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# STATISTICAL SERIES

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## VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JANUARY - MARCH, 1962.

Individuals in the United States saved at a very high rate during the first quarter of 1962 according to estimates made public today by the Securities and Exchange Commission. Saving in financial form totaled \$6.5 billion <sup>1/</sup> compared with \$2.4 billion in the fourth quarter of 1961 and \$5.9 billion in the third quarter of that year. The highest previous figure in recent years was \$7.0 billion in the third quarter of 1958.

The most important development in the saving pattern in the first quarter of this year was a record increase in savings accounts at banks, the higher interest rates offered by banks attracting not only new savings but also funds from other types of investments. Individuals' share accounts at savings and loan associations rose by about the same amount as in the first quarter of 1961, while their acquisitions of U. S. savings bonds series E and H were slightly lower. Fairly large purchases were made of marketable U. S. Government and corporate bonds and there was a further increase in net purchases of mutual fund shares in the first quarter. However, individuals' holdings of other equity issues continued to decline at a somewhat higher rate than in recent quarters. Other movements during the first quarter included net repayments of consumer indebtedness and securities loans following the usual seasonal pattern for these components, while mortgage debt of individuals expanded substantially, in line with increased purchases of new and existing houses.

During the first quarter individuals were net sellers of equity issues, other than investment company shares, to the extent of \$1.0 billion, despite the large volume of new stock issues. Institutional investors, on the other hand, continued to add large amounts to their stock portfolios. In contrast to their net sales of other equity issues, individuals again added substantially to their holdings of investment company shares. Net acquisitions of such shares amounted to \$700 million, compared with \$600 million each in the first and fourth quarters of 1961. Net purchases of corporate bonds amounted to \$400 million, \$300 million more than in the preceding quarter. The supply of new corporate debt issues in the first quarter was much lower than in the fourth quarter of 1961, but net purchases of institutional investors were greatly reduced.

New investments in U. S. marketable issues by individuals in the first quarter amounted to \$500 million, and, while this was less than in the two

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<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.

preceding quarters, it was in sharp contrast with the first quarter of 1961 when liquidations of \$1.1 billion occurred. In addition to their purchases of marketable U. S. Government issues, individuals' ownership of series E and H savings bonds rose \$300 million. Holdings of tax-exempt issues were reduced by \$200 million, the enlarged volume of new state and local issues being absorbed by institutional investors, chiefly commercial banks.

Individuals' saving in currency and bank deposits amounted to \$3.4 billion during the first quarter of 1962, as compared with a rise of \$1.3 billion in the first quarter of 1961. Time and savings deposits of individuals of commercial and mutual savings banks rose \$4.4 billion, the largest quarterly increase ever recorded. As noted above, the increase followed announcements by commercial banks of increases in interest rates on savings deposits. Individuals' time deposits at commercial banks rose five percent during the first quarter; this may be compared with the last previous interest rate increase in the first quarter of 1957, when such deposits rose by approximately 4.5 percent. Partially offsetting the large rise in savings accounts, currency and demand deposits of individuals showed the usual first quarter seasonal declines. Individuals' equity in savings and loan associations and credit unions increased \$2.0 billion, the same as the first quarter of 1961.

Equity of individuals in private insurance and pension reserves increased \$2.6 billion during the first three months of 1962. It is estimated that insured life and pension reserves together increased \$1.4 billion, slightly lower than in the same quarter of 1961, while the growth in non-insured pension funds of \$1.2 billion was somewhat larger than in the same quarter of last year. Government insurance and pension reserves declined by \$200 million chiefly reflecting larger social security benefit payments.

Individuals' debt rose \$1.9 billion during the first quarter as compared to a growth of \$100 million in the same period last year. Mortgage debt increased \$3.6 billion, \$700 million more than the corresponding 1961 period, but less than in the preceding quarter, according to preliminary reports. The decline in consumer indebtedness during the first quarter of this year amounted to \$1.1 billion as compared with a \$1.7 billion decline in the first quarter of 1961. Repayments of charge account credit was about the same as last year, while the extension of installment credit, particularly automobile credit, expanded this year. The decrease in borrowing on securities during the quarter amounted to \$500 million.

#### 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 <sup>1/</sup>

1959 — 1962

(Billions of dollars)

Type of Saving	1959	1960	1961	1961				1962
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.
1. Currency and Deposits.....	4.4	3.8	9.7	1.3	2.1	3.3	3.0	3.4
a. Currency.....	.7	*	.6	-.8	.9	-.5	1.0	-.6
b. Demand deposits.....	-.4	-1.2	.3	-.4	-1.6	1.9	.3	-.4
c. Time and savings deposits.....	4.1	5.0	8.8	2.5	2.7	1.8	1.7	4.4
2. Savings shares <sup>2/</sup> .....	7.2	8.3	9.3	2.0	2.7	1.5	3.2	2.0
3. Securities.....	9.9	*	1.1	-.9	-.7	1.5	1.2	.6
a. U. S. savings bonds								
(1) Series E & H.....	-.1	.5	1.3	.4	.3	.3	.4	.3
(2) Other.....	-1.7	-.7	-.5	-.1	-.1	-.1	-.1	-.1
b. Other U. S. Government <sup>3/</sup> .....	9.1	-2.1	-1.4	-1.1	-2.1	1.1	.7	.5
c. State and local government.....	1.8	1.2	.2	-.2	-.2	.1	.4	-.2
d. Corporate and other.....	.9	1.1	1.6	.2	1.5	*	-.1	.1
(1) Bonds and notes.....	.1	1.5	.9	.1	.8	-.2	.1	.4
(2) Investment company shares <sup>4/</sup> .....	1.7	1.5	2.7	.6	.6	.9	.6	.7
(3) Other preferred and common stock.....	-.9	-1.9	-2.0	-.5	.1	-.7	-.9	-1.0
4. Private insurance and pension reserves.....	8.9	9.1	10.0	2.6	2.2	2.4	2.8	2.6
a. Insurance reserves.....	3.5	4.2	4.5	1.1	.9	1.1	1.4	1.1
b. Insured pension reserves.....	2.0	1.3	1.4	.4	.4	.4	.4	.4
c. Noninsured pension funds <sup>5/</sup> .....	3.4	3.7	4.0	1.1	.9	.9	1.0	1.2
5. Government insurance and pension reserves <sup>6/</sup> .....	2.3	3.4	1.3	-.2	1.4	.7	-.6	-.2
6. Increase in individuals' debts.....	19.4	15.3	15.2	.1	4.4	3.4	7.3	1.9
a. Mortgage debt <sup>7/</sup> .....	13.2	10.9	13.0	2.9	2.9	3.0	4.1	3.6
b. Consumer indebtedness <sup>8/</sup> .....	6.1	4.2	1.2	-1.7	.7	.2	2.1	-1.1
c. Securities loans <sup>9/</sup> .....	.2	.3	1.1	-1.0	.9	.2	1.1	-.5
7. Net financial saving (1+2+3+4+5-6).....	13.3	9.3	16.2	4.7	3.2	5.9	2.4	6.5
8. Nonfarm homes <sup>10/</sup> .....	19.2	18.4	16.8	4.2	3.8	4.1	4.7	4.4
9. Construction and equipment of nonprofit institutions.....	2.9	3.2	3.4	.8	.8	.9	.9	.8
10. Consumer durable goods.....	43.5	44.3	42.4	8.9	10.6	9.8	13.1	10.1
11. Gross saving (7+8+9+10).....	78.9	75.2	78.8	18.5	18.3	20.8	21.2	21.8

\* 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. Data for the years 1959 and 1960 were particularly affected by new statistics made available by Internal Revenue Service and the Census Bureau.

<sup>2/</sup> Includes shares in savings and loan associations and shares and deposits in credit unions.

<sup>3/</sup> Includes nonguaranteed 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 nonprofit organization, multi-employer plans and union-administered plans.

<sup>6/</sup> Includes Social Security, unemployment, civil service, railroad retirement and state and local retirement funds.

<sup>7/</sup> Mortgage debt to institutions on one-to-four-family nonfarm dwellings.

<sup>8/</sup> 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.

<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 nonfarm dwellings less net acquisitions of properties by nonindividuals.