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STATISTICAL SERIES

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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPTEMBER, 1964.

During the third quarter of 1964 individuals in the U. S. continued to save at a high rate, although at a lower rate than the preceding quarter if adjusted for seasonal influences. Saving in financial form 1/ totaled \$8.3 billion, according to estimates released today by the Securities and Exchange Commission. This was a record quarterly total for the post-war period, exceeding the preceding record figure in the second quarter by \$700 million and the third quarter of 1963 by \$1.5 billion.

Reflecting the tax cut and also the higher level of personal income, individuals' financial saving in the first nine months of this year was one-third larger than in the same period of last year and aggregated \$22½ billion. The increased saving has been largely directed into greater acquisitions of U. S. Government marketable obligations and tax-exempt state and local issues, as well as increased equity in private and government insurance and pension reserves. Other types of financial saving which have risen significantly include bank deposits and investments in mutual fund shares. While individuals have continued as net sellers of stock other than mutual fund shares, the liquidation has been much less than during the first nine months of 1963, mainly because of interest in two major stock offerings. Individuals' indebtedness, which is an offset to saving, advanced more than during the first nine months of last year, with greater expansion in both mortgage and consumer credit, but a smaller rise in securities loans.

Largest gain in individuals' third quarter saving was in savings and checking accounts at banks, which rose \$5.9 billion, \$2.2 billion more than in the preceding quarter, and \$400 million more than in the 1963 third quarter. Of the total increase in bank accounts, time and savings deposits accounted for \$2.7 billion, \$400 million more than the 1963 comparable period, with a record inflow in deposits at mutual savings banks. Demand deposits and currency holdings of individuals rose \$3.2 billion, the same as in the third quarter of last year, but \$1.8 billion above the preceding quarter, reflecting seasonal factors.

Although saving in credit union and savings and loan association shares declined seasonally in the third quarter to \$2.0 billion as compared with \$3.3 billion in the second quarter, the amount was a record for a third quarter period. However, the nine months' inflow this year has been somewhat lower than the peak investments of 1963.

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 (which in this series includes nonprofit institutions, brokers and dealers) increased their ownership of U. S. Government marketable securities by \$1.4 billion in the third quarter, bringing their net acquisitions of these issues for the first nine months of 1964 to \$3.0 billion. This was three times the amount acquired in the first nine months of last year, and reflected the favorable terms of the two advance refunding offers made in the course of the year, and the generally higher level of yields.

Net purchases of U. S. Savings Bonds Series E and H amounted to \$300 million, the same as in the preceding two quarters. Individuals' holdings of state and local government issues increased \$300 million, a lower amount than in the preceding period; however, for the first nine months of 1964, individuals' net purchases of tax-exempt issues totaled \$1.5 billion, compared with \$500 million in the same 1963 period.

Net acquisitions of investment company shares totaled \$500 million during the third quarter, the same as in the second quarter period. For the first nine months of 1964 such investments have amounted to \$1.2 billion, comparing with the first three quarters of the preceding years as follows: 1963, \$900 million; 1962, \$1.6 billion; and \$2.1 billion in the peak year 1961. This year redemptions of mutual fund shares have been greater than at any prior time, but new sales have reached near-record levels. Individuals' net sales of common and preferred stock, other than investment company issues, amounted to \$800 million in the third quarter. The liquidation in individuals' holdings over the first nine months has totaled \$1.5 billion, as against \$2.7 billion in the 1963 period. The decrease has been less severe this year because the volume of new stock offerings was swelled by the \$1.2 billion A. T. & T. issue and the \$200 million Comsat offering. During this year further increases have been indicated in net stock acquisitions of institutional investors and foreigners.

Holdings of corporate debt issues by individuals also declined during the third quarter, reflecting a sharp drop in debt issues net of retirements. For the first nine months of this year individuals' holdings of such issues were reduced by \$700 million compared with a drop of \$200 million in the same period of 1963.

Equity of individuals in private insurance and pension reserves together increased \$3.1 billion, slightly higher than the preceding quarter. Of this increase, insurance reserves accounted for \$1.3 billion, the same as the preceding quarter. There was a growth in noninsured pension funds of \$1.3 billion in the third quarter, and for the first nine months it is estimated that the increase was \$3.8 billion compared to \$3.4 billion in the similar 1963 period. Government insurance and pension reserves rose \$1.9 billion, considerably less than in the second quarter which is the period when the self-employed make their annual contributions to the old-age pension fund.

Indebtedness of individuals rose \$5.9 billion in the third quarter, and for the nine months increased a record \$15.7 billion, or more than \$500 million above the 1963 similar period. Although consumer indebtedness had reached record levels by the end of September, in the third quarter the growth was less than in the second quarter, \$1.6 billion as compared with \$2.6 billion. There was a slackening of automobile financing during the model change-over period, while repayments continued at record levels. The increase in individuals' mortgage debt for the third quarter was estimated at \$4.1 billion, unchanged from the preceding quarter. However, the total for the first nine months was \$600 million greater than the 1963 comparable period, the larger amount primarily reflecting increased investment in new homes. Securities loans increased \$100 million in the third quarter with greater borrowing by dealers

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

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	July- Sept.
1. Currency and Deposits.....	8.7	18.0	17.5	3.2	2.3	5.5	6.5	2.0	3.7	5.9
a. Currency and demand deposits.....	-.2	3.1	6.6	-.6	-.2	3.2	4.2	-.8	1.4	3.2
b. Time and savings deposits.....	8.8	14.9	10.9	3.8	2.5	2.3	2.3	2.8	2.3	2.7
2. Savings shares ^{2/}	9.4	10.0	11.8	3.2	3.3	1.7	3.7	2.5	3.3	2.0
3. Securities.....	.9	-.9	.5	-.9	-.3	1.5	.1	1.1	1.7	1.2
a. U. S. savings bonds										
(1) Series E & H.....	1.3	.9	1.6	.5	.4	.4	.4	.3	.3	.3
(2) Other.....	-.5	-.5	-.4	-.1	-.1	-.1	-.1	-.1	-.1	-.1
b. Other U. S. Government ^{3/}	-1.5	.6	.5	-.3	-.6	1.9	-.4	1.1	.5	1.4
c. State and local government.....	1.1	.3	1.5	-.3	.8	*	1.0	.2	1.0	.3
d. Corporate and other.....	.5	-2.2	-2.8	-.6	-.7	-.7	-.8	-.4	-.1	-.7
(1) Bonds and notes.....	.1	-.2	1.2	-.1	.3	-.4	.3	-.4	-.1	-.3
(2) Investment company shares ^{4/}	2.7	1.8	1.2	.3	.2	.4	.3	.3	.5	.5
(3) Other preferred and common stock.....	-2.3	-3.8	-4.1	-.8	-1.2	-.7	-1.4	-.4	-.3	-.8
4. Private insurance and pension reserves.....	10.2	10.8	11.2	2.6	2.6	2.8	3.2	3.0	3.0	3.1
a. Insurance reserves.....	4.4	5.0	4.9	1.0	1.1	1.3	1.5	1.2	1.3	1.3
b. Insured pension reserves.....	1.4	1.4	1.7	.4	.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	1.3
5. Government insurance and pension reserves ^{6/}	1.1	3.0	4.4	*	2.8	1.5	.1	.4	3.2	1.9
6. Increase in individuals' debts.....	14.4	19.6	23.2	1.5	7.3	6.3	8.1	2.5	7.3	5.9
a. Mortgage debt ^{7/}	11.9	13.4	15.9	3.5	3.8	4.0	4.6	3.7	4.1	4.1
b. Consumer indebtedness ^{8/}	1.5	5.0	6.3	-.7	2.5	1.5	3.0	-.7	2.6	1.6
c. Securities loans ^{9/}	1.0	1.1	.9	-1.3	.9	.8	.5	-.6	.6	.1
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	7.6	8.3
8. Nonfarm homes ^{10/}	16.8	17.9	18.3	4.4	3.9	4.6	5.3	4.8	4.2	4.6
9. Construction and equipment of nonprofit institutions.....	3.3	3.5	3.7	.8	.8	1.0	1.0	.9	1.0	1.1
10. Consumer durable goods.....	43.7	48.4	52.1	11.4	12.9	11.6	16.2	12.6	14.2	13.1
11. Gross saving (7+8+9+10).....	79.7	91.1	96.3	23.2	21.1	24.0	28.1	24.9	26.9	27.2

* 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.

to finance their inventories of U. S. Government obligations partly offset by a 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.

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