
STATISTICAL SERIES

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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPTEMBER, 1963.

Individuals saved at a fairly high rate during the third quarter of 1963, according to estimates made public today by the Securities and Exchange Commission. Saving in financial form 1/ totaled \$5.2 billion, compared to \$3.3 billion in the preceding quarter and \$6.4 billion in the third quarter of 1962. However, after adjustment for seasonal influences the volume of saving in the third quarter of this year was lower than the preceding period.

During the third quarter of this year financial assets of individuals continued to accumulate at a rapid rate. At the same time their indebtedness, an offset to saving, also mounted. One of the more important developments was the substantial rise in individuals' checking accounts, partly reflecting seasonal factors. Holdings of marketable U. S. Government obligations also rose by a sizeable amount, partially representing increased inventories of dealers included with "individuals" in this series. Savings accounts at commercial and mutual savings banks grew by almost the same amount as in the second quarter, lower than in any period since the beginning of 1962. Net purchases of U. S. Savings Bonds continued at a rate much larger than last year and net acquisitions of investment company shares were more than in any period since the second quarter of 1962. Individuals again were net sellers of other stock issues as well as of corporate bonds. Mortgage debt and securities borrowing expanded close to the high rate of the preceding period, but the increase in consumer indebtedness was moderated by seasonal factors.

Individuals increased their ownership of U. S. Government marketable issues by \$1.5 billion during the third quarter period which included a major refinancing offer in September at favorable terms. This was the largest growth in acquisitions of Government issues by individuals since the first quarter of 1960, and contrasted with net sales in the first two quarters of this year. Net purchases of U. S. Savings Bonds Series E and H amounted to \$400 million, the same as in the second quarter of this year, but double the acquisitions in the third quarter of 1962. Individuals' holdings of tax exempt obligations showed no change as against acquisitions of \$600 million in the second quarter. The volume of new state and local issues was not as great as in the second quarter, while commercial banks continued to buy large amounts of these issues.

Individuals' net sales of common and preferred stocks, other than investment company issues, amounted to \$600 million during the third quarter, comparing with net sales of \$1.0 billion in the second quarter. Preferred and common stock

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.

offerings in the third quarter remained at about the same low level which has prevailed since the second quarter of 1962 despite rising stock prices. It is estimated that stock acquisitions of institutional investors were somewhat lighter than in the preceding period. Net sales of mutual fund shares increased slightly during the third quarter and an exchange of portfolio securities for shares in a newly organized investment company brought the increase in individuals' investment company shares to almost \$400 million, the highest figure since the second quarter of 1962. Holdings of corporate bonds and notes declined by \$500 million, the sharpest quarterly drop in the post-war period. The increase in new debt issues, net of retirements, was \$1.1 billion during the third quarter, or half the second quarter total, partly reflecting the lighter volume of foreign issues offered in this country. It is estimated that institutional investors, principally state and local retirement systems, private pension funds and life insurance companies, acquired on balance approximately \$1.6 billion of corporate debt issues during the three months July-September, 1963.

Saving in currency and bank deposits totaled \$4.6 billion, over \$2.0 billion higher than the preceding quarter, but considerably less than the record \$6.0 billion during the third quarter of 1962. Time and savings deposits increased by \$2.4 billion in the third quarter, bringing such saving to \$8.7 billion in the first nine months of this year as compared to a rise of \$11.5 billion in the similar period of 1962. Currency holdings of individuals declined \$500 million while demand deposits rose \$2.6 billion, principally reflecting seasonal movements. Also affected by seasonal influences, a smaller growth than in the preceding quarter occurred in accounts at savings and loan associations and credit unions, the increase being \$1.7 billion.

Equity of individuals in private insurance and pension reserves together increased \$1.7 billion, \$200 more than in the preceding quarter. Noninsured pension funds grew by \$1.0 billion, unchanged from the second quarter. Government insurance and pension reserves rose \$1.4 billion compared with \$2.7 billion in the previous quarter when the self-employed made their annual contributions to the old-age pension fund.

Indebtedness of individuals rose \$6.3 billion in the third quarter. Consumer debt increased \$1.5 billion compared with \$2.3 billion in the second quarter partly reflecting a decline in automobile sales before the new models become available in quantity. The increase in mortgage debt was estimated at \$4.1 billion, slightly more than in the preceding period. The high level of mortgage financing reflects strong housing activity, and also the continued use of mortgage borrowing for nonhousing purposes. Securities loans rose \$800 million, primarily to finance the U. S. Government securities inventories of dealers and brokers.

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.

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

5-1943

1960 - 1963

(Billions of dollars)

Type of Saving	1960	1961	1962	1962		1963		
				July-Sept.	Oct.-Dec.	Jan.-Mar.	April-June	July-Sept.
1. Currency and Deposits.....	2.8	9.3	19.1	6.0	5.4	3.5	2.4	4.6
a. Currency.....	*	.6	.9	-.1	.5	-.3	1.4	-.5
b. Demand deposits.....	-2.2	-.1	3.2	2.8	1.5	.1	-1.6	2.6
c. Time and savings deposits.....	5.0	8.8	15.0	3.3	3.5	3.8	2.6	2.4
2. Savings shares ^{2/}	8.3	9.4	10.1	1.7	3.5	3.2	3.3	1.7
3. Securities.....	-.1	1.2	-.7	.3	-.2	-1.2	-.3	1.1
a. U. S. savings bonds								
(1) Series E & H.....	.5	1.3	.9	.2	-.2	.5	.4	.4
(2) Other.....	-.7	-.5	-.5	-.1	-.2	-.1	-.1	-.1
b. Other U. S. Government ^{3/}	-2.7	-1.4	.5	.4	.3	-.5	-.8	1.5
c. State and local government.....	1.7	1.0	-.1	-.1	-.1	-.4	-.6	*
d. Corporate and other.....	1.1	.8	-1.5	-.2	-.4	-.6	-.4	-.7
(1) Bonds and notes.....	1.5	.2	.2	-.1	-.1	-.1	.3	-.5
(2) Investment company shares ^{4/}	1.5	2.7	1.8	.3	.2	.3	.2	.4
(3) Other preferred and common stock.....	-1.9	-2.2	-3.5	-.4	-.7	-.8	-1.0	-.6
4. Private insurance and pension reserves.....	9.2	9.9	10.2	2.6	2.7	2.6	2.5	2.7
a. Insurance reserves.....	4.2	4.5	4.8	1.3	1.3	1.1	1.2	1.3
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	.9	1.0	1.1	1.0	1.0
5. Government insurance and pension reserves ^{5/}	3.4	1.2	2.8	1.0	-.1	.4	2.7	1.4
6. Increase in individuals' debts.....	15.4	15.0	21.9	5.2	9.1	1.9	7.2	6.3
a. Mortgage debt ^{7/}	11.0	12.5	15.4	3.9	4.4	4.1	4.0	4.1
b. Consumer indebtedness ^{8/}	4.2	1.5	5.3	1.0	2.9	-.9	2.3	1.5
c. Securities loans ^{9/}3	1.1	1.1	.2	1.8	-1.3	.9	.8
7. Net financial saving (1+2+3+4+5-6).....	8.1	15.9	19.6	6.4	2.3	6.6	3.3	5.2
8. Nonfarm homes ^{10/}	18.4	16.8	17.6	4.4	5.0	4.3	3.9	4.5
9. Construction and equipment of nonprofit institutions.....	3.2	3.4	3.6	1.0	1.0	.8	.8	1.0
10. Consumer durable goods.....	44.8	43.7	47.5	10.8	14.6	11.2	12.9	11.7
11. Gross saving (7+8+9+10).....	74.5	79.8	88.4	22.5	22.7	23.0	21.0	22.3

* 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 or properties by nonindividuals.