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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APRIL-JUNE, 1961 <sup>1/</sup>

Individuals saved \$2.9 billion in financial form during the second quarter of 1961, according to estimates made public today by the Securities and Exchange Commission. This compares with \$4.8 billion in the preceding quarter and \$1.6 billion in the second quarter of 1960.

The trend toward a more liquid position of individuals continued in the second quarter of 1961, with increases in savings accounts including shares in savings and loan associations. There were also large acquisitions of corporate securities as compared with recent periods, reflecting the record volume of new corporate offerings and favorable market conditions. The greater investment in corporate issues was accompanied by increased borrowing on securities. Holdings of marketable U. S. Government obligations were reduced for the fourth consecutive quarter in response to relatively less attractive returns on this type of investment. Although purchases of consumer durable goods increased from the low rate of the first quarter, these expenditures were still well below the 1960 second quarter rate, and resulted in only a moderate expansion in consumer debt.

Individuals added \$1.3 billion to their holdings of corporate securities during the second quarter, the largest increase in this form in the postwar period. Net purchases of corporate bonds totalled \$600 million while net purchases of investment company shares amounted to \$500 million. Purchases of other preferred and common stock issues totalled \$200 million, the first net increase in holdings since mid-1958.

Individuals' ownership of marketable U. S. Government issues was reduced by \$1.7 billion during the second quarter of this year, comparing with net sales of \$1.3 billion and \$1.9 billion in the two preceding quarters. There was little change during the second quarter in individuals' holdings of state and local securities.

Currency and bank deposits of individuals rose \$1.0 billion during the second quarter of 1961 in contrast to a \$200 million decline in the corresponding period of last year. Time deposits continued to grow at a high rate, increasing \$2.1 billion, slightly less than in the preceding quarter and the highest second quarter since 1958. Currency increased \$400 million while checking accounts declined \$1.4 billion, principally reflecting seasonal movements.

<sup>1/</sup> 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.

Investment in savings and loan association and credit union shares continued to grow at a high rate, rising by \$2.6 billion during the quarter.

Equity in private insurance and pension reserves increased \$2.1 billion, the same as in the second quarter of 1960. Augmented by the annual payments from self-employed workers, government insurance and pension reserves increased \$1.5 billion, compared with a reduction of \$200 million in the first quarter, and an increase of \$2.1 billion in the second quarter of 1960. The smaller second quarter increase in reserves this year principally reflected increased unemployment benefit payments, extended by recent legislation.

Total indebtedness of individuals rose \$4.0 billion during the quarter in contrast to practically no change in their aggregate debt position in the preceding quarter. Mortgage debt increased approximately \$2.5 billion, about the same as in the second quarter of 1960. Consumer indebtedness increased \$600 million, contrasting with a \$2.0 billion increase in the second quarter of 1960. This was mainly due to a smaller growth in new automobile loans while repayments on all types of loans were maintained at a high rate. Borrowing on securities increased \$900 million, principally on corporate issues, in comparison to the \$1.1 billion decline of the previous 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 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

1957 — 1961

(Billions of dollars)

Type of Saving	1957	1958	1959	1960	1960				1961	
					Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June
1. Currency and Deposits.....	4.9	10.2	3.5	3.9	-2.1	-.2	3.2	2.9	2.0	1.0
a. Currency.....	*	.3	.7	*	-1.1	.3	*	.9	-1.0	.4
b. Demand deposits.....	-1.3	2.2	-1.2	-1.2	-1.4	-1.4	1.3	.3	.6	-1.4
c. Time and savings deposits.....	6.3	7.7	4.1	5.0	.3	1.0	1.9	1.7	2.4	2.1
2. Savings shares <u>2/</u> .....	5.2	6.3	7.3	8.1	1.6	2.4	1.4	2.7	2.0	2.6
3. Securities.....	4.6	1.3	11.1	1.4	2.6	-.2	.6	-1.5	-1.1	-.3
a. U. S. savings bonds										
(1) Series E & H.....	.2	.9	-.1	.5	.1	*	.1	.3	.4	.3
(2) Other.....	-2.1	-1.4	-1.7	-.7	-.3	-.2	-.2	-.1	-.1	-.1
b. Other U. S. Government <u>3/</u> .....	1.5	-1.6	9.8	-.9	2.0	-.7	-.3	-1.9	-1.3	-1.7
c. State and local government.....	2.2	.8	2.2	1.4	.6	.5	.4	-.2	-.1	*
d. Corporate and other.....	2.8	2.6	.9	1.2	.1	.2	.5	.4	*	1.3
(1) Bonds and notes.....	1.3	1.3	.1	1.5	.3	.2	.4	.6	-.1	.6
(2) Investment company shares <u>4/</u> ...	1.1	1.6	1.7	1.5	.5	.3	.4	.3	.6	.5
(3) Other preferred and common stock.....	.4	-.3	-.9	-1.8	-.7	-.3	-.3	-.5	-.5	.2
4. Private insurance and pension reserves....	8.0	8.4	8.9	9.2	2.2	2.1	2.3	2.6	2.3	2.1
a. Insurance reserves.....	3.5	3.9	3.5	4.3	.9	.9	1.1	1.4	1.0	.9
b. Insured pension reserves.....	1.6	1.5	2.0	1.2	.3	.3	.3	.3	.3	.3
c. Noninsured pension funds <u>5/</u> .....	2.9	3.1	3.4	3.7	1.0	.9	.9	.9	1.0	.9
5. Government insurance and pension reserves <u>6/</u> .....	3.2	.6	2.3	3.3	.3	2.1	1.0	-.1	-.2	1.5
6. Increase in individuals' debts.....	10.4	10.0	19.5	15.5	1.4	4.7	4.2	5.3	.2	4.0
a. Mortgage debt <u>7/</u> .....	7.9	9.3	13.0	11.6	3.1	2.6	2.7	3.2	3.0	2.5
b. Consumer indebtedness <u>8/</u> .....	2.5	.2	6.3	3.7	-.5	-.0	.7	1.5	-1.7	.6
c. Securities loans <u>9/</u> .....	-.1	.4	.2	.3	-1.3	.1	.6	.6	-1.1	.9
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	4.8	2.9
8. Nonfarm homes <u>10/</u> .....	15.6	15.3	19.2	18.4	4.7	4.1	4.6	4.9	4.2	3.4
9. Construction and equipment of nonprofit institutions.....	2.5	2.7	2.9	3.2	.7	.7	.9	.8	.8	.8
10. Consumer durable goods.....	40.4	37.3	43.4	44.3	10.1	11.5	10.2	12.6	8.9	10.6
11. Gross saving (7+8+9+10).....	74.0	72.3	79.1	76.3	18.7	18.0	19.9	19.7	18.6	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 nonguaranteed Federal agency securities.

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

5/ In addition to corporate funds, includes reserves of nonprofit organizations, multi-employer plans and union administered plans.

6/ Includes Social Security, unemployment, civil service, 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.