.6	.9	1.5	.7	1.3	1.7
c. Securities loans ^{7/}	.3	.6	.4	.9	.6	.8	.1	.3	.1	*	.2	*
7. Net financial saving (1+2+3+4+5-6)	10.8	13.0	10.7	9.0	6.9	13.6	16.6	5.5	2.9	4.9	3.4	4.1
8. Non-farm homes ^{8/}	11.6	12.0	12.8	14.2	17.3	16.2	15.2	3.1	3.8	4.3	4.0	3.0
9. Construction and equipment of non-profit institutions	1.5	1.4	1.5	1.9	2.0	2.1	2.4	.5	.6	.7	.7	.6
10. Consumer durable goods	27.1	26.6	29.8	29.4	35.7	34.0	35.0	8.1	8.9	8.4	9.7	7.0
11. Total gross saving (7+8+9+10)	51.1	53.0	54.8	54.5	61.9	65.9	69.2	17.2	16.2	18.2	17.7	14.7

* 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 the postal savings system.

^{3/} Includes closed-end investment companies as well as mutual funds.

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

^{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. Policy loans on government and private life insurance have been deducted from those items of saving.

^{7/} Change in bank loans made for the purpose of purchasing or carrying securities.

^{8/} Construction of one-to-four family nonfarm dwellings less net acquisitions of properties by non-individuals.