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STATISTICAL SERIES

RELEASE NO. 1793

For Release December 10, 1961VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPTEMBER, 1961 1/

Individuals in the United States saved at a high rate during the third quarter of 1961, according to estimates made public today by the Securities and Exchange Commission, reflecting rising personal income and a lag in spending on consumer durable goods. Saving in financial form amounted to \$6.3 billion in the third quarter; after rough adjustment for seasonal influences this rate is somewhat higher than in the preceding quarter.

Individuals' financial assets continued to mount in the third quarter, with emphasis on bank deposits, savings and loan association shares, and Government securities. There were also substantial net purchases of investment company shares, but investments by individuals in other corporate securities declined. Reflecting the decline in spending for consumer durable goods, consumer debt showed little change.

Investments in U. S. Government marketable issues by individuals amounted to \$900 million in the third quarter, in contrast to liquidations of such issues since early 1960, partly reflecting the higher return available. Net acquisitions of U. S. savings bonds amounted to \$200 million, about the same as in the preceding quarter, and there was a \$300 million increase in state and local government bond holdings.

Individuals reduced their holdings of corporate securities by \$100 million, compared with an increase of \$1.4 billion in the preceding three months when the volume of new securities offerings was at an all-time peak. In the third quarter corporate bond holdings decreased by \$300 million and equity holdings, other than investment company shares, decreased by approximately \$700 million. Reflected in this latter figure are exchanges of portfolio holdings of individuals for shares of investment companies organized for this purpose, a development of the past year. In contrast to the reduction in holdings of corporate issues, net acquisitions of investment company shares were again large, amounting to \$900 million in the third quarter. While the bulk of this amount represented mutual fund shares, also included in the total were shares of newly-organized small business investment companies, which have been of growing importance, and the portfolio exchanges referred to above.

Currency and bank deposits of individuals rose \$3.8 billion during the third quarter, the largest increase since the third quarter of 1958. Time deposits continued to grow at a rate only slightly below the high rate of

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.

earlier quarters of the year. The increase in such deposits in the first nine months of this year has been almost as large as the record \$7.7 billion increase for the full year 1958. Demand deposits increased \$1.5 billion as compared to a \$1.4 billion decline in the preceding quarter, while currency holdings rose \$200 million. Saving in credit union and savings and loan association shares amounted to \$1.4 billion bringing the increase for the first nine months of the year to a record \$6.1 billion compared with a \$5.4 billion increase in the same period last year.

Saving in private insurance and pension funds was slightly more than in the preceding quarter, amounting to \$2.3 billion. However, Government insurance and pension reserves increased only half as much as in the second quarter which included the annual contributions from the self-employed under Social Security. A special dividend on veterans' life insurance in the third quarter, as well as newly effective amendments to the Social Security laws, contributed to the smaller increase in these funds.

Indebtedness of individuals rose \$3.3 billion, almost all of which represented an expansion in mortgage debt. Consumer debt increased \$100 million, considerably less than the usual amount in the third quarter chiefly because of a decline in automobile loans, offset by a moderate increase in personal installment credit. Although there was greater borrowing from banks to finance U. S. Government securities inventories of brokers and dealers (included with individuals in this series), a decline occurred in borrowing on corporate securities, resulting in a small net increase in total securities loans.

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 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.

SAVINGS BY INDIVIDUALS IN THE UNITED STATES 1/

1958 - 1961

8-1793

(Billions of dollars)

Type of Saving	1958	1959	1960	1960				1961		
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June	July- Sept.
1. Currency and Deposits.....	10.2	3.5	3.9	-2.1	-.2	3.2	2.9	1.6	1.7	3.8
a. Currency.....	.3	.7	*	-1.1	.3	*	.9	-.5	.6	.2
b. Demand deposits.....	2.2	-1.2	-1.2	-1.4	-1.4	1.3	.3	-.4	-1.4	1.5
c. Time and savings deposits.....	7.7	4.1	5.0	.3	1.0	1.9	1.7	2.5	2.5	2.1
2. Savings shares 2/.....	6.3	7.3	8.1	1.6	2.4	1.4	2.7	2.0	2.7	1.4
3. Securities.....	1.3	11.1	1.4	2.6	-.2	.6	-1.5	-1.1	-.3	1.3
a. U. S. savings bonds										
(1) Series E & H.....	.9	-.1	.5	.1	*	.1	.3	.4	.3	.3
(2) Other.....	-1.4	-1.7	-.7	-.3	-.2	-.2	-.1	-.1	-.1	-.1
b. Other U. S. Government 3/.....	-1.6	9.8	-.9	2.0	-.7	-.3	-1.9	-1.3	-1.8	.9
c. State and local government.....	.8	2.2	1.4	.6	.5	.4	-.2	*	*	.3
d. Corporate and other	2.6	.9	1.2	.1	.2	.5	.4	*	1.4	-.1
(1) Bonds and notes.....	1.3	.1	1.5	.3	.2	.4	.6	-.1	.7	-.3
(2) Investment company shares 4/.....	1.6	1.7	1.5	.5	.3	.4	.3	.6	.6	.9
(3) Other preferred and common stock.....	-.3	-.9	-1.8	-.7	-.3	-.3	-.5	-.5	.1	-.7
4. Private insurance and pension reserves.....	8.4	8.9	9.2	2.2	2.1	2.3	2.6	2.3	2.1	2.3
a. Insurance reserves.....	3.9	3.5	4.3	.9	.9	1.1	1.4	1.0	.9	1.1
b. Insured pension reserves.....	1.5	2.0	1.2	.3	.3	.3	.3	.3	.3	.3
c. Noninsured pension funds 5/.....	3.1	3.4	3.7	1.0	.9	.9	.9	1.0	.9	.9
5. Government insurance and pension reserves 6/.....	.6	2.3	3.3	.3	2.1	1.0	-.1	-.2	1.5	.7
6. Increase in individuals' debts.....	10.0	19.5	15.5	1.4	4.7	4.2	5.3	-.1	4.4	3.3
a. Mortgage debt 7/.....	9.3	13.0	11.6	3.1	2.6	2.7	3.2	2.7	3.0	3.1
b. Consumer indebtedness 8/.....	.2	6.3	3.7	-.5	2.0	.7	1.5	-1.7	.6	.1
c. Securities loans 9/.....	.4	.2	.3	-1.3	.1	.8	.6	-1.0	.9	.1
7. Net financial saving (1+2+3+4+5-6).....	16.9	13.6	10.4	3.2	1.6	4.3	1.4	4.8	3.2	6.3
8. Nonfarm homes 10/.....	15.3	19.2	18.4	4.7	4.1	4.6	4.9	4.2	3.9	4.1
9. Construction and equipment of nonprofit institutions.....	2.7	2.9	3.2	.7	.7	.9	.8	.8	.8	.8
10. Consumer durable goods.....	37.3	43.4	44.3	10.1	11.5	10.2	12.6	8.9	10.6	9.8
11. Gross saving (7+8+9+10).....	72.3	79.1	76.3	18.7	18.0	19.9	19.7	18.6	18.4	21.1

* 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.