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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JANUARY-MARCH, 1961 1/

Individuals in the United States saved \$5.0 billion in financial form during the first quarter of 1961, compared with \$1.4 billion in the preceding quarter, and \$3.2 billion in the first quarter of 1960, according to estimates made public today by the Securities and Exchange Commission. This was the highest quarterly rate of financial saving since the third quarter of 1958, chiefly reflecting the decline in spending for consumer durable goods which was the lowest since that period.

Accompanying the reduction in consumer expenditures, individuals' installment loans declined sharply in the first three months of 1961. In addition, there was the usual first quarter repayment of noninstallment debt as well as a large repayment of securities loans, these repayments adding to individuals' net financial saving. There were other indications of the movement to a more liquid position by individuals, continuing the trend since mid-1960. Individuals' deposits at commercial and mutual savings banks rose sharply and sizeable investments were made in savings and loan association shares. Holdings of marketable Government bonds were reduced, as in each of the three preceding quarters. Although individuals' acquisitions of investment company issues were larger than in previous quarters, their investment in other equity issues again declined, despite sharply rising prices in the stock market.

Total securities holdings of individuals were reduced by \$1.1 billion in the first quarter of this year. This compares with net sales of \$1.5 billion in the fourth quarter of 1960 and net purchases of \$2.6 billion in the first quarter of 1960. The dissaving in securities in the first quarter of this year was accounted for primarily by net sales of \$1.3 billion of U. S. Government marketable issues. In the first quarter of 1960, in contrast, net purchases of such issues totalled \$2.0 billion. During the first quarter of 1961 individuals also sold on balance \$400 million of corporate bonds and purchased only a small amount of state and local issues. Individuals' net sales of stock issues other than investment company shares amounted to \$500 million, the same as in the preceding quarter, and compares with \$700 million net sales in the first quarter of 1960. While sales of new stock issues were greater than in either the fourth or first quarters of 1960, institutional investors bought at a high rate. In addition a considerable amount of portfolio holdings of individuals was exchanged for investment company shares. Including this direct

1/ Individuals' financial saving, in addition to personal holdings, covers saving of unincorporated business, trust funds and nonprofit institutions and includes 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.

transfer, net acquisitions of investment company shares in the first quarter totalled \$600 million, mostly sales of open-end companies which were at a quarterly all-time high.

Individuals' saving in currency and bank deposits amounted to \$2.0 billion during the first quarter of 1961, in contrast to a reduction of that amount in the first quarter of last year. Time and savings deposits rose \$2.4 billion, the largest increase in three years, and demand deposits increased \$600 million. Currency holdings of individuals showed the usual seasonal decline, dropping by \$1.0 billion. Shares and deposits of saving and loan associations and credit unions increased \$1.9 billion, a larger increase than in the early months of 1960.

Private insurance and pension reserves grew \$2.4 billion during the first quarter, somewhat more than in the same period last year. Government insurance and pension reserves rose \$100 million as compared to a \$300 million rise in the 1960 first quarter. Increased unemployment benefit payments and the speed-up in payments of veterans' life insurance dividends this year contributed to the reduced saving in this form.

The decline in consumer debt in the first quarter amounted to \$1.7 billion as compared to a \$500 million decline in the first quarter of last year. While part of the reduction reflected the seasonal contraction of charge account credit, it chiefly reflected the decline in consumer installment credit extensions in connection with purchases of automobiles and other durable goods. The net repayment on securities loans of \$1.1 billion resulted principally from a decline in inventories of dealers and brokers, who are included with individuals in this series. Reflecting the decline in new residential construction, individuals' mortgage debt increased somewhat less than in the first three months 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 personal saving estimate of the Department of Commerce is derived as the difference between personal income after taxes and expenditures. A complete reconciliation of the Securities and Exchange Commission and Commerce Department series appears annually in the July issue 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 savings 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

8-1762

1957 — 1961

(Billions of dollars)

Type of Saving	1957	1958	1959	1960	1960				1961 Jan.- Mar.
					Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	
1. Currency and Deposits.....	4.9	10.2	3.5	3.9	-2.1	-.2	3.2	2.9	2.0
a. Currency.....	*	.3	.7	*	-1.1	.3	*	.9	-1.0
b. Demand deposits.....	-1.3	2.2	-1.2	-1.2	-1.4	-1.4	1.3	.3	.6
c. Time and savings deposits.....	6.3	7.7	4.1	5.0	.3	1.0	1.9	1.7	2.4
2. Savings shares 2/.....	5.2	6.3	7.3	8.1	1.6	2.4	1.4	2.7	1.9
3. Securities.....	4.6	1.3	11.1	1.4	2.6	-.2	.6	-1.5	-1.1
a. U. S. savings bonds									
(1) Series E & H.....	.2	.9	-.1	.5	.1	*	.1	.3	.4
(2) Other.....	-2.1	-1.4	-1.7	-.7	-.3	-.2	-.1	-.1	-.1
b. Other U. S. Government 3/.....	1.5	-1.6	9.8	-.9	2.0	-.7	-.3	-1.9	-1.3
c. State and local government.....	2.2	.8	2.2	1.4	.6	.5	.4	-.2	.2
d. Corporate and other.....	2.8	2.6	.9	1.2	.1	-.2	.5	.4	-.2
(1) Bonds and notes.....	1.3	1.3	.1	1.5	.3	.2	.4	.6	.4
(2) Investment company shares 4/.....	1.1	1.6	1.7	1.5	.5	.3	.4	.3	.6
(3) Other preferred and common stock.....	.4	-.3	-.9	-1.8	-.7	-.3	-.3	-.5	-.5
4. Private insurance and pension reserves.....	8.0	8.4	8.9	9.2	2.2	2.1	2.3	2.6	2.4
a. Insurance reserves.....	3.5	3.9	3.5	4.3	.9	.9	1.1	1.4	1.0
b. Insured pension reserves.....	1.6	1.5	2.0	1.2	.3	.3	.3	.3	.3
c. Noninsured pension funds 5/.....	2.9	3.1	3.4	3.7	1.0	.9	.9	.9	1.0
5. Government insurance and pension reserves 6/.....	3.2	.6	2.3	3.3	.3	2.1	1.0	-.1	.1
6. Increase in individuals' debts.....	10.4	10.0	19.5	15.5	1.4	4.7	4.2	5.3	.2
a. Mortgage debt 7/.....	7.9	9.3	13.0	11.6	3.1	2.6	2.7	3.2	3.0
b. Consumer indebtedness 8/.....	2.5	.2	6.3	3.7	-.5	2.0	.7	1.5	-1.7
c. Securities loans 9/.....	-.1	.4	.2	.3	-1.3	.1	.8	.6	-1.1
7. Net financial saving (1+2+3+4+5-6).....	15.5	16.9	13.6	10.4	3.2	1.6	4.3	1.4	5.0
8. Nonfarm homes 10/.....	15.6	15.3	19.2	18.4	4.7	4.1	4.6	4.9	4.2
9. Construction and equipment of nonprofit institutions.....	2.5	2.7	2.9	3.2	.7	.7	.9	.8	.7
10. Consumer durable goods.....	40.4	37.3	43.4	43.6	10.0	11.2	10.1	12.4	8.8
11. Gross saving (7+8+9+10).....	74.0	72.3	79.1	75.6	18.6	17.7	19.8	19.5	18.8

* 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 nonguaranteed Federal agency securities.

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

5/ Includes reserves of multi-employer funds, nonprofit organization and union-administered plans as well as corporate pension funds.

6/ Includes Social Security, unemployment, civil service and railroad retirement and state and local retirement funds.

7/ Mortgage debt to institutions on one-to-four-family nonfarm dwellings.

8/ Consumer debt owed to corporations, largely attributable to purchase 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.

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

10/ Construction of one-to-four-family nonfarm dwellings less net acquisitions of properties by nonindividuals.