

JUL 24 1964

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For Release June 30, 1964

STATISTICAL SERIES

RELEASE NO. 1986

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JANUARY-MARCH, 1964.

Individuals saved \$6.3 billion ^{1/} in financial form during the first three months of 1964, according to estimates made public today by the Securities and Exchange Commission. This compares with \$5.5 billion in the preceding quarter and \$6.6 billion during the first quarter of 1963. The tax cut occurred too late to have an effect on saving during the period.

Individuals continued to increase their financial assets in the first quarter, the largest growth occurring in savings deposits at banks and equity in insurance and pension reserves. While individuals again were net sellers of stock issues other than investment company shares, liquidations were the lowest since the second quarter of 1961, reflecting interest in the A.T. and T. common stock rights offering of \$1.2 billion. Over half of this issue was paid for in the first quarter and attracted funds from other saving media. Increased interest also was shown in U. S. Government marketable issues. Investments in savings and loan association shares showed a much lower growth rate than in the first quarter of last year and demand deposits declined. Mortgage debt of individuals increased somewhat more than in the similar period of 1963, responding to greater activity in the housing field. There were seasonal declines in consumer credit and securities loans.

During the first quarter, individuals reduced their holdings of preferred and common stock (other than investment company shares) by \$200 million. In the preceding quarter there had been liquidations of stock holdings by individuals amounting to \$1.4 billion primarily because of large amounts of stock retirements involving liquidating payments and acquisitions of stock in connection with mergers. Net purchases of investment company shares by individuals amounted to \$300 million in the first quarter of this year, the same as in the fourth and first quarters of 1963. Individuals' holdings of corporate bonds declined \$400 million, reflecting a lower volume of new public offerings than in the preceding quarter.

Ownership of U. S. Government marketable issues by individuals, which in this series includes dealers and brokers, nonprofit institutions, and unincorporated businesses, increased \$1.0 billion during the first quarter of 1964. This figure compares with decreased holdings in both the first and fourth quarters of 1963. Net purchases of U. S. Savings Bonds, Series E & H, totaled \$300 million, somewhat lower in amount than in the similar period of 1963. As compared with record net purchases in the fourth quarter of 1963, individuals' net acquisitions of tax-exempt securities amounted to \$200 million.

^{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.

Saving in currency and bank deposits of individuals amounted to \$1.7 billion during the first quarter compared to \$3.2 billion in the similar period of 1963. This year bank demand deposits and currency holdings declined \$1.2 billion as compared to a decline of \$600 million in the first quarter of 1963. The growth in individuals' time and savings deposits at commercial and mutual banks amounted to \$3.0 billion, and while this was larger than such saving in the three preceding quarters, it was less than in the first quarter of 1963. Investment in savings and loan associations and credit unions increased \$2.5 billion, as compared to \$3.2 billion in the same quarter of a year ago.

Equity of individuals in private insurance and pension reserves increased \$2.9 billion during the first quarter of 1964. Insured life and pension reserves together rose \$1.7 billion compared to \$1.4 billion in the first quarter of 1963, while noninsured pension funds grew by \$1.2 billion, the same as in the comparable period of 1963. Government insurance and pension reserves increased \$400 million, primarily reflecting continued growth in pension programs.

Individuals' indebtedness rose \$2.5 billion in the first quarter of 1964, compared to \$1.5 billion in the first quarter of 1963 and a near-record \$8.1 billion increase in the fourth quarter of last year. Reflecting the continued high rate of housing starts, mortgage debt increased by \$3.8 billion, \$300 million more than the first quarter of 1963. Total consumer credit declined \$700 million in the first quarter of 1964, due to the usual seasonal repayment of charge accounts. Securities borrowing was reduced by \$600 million, chiefly 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 1966

1961 - 1964

(Billions of dollars)

Type of Saving	1961	1962	1963	1963				1964
				Jan.- Mar.	Apr- June	July- Sept.	Oct.- Dec.	
1. Currency and Deposits.....	8.7	18.0	17.5	3.2	2.3	5.5	6.5	1.7
a. Currency.....	.5	.9	1.9	-.4	1.4	-.3	1.1	-.1
b. Demand deposits.....	-.7	2.2	4.8	-.2	-1.6	3.5	3.1	-1.1
c. Time and savings deposits.....	8.8	14.9	10.9	3.8	2.5	2.3	2.3	3.6
2. Savings shares ^{2/}	9.4	10.0	11.8	3.2	3.3	1.7	3.7	2.5
3. Securities.....	.9	-.9	.5	-.9	-.3	1.5	.1	1.3
a. U. S. savings bonds								
(1) Series E & H.....	1.3	.9	1.6	.5	.4	.4	.4	.3
(2) Other.....	-.5	-.5	-.4	-.1	-.1	-.1	-.1	-.1
b. Other U. S. Government ^{3/}	-1.5	.6	1.5	-.3	-.6	1.9	-.4	1.0
c. State and local government.....	1.1	.3	1.5	-.3	.8	*	1.0	-.2
d. Corporate and other.....	.5	-2.2	-2.8	-.6	-.7	-.7	-.8	-.3
(1) Bonds and notes.....	2.7	1.8	1.2	-.1	.3	-.4	.3	-.4
(2) Investment company shares ^{4/}	2.7	1.8	1.2	.3	.2	.4	.3	.3
(3) Other preferred and common stock.....	-2.3	-3.8	-4.1	-.8	-1.2	-.7	-1.4	-.2
4. Private insurance and pension reserves.....	10.2	10.8	11.2	2.6	2.6	2.8	3.2	2.9
a. Insurance reserves.....	4.4	5.0	4.9	1.0	1.1	1.3	1.5	1.3
b. Insured pension reserves.....	1.4	1.4	1.7	.4	.4	.4	.4	.4
c. Noninsured pension funds ^{5/}	4.4	4.4	4.7	1.2	1.1	1.1	1.3	1.2
5. Government insurance and pension reserves ^{6/}	1.1	3.0	4.4	*	2.8	1.5	.1	.4
6. Increase in individuals' debts.....	14.4	19.6	23.2	1.5	7.3	6.3	8.1	2.5
a. Mortgage debt ^{7/}	11.9	13.4	15.9	3.5	3.8	4.0	4.6	3.8
b. Consumer indebtedness ^{8/}	1.5	5.0	6.3	-.7	2.5	1.5	3.0	-.7
c. Securities loans ^{9/}	1.0	1.1	.9	-1.3	.9	.8	.5	-.6
7. Net financial saving (1+2+3+4+5-6).....	15.9	21.2	22.3	6.6	3.4	6.8	5.5	6.3
8. Nonfarm homes ^{10/}	16.8	17.9	18.3	4.4	3.9	4.6	5.3	4.8
9. Construction and equipment of nonprofit institutions.....	3.3	3.5	3.7	.8	.8	1.0	1.0	.9
10. Consumer durable goods.....	43.7	47.5	51.5	11.2	12.9	11.6	15.9	11.5
11. Gross saving (7+8+9+10).....	79.7	90.2	95.8	23.0	21.1	24.0	27.7	23.6

* 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 and multi-employer 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.