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**STATISTICAL SERIES**

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RELEASE NO. 1650For Release December 21, 1959**VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPTEMBER, 1959 1/**

Individuals in the U. S. saved \$4.8 billion in financial form 2/ during the third quarter of 1959, according to estimates made public today by the Securities and Exchange Commission. In the first nine months of the year, individuals' saving totalled \$12.4 billion, about 2 percent less than in the similar period of 1958 and 10 percent less than in 1957 when financial saving reached a post-war record high. This year personal income has been higher than at any previous time but increased consumer expenditures and additional incurrence of debt tended to reduce saving.

While financial assets of individuals in 1959 have risen more than in any post-war year these accumulations have been partly offset by a sharp expansion in mortgage and consumer debt which, however, showed some levelling off in the third quarter. The pattern of individuals' saving showed considerable change in 1959. The most noteworthy change was the substantial volume of new investment in U. S. Government issues (other than Savings Bonds) with purchases increasing further in the third quarter in response to sharply rising yields. Investments in tax-exempt issues also have been much larger. In contrast, saving in the form of bank balances (including savings accounts) declined, while redemptions of U. S. Savings Bonds increased this year. Individuals' corporate bond purchases have been negligible and they have been net sellers of stock issues other than investment company issues. Saving in private insurance and pension reserves, savings and loan association shares and investment company shares continued to show the fairly steady growth of recent years.

Saving by individuals in the form of securities amounted to \$3.7 billion in the third quarter, with the total for the first nine months of 1959 amounting to \$8.4 billion. The major part of this consisted of U. S. Government marketable issues, including Federal agency issues, which during the third quarter totalled \$2.9 billion and for the nine months aggregated \$6.5 billion. In contrast, in the first nine months of 1958 individuals liquidated \$3.6 billion of Government marketable issues. The unusually large acquisitions this year reflected the substantial volume of new cash sought by the Treasury coupled with heavy liquidations of Government securities by banks and the higher level of yields on these issues. In the third quarter redemptions of Savings Bonds exceeded purchases by \$600 million.

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- 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.

Individuals' saving in state and municipal issues in the third quarter of this year was at the same high level as in the previous quarter, amounting to \$1.0 billion. The nine-months' total for saving in these issues came to \$2.3 billion compared with \$900 million in the corresponding period of 1958.

A comparison of nine-months' data shows individual saving in corporate and foreign securities of \$800 million in 1959 as against \$2.6 billion in 1958. Debt issues accounted for only \$100 million of 1959 savings compared with \$1.4 billion in 1958. A lower volume of net new bond issues in 1959 resulted in a smaller volume of acquisitions by both institutions and individuals. Individuals' net purchases of investment company shares in the third quarter continued at the high levels of recent quarters, \$400 million. However, individuals liquidated \$500 million of their other stock holdings during the first nine months of 1959 compared with small net purchases in 1958. Net additions to the supply of equity issues were about the same in the two periods but it is estimated that net purchases by institutional investors were substantially increased this year.

Saving in currency and bank deposits amounted to \$2.4 billion in the third quarter of 1959 compared with \$5.4 billion in the third quarter of 1958. For the nine-months period of 1959 the total for this component was \$3.1 billion, less than half the amount in the comparable 1958 period. Individuals increased their holdings of demand deposits by \$1.4 billion during the third quarter in contrast to a \$3.4 billion rise in the same period last year. The time deposit increase of \$900 million in the third quarter was the lowest rate of increase in three years, partly reflecting the higher return offered in other forms in saving.

During the third quarter, investment in saving and loan and credit union shares amounted to \$1.1 billion, a seasonal decline from the \$2.2 billion increase in the second quarter. Saving in this component during the first nine months of 1959 amounted to \$4.9 billion against \$4.3 billion last year and \$3.4 billion in 1957.

Equity in private insurance and pension reserves grew by \$2.1 billion during the quarter, \$200 million more than in the third quarter of 1958. Saving of \$6.6 billion in this component during the first nine months of 1959 was \$1.0 billion larger than in 1958. Government insurance and pension reserves increased \$700 million, half as much as in the preceding quarter which included self-employed social security contributions. The increase is higher than a year ago when unemployment benefit payments were substantially higher.

The indebtedness of individuals continued to increase at a high rate during the third quarter of 1959, although somewhat less than in the preceding quarter. Mortgage debt increased \$3.4 billion compared with \$3.7 billion in the second quarter and \$2.8 billion in the third quarter of last year. This reflected the continuing high level of home construction. Consumer debt of individuals rose \$1.8 billion, \$400 million less than in

the preceding period. This compares with no change in consumer indebtedness in the third quarter of 1958 when a more restrained attitude toward new debt prevailed. Individuals' borrowings on securities showed no change as an increase in borrowings to finance purchases of U. S. Government obligations was offset by repayments on loans secured by other securities.

#### 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 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. While 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 Commission estimates of individuals' saving, there are some statistical and conceptual differences in the two sets of data.

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 <sup>1/</sup>

1956 - 1959

(Billions of dollars)

Type of Saving	1956	1957	1958	1958				1959		
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June	July- Sept.
1. Currency and Deposits .....	4.7	5.1	10.3	.8	.6	5.4	3.4	.3	.4	2.4
a. Currency.....	*	*	.4	-.4	.2	*	.5	-.5	.5	.1
b. Demand deposits .....	.9	1.2	2.1	-1.4	-1.6	3.4	1.8	-.9	-1.5	1.4
c. Time and savings deposits.....	3.8	6.3	7.8	2.6	2.0	2.0	1.1	1.7	1.3	.9
2. Savings shares <sup>2/</sup> .....	5.4	5.2	6.5	1.4	1.9	1.0	2.2	1.5	2.2	1.1
3. Securities.....	5.2	6.6	.6	1.0	-.1	-1.4	1.1	2.5	2.2	3.7
a. U. S. Savings bonds.....	-.1	-1.9	-.5	*	-.2	-.2	-.2	-.2	-.4	-.6
b. Other U. S. Government <sup>3/</sup> .....	1.8	3.0	-3.0	-.8	-.9	-2.0	.6	2.1	1.4	2.9
c. State and local government.....	1.5	2.2	1.2	.6	.3	*	.4	.4	.9	1.0
d. Corporate and other.....	2.0	3.2	2.9	1.3	.6	.7	.3	.2	.3	.3
(1) Bonds and notes.....	.4	1.8	1.5	1.2	-.2	.4	.2	-.1	-.1	.3
(2) Investment company shares <sup>4/</sup> .....	.9	1.0	1.5	.2	.4	.4	.4	.4	.4	.4
(3) Other preferred and common stock.....	.6	.4	-.1	-.2	.4	-.1	-.3	-.1	*	-.4
4. Private insurance and pension reserves.....	8.0	7.8	8.0	2.1	1.6	1.9	2.4	2.3	2.2	2.1
a. Insurance reserves.....	4.3	3.5	3.8	.8	.8	.9	1.2	1.0	.9	.9
b. Insured pension reserves.....	1.2	1.6	1.5	.4	.4	.4	.4	.4	.4	.4
c. Non-insured pension funds.....	2.4	2.7	2.8	.9	.5	.6	.8	.9	.9	.8
5. Government insurance and pension reserves <sup>5/</sup> .....	3.6	3.2	.7	-.1	.8	.2	-.2	*	1.4	.7
6. Increase in individuals' debts.....	12.7	10.2	9.9	-.3	3.5	1.3	5.4	1.4	5.9	5.2
a. Mortgage debt <sup>6/</sup> .....	10.3	7.8	9.3	1.5	2.1	2.8	3.0	2.4	3.7	3.4
b. Consumer indebtedness <sup>7/</sup> .....	3.1	2.5	.1	-1.8	.3	*	1.6	-.5	2.2	1.8
c. Securities loans <sup>8/</sup> .....	-.8	-.1	.4	*	1.0	-1.5	.9	-.5	.1	*
7. Net financial saving (1+2+3+4+5-6).....	14.1	17.7	16.2	5.5	1.3	5.8	3.5	5.2	2.4	4.8
8. Non-farm homes <sup>9/</sup> .....	16.3	15.6	16.4	3.1	3.9	4.7	4.8	4.0	5.3	5.8
9. Construction and equipment of non-profit institutions.....	2.1	2.5	2.7	.6	.6	.7	.7	.6	.7	.8
10. Consumer durable goods.....	38.5	40.3	37.6	8.3	9.1	8.8	11.4	9.1	11.1	10.3
11. Gross saving (7+8+9+10).....	71.0	76.0	73.0	17.5	15.0	20.0	20.4	18.9	19.4	21.7

\* 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 in savings and loan associations and shares and deposits in credit unions.

<sup>3/</sup> Includes non-guaranteed Federal agency securities.

<sup>4/</sup> Includes closed-end investment companies as well as mutual funds.

<sup>5/</sup> Includes Social Security funds, state and local retirement systems, etc.

<sup>6/</sup> Mortgage debt to institutions on one-to-four-family non-farm dwellings.

<sup>7/</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. Policy loans on government and private life insurance have been deducted from those items of saving.

<sup>8/</sup> Change in bank loans to brokers and dealers and others made for the purpose of purchasing or carrying securities.

<sup>9/</sup> Construction of one-to-four-family non-farm dwellings less net acquisitions of properties by non-individuals.