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STATISTICAL SERIES

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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, 1968

Saving by individuals during 1968 amounted to \$56.2 billion, \$1.3 billion greater than 1967. The Securities and Exchange Commission defines individuals' saving as the net investment in tangible assets plus the change in financial assets less the increase in debt. The individuals' sector includes not only households but also private trust funds, nonprofit institutions, farms, and other noncorporate businesses. Saving in financial assets was up moderately from 1967. But the large increase recorded in net investment in tangible assets was more than offset by an even larger gain in individuals' debt expansion.

Individuals' Saving  
(in billions of dollars)

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Increase in financial assets	51.1	55.0	51.6	63.5	67.9
Net investment in tangible assets	28.4	33.7	30.3	25.4	35.5
(-) Increase in debt	<u>37.6</u>	<u>41.2</u>	<u>33.3</u>	<u>34.0</u>	<u>47.2</u>
Individuals' saving	41.9	47.4	48.6	54.9	56.2

Increase in Financial Assets

While the increase in financial assets was moderately larger in 1968 than in 1967, \$67.9 billion as compared to \$63.5 billion, there were major changes in the components. Currency and demand deposits rose \$13.5 billion, only \$1.0 billion more than in 1967; but in both years the increase was large as compared to earlier years.

As in 1966, the relative attractiveness of savings accounts and securities was altered by the inability of depository institutions to compete with the higher interest rates available in the securities market. However, the 1968 shift from savings accounts to securities was not as severe as in 1966. Savings accounts grew by \$27.6 billion in 1968 as compared to \$32.4 billion in 1967; securities held increased by \$2.5 billion in 1968 in contrast to a decline of \$3.4 billion during the previous year.

Individuals increased their holdings of all types of securities except 'other corporate stock' in 1968. Holdings of U. S. Government securities rose \$3.5 billion as compared to a \$0.8 billion disinvestment in 1967. Individuals in 1968 increased their holdings of state and local government securities,

whereas in the preceding year there was no appreciable change in their holdings of such obligations. A record \$4.2 billion increase in individuals' holdings of corporate and foreign bonds occurred last year.

Individuals also bought a record amount of mutual funds, doubling their savings through investment company shares as compared to 1967. However, they disposed of \$12.1 billion of stock other than investment company shares. Although individuals have been net sellers of stock since 1959, the amount sold in 1968 was unusually large. Individuals have become a less influential factor in the stock market as institutional investors have increased their holdings and activity markedly in recent years. (See SEC statistical series, "Stock Transactions of Financial Institutions".)

#### Net Investment in Tangible Assets

Net investment in consumer durables was at a record in 1968. After adjustment for capital consumption allowances, net investment in consumer durables totaled \$16.9 billion. Net investment in nonfarm homes by individuals rose to \$17.1 billion, 37 percent more than a year earlier.

#### Increase in Debt

Individuals' debt increased by a record \$47.2 billion, 39 percent greater than in 1967. Mortgage debt on nonfarm homes and consumer credit showed the largest advance. Although the increase in residential mortgage debt in 1968 was \$4.3 billion larger than in 1967, the addition to debt outstanding was still slightly less than the growth in the mid-sixties. Thus, rather than being classified as significant growth, the expansion in residential mortgage debt in 1968 was at best a recovery from the 1966-67 decline. Consumer credit expansion, on the other hand, was not only a large rise from 1967 figures -- \$11.1 billion versus \$4.4 billion -- but also a record high.

Security credit expanded by \$2.1 billion in 1968, as compared with \$3.3 billion in 1967 and an \$0.2 billion contraction in 1966. Life insurance policy loans rose \$1.3 billion last year, and other debt (bank loans not elsewhere classified, open market paper, U. S. Government loans, and finance company loans to noncorporate business) increased \$10.9 billion.

## VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING (Billions of dollars)

	1964	1965	1966	1967	1968	1967 Oct.- Dec.	1968				
							Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	
							Unadjusted Quarterly				
1	Increase in financial assets.....	51.1	55.0	51.6	63.5	67.9	22.0	13.1	15.1	15.4	24.3
2	Currency and demand deposits.....	6.6	7.2	1.9	12.5	13.5	6.2	-3.2	1.9	4.2	10.6
3	Savings accounts.....	23.9	26.5	19.2	32.4	27.6	5.6	8.1	5.4	6.3	7.8
4	Securities.....	3.4	3.1	10.9	-3.4	2.5	3.8	3.1	.9	-3	-1.1
5	U.S. Savings bonds.....	.9	.6	.6	.9	1.3	.2	.1	.1	.2	1.0
6	Other U.S. Government securities...	1.0	2.3	7.4	-1.7	2.2	3.1	1.2	1.1	.8	-.9
7	State & local obligations.....	2.2	2.1	2.2	*	1.2	.7	.4	.2	-.1	.7
8	Corporate & foreign bonds.....	-.8	-.3	1.2	1.6	4.2	.4	.5	1.5	.8	1.3
9	Investment company shares.....	1.9	3.1	3.7	2.8	5.7	1.1	1.8	1.2	1.2	1.4
10	Other corporate stock.....	-1.8	-4.8	-4.2	-6.9	-12.1	-1.8	-1.0	-3.3	-3.2	-4.6
11	Miscellaneous financial assets.....	1.6	1.8	1.7	2.9	3.8	1.6	.5	1.3	.4	1.6
12	Private life insurance reserves.....	4.2	4.7	4.5	4.6	4.7	1.3	1.2	1.2	1.2	1.2
13	Private insured pension reserves.....	2.0	2.1	2.1	2.2	2.6	.0	.6	.6	.7	.7
14	Private noninsured pension reserves...	4.9	4.9	6.2	6.3	7.8	1.7	1.7	1.6	1.9	2.5
15	Government ins. & pension reserves....	4.4	4.8	5.1	5.9	5.4	1.4	1.1	2.2	1.0	1.1
16	Gross investment in tangible assets.....	98.8	108.7	110.5	112.0	128.6	31.7	28.2	33.0	32.1	35.2
17	Nonfarm homes.....	23.0	22.9	21.5	20.3	25.3	6.3	5.8	6.0	6.6	7.0
18	Noncorporate business construction and equipment.....	16.6	17.8	17.8	18.4	19.6	4.4	4.0	5.6	5.2	4.9
19	Consumer durables.....	59.2	66.3	70.5	72.6	82.5	21.1	17.6	21.0	20.7	23.2
20	Inventories.....	*	1.7	.7	.6	1.1	*	.8	.4	-.2	.1
21	Capital consumption allowances.....	70.4	75.1	80.2	86.6	93.0	22.3	22.7	23.1	23.0	23.6
22	Nonfarm homes.....	6.8	7.1	7.4	7.8	8.2	2.0	2.0	2.0	2.1	2.1
23	Noncorporate business plant and equipment.....	15.6	16.4	17.2	18.2	19.2	4.6	4.7	4.8	4.8	4.9
24	Consumer durables.....	48.0	51.5	55.6	60.6	65.6	15.6	16.0	16.3	16.7	16.6
25	Net investment in tangible assets (16-21)	28.4	33.7	30.3	25.4	35.5	9.4	5.5	9.9	8.6	11.5
26	Nonfarm homes.....	16.2	15.8	14.1	12.5	17.1	4.3	3.8	4.0	4.5	4.9
27	Noncorporate business construction and equipment.....	1.0	1.4	.6	.2	.3	-.2	-.7	.8	.3	*
28	Consumer durables.....	11.2	14.8	14.9	12.1	16.9	5.4	1.6	4.7	4.0	6.6
29	Inventories.....	*	1.7	.7	.6	1.1	*	.8	.4	-.2	.1
30	Increase in debt.....	37.6	41.2	33.3	34.0	47.2	10.6	3.4	17.8	13.0	12.9
31	Mortgage debt on nonfarm homes.....	15.8	16.1	11.4	10.9	15.2	3.8	3.7	3.5	3.8	4.3
32	Noncorporate business mortgage debt...	6.5	6.4	6.4	6.1	6.6	1.7	1.4	1.9	1.6	1.7
33	Consumer credit.....	8.0	9.4	6.9	4.4	11.1	3.3	-1.2	3.6	3.0	5.6
34	Security credit.....	-.2	.8	-.2	3.3	2.1	1.4	-1.0	1.3	.5	1.3
35	Policy loans.....	.5	.6	1.5	1.0	1.3	.2	.3	.4	.3	.3
36	Other debt.....	6.9	7.9	7.3	8.2	10.9	.1	.1	7.1	3.9	-.2
37	Individual Saving (1+25-30).....	41.9	47.4	48.6	54.9	56.2	20.8	15.2	7.1	10.9	22.9

\* Less than \$50 million.