
STATISTICAL SERIES

RELEASE NO. 1632

For Release September 24, 1959

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APRIL - JUNE, 1959 ^{1/}

Individuals in the United States saved \$2.4 billion in financial form ^{2/} during the second quarter of 1959, according to estimates made public today by the Securities and Exchange Commission. This compares with \$5.2 billion in the first quarter of this year and \$1.3 billion in the second quarter of 1958. Saving in the first half of 1959 was about 10 percent above the same period of 1958, but 13 percent less than in the first half of 1957 when saving was at post-war record levels.

During the second quarter of 1959 individuals continued to accumulate financial assets (savings accounts, securities and insurance) at a high rate, but these savings were to a large extent offset by the sharpest expansion in individuals' debt for any quarter in four years. This was caused by a record expansion in mortgage debt reflecting peak residential building activity and the largest increase in consumer debt since the end of 1955, reflecting rising consumer expenditures, including automobile purchases. The largest growth in financial assets this year, as compared with 1958, was in investments in U. S. Government securities (other than Savings Bonds), insurance and pension reserves, tax-exempt obligations and shares of savings and loan associations.

Individuals saved \$2.2 billion in securities during the second quarter of 1959, with acquisitions of U. S. Government bonds and tax-exempt issues accounting for the major part of such investments. Attracted by steadily rising yields, individuals' purchases of Government issues have been substantial in 1959, and in the second quarter it is estimated that net purchases of U. S. marketable issues, including Federal agency issues, totalled \$1.4 billion. In the first quarter of this year the total was \$2.1 billion. Redemptions of Savings Bonds again exceeded purchases, as in every quarter since the first three months of 1956. Reflecting attractive yields, individuals' saving in state and local securities amounted to \$900 million, higher than in any period since the last quarter of 1955.

The pattern of individuals' saving in corporate securities was about the same as in the preceding quarter. Net purchases of investment company shares again totalled \$400 million, but individuals' saving in other stock issues and corporate bonds was negligible. Although new stock flotations in the first half of 1959 have been larger than in 1958, net acquisitions by institutional investors have been somewhat higher, resulting in little change in individuals' holdings.

Holdings of currency and bank deposits by individuals increased \$400 million, \$200 million less than in the second quarter of 1958 and slightly more

- ^{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 associations and credit union shares, and insurance and pension reserves, net of the increase in individuals' debt.

than in the first quarter of this year. Due to seasonal factors, currency holdings expanded by \$500 million while demand deposits declined by \$1.5 billion. Savings deposits of individuals in banks increased \$1.3 billion in the April-June period, \$400 million less than the preceding quarter and \$700 million less than the same period last year. Individuals increased their holdings of shares in saving and loan associations and credit unions by \$2.2 billion, compared to \$1.5 billion in the preceding quarter and \$1.9 billion in the second quarter of 1958.

Equity in private insurance and pension funds grew by \$2.2 billion during the second quarter compared with \$1.6 billion in the same quarter of 1958. Non-insured pension reserves increased \$900 million, the same as the preceding quarter, and much higher than the second quarter of 1958, a result of the improvement in business. Saving in the form of government insurance and pension reserves increased \$1.4 billion, the largest increase in two years. This compares with little change in the first quarter and with an increase of \$800 million in the second quarter of 1958. The change in this form of savings was partly seasonal due to the annual payment of social security taxes by the self employed, while unemployed benefit payments were the lowest since the fourth quarter of 1957.

Individuals' debt rose by \$5.9 billion during the second quarter, equaling the record increase during the second quarter of 1955. Mortgage debt increased \$3.7 billion, compared with \$2.4 billion in the first quarter, and \$2.1 billion in the second quarter of 1958. The largest previous quarterly mortgage increase in debt was \$3.5 billion in the third quarter of 1955. Consumer debt of individuals rose \$2.2 billion as compared to a seasonal contraction of \$500 million in the first quarter and a small increase, \$300 million, in the same period last year. The record quarterly increase in the expansion of consumer debt was in the second quarter of 1955 when the increase amounted to \$2.3 billion. Borrowings on securities amounted to \$100 million; this compares with a \$500 million decline in the first quarter of 1959 and a \$1.0 billion increase in the second quarter of 1958.

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 personal saving estimates of the Department of Commerce is derived as the difference between personal income and expenditures. A complete reconciliation of the Securities and Exchange Commission and Commerce Department series appears annually in the July issues of the Statistical Bulletin of the Securities and Exchange Commission and in the Survey of Current Business.

The saving and investment series in the Federal Reserve Board's flow-of-funds system of accounts includes capital expenditures as well as financial components of saving and covers saving of Federal, state and local governments, businesses, financial institutions and consumers. The Federal Reserve Board's estimates of consumer saving in financial form from the flow-of-funds accounts are similar to the Securities and Exchange estimates of individuals' saving, but there are statistical and conceptual differences in the two sets of data. The two agencies are working to eliminate as many of these differences as possible.

A more restricted approach to saving is the selected item series of the Home Loan Bank Board. This series covers the following components: time and saving deposits of individuals, partnerships and corporations, savings and loan association shares, private life insurance, and U. S. Savings bonds.

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

S. 1632

1955 - 1959

(Billions of Dollars)

Type of Saving	1955	1956	1957	1958	1958				1959	
					Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June
1. Currency and Deposits	3.3	4.7	5.1	10.3	.8	.6	5.4	3.4	.3	.4
a. Currency.....	.4	*	*	.4	-.4	.2	*	.5	-.5	.5
b. Demand deposits	-.3	.9	-1.2	2.1	-1.4	-1.6	3.4	1.8	-.9	-1.5
c. Time and savings deposits.....	3.2	3.8	6.3	7.8	2.6	2.0	2.0	1.1	1.7	1.3
2. Savings shares ^{2/}	5.2	5.4	5.2	6.5	1.4	1.9	1.0	2.2	1.5	2.2
3. Securities	6.4	5.2	6.5	.6	1.0	-.1	-1.4	1.1	2.5	2.2
a. U. S. Savings bonds.....	.3	-.1	-1.9	-.5	*	-.2	-.2	-.2	-.2	-.4
b. Other U. S. Government ^{3/}	2.0	1.8	3.0	-3.0	-.8	-.9	-2.0	.6	2.1	1.4
c. State and local government.....	1.9	1.5	2.2	1.2	.6	.3	*	.4	.4	.9
d. Corporate and other	2.2	2.0	3.2	2.9	1.2	.6	.7	.3	.2	.3
(1) Bonds and notes.....	1.1	.4	1.8	1.5	1.2	-.2	.4	.2	-.1	-.1
(2) Investment company shares ^{4/}.....	.8	.9	1.0	1.5	.2	.4	.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	2.2
a. Insurance reserves.....	4.2	4.3	3.5	3.8	.8	.8	.9	1.2	1.0	.9
b. Insured pension reserves	1.3	1.2	1.6	1.5	.4	.4	.4	.4	.4	.4
c. Non-insured pension funds	2.1	2.4	2.7	2.8	.9	.5	.6	.8	.9	.9
5. Government insurance and pension reserves ^{5/}	3.1	3.6	3.2	.7	-.1	.8	.2	-.2	*	1.4
6. Increase in individuals' debts	18.5	12.7	10.2	9.9	-.3	3.5	1.3	5.4	1.4	5.9
a. Mortgage debt ^{6/}	11.8	10.3	7.8	9.3	1.5	2.1	2.8	3.0	2.4	3.7
b. Consumer indebtedness ^{7/}	6.1	3.1	2.5	.1	-1.8	.3	*	1.6	-.5	2.2
c. Securities loans ^{8/}.....	.6	-.8	-.1	.4	*	1.0	-1.5	.9	-.5	.1
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	5.2	2.4
8. Non-farm homes ^{9/}	17.3	16.3	15.6	16.4	3.1	3.9	4.7	4.8	4.0	5.3
9. Construction and equipment of non-profit institutions.....	2.0	2.1	2.5	2.7	.6	.6	.7	.7	.7	.7
10. Consumer durable goods	39.6	38.5	40.3	37.6	8.3	9.1	8.8	11.4	9.1	11.1
11. Gross saving (7+8+9+10)	66.1	71.0	76.0	73.0	17.5	15.0	20.0	20.4	18.9	19.4

* 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 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 to brokers and dealers and others made for the purpose of purchasing or carrying securities.

^{9/} Construction of one-to-four-family non-farm dwellings less net acquisitions of properties by non-individuals.