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# STATISTICAL SERIES

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## VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JANUARY-MARCH 1960 1/

Individuals in the United States saved \$4.3 billion in financial form during the first quarter of 1960, compared with \$1.8 billion in the preceding quarter and \$4.6 billion in the first quarter of 1959, according to estimates made public today by the Securities and Exchange Commission. During the first quarter of this year personal income after taxes was higher than in the corresponding quarter of 1959, but increased consumer spending precluded any rise in saving.

The trends in individuals' investments noted in 1959 were generally extended into the first quarter of 1960. There were substantial acquisitions by individuals of U. S. Government securities, and their purchases of investment company shares continued to be large despite the decline in stock prices. As in 1959, individuals drew down their checking accounts and were net sellers of common stock issues other than mutual fund shares. The first quarter of 1960 also saw a sharper than seasonal contraction of currency holdings and a smaller addition than previously to savings accounts in banks. In contrast to 1959, there was a tapering off in the net incurrence of individuals' debts, reflecting large repayments of securities loans and a smaller expansion in mortgage debt.

Individuals' investment in securities during the first quarter amounted to \$2.3 billion compared with \$3.2 billion in the previous quarter and \$2.8 billion in the first quarter of 1959. Acquisitions of U. S. Government marketable issues accounted for \$2.0 billion, reflecting the increased popularity of these securities with individual investors. Although the outstanding Federal debt declined by more than \$4.0 billion in the first quarter, liquidations of Government securities by commercial banks provided the opportunity for individuals to acquire substantial amounts of these issues.

Individuals also added \$400 million of state and local government securities to their portfolios in the first quarter. This compares with \$500 million of such investments in the previous quarter and \$300 million in the first quarter of 1959.

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

Individuals' acquisitions of corporate and other securities amounted to less than \$100 million in the first quarter of 1960. While individuals purchased almost \$300 million of corporate and foreign debt issues and approximately \$450 million of mutual fund shares, these purchases were largely offset by a liquidation of more than \$600 million in individuals' holdings of other stock issues. As in the recent past, pension funds and investment companies were the major purchasers of the latter type of issues in the first quarter.

During the first three months of 1960, individuals' holdings of currency and demand deposits were sharply reduced partly reflecting seasonal influences. Currency holdings of individuals, which had reached a peak level in December 1959, declined by \$1.1 billion during the first quarter of 1960. Amounts held in checking accounts were reduced by \$1.0 billion.

The sharp rise in time and savings deposits evident in the past few years had begun to slacken in the last half of 1959, as a result of interest rate competition, and continued in the first quarter of 1960. The \$600 million increase in time deposits was \$1.0 billion less than the first quarter of 1959, and \$2.0 billion less than the record savings in this form in the first quarter of 1958. Individuals increased their holdings of shares in savings and loan associations and credit unions by \$1.5 billion, slightly more than the same period last year.

Equity in private insurance and pension reserves rose \$2.2 billion during the first three months of 1960, \$100 million more than in the first quarter of last year. Government insurance and pension reserves increased \$200 million in the first quarter of 1960 as compared to no change in the first three months of 1959.

The increase in individuals' debts was the smallest quarterly rise in two years. The smaller increase in mortgage debt, \$2.3 billion in the first quarter of 1960 as compared with \$2.9 billion in the 1959 first quarter, partly reflected the decline in home construction. Consumer indebtedness declined by \$500 million, due to a seasonal decline in non-installment credit. Individuals' borrowing on securities was reduced by \$1.3 billion, the largest decline since the third quarter of 1958, and reflected repayments of \$300 million of loans on U. S. Government securities and \$900 million on 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>

S-1688

1956 - 1960

(Billions of dollars)

Type of Saving	1956	1957	1958	1959	1959				1960
					Jan.- Mar.	Apr.- June	July Sept.	Oct.- Dec.	Jan.- Mar.
1. Currency and Deposits.....	4.7	4.9	10.3	3.5	.2	.3	2.7	.3	-1.5
a. Currency.....	*	*	.3	.7	-.5	.5	.1	.6	-1.1
b. Demand deposits.....	.9	-1.5	1.9	-1.3	-.9	-1.6	1.8	-.5	-1.0
c. Time and savings deposits.....	3.7	6.5	8.0	4.1	1.6	1.3	.9	.2	.6
2. Savings shares <sup>2/</sup> .....	5.4	5.2	6.5	7.3	1.4	2.4	1.2	2.2	1.5
3. Securities.....	5.1	4.6	.7	11.4	2.8	2.6	2.9	3.2	2.3
a. U. S. Savings bonds.....	-1	-1.9	-.5	-1.8	-.2	-.4	-.5	-.6	-.2
b. Other U. S. Government <sup>3/</sup> .....	1.8	1.2	-2.4	9.6	2.4	1.8	2.3	3.2	2.0
c. State and local government.....	1.5	2.2	1.2	2.5	.3	.9	.8	.5	.4
d. Corporate and other.....	1.9	3.1	2.4	1.1	.3	.3	.3	.2	.1
(1) Bonds and notes.....	.4	1.8	1.0	.2	*	*	.3	-.1	.3
(2) Investment company shares <sup>4/</sup> .....	.9	1.0	1.6	1.7	.4	.4	.4	.4	.5
(3) Other preferred and common stock..	.6	.3	-.2	-.8	-.1	-.1	-.4	-.2	-.6
4. Private insurance and pension reserves.....	8.2	8.0	8.3	8.8	2.1	2.1	2.1	2.5	2.2
a. Insurance reserves.....	4.3	3.5	3.9	3.4	.7	.9	.8	1.0	.7
b. Insured pension reserves.....	1.2	1.6	1.5	2.0	.5	.5	.5	.5	.5
c. Non-insured pension funds <sup>5/</sup> .....	2.6	2.9	3.0	3.4	.9	.8	.8	.9	1.0
5. Government insurance and pension reserves <sup>6/</sup> .....	3.6	3.2	.6	1.9	*	1.4	.8	-.3	.2
6. Increase in individuals' debts.....	12.6	10.3	10.6	19.6	2.0	5.9	5.6	6.1	.5
a. Mortgage debt <sup>7/</sup> .....	10.2	7.8	9.8	13.4	2.9	3.6	3.8	3.0	2.3
b. Consumer indebtedness <sup>8/</sup> .....	3.1	2.5	.4	6.1	-.3	2.2	1.8	2.4	-.5
c. Securities loans <sup>9/</sup> .....	-.8	-.1	.4	.2	-.6	.1	*	.6	-1.3
7. Net financial saving (1+2+3+4+5-6).....	14.2	15.6	15.8	13.3	4.6	2.8	4.1	1.8	4.3
8. Non-farm homes <sup>10/</sup> .....	16.3	15.6	16.4	20.3	4.0	5.4	5.8	5.1	3.9
9. Construction and equipment of non-profit institutions.....	2.1	2.5	2.7	2.8	.6	.7	.8	.8	.7
10. Consumer durable goods.....	38.5	40.3	37.6	43.0	9.4	11.1	10.3	12.3	9.9
11. Gross saving (7+8+9+10).....	71.1	74.0	72.5	79.5	18.6	20.0	21.0	20.0	18.7

\* 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> In addition to corporate funds, includes reserves of non-profit organizations, multi-employer plans and union administered plans.<sup>6/</sup> Includes Social Security funds, state and local retirement systems, etc.<sup>7/</sup> Mortgage debt to institutions on one-to-four-family non-farm dwellings.<sup>8/</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>9/</sup> Change in bank loans to brokers and dealers and others made for the purpose of purchasing or carrying securities.<sup>10/</sup> Construction of one-to-four family non-farm dwellings less net acquisitions of properties by non-individuals.

NOTE: Figures for the years 1957-1959 have been revised.