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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APRIL-JUNE, 1964.

Individuals saved \$7.7 billion in financial form ^{1/} during the second quarter of 1964, according to estimates made public today by the Securities and Exchange Commission. This was the highest quarterly total in the post-war period and reflected the major increase in disposable personal income largely due to the recent reduction in taxes. The amount of saving was \$1.2 billion more than in the first quarter and \$4.3 billion greater than in the same period of 1963. The highest previous amount of saving was \$7.5 billion in the first quarter of 1962.

Among the financial assets of individuals to which substantial additions were made during the second quarter were currency and bank deposits, shares in savings and loan associations, and government obligations including tax-exempt issues. Acquisitions of mutual fund shares were the largest in two years, and as in the previous quarter, liquidations by individuals of other stockholdings were less than at any time in three years, with widespread interest in the large A.T. & T. stock offering and the Communications Satellite Corporation flotation. Individuals' equity in private and government insurance and pension reserves also increased considerably, in line with the general economic expansion. During the second quarter individuals' indebtedness, an offset to saving, rose seasonally from the previous period, the growth being slightly more than in the same quarter of 1963.

Saving in currency and bank deposits amounted to \$3.8 billion in the second quarter compared to \$2.3 billion in the same period of 1963. A contra-seasonal growth of \$400 million in individuals' checking accounts occurred, as against a decline of \$1.6 billion in the second quarter of 1963. Currency holdings followed the usual seasonal pattern, increasing \$1.2 billion. However, individuals' time and savings deposits at commercial and mutual savings banks grew less than in any quarterly period since the shift to higher interest rates on these deposits in January 1962. The increase was \$2.2 billion, \$400 million less than in the first quarter of this year and \$300 million less than in the second quarter of last year. Investments in savings shares at savings and loan association and credit unions increased \$3.3 billion, the same as in the second quarter of 1963.

Aside from their purchases of investment company shares, which amounted to almost \$500 million in the second quarter, there was a liquidation of \$200 million in preferred and common stockholdings of individuals (including personal

^{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.

trust funds). This was the same as in the preceding quarter. The liquidation in the first two quarters of 1964 was much less than in any quarterly period since mid-1961, and was primarily related to the two flotations mentioned above, A.T. & T. and Comsat issues.

Ownership of U. S. Government marketable securities by individuals rose \$600 million in the second quarter, mostly nonguaranteed federal agency issues. Net purchases of U. S. Savings Bonds, Series E and H, amounted to \$300 million, the same as the preceding quarter but lower than in the comparable 1963 period. Holdings of tax-exempt issues grew by \$900 million, chiefly reflecting a large volume of state and municipal offerings. Individuals' holdings of corporate bonds rose \$100 million compared to a \$400 million decline in the preceding quarter.

Equity of individuals in private insurance and pension reserves rose \$3.0 billion in the second quarter. Insured life and pension reserves together increased \$1.7 billion as against \$1.5 billion in the second quarter of 1963, while noninsured pension funds grew by \$1.2 billion, slightly higher than in the comparable period of 1963. Government insurance and pension reserves showed a record growth of \$3.2 billion partly due to the annual payments of self-employed workers to the social security fund and also reflecting a reduction in unemployment benefit payments.

Individuals' indebtedness rose by \$7.5 billion in the second quarter of 1964, \$300 million greater than in the same period one year ago. Mortgage debt increased \$4.1 billion compared to \$3.8 billion in the second quarter of 1963, mainly in response to the larger investment this year in one-to-four-family homes. Individuals' consumer indebtedness rose \$2.6 billion during the second three months in contrast to a \$700 million seasonal decline in the first three months of the year. During the second quarter new installment credit extensions and repayments reached record levels. Net loans on securities amounted to \$900 million, almost half of which was to finance dealers in U. S. Government securities, and the balance to finance new stock purchases.

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.

1961 - 1964

(Billions of dollars)

Type of Saving	1961	1962	1963	1963				1964	
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June
1. Currency and Deposits.....	8.7	18.0	17.5	3.2	2.3	5.5	6.5	1.8	3.8
a. Currency.....	.5	.9	1.9	-.4	1.4	-.3	1.1	-.1	1.2
b. Demand deposits.....	-.7	2.2	4.8	-.2	-1.6	3.5	3.1	-.7	.4
c. Time and savings deposits.....	8.8	14.9	10.9	3.8	2.5	2.3	2.3	2.6	2.2
2. Savings shares ^{2/}	9.4	10.0	11.8	3.2	3.3	1.7	3.7	2.5	3.3
3. Securities.....	.9	-.9	.5	-.9	-.3	1.5	.1	1.2	2.1
a. U. S. savings bonds									
(1) Series E & H.....	1.3	.9	1.6	.5	.4	.4	.4	.3	.3
(2) Other.....	-.5	-.5	-.4	-.1	-.1	-.1	-.1	-.1	-.1
b. Other U. S. Government ^{3/}	-1.5	.6	.5	-.3	-.6	1.9	-.4	1.0	.6
c. State and local government.....	1.1	.3	1.5	-.3	.8	*	1.1	.2	.9
d. Corporate and other.....	.5	-2.2	-2.8	-.6	-.7	-.7	-.8	-.3	.4
(1) Bonds and notes.....	.1	-.2	.2	-.1	.3	-.4	.3	-.4	.1
(2) Investment company shares ^{4/}	2.7	1.8	1.2	.3	.2	.4	.3	.3	.5
(3) Other preferred and common stock.....	-2.3	-3.8	-4.1	-.8	-1.2	-.7	-1.4	-.2	-.2
4. Private insurance and pension reserves.....	10.2	10.8	11.2	2.6	2.6	2.8	3.2	3.0	3.0
a. Insurance reserves.....	4.4	5.0	4.9	1.0	1.1	1.3	1.5	1.3	1.3
b. Insured pension reserves.....	1.4	1.4	1.7	.4	.4	.4	.4	.4	.4
c. Noninsured pension funds ^{5/}	4.4	4.4	4.7	1.2	1.1	1.1	1.3	1.3	1.2
5. Government insurance and pension reserves ^{6/}	1.1	3.0	4.4	*	2.8	1.5	.1	.4	3.2
6. Increase in individuals' debts.....	14.4	19.6	23.2	1.5	7.3	6.3	8.1	2.4	7.5
a. Mortgage debt ^{7/}	11.9	13.4	15.9	3.5	3.8	4.0	4.6	3.7	4.1
b. Consumer indebtedness ^{8/}	1.5	5.0	6.3	-.7	2.5	1.5	3.0	-.7	2.6
c. Securities loans ^{9/}	1.0	1.1	.9	-1.3	.9	.8	.5	-.6	.9
7. Net financial saving (1+2+3+4+5-6).....	15.9	21.2	22.3	6.6	3.4	6.8	5.5	6.5	7.7
8. Nonfarm homes ^{10/}	16.8	17.9	18.3	4.4	3.9	4.6	5.3	4.8	4.2
9. Construction and equipment of nonprofit institutions.....	3.3	3.5	3.7	.8	.8	1.0	1.0	.9	1.0
10. Consumer durable goods.....	43.7	48.4	52.1	11.4	12.9	11.6	16.2	12.6	14.2
11. Gross saving (7+8+9+10).....	79.7	91.1	96.3	23.2	21.1	24.0	28.1	24.9	27.0

* 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.