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## STATISTICAL SERIES

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### VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JANUARY - MARCH 1965

Individuals saved \$7.3 billion in financial form <sup>1/</sup> during the first three months of 1965 according to estimates made public today by the Securities and Exchange Commission. This compares with \$7.2 billion in the first quarter and \$8.5 billion in the fourth quarter of 1964.

Financial assets of individuals continued to expand during the first quarter of the year, the largest growth occurring in their time and saving accounts at banks. Large investments also were made in U. S. Government marketable issues, and individuals' equity in private insurance and pension reserves increased at a near-record rate. Currency and demand deposits declined more than seasonally, while individuals' indebtedness, an offset to saving, rose slightly more than in the same three months of 1964.

Saving in currency and total bank deposits amounted to \$2.3 billion, the same as the first quarter 1964. However, the composition of individuals' deposits was quite different this year, with currency and demand deposits decreasing by over \$2 billion and time deposits rising by \$4.5 billion, the largest growth since the first quarter of 1962. As in that period, the shift in funds was largely due to an increase in interest rates on savings and time deposits. The sharp decline in currency and demand deposits reflected several factors including the usual first quarter seasonal decrease, greater consumer spending and the effect of higher interest rates on saving deposits. Investments in savings shares at saving and loan associations and credit unions amounted to \$2.1 billion, in contrast to \$3.5 billion in the preceeding quarter and \$2.5 billion in the first three months of last year. While investments in credit union shares continued to grow, the flow into savings and loan associations was to some extent affected by the competitive rates at commercial banks.

Ownership of U. S. Government marketable securities by individuals rose by \$1.4 billion during the first quarter, chiefly in response to favorable terms offered in the Treasury advance refunding in January. Net purchases of U. S. Savings Bonds, Series E and H, amounted to \$300 million, the same as in the past four quarters. Although the volume of new tax-exempt issues was large, individuals increased their investments by only \$200 million, most of these issues being absorbed by commercial banks.

Individuals' net acquisitions of mutual fund shares in the first quarter

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<sup>1/</sup> 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.

amounted to \$700 million, the largest net purchases of these securities since the first quarter of 1962 and close to the record net purchases of \$900 million in the third quarter of 1961. Although new sales of mutual fund shares were at record levels these sales were offset by large redemptions.

Aside from their acquisitions of investment company shares, a \$700 million reduction occurred in preferred and common stockholdings of individuals (including personal trust funds). This was less than the liquidation in the preceding quarter, however, when retirements of stock issues were especially large. In the first quarter of this year new stock issues were enlarged by the \$342 million General Aniline issue, and retirements were not as great as in the preceding period. It is estimated that financial institutions continued to absorb about the same amount of stock--approximately one billion dollars--as during recent quarters. Institutions also bought most of the new corporate debt offerings during the quarter.

Equity in private insurance and pension reserves increased \$3.5 billion during the quarter with \$1.6 billion saving in life insurance equalling the fourth quarter record figure. Equity in noninsured private pension funds continued to grow at the high rate shown in 1964, with a first quarter increase of \$1.5 billion. Government insurance and pension reserves rose by \$500 million, compared to \$300 million in the first quarter of last year, the increase this year reflecting the continued growth in the governmental pension funds and lower unemployment benefit payments.

Individuals' indebtedness increased by \$2.8 billion, somewhat more than the growth in the first three months of 1964. Mortgage debt grew by \$3.3 billion as compared with \$3.8 billion in the same period last year, the slackening being attributed to the lower amount of residual construction this year. Consumer credit decreased by \$400 million in the first quarter reflecting the usual seasonal repayment of charge accounts; however, the decline in consumer credit this year was less than in the first quarter of 1964, because of an increase in automobile financing. Securities borrowing by individuals was reduced \$100 million during the quarter with a decline in loans on U. S. securities being partially offset by a rise in loans on other 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 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, business, 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.

# SAVINGS BY INDIVIDUALS IN THE UNITED STATES <sup>1/</sup>

1962 — 1965

(Billions of dollars)

Type of Saving	1962	1963	1964	1964				1965
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.
1. Currency and Deposits.....	18.0	17.5	19.8	2.3	3.6	5.7	8.2	2.3
a. Currency and demand deposits.....	3.1	6.6	7.4	-.7	.5	2.7	4.9	-2.2
b. Time and savings deposits.....	14.9	10.9	12.4	3.0	3.2	3.0	3.3	4.5
2. Savings shares <sup>2/</sup> .....	10.0	11.8	11.3	2.5	3.3	2.1	3.5	2.1
3. Securities.....	-.9	.5	4.4	1.6	1.3	1.4	.1	1.7
a. U. S. savings bonds								
(1) Series E&H.....	.9	1.6	1.2	.3	.3	.3	.3	.3
(2) Other.....	-.5	-.4	-.3	-.1	-.1	-.1	-.1	-.1
b. Other U. S. Government <sup>3/</sup> .....	.6	.5	2.4	1.4	-.1	1.1	*	1.4
c. State and local government.....	.3	1.5	1.7	.2	1.0	.4	.1	.2
d. Corporate and other.....	-2.2	-2.8	-.6	-.2	.2	-.3	-.3	*
(1) Bonds and notes.....	-.2	.2	.3	-.2	*	*	.5	*
(2) Investment company shares <sup>4/</sup> .....	1.8	1.2	1.8	.3	.4	.5	.6	.7
(3) Other preferred and common stock.....	-3.8	-4.1	-2.7	-.4	-.2	-.7	-1.4	-.7
4. Private insurance and pension reserves.....	10.8	11.2	12.9	3.1	3.2	3.0	3.6	3.5
a. Insurance reserves.....	5.0	4.9	5.6	1.4	1.3	1.3	1.6	1.6
b. Insured pension reserves.....	1.4	1.7	2.0	.5	.5	.5	.5	.5
c. Noninsured pension funds <sup>5/</sup> .....	4.4	4.7	5.4	1.2	1.4	1.2	1.5	1.5
5. Government insurance and pension reserves <sup>6/</sup> .....	3.0	4.4	5.4	.3	3.2	1.9	*	.5
6. Increase in individuals' debts.....	19.6	23.2	22.1	2.6	7.0	5.6	6.9	2.8
a. Mortgage debt <sup>7/</sup> .....	13.4	15.9	15.6	3.8	3.8	3.8	4.2	3.3
b. Consumer indebtedness <sup>8/</sup> .....	5.0	6.3	6.5	-.7	2.6	1.6	3.0	-.4
c. Securities loans <sup>9/</sup> .....	1.1	.9	.1	-.6	.6	.3	-.3	-.1
7. Net financial saving (1+2+3+4+5-6).....	21.2	22.3	31.8	7.2	7.7	8.5	8.5	7.3
8. Nonfarm homes <sup>10/</sup> .....	17.9	18.3	18.8	4.8	4.1	4.6	5.2	4.5
9. Construction and equipment of nonprofit institutions.....	3.5	3.7	4.1	.9	1.0	1.1	1.1	.9
10. Consumer durable goods.....	48.4	52.1	56.9	12.6	14.2	13.1	16.9	14.1
11. Gross saving (7+8+9+10).....	91.1	96.3	111.6	25.6	27.0	27.4	31.6	26.8

\* Indicates less than \$50 million.

<sup>1/</sup> 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 revisions.

<sup>2/</sup> Includes shares in savings and loan associations and shares and deposits in credit unions.

<sup>3/</sup> Includes nonguaranteed Federal agency securities.

<sup>4/</sup> Includes closed-end investment companies as well as mutual funds.

<sup>5/</sup> In addition to corporate funds, includes reserves of nonprofit organization and multi-employer plans.

<sup>6/</sup> Includes Social Security, unemployment, civil service, railroad retirement and state and local retirement funds.

<sup>7/</sup> Mortgage debt to institutions on one-to-four-family nonfarm dwellings.

<sup>8/</sup> 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.

<sup>9/</sup> Change in bank loans to brokers and dealers and others made for the purpose of purchasing or carrying securities.

<sup>10/</sup> Construction of one-to-four-family nonfarm dwellings.