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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

STATISTICAL SERIES

RELEASE NO. 1705For Release September 20, 1960**VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, MARCH - JUNE 1960 1/**

Individuals in the United States saved \$1.0 billion in financial form during the second quarter of 1960 according to estimates made public today by the Securities and Exchange Commission. This amount compares with \$4.3 billion in the first quarter of this year and \$2.9 billion in the second quarter of 1959. Although during the second quarter of this year individuals' financial assets were being accumulated at a higher rate than in the first quarter, there were offsetting seasonal increases in both mortgage and consumer indebtedness, reflecting a high level of spending on consumer durable goods and on new residential construction. Furthermore, there was very little change in loans on securities, whereas in the first quarter substantial repayments were made. As compared with the second quarter of 1959, the accumulation of financial assets was considerably less this year, while the incurrence of debt was almost as large, resulting in a lower rate of net saving.

Some changes were noted in the pattern of individuals' investment as compared with the first quarter of 1960 and the year 1959. The most important change during the second quarter was a switch from individuals' position of net buyers of U. S. Government securities to net sellers. There was also a slackening of individuals' net purchases of investment company issues. During the second quarter large amounts continued to flow into savings and loan associations, credit unions, insurance and pension reserves and into savings accounts in banks. Not much change was estimated in individuals' investment in state and local obligations or corporate bonds and a net liquidation again occurred in their equity holdings, other than shares of mutual funds.

Net sales of U. S. Government marketable securities by individuals amounted to \$600 million, in contrast to the first quarter when individuals' purchases totalled almost \$2.4 billion. Individuals' purchases of Series E and H savings bonds slightly exceeded redemptions, but their holdings of other savings bonds, which are no longer being issued, declined about \$200 million, reflecting cash-ins of maturing bonds.

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 added \$400 million to their holdings of state and local government securities in the second quarter of 1960 as against \$500 million in the preceding quarter and \$900 million in the second quarter of last year. A lower volume of new offerings of state and local government debt accounted for the reduced saving of this type in the second quarter of this year compared with the similar period of last year.

Individuals saved about \$100 million in the form of corporate and foreign securities in the second quarter, \$100 million less than in the previous quarter. While individuals acquired \$100 million of corporate and foreign debt issues and \$300 million of mutual fund shares, these purchases were largely offset by net sales of almost \$400 million of other stock issues. The amount of investment company shares purchased by individuals was the smallest since the first quarter of 1958.

Individuals' holdings of currency and bank deposits declined \$300 million as compared to a \$2.0 billion decline in the first three months of this year and \$300 million increase in the second quarter of 1959. Due to seasonal influences currency holdings expanded \$200 million and demand deposits declined \$1.6 billion. Time and savings accounts in banks rose \$1.1 billion during the April-June period, \$800 million more than the preceding quarter but \$200 million less than the second quarter of 1959. Individuals' investment in savings shares of savings and loan associations and credit unions increased by \$2.3 billion compared to \$2.4 billion in the second quarter of 1959.

Equity in private insurance and pension reserves rose \$2.1 billion, the same as in the second quarter of 1959. While there was an increase over last year in noninsured pension reserves this was offset by a smaller rise in life insurance reserves due to an increase in policy loans. Government insurance and pension reserves increased by a record \$2.1 billion, compared with \$1.5 billion last year and reflecting an increase in the social security contribution rate as well as the annual payments of self-employed workers to the fund.

Indebtedness of individuals rose \$5.0 billion during the quarter, substantially more than the seasonally low first-quarter figure. Mortgage debt increased \$3.0 billion, \$700 million more than in the first quarter, but \$600 million less than in the second quarter of 1959. Consumer indebtedness rose \$1.9 billion, contrasting with a seasonal reduction of \$500 million in the first quarter. Borrowings on securities rose \$100 million as compared to substantial repayments in the first quarter.

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 ^{1/}

1956 - 1960

S-1705

(Billions of dollars)

Type of Saving	1956	1957	1958	1959	1959				1960	
					Jan.- Mar.	Apr.- June	July Sept.	Oct. Dec.	Jan.- Mar.	Apr.- June
1. Currency and Deposits.....	4.7	4.9	10.3	3.5	.2	.3	2.7	.3	-2.0	-.3
a. Currency.....	*	*	.3	.7	-.5	.5	.1	.6	-1.1	.2
b. Demand deposits.....	.9	-1.1	1.9	-1.3	-.9	-1.6	1.8	-.5	-1.1	-1.6
c. Time and savings deposits.....	3.8	6.1	8.0	4.1	1.6	1.3	.9	.2	.3	1.1
2. Savings shares ^{2/}	5.4	5.2	6.5	7.3	1.4	2.4	1.2	2.2	1.6	2.3
3. Securities.....	5.1	4.6	.8	11.6	2.9	2.5	2.8	3.3	2.8	-.2
a. U. S. savings bonds										
(1) Series E & H.....	1.3	.2	.9	-.1	.2	-.1	-.2	*	.1	*
(2) Other.....	-1.4	-2.1	-1.4	-1.7	-.4	-.3	-.4	-.6	-.3	-.2
b. Other U. S. Government ^{3/}	1.7	1.6	-2.4	9.7	2.5	1.8	2.2	3.2	2.4	-.6
c. State and local government.....	1.5	2.2	1.3	2.5	.3	.9	.8	.5	.5	.4
d. Corporate and other.....	2.0	2.8	2.5	1.2	.4	.3	.3	.2	.2	.1
(1) Bonds and notes.....	.4	1.4	1.1	.3	.1	*	.3	-.1	.3	.1
(2) Investment company shares ^{4/}	1.0	1.1	1.6	1.7	.4	.4	.4	.4	.5	.3
(3) Other preferred and common stock.....	.6	.3	-.2	-.8	-.1	-.1	-.4	-.2	-.6	-.4
4. Private insurance and pension reserves.....	8.2	8.0	8.3	8.8	2.1	2.1	2.1	2.5	2.2	2.1
a. Insurance reserves.....	4.3	3.5	3.9	3.4	.7	.9	.8	1.0	.7	.7
b. Insured pension reserves.....	1.2	1.6	1.5	2.0	.5	.5	.5	.5	.5	.5
c. Non-insured pension funds ^{5/}	2.6	2.9	3.0	3.4	.9	.8	.8	.9	1.0	.9
5. Government insurance and pension reserves ^{6/}	3.7	3.2	.6	2.2	.1	1.5	.9	-.3	.2	2.1
6. Increase in individuals' debts.....	12.7	10.3	10.5	19.6	2.0	5.9	5.6	6.1	.5	5.0
a. Mortgage debt ^{7/}	10.2	7.8	9.8	13.4	2.9	3.6	3.8	3.0	2.3	3.0
b. Consumer indebtedness ^{8/}	3.3	2.5	.3	6.1	-.3	2.2	1.8	2.4	-.5	1.9
c. Securities loans ^{9/}	-.8	-.1	.4	.2	-.6	.1	*	.6	-1.3	.1
7. Net financial saving (1+2+3+4+5-6).....	14.3	15.7	16.0	13.9	4.9	2.9	4.2	2.0	4.3	1.0
8. Non-farm homes ^{10/}	16.3	15.6	16.4	20.3	4.0	5.4	5.8	5.1	3.9	4.8
9. Construction and equipment of non-profit institutions.....	2.1	2.5	2.7	2.9	.6	.7	.8	.8	.7	.7
10. Consumer durable goods.....	38.5	40.4	37.3	43.4	9.4	11.2	10.4	12.4	10.0	11.2
11. Gross saving (7+8+9+10).....	71.2	74.1	72.4	80.5	18.9	20.0	21.2	20.3	18.9	17.7

* 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/} In addition to corporate funds, includes reserves of non-profit organizations, multi-employer plans and union administered plans.

^{6/} Includes Social Security funds, state and local retirement systems, etc.

^{7/} Mortgage debt to institutions on one-to-four-family non-farm dwellings.

^{8/} 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.

^{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 non-farm dwellings less net acquisitions of properties by non-individuals.