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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APRIL-JUNE 1958 ^{1/}

Individuals in the U. S. saved \$1.2 billion ^{2/} in financial form during the second quarter of 1958, according to estimates made public today by the Securities and Exchange Commission. This compares with \$4.5 billion in the first quarter of this year and \$2.9 billion in the second quarter of 1957.

While the lower rate of saving in the second quarter of this year reflects seasonal factors, it also reflects changes in the composition of saving resulting from current economic developments. Individuals' holdings of bonds, both corporate and U. S. Government, were substantially reduced. Also contributing to the lower rate of saving in the second quarter was a sharp increase in individuals' indebtedness as compared with the first quarter of the year, with an unusually large expansion in securities borrowing, particularly on U. S. Government issues. Mortgage debt also showed a substantial growth resulting from the spring pick-up in sales of homes. On the other hand, continuing the trend of recent periods, individuals added substantially to their savings accounts both at commercial and mutual banks and enlarged their ownership of shares in savings and loan associations by a large amount.

Individuals' holdings of securities in the second quarter of 1958 declined by \$800 million including a liquidation of \$200 million U. S. Savings bonds, \$900 million other U. S. Government issues and \$600 million corporate and other bonds. These net sales were offset by an increase of \$200 million state and local issues, \$400 million of investment company shares and \$300 million other stock issues. A factor affecting corporate bond holdings was the conversion into common stock during the second quarter of the major part of the American Telephone and Telegraph Company convertible debentures offered in the first quarter of this year. The decline in holdings of debt issues also reflects a large redemption of notes by the Federal National Mortgage Association during the period. Individuals' purchases of investment company shares were twice as large as in the first quarter due to large investments in a newly organized company.

^{1/} Individuals' saving, in addition to personal holdings, covers saving of unincorporated business, trust funds, and non-profit 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.

Currency held by individuals rose by \$300 million and time and savings deposits increased \$3.0 billion, close to the record amounts of the previous quarter. Individuals' investments in saving and loan shares increased by \$1.8 billion, \$200 million higher than the second period of 1957. However, demand deposits declined by \$2.1 billion.

Individuals' equity in private insurance and pension reserves rose by \$1.8 billion, \$100 million less than the first quarter and about the same as the second quarter of 1957. Saving in the form of government insurance and pension reserves increased \$700 million as compared to a decline of \$300 million in the preceding quarter and an increase of \$1.4 billion in the second quarter of 1957. The change in this form of savings was partly seasonal, mostly due to the annual payment of social security taxes by the self-employed, but this increase was offset by unemployment payments which continued at the same high rate as the preceding quarter.

Individuals increased their indebtedness by \$3.5 billion during the second quarter of 1958 in contrast to a reduction of \$200 million during the first quarter of the year. Mortgage debt of individuals' rose by \$2.1 billion, \$600 million more than the preceding quarter reflecting the increase in home construction. There was only a moderate increase in consumer debt during the quarter, \$300 million, primarily reflecting lower automobile sales as compared to the second quarter of 1957. The increase in loans on securities of \$1.0 billion was the largest quarterly rise in the post-war years.

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.

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

1954 - 1958

(Billions of Dollars)

Type of Saving	1954	1955	1956	1957	1957				1958	
					Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June
1. Currency and Deposits	5.4	3.8	4.9	5.7	.1	.7	2.2	2.6	.4	1.1
a. Currency	-.4	.4	.*	.*	-.6	.5	-.1	.2	-.4	.3
b. Demand deposits	1.1	-.1	.6	-.9	-1.5	-1.3	.7	1.3	-2.4	-2.1
c. Time and savings deposits ^{2/}	4.7	3.5	4.3	6.6	2.3	1.6	1.6	1.1	3.2	3.0
2. Savings and Loan Association shares	4.4	4.8	4.8	4.8	1.0	1.6	.5	1.7	1.3	1.8
3. Securities	.2	6.3	5.2	6.0	2.4	1.0	2.2	.4	1.0	-.8
a. U. S. Savings bonds	.6	.3	-.1	-1.9	-.6	-.5	-.5	-.4	*	-.2
b. Other U. S. Government	-1.6	1.6	1.5	2.0	1.2	-.3	1.3	-.2	-.7	-.9
c. State and local government	.7	1.7	1.4	2.0	.7	.4	.6	.3	.5	.2
d. Corporate and other	.6	2.7	2.3	4.0	1.1	1.4	.8	.7	1.3	.1
(1) Bonds and notes	-.1	1.6	.8	2.7	.8	.8	.8	.4	1.1	-.6
(2) Investment company shares ^{3/}	.5	.8	.9	1.0	.3	.2	.3	.2	.2	.4
(3) Other preferred and common stock	.2	.4	.5	.3	.1	.4	-.3	.1	-.1	.3
4. Private insurance and pension reserves	7.3	7.6	8.0	7.8	1.9	1.8	2.2	1.9	1.9	1.8
a. Insurance reserves	4.2	4.2	4.4	3.6	.8	.8	1.1	.9	.8	.7
b. Insured pension reserves	1.2	1.3	1.2	1.6	.4	.4	.4	.4	.4	.4
c. Non-insured pension funds	1.9	2.1	2.4	2.7	.7	.7	.7	.7	.6	.6
5. Government insurance and pension reserves ^{4/}	2.6	3.1	3.5	3.1	.7	1.4	.8	.2	-.3	.7
6. Increase in individuals' debts	10.8	18.6	12.8	10.8	.7	3.7	2.9	3.4	-.2	3.5
a. Mortgage debt ^{5/}	9.0	11.9	10.4	8.2	1.9	2.2	2.2	1.9	1.5	2.1
b. Consumer indebtedness ^{6/}	1.0	6.1	3.1	2.6	-.9	1.5	.7	1.3	-1.7	.3
c. Securities loans ^{7/}	.9	.6	-.8	-.1	-.3	*	*	.2	*	1.0
7. Net financial saving (1+2+3+4+5-6)	9.2	6.9	13.6	16.6	5.5	2.9	4.9	3.4	4.5	1.2
8. Non-farm homes ^{8/}	14.2	17.3	16.2	15.2	3.1	3.8	4.3	4.0	3.1	3.9
9. Construction and equipment of non-profit institutions	1.9	2.0	2.1	2.4	.5	.6	.7	.7	.6	.6
10. Consumer durable goods	32.4	39.6	38.4	39.9	9.2	10.0	9.6	11.1	8.2	9.0
11. Total gross saving (7+8+9+10)	57.7	65.9	70.3	74.2	18.3	17.3	19.4	19.1	16.3	14.6

* 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 non-farm 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 non-farm dwellings less net acquisitions of properties by non-individuals.