

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

STATISTICAL SERIES

RELEASE NO. 1614

For Release June 30, 1959**VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JANUARY-MARCH, 1959 ^{1/}**

Individuals in the United States saved \$5.5 billion in financial form ^{2/} during the first quarter of 1959, the same rate as in the first quarter of 1958, according to estimates made public today by the Securities and Exchange Commission. Although personal income after taxes has risen sharply with improved business conditions, personal consumption expenditures also have increased substantially.

Among the most important changes in the composition of individuals' saving as compared with the first quarter of last year was an increase in holdings of U. S. Government marketable issues, greater than in any quarterly period in the post-war years. In contrast, there was a reduction in individuals' ownership of corporate bonds, whereas in the first three months of last year individuals had purchased a substantial amount of these securities. Components of saving which showed little change from last year's first quarter included insurance and pensions, savings and loan shares, tax-exempt bonds, U. S. Savings bonds, corporate stock and currency.

Individuals' currency holdings in the first quarter of 1959 showed a seasonal decline of \$500 million, \$100 million more than in the first quarter of last year. Checking accounts dropped by \$800 million as compared to a decline of \$1.4 billion in the first quarter of 1958. While time and savings accounts again increased by a large amount, the growth was much less than the record rate of last year's first three months. Individuals increased their holdings of shares in savings and loan associations and credit unions by \$1.5 billion, \$100 million more than in the same period last year.

Saving in securities during the first quarter amounted to \$2.7 billion. Most of this saving was in U. S. Government marketable issues with net purchases totalling \$1.9 billion, compared with net purchases of \$600 million in the previous quarter, and substantial sales during the first three quarters of 1958. Other groups which purchased U. S. Government issues in significant amounts during the first quarter were non-financial corporations, state and local government trust funds, and savings and loan associations. Commercial banks were the major sellers of Government issues.

Saving in state and local government securities amounted to \$700 million, \$300 million more than in the previous quarter and \$100 million larger than in

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

^{2/} Individuals' financial saving covers saving in the form of securities, currency and bank deposits, savings and loan association and credit union shares, and insurance and pension reserves, net of the increase in individuals' debt. In addition, individuals invested \$4.0 billion in homes and bought over \$9.0 billion of consumer durable goods during the first quarter of 1959.

the corresponding quarter of 1958. While the volume of net new tax-exempt issues increased by a smaller amount in the first quarter than in the corresponding period last year, the amount of such issues acquired by institutions was considerably smaller.

Individuals continued to buy substantial amounts of investment company shares, net purchases amounting to \$400 million in the first quarter. However, individuals reduced their holdings of other stock issues and corporate bond issues. Their sales of corporate and foreign bonds exceeded purchases by almost \$300 million, responding to the lower volume of new bond flotations during the first quarter, the absence of any large convertible issues, and somewhat larger purchases of corporate bonds by institutional investors.

Equity in private insurance and pension funds grew by \$2.3 billion during the first quarter, slightly more than in the first quarter of 1958. Saving in government insurance and pension reserves showed no change as the increase in government employees retirement funds was offset by a continued decline in Social Security funds. This decline reflected increased benefit payments, as provided in the 1958 amendments to the Social Security Act, as well as large unemployment benefit payments.

Individuals increased their mortgage debt by \$2.4 billion, the largest first quarter rise since 1956, resulting from the increase in home construction activity. Consumer indebtedness declined by \$500 million. While this year there was the usual seasonal decrease in non-installment credit, individuals increased slightly their installment obligations in contrast to a large decline in this form of credit last year. Individuals' borrowings on securities were reduced by \$500 million, principally involving U. S. Government issues.

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 the S.E.C. saving: homes, unincorporated business and farm items such as net plant and equipment, changes in net receivables and changes in inventories. Government insurance is excluded from Commerce saving, which, in addition, reflects depreciation on homes. A complete reconciliation of the two series will appear in the July 1959 Statistical Bulletin of the S.E.C. and in the July 1959 Survey of Current Business, Department of Commerce.

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. Savings bonds.

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

1955 - 1959

(Billions of Dollars)

Type of Saving	1955	1956	1957	1958	1958				1959
					Jan.- Mar.	Apr.- June	July.- Sept.	Oct.- Dec.	Jan.- Mar.
1. Currency and Deposits	3.3	4.7	5.1	10.3	.8	.6	5.4	3.4	.4
a. Currency	.4	*	*	.4	-.4	.2	*	.5	-.5
b. Demand deposits	-.3	.9	-1.2	2.1	-1.4	-1.6	3.4	1.8	-.8
c. Time and savings deposits	3.2	3.8	6.3	7.8	2.6	2.0	2.0	1.1	1.8
2. Savings shares ^{2/}	5.2	5.4	5.2	6.5	1.4	1.9	1.0	2.2	1.5
3. Securities	6.4	5.2**	6.5**	.6	1.0	-.1	-1.4	1.1	2.7
a. U. S. Savings bonds	.3	-.1	-1.9	-.5	*	-.2	-.2	-.2	*
b. Other U. S. Government ^{3/}	2.0	1.8	3.0	-3.0	-.8	-.9	-2.0	.6	1.9
c. State and local government	1.9	1.5	2.2	1.2	.6	.3	*	.4	.7
d. Corporate and other	2.2	2.0**	3.2**	2.9	1.2	.6	.7	.3	.1
(1) Bonds and notes	1.1	.4	1.8**	1.5	1.2	-.2	.4	.2	-.3
(2) Investment company shares ^{4/}	.8	.9	1.0	1.5	.2	.4	.4	.4	.4
(3) Other preferred and common stock	.4	.6**	.4	-.1	-.2	.4	-.1	-.3	-.1
4. Private insurance and pension reserves	7.6	8.0	7.8	8.0	2.1	1.6	1.9	2.4	2.3
a. Insurance reserves	4.2	4.3	3.5	3.8	.8	.8	.9	1.2	1.0
b. Insured pension reserves	1.3	1.2	1.6	1.5	.4	.4	.4	.4	.4
c. Non-insured pension funds	2.1	2.4	2.7	2.8	.9	.5	.6	.8	.9
5. Government insurance and pension reserves ^{5/}	3.1	3.6	3.2	.7	-.1	.8	.2	-.2	*
6. Increase in individuals' debts	18.5	12.7	10.2	9.9	-.3	3.5	1.3	5.4	1.4
a. Mortgage debt ^{6/}	11.8	10.3	7.8	9.3	1.5	2.1	2.8	3.0	2.4
b. Consumer indebtedness ^{7/}	6.1	3.1	2.5	.1	-1.8	.3	*	1.6	-.5
c. Securities loans ^{8/}	.6	-.8	-.1	.4	*	1.0	-1.5	.9	-.5
7. Net financial saving (1+2+3+4+5-6)	7.1	14.1**	17.7**	16.2	5.5	1.3	5.8	3.5	5.5

* Indicates less than \$50 million. ** Corrected.

^{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 in savings and loan associations and shares and deposits in credit unions.^{3/} Includes non-guaranteed Federal agency securities.^{4/} Includes closed-end investment companies as well as mutual funds.^{5/} Includes Social Security funds, state and local retirement systems, etc.^{6/} Mortgage debt to institutions on one-to-four-family non-farm dwellings.^{7/} 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.^{8/} Change in bank loans made for the purpose of purchasing or carrying securities.

NET PURCHASES OF CORPORATE AND FOREIGN SECURITIES 1/By Class of Investor
(Billions of Dollars)

	1955	1956	1957	1958
<u>Bonds and Notes</u>				
Total net additions to issues outstanding.....	4.0	5.1	7.7	7.0
Net purchases by institutions.....	3.0	4.7	5.9	5.5
Corporate pension funds.....	.9	1.4	1.6	1.3
Life insurance companies.....	1.5	2.2	2.4	2.6
Other institutions and foreigners.....	.6	1.1	1.9	1.5
Net purchases by domestic individuals <u>2/</u>	1.1	.4	1.8	1.5
<u>Common and Preferred Stocks</u>				
Total net additions to stock <u>3/</u> outstanding.....	2.9	3.6	3.7	4.0
Net purchases by institutions.....	1.7	2.0	2.4	2.6
Corporate pension funds.....	.7	.8	1.0	1.2
Investment companies.....	.5	.6	.8	1.1
Other institutions and foreigners.....	.5	.6	.5	.2
Net purchases by domestic individuals <u>2/</u>	1.2	1.6	1.4	1.4
Investment company shares.....	.8	.9	1.0	1.5
Other stock issues.....	.4	.6	.4	-.1

1/ Includes foreign government and corporate issues.2/ Including personal trust funds and non-profit organizations.3/ Including investment company shares and conversions of debt issues into stock issues.

Note: This table, which was published as Table 3 in Release No. 1601 on May 12, 1959, is reprinted here because of corrections in the figures for 1956 and 1957.