
STATISTICAL SERIES

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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPTEMBER, 1962.

Individuals continued to save at a high rate during the third quarter of 1962, according to estimates made public today by the Securities and Exchange Commission. Saving in financial form 1/ totaled \$6.8 billion, compared to \$4.5 billion in the preceding quarter and \$5.9 billion in the third quarter of 1961. After adjustment for seasonal influences, the volume of saving in the third quarter of this year was approximately the same as in the preceding quarter but lower than in the first quarter of this year.

Of importance in the third quarter was a further growth in individuals' financial assets of the more liquid type, i.e., bank deposits and marketable U. S. Government securities. This reflected not only the large amount of new saving but some shifting of funds resulting from uncertainties in the stock market following the break in late May of this year. Individuals purchased the smallest amount of investment company shares since the fourth quarter of 1960, and also acquired a smaller amount of corporate bonds. Although individuals' sales of stock issues other than investment company issues again exceeded purchases, the liquidation was less in amount than in the preceding four quarters. Other changes in the pattern of saving principally reflected seasonal factors and included a smaller investment in saving and loan shares, less saving in government insurance and pension reserves and reduced currency holdings.

Net purchases of all types of securities by individuals amounted to \$700 million in the third quarter. Investments in U. S. Government obligations, other than savings bonds, totaled \$700 million in contrast to a \$600 million liquidation in the previous quarter and an increase of \$1.1 billion in the third quarter of 1961. Net acquisitions of series E and H Savings Bonds, amounted to \$200 million, the same as in the preceding quarter. Individuals' holdings of state and local government securities declined each quarter this year, the drop in the third quarter amounting to \$200 million. Yields on these securities in 1962 have been less than in recent years reflecting primarily the pressure of increased acquisitions by commercial banks. Net purchases of corporate bonds during the third quarter totaled slightly less than \$100 million in contrast to net purchases of \$700 million in the second quarter, due in part to a smaller volume of new issues in the third quarter of this year.

Individuals' net sales of common and preferred stocks other than investment company issues, amounted to \$400 million, as compared with a liquidation 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.

over \$1 billion in each of the first two quarters of the year. While there was a sharp decline in the volume of net equity issues, acquisition of stock by institutional investors was also much less than recently. Open-end investment companies, in contrast to their previous strong buying, in the third quarter were net sellers of portfolio securities. Individuals' net acquisitions of investment company shares during the third quarter amounted to \$300 million, half as large as in the preceding quarter.

Saving in currency and bank deposits totaled \$5.2 billion, almost \$2.0 billion higher than in the preceding quarter or the comparable period last year. Time and savings deposits in the third quarter rose \$3.4 billion; such accounts have increased by a record \$11.6 billion for the first nine months of 1962, compared to an increase of \$8.8 billion for the entire year 1961. This growth was principally the result of higher interest rates on savings deposits, which as noted above, attracted new savings as well as funds from other types of investments. Currency holdings of individuals declined \$700 million while demand deposits rose \$2.4 billion, principally reflecting seasonal movements. Shares in savings and loan associations and credit unions increased \$1.7 billion.

Equity in private insurance and pension reserves rose \$2.6 billion during the third quarter, slightly more than the previous period. Government insurance and pension reserves increased \$1.0 billion in the third quarter, compared with \$2.2 billion in the previous quarter, when annual contributions to the old-age pension fund from the self-employed were received.

The growth in debts during the third quarter amounted to \$4.5 billion. Consumer indebtedness rose \$1.0 billion, compared to \$2.2 billion in the preceding quarter, principally due to a slackening of automobile financing with the supply of certain types and models being a factor in the sales decline. The increase in mortgage debt amounted to \$3.4 billion, \$400 million higher than the third quarter of 1961, reflecting the higher level of housing activity this year. Securities loans increased \$100 million with increased borrowings on U. S. Government obligations by brokers and dealers (included with individuals in this series) offset in part by a continued decline in borrowings on corporate 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 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.

SAVING BY INDIVIDUALS IN THE UNITED STATES 1/

S-1869

1959 - 1962

(Billions of dollars)

Type of Saving	1959	1960	1961	1961				1962		
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June	July Sept.
1. Currency and Deposits.....	4.4	3.8	9.7	1.3	2.1	3.3	3.0	4.2	3.3	5.2
a. Currency.....	.7	*	.6	-.8	.9	-.5	1.0	-.6	1.2	-.7
b. Demand deposits.....	-.4	-1.2	.3	-.4	-1.6	1.9	.3	*	-1.3	2.4
c. Time and savings deposits.....	4.1	5.0	8.8	2.5	2.7	1.8	1.7	4.8	3.4	3.4
2. Savings shares 2/.....	7.2	8.3	9.3	2.0	2.7	1.5	3.2	2.1	2.8	1.7
3. Securities.....	9.9	*	1.1	-.9	-.7	1.5	1.2	-.2	-.6	.7
a. U. S. savings bonds										
(1) Series E & H.....	-.1	.5	1.3	.4	.3	.3	.4	.3	.2	.2
(2) Other.....	-1.7	-.7	-.5	-.1	-.1	-.1	-.1	-.1	-.1	-.1
b. Other U. S. Government 3/.....	9.1	-2.1	-1.4	-1.1	-2.1	1.1	.7	.3	-.6	.7
c. State and local government.....	1.8	1.2	.2	-.2	-.2	.1	.4	-.5	-.2	-.2
d. Corporate and other.....	.9	1.1	1.6	.2	1.5	*	-.1	-.1	.1	*
(1) Bonds and notes.....	.1	1.5	.9	.1	.8	-.2	.1	.3	.7	.1
(2) Investment company shares 4/.....	1.7	1.5	2.7	.6	.6	.9	.6	.7	.6	.3
(3) Other preferred and common stock.....	-.9	-1.9	-2.0	-.5	.1	-.7	-.9	-1.1	-1.2	-.4
4. Private insurance and pension reserves.	8.9	9.1	10.0	2.6	2.2	2.4	2.8	2.6	2.5	2.6
a. Insurance reserves.....	3.5	4.2	4.5	1.1	.9	1.1	1.4	1.1	1.0	1.3
b. Insured pension reserves.....	2.0	1.3	1.4	.4	.4	.4	.4	.4	.4	.4
c. Noninsured pension funds 5/.....	3.4	3.7	4.0	1.1	.9	.9	1.0	1.2	1.1	1.0
5. Government insurance and pension reserves 6/.....	2.3	3.4	1.3	-.2	1.4	.7	-.6	-.2	2.2	1.0
6. Increase in individuals' debts.....	19.4	15.3	15.2	.1	4.4	3.4	7.3	2.0	5.7	4.5
a. Mortgage debt 7/.....	13.2	10.9	13.0	2.9	2.9	3.0	4.1	3.6	3.8	3.4
b. Consumer indebtedness 8/.....	6.1	4.2	1.2	-1.7	.7	.2	2.1	-1.1	2.2	1.0
c. Securities loans 9/.....	.2	.3	1.1	-1.0	.9	.2	1.1	-.5	-.4	.1
7. Net financial saving (1+2+3+4+5-6).....	13.3	9.3	16.2	4.7	3.2	5.9	2.4	6.6	4.5	6.8
8. Nonfarm homes 10/.....	19.2	18.4	16.8	4.2	3.8	4.1	4.7	4.4	3.9	4.4
9. Construction and equipment of nonprofit institutions.....	2.9	3.2	3.4	.8	.8	.9	.9	.8	.9	.8
** 10. Consumer durable goods.....	43.6	44.8	43.7	9.1	10.9	10.2	13.6	10.4	12.0	10.8
** 11. Gross saving (7+8+9+10).....	78.9	75.8	80.1	18.7	18.7	21.1	21.6	22.2	21.3	22.8

* Indicates less than \$50 million. ** Revised.

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 organization, 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.