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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JANUARY-MARCH, 1963.

Individuals saved \$7.2 billion ^{1/} in financial form during the first quarter of 1963 according to estimates made public today by the Securities and Exchange Commission. Saving in the first three months of this year, the highest quarterly rate in the post-war period, compares with \$7.0 billion in the first quarter of last year, and \$2.3 billion in the fourth quarter of 1962.

Among the more notable developments in the savings pattern in the first quarter of this year was the continued sharp rise in investments in savings and loan association shares, reflecting favorable dividend rates and the continuing trend toward investment in financial assets of the more liquid type. Individuals' time and savings accounts at commercial and mutual saving banks, which had increased by record amounts in 1962, again expanded substantially in the first three months of this year. There were also larger net purchases of U. S. Savings Bonds, Series E and H, the quarterly total being more than any period in seven years.

Individuals reduced their holdings of marketable U. S. Government obligations, and also were net sellers of corporate bonds and stocks, except for mutual fund shares where net purchases were moderately higher as compared with the preceding quarter. The increase in individuals' debts, which is an offset to saving, was smaller in the first quarter of this year than in the corresponding quarter of 1962.

During the first quarter individuals' sales of preferred and common stock issues, other than investment company shares, again exceeded purchases. New issues of common and preferred stock continued at a low level during the first three months of 1963, and there were also fairly large retirements, chiefly liquidating payments and acquisitions in connection with mergers. Institutional investors, for the most part private pension funds and investment companies, continued as major buyers of common stock during the quarter. Individuals added \$300 million to their holdings of investment company shares as compared to net acquisitions of \$200 million in the fourth quarter of 1962 and purchases of \$700 million in the first quarter of 1962. The volume of debt issues in the first quarter was higher than in the similar quarter of 1962, and included a large amount of privately-placed issues, for the most part added to life insurance company portfolios. Individuals' holdings of corporate bonds declined by \$100 million during the quarter.

^{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, saving and loan association and credit union shares, and insurance and pension reserves, net of the increase in individuals' debt.

Individuals reduced their ownership of U. S. Government marketable issues by \$400 million in the first quarter, primarily reflecting the liquidation of a large year-end inventory of dealers and brokers, who are included with individuals in this series. Purchases of U. S. Savings Bonds, Series E & H, amounted to \$500 million, net of redemptions, the highest since the first quarter of 1956, and comparing with \$300 million in the first quarter of 1962. Holdings of tax exempt securities by individuals were reduced \$500 million compared to net acquisitions of \$100 million in the first quarter of 1962. A continued high level of acquisitions by commercial banks coupled with a smaller increase in the market supply were the primary factors in the decline.

Individuals' saving in currency and bank deposits amounted to \$3.7 billion during the first quarter of 1963, compared with an increase of \$4.3 billion in the first quarter of 1962. Time and saving deposits of individuals at commercial and mutual saving banks rose \$3.5 billion, as against a record \$4.8 billion in the same quarter of 1962 when commercial banks increased interest rates on savings deposits. Currency and demand deposits of individuals rose \$200 million compared to a decline in the first quarter of last year. Equity in saving and loan associations increased \$3.0 billion, the largest first quarter increase on record.

Equity of individuals in private insurance and pension reserves rose \$2.5 billion during the first quarter of 1963. Insured life and pension reserves together increased \$1.5 billion, compared to \$1.3 billion in the first quarter of 1962, while the growth in noninsured pension funds of \$1.0 billion was about the same as in the first quarter a year ago. Government insurance and pension reserves increased \$400 million in the first quarter compared to declines of \$100 million in both the first and fourth quarters of 1962. The rise in these funds during the first quarter of 1963 chiefly reflected the increased contribution rate to the social security fund, offset in part by a large first quarter dividend from the veterans' insurance fund.

Individuals' debts increased \$1.2 billion in the first quarter of 1963 as compared to a rise of \$1.6 billion in the first quarter of 1962 and a record \$9.1 billion increase in the fourth quarter of last year. Mortgage debt increased \$3.4 billion, according to preliminary estimates, slightly more than the first quarter of last year. Consumer credit declined \$800 million in the first quarter, reflecting the usual seasonal repayment in charge accounts. However, the decline this year in consumer debt was less than the preceding year, primarily due to a continuing high level of automobile financing. A reduction in securities borrowing in the first quarter totaling \$1.3 billion was in contrast to a sharp expansion in this segment in the preceding quarter. This mainly reflected a substantial repayment of loans on U. S. Government securities, principally by brokers and dealers.

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 individual saving, there are some statistical and conceptual differences in the two sets of data.

SAVINGS BY INDIVIDUALS IN THE UNITED STATES ^{1/}

1960 — 1963

(Billions of dollars)

Type of Saving	1960	1961	1962	1962				1963 Jan.- Mar.
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	
1. Currency and Deposits.....	2.8	9.3	19.1	4.3	3.4	6.0	5.4	3.7
a. Currency.....	*	.6	.9	-.6	1.2	-.1	.5	-.3
b. Demand deposits.....	-2.2	-.1	3.2	.1	-1.2	2.8	1.5	.5
c. Time and savings deposits.....	5.0	8.8	15.0	4.8	3.4	3.3	3.5	3.5
2. Savings shares ^{2/}	8.3	9.4	10.1	2.1	2.8	1.7	3.5	3.2
3. Securities.....	-.1	1.2	-.7	.1	-1.0	.3	-.2	-1.3
a. U. S. savings bonds								
(1) Series E & H.....	.5	1.3	.9	.3	.2	.2	.2	.5
(2) Other.....	-.7	-.5	-.5	-.1	-.1	-.1	-.2	-.1
b. Other U. S. Government ^{3/}	-2.7	-1.4	.5	.4	-.6	.4	.3	-.4
c. State and local government.....	1.7	1.0	-.1	.1	*	-.1	-.1	-.5
d. Corporate and other.....	1.1	.8	-1.5	-.5	-.5	-.2	-.4	-.8
(1) Bonds and notes.....	1.5	.2	.2	-.1	.3	-.1	.1	-.1
(2) Investment company shares ^{4/}	1.5	2.7	1.8	.7	.6	.3	.2	.3
(3) Other preferred and common stock.....	-1.9	-2.2	-3.5	-1.1	-1.3	-.4	-.7	-.9
4. Private insurance and pension reserves.....	9.2	9.9	10.2	2.3	2.6	2.6	2.7	2.5
a. Insurance reserves.....	4.2	4.5	4.8	.9	1.2	1.3	1.3	1.1
b. Insured pension reserves.....	1.3	1.4	1.4	.4	.4	.4	.4	.4
c. Noninsured pension funds ^{5/}	3.7	4.0	4.0	1.0	1.0	.9	1.0	1.0
5. Government insurance and pension reserves ^{6/}	3.4	1.2	2.8	-.1	2.0	1.0	-.1	.4
6. Increase in individuals' debts.....	15.4	15.0	21.9	1.6	5.9	5.2	9.1	1.2
a. Mortgage debt ^{7/}	11.0	12.5	15.4	3.3	3.8	3.9	4.4	3.4
b. Consumer indebtedness ^{8/}	4.2	1.5	5.3	-1.1	2.5	1.0	2.9	-.8
c. Securities loans ^{9/}3	1.1	1.1	-.5	-.4	.2	1.8	-1.3
7. Net financial saving (1+2+3+4+5-6).....	8.1	15.9	19.6	7.0	4.0	6.4	2.3	7.2
8. Nonfarm homes ^{10/}	18.4	16.8	17.6	4.4	3.9	4.4	5.0	4.4
9. Construction and equipment of nonprofit institutions.....	3.2	3.4	3.6	.8	.9	1.0	1.0	.8
10. Consumer durable goods.....	44.8	43.7	47.5	10.3	11.9	10.8	14.6	11.1
11. Gross saving (7+8+9+10).....	74.5	79.8	88.4	22.5	20.7	22.5	22.7	23.5

* 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 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.