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STATISTICAL SERIES

RELEASE NO. 2096**VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPTEMBER 1965**

Individuals saved \$10.7 billion in financial form ^{1/} during the third quarter of 1965, according to estimates made public today by the Securities and Exchange Commission. This was a record quarterly total for the post-war period, exceeding the previous high in the fourth quarter of last year by \$2.2 billion. The high rate of saving reflected the sharp rise in disposable personal income not completely offset by increased consumer expenditures.

The principal development in the pattern of saving in the third quarter was a large rise in individuals' bank deposits, including checking accounts and savings deposits. During the period individuals' indebtedness, an offset to saving, grew much less than usual primarily because of large repayments of securities loans by brokers and dealers (included in this series as "individuals"). Among other categories of saving, there was lower investment than in the second quarter in savings and loan association shares, corporate and tax-exempt bonds, and government insurance. Net sales of stock, other than investment company issues, continued heavy for the fourth consecutive quarter.

Saving in currency and deposits in the third quarter totaled \$7.9 billion, comparing with \$5.0 billion in the preceding quarter and a high of \$8.2 billion in the fourth quarter of last year. Time and savings deposits grew by \$4.2 billion, or only slightly less than during the first three months of this year when higher interest rates on these deposits went into effect. The expansion in currency and demand deposits of individuals amounted to \$3.7 billion in the third quarter, or one billion dollars larger than in the similar period of 1964. Social Security checks issued in September to cover the retroactive increase in benefits possibly contributed to the rise in these accounts. Investments in savings and loan associations and credit unions totaled \$1.4 billion in the third quarter, or approximately one billion dollars less than in the preceding quarter and \$700 million less than in the same three months of 1964.

Individuals' ownership of U. S. Government marketable securities rose by \$1.1 billion during the third quarter, half of the increase representing non-guaranteed federal agency issues. Net purchases of U. S. Saving Bonds, series E and H, amounted to \$100 million, the smallest amount since the second quarter of 1960. Net acquisitions of tax-exempt bonds totaled \$500 million, half as

^{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.

much as in the preceding quarter when a larger amount of these obligations was offered. Individuals' net purchases of corporate debt issues totaled \$700 million as compared to \$1.2 billion during the preceding period and no change during the third quarter of 1964. This year a record volume of new corporate debt issues has been marketed, including a substantial amount of convertible issues; while financial institutions have acquired the major part of the increased supply, individuals' acquisitions have been greater than at any other time.

Individuals' ownership of preferred and common stock, other than investment company shares, decreased by \$1.6 billion, the largest quarterly decline to date. Contributing to the decrease were the continued large acquisitions of common stock by financial institutions, the low level of new stock issues, and larger retirements of outstanding issues. Individuals' net purchases of investment company shares amounted to \$600 million, \$100 million above the figure for the third quarter of 1964.

Equity in private insurance and pension reserves increased \$3.5 billion, 10 percent more than the preceding quarter. Equity in government insurance and pension reserves grew \$1.0 billion compared with \$1.9 billion in the same period last year and \$3.6 billion during the seasonally high second quarter of this year.

Individuals' mortgage indebtedness increased \$4.1 billion, the rise accompanying increased investment in housing by individuals. Consumer credit of individuals rose \$2.3 billion during the third quarter as compared to \$3.4 billion in the preceding period and \$1.6 billion in the third quarter of 1964. The slackening in the recent period was reflected in both installment and non-installment debt. While new automobile loans were almost as high as the record figures of the preceding quarter, the volume of repayments also was greater. Borrowing on securities by individuals declined \$2.0 billion during the quarter, the sharpest drop in any quarter of the post-war period. The decrease was largely attributed to liquidation of loans by 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. The Federal Reserve Board's flow-of-funds system of accounts includes estimates of gross saving and net financial investment of households. A comparison of the Securities and Exchange Commission estimates and the Department of Commerce series, which recently has been revised, is being prepared.

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

1962 — 1965

(Billions of dollars)

Type of Saving	1962	1963	1964	1964		1965		
				July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June	July- Sept.
1. Currency and Deposits.....	18.0	17.5	19.8	5.7	8.2	1.9	5.0	7.9
a. Currency and demand deposits.....	3.1	6.6	7.4	2.7	4.9	-2.7	1.9	3.7
b. Time and savings deposits.....	14.9	10.9	12.4	3.0	3.3	4.6	3.1	4.2
2. Savings shares ^{2/}	10.0	11.8	11.3	2.1	3.5	2.1	2.5	1.4
3. Securities.....	-.9	.5	4.4	1.4	.1	1.5	2.0	1.3
a. U. S. savings bonds								
(1) Series E & H.....	.9	1.6	1.2	.3	.3	.3	.2	.1
(2) Other.....	-.5	-.4	-.3	-.1	-.1	-.1	-.1	-.1
b. Other U. S. Government ^{3/}6	.5	2.4	1.1	*	1.3	.4	1.1
c. State and local government.....	.3	1.5	1.7	.4	.1	-.1	1.0	.5
d. Corporate and other.....	-2.2	-2.8	-.6	-.3	-.3	*	.6	-.3
(1) Bonds and notes.....	-.2	.2	.3	*	.5	.3	1.2	.7
(2) Investment company shares ^{4/}	1.8	1.2	1.8	.5	.6	.8	.6	.6
(3) Other preferred and common stock....	-3.8	-4.1	-2.7	-.7	-1.4	-1.1	-1.2	-1.6
4. Private insurance and pension reserves.....	10.8	11.2	12.9	3.0	3.6	3.6	3.2	3.5
a. Insurance reserves.....	5.0	4.9	5.6	1.3	1.6	1.6	1.2	1.6
b. Insured pension reserves.....	1.4	1.7	2.0	.5	.5	.5	.5	.5
c. Noninsured pension funds ^{5/}	4.4	4.7	5.4	1.2	1.5	1.5	1.4	1.4
5. Government insurance and pension reserves ^{6/}	3.0	4.4	5.4	1.9	*	.6	3.6	1.0
6. Increase in individuals' debts.....	19.6	23.2	22.1	5.6	6.9	2.8	7.9	4.4
a. Mortgage debt ^{7/}	13.4	15.9	15.6	3.8	4.2	3.4	3.8	4.1
b. Consumer indebtedness ^{8/}	5.0	6.3	6.5	1.6	3.0	-.4	3.4	2.3
c. Securities loans ^{9/}	1.1	.9	.1	.3	-.3	-.1	.7	-2.0
7. Net financial saving (1+2+3+4+5-6).....	21.2	22.3	31.8	8.5	8.5	6.7	8.3	10.7
8. Nonfarm homes ^{10/}	17.9	18.3	18.8	4.6	5.2	4.5	4.1	4.8
9. Construction and equipment of nonprofit institutions.....	3.5	3.7	4.1	1.1	1.1	.9	1.0	1.1
10. Consumer durable goods.....	48.4	52.1	56.9	13.1	16.9	14.5	15.8	14.8
11. Gross saving (7+8+9+10).....	91.1	96.3	111.6	27.4	31.6	26.6	29.3	31.3

* 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 revisions.

^{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 attributed 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/} One-to-four-family nonfarm dwellings.