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## STATISTICAL SERIES

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### VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JANUARY - MARCH, 1966

Individuals saved \$6 billion in financial form during the first quarter of 1966 according to estimates made public today by the Securities and Exchange Commission. This was about the same amount of saving as in the first and second quarters of last year. Although personal income after taxes has increased substantially over this period, the rise was offset by increased consumer expenditures.

While the amount of saving was unchanged from a year ago, a marked change occurred in the composition of individuals' financial saving. There was a slowing down in the growth of savings deposits at banks and savings and loan associations, and a sharp reduction in holdings of currency and demand deposits. In contrast, individuals acquired the largest amount of U.S. Government and agency issues in any quarter of the post-war period, reflecting the highest yields available in many years. Individuals also made record net purchases of investment company issues, but continued their sizeable liquidation of other common and preferred stockholdings.

Individuals' ownership of U.S. Government and Federal agency issues rose by \$3.9 billion during the first quarter. An advance refunding offering in February by the Treasury Department, involving the exchange of new issues carrying interest rates of 4 7/8 and 5 percent, met with favorable response and several issues by Federal Land Banks and the Federal National Mortgage Association also attracted investors. During the period there was a liquidation in holdings of U.S. Government obligations by commercial banks about equalling the increase in individuals' net acquisitions. Individuals' net purchases of U.S. Savings Bonds totaled \$200 million, \$100 million lower than in the first and fourth quarters of 1965.

While there was no increase in individuals' portfolio holdings of state and local issues during the first quarter, \$500 million was added to their holdings of corporate bonds, higher than the amount acquired during the same period of last year. These larger acquisitions reflected the fact that a record amount of bonds and notes were marketed during the period and, in addition, an exchange of \$630 million U.S. Steel preferred stock for new debentures was completed. The effect of this transaction as well as substantial acquisitions of stock by financial institutions resulted in a \$1.8 billion reduction in individuals' stockholdings, other than investment company issues. Sales of the latter issues reached a record volume, substantially offsetting redemptions which were also at a record rate.

Time deposits of individuals at commercial and mutual savings banks rose by \$3.9 billion as compared to \$4.6 billion in the first quarter of 1965. The

growth of \$1.4 billion in savings shares at savings and loan associations trailed the first quarter of last year by 30 percent, with new savings inflow increasing over the 1965 rate but withdrawals rising sharply. A reduction in individuals' currency and demand deposits totaled \$4.2 billion, an amount greater than the usual seasonal decline.

Saving by individuals in the form of private insurance and pension reserves increased an estimated \$2.9 billion during the first quarter as compared to \$3.1 billion in the first quarter of 1965. Government insurance and pension reserves grew by \$1.2 billion, a somewhat larger increase than in the same period last year.

Individuals' mortgage debt increased \$4.4 billion in the first three months of this year. During this period, sales of new homes totaled \$1.9 billion. Consumer credit declined \$400 million as the seasonal reduction in charge accounts more than offset increased installment borrowing. During the quarter individuals' borrowing on securities, chiefly corporate issues, declined \$400 million, compared with a decline of \$100 million in the first quarter of last year.

#### Definition of saving

Estimates of individuals' saving as compiled in this report are derived as the difference between the increase in individuals' financial assets and the increase in their indebtedness during a period. The estimates do not reflect changes in market values as the series excludes capital gains and losses. In the report covering annual saving, however, market values are presented of the accumulated financial assets and liabilities of individuals as of the end of each year. The classification "individuals" includes households, unincorporated businesses, trust funds, and nonprofit institutions.

There are other series on individuals' saving with different degrees of coverage. 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 will appear in the July Survey of Current Business and the Commission's Statistical Bulletin.

SAVING BY INDIVIDUALS IN THE UNITED STATES <sup>1/</sup>

1963 - 1966

(Billions of dollars)

Type of Saving	1963	1964	1965	1965				1966 Jan.- Mar.
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	
1. Currency and demand deposits.....	6.8	7.0	10.0	-2.7	1.9	3.8	7.1	-4.2
2. Time and savings deposits.....	11.6	12.3	15.3	4.6	3.1	4.2	3.4	3.9
3. Savings shares <sup>2/</sup> .....	11.7	11.3	9.3	2.1	2.5	1.4	3.3	1.4
4. Securities.....	1.6	7.0	4.9	1.3	1.9	1.0	.6	4.4
a. U.S. savings bonds								
(1) Series E & H.....	1.6	1.2	.9	.3	.2	.1	.3	.2
(2) Other.....	-.4	-.3	-.2	-.1	-.1	-.1	*	-.1
b. Other U.S. Government <sup>3/</sup> .....	.7	3.3	1.8	1.0	.3	.7	-.2	3.9
c. State and local government.....	1.8	2.4	2.4	-.1	.9	.5	1.1	*
d. Corporate and other.....	-2.1	.4	.1	.2	.6	-.2	-.5	.4
(1) Bonds and notes.....	.5	.9	2.3	.3	1.2	.7	.2	.5
(2) Investment company shares <sup>4/</sup> .....	1.6	2.0	2.1	.1	.7	.7	.6	1.7
(3) Other preferred and common stock...	-4.3	-2.5	-4.4	-.2	-1.3	-1.6	-1.3	-1.8
5. Private insurance and pension reserves.....	10.7	11.7	13.0	3.1	2.8	3.2	3.9	2.9
a. Insurance reserves.....	4.5	4.8	5.3	1.2	1.0	1.4	1.7	1.1
b. Insured pension reserves.....	1.7	2.0	2.1	.5	.5	.5	.5	.5
c. Noninsured pension reserves <sup>5/</sup> .....	4.5	4.9	5.6	1.4	1.3	1.3	1.7	1.2
6. Government insurance and pension reserves <sup>6/</sup>	4.0	4.6	5.0	1.1	1.3	1.3	1.3	1.2
7. Increase in debt (8+9+10).....	22.1	22.2	24.4	3.3	7.6	4.4	9.2	3.6
8. Mortgage debt <sup>7/</sup> .....	14.9	15.6	15.4	3.7	3.3	4.0	4.4	4.4
9. Consumer debt <sup>8/</sup> .....	6.3	6.5	9.0	-.3	3.5	2.4	3.4	-.4
10. Securities loans <sup>9/</sup> .....	.9	.1	*	-.1	.7	-2.0	1.5	-.4
11. Net financial saving (1+2+3+4+5+6-7).....	24.3	31.7	33.1	6.1	6.0	10.6	10.3	6.1

\* 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 revision.

<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 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.