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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JULY-SEPTEMBER, 1967

Net financial savings of individuals amounted to a record \$16 billion in the third quarter of 1967, according to estimates released today by the Securities and Exchange Commission. This sizeable amount was \$6 billion larger than the savings expansion in the second quarter of this year, and almost twice the increase in the third quarter of 1966. As in the previous quarters of this year, additions to liquid assets accounted for most of the increase in saving.

Individuals saved more in the first nine months of 1967 than in any full postwar year. The form in which saving occurred in 1967 shifted back to the intermediated forms from the more direct saving of last year. The table below highlights these comparisons. Some of the more important factors affecting the flows of saving in the first three quarters of 1967 as compared with 1966 were an easier monetary policy, a higher level of personal income, and the sharp cutback of new borrowing to finance housing and consumer hard goods purchases.

Saving in:	<u>First nine months</u> (Billions of dollars)		
	<u>1965</u>	<u>1966</u>	<u>1967</u>
Cash and deposits	21.0	8.5	33.0
Securities	3.4	12.9	-2.7
Insurance and pension reserves	13.0	12.6	14.4
Total financial saving	37.4	34.1	44.7
Less increase in debt	15.6	12.8	7.2
Equals net financial saving	21.8	21.3	37.5

Asset Changes

These estimates show an expanded flow of money into savings institutions and a decrease in direct investments in securities. Time deposits in banks increased \$17.7 billion in the first nine months of 1967, about \$10 billion more than in the same period last year. In the comparable time spans, net inflows to savings and loan associations and credit unions grew \$8.5 billion in 1967 as compared with \$1.9 billion last year, reflecting in part their improved competitive position. Holdings of individuals in the form of demand deposits and currency also showed a large expansion during the first nine months of 1967.

Net sales of securities during the January-September period were primarily corporate stock other than investment company shares. Net sales of

these securities amounted to \$7.4 billion in the nine-month period. On balance, individuals have been net sellers of common stock continuously since 1958. Individuals continued to buy investment company shares, although at a reduced rate compared with 1966. While individuals sold marketable U.S. Government obligations on balance during the first six months, they increased their holdings of these issues seasonally during the third quarter of 1967. Paralleling the record offerings of convertible debt securities, individuals added substantially to their holdings of these issues. Net acquisitions of tax-exempt securities by individuals, during the first three quarters of 1967, was smaller than in 1966.

Individuals saved over \$14 billion in the form of insurance and pension reserves in the first nine months of 1967, about \$2 billion more than they did in the same period last year. Private insurance and pension reserves grew \$10.4 billion in the first nine months, with \$5 billion of this increase in noninsured pension funds. Individuals' net equity in life insurance reserves expanded at a faster rate than in 1966 as the growth in policy loans--an offset to saving--moderated this year. Saving in government insurance was somewhat higher than in the comparable period last year.

Individuals' Debt

The increase in individuals' debt in the first nine months of the year was the smallest since 1961. Home mortgages grew moderately in the first nine months; this was the smallest increase in nine years. In the first nine months of 1967 consumer credit, reflecting the reduced sales of automobiles, showed the smallest net expansion--\$1.1 billion--since 1961. Borrowing on securities increased \$1.6 billion in the third quarter, reversing the downtrend earlier in the year.

Other Concepts of Saving

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 saving in tangible assets as well as net financial investment of households. A comparison of the Securities and Exchange Commission estimates and the Department of Commerce series appears in the July issues of the Department's Survey of Current Business and the Commission's Statistical Bulletin for October 1967.

SAVING BY INDIVIDUALS IN THE UNITED STATES 1/

1963 - 1967

(Billions of dollars)

Type of Saving	1963	1964	1965	1966	1966			1967		
					Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June	July- Sept.
1. Currency and demand deposits.....	6.8	7.0	7.3	*	2.2	.1	2.4	-.2	2.3	4.6
2. Time and savings deposits.....	11.6	12.3	16.0	12.5	2.5	3.3	3.5	5.7	6.1	6.0
3. Savings shares 2/.....	11.7	11.4	9.4	4.5	1.1	-.5	2.6	2.5	4.0	2.0
4. Securities.....	.5	6.1	3.9	14.5	3.3	4.7	1.6	-1.6	-4.6	3.5
a. U.S. savings bonds										
(1) Series E & H.....	1.6	1.2	.9	1.0	.3	.2	.3	.3	.3	.3
(2) Other.....	-.4	-.3	-.2	-.4	-.1	-.1	-.1	-.1	-.1	*
b. Other U.S. Government 3/.....	.6	3.2	1.6	8.2	.6	3.4	.5	-.6	-5.0	2.7
c. State and local government.....	1.0	1.9	2.0	4.1	1.5	.5	1.5	-.6	.6	.5
d. Corporate and other.....	-2.4	.1	-.4	1.7	1.0	.8	-.6	-.7	-.4	*
(1) Bonds and notes.....	.2	.6	1.9	2.7	.7	.9	.3	.8	1.4	1.6
(2) Investment company shares 4/.....	1.6	2.1	2.2	4.5	.9	.8	1.2	1.2	.9	.7
(3) Other preferred and common stock.....	-4.2	-2.6	-4.5	-5.5	-.7	-.9	-2.1	-2.6	-2.6	-2.2
5. Private insurance and pension reserves.....	10.7	11.6	13.2	13.0	3.0	2.8	4.0	3.6	3.0	3.8
a. Insurance reserves.....	4.5	4.8	5.5	4.7	1.0	1.0	1.3	1.5	.9	1.4
b. Insured pension reserves.....	1.7	2.0	2.1	2.1	.5	.5	.5	.6	.6	.6
c. Noninsured pension reserves 5/.....	4.5	4.9	5.6	6.2	1.5	1.3	2.2	1.6	1.5	1.8
6. Government insurance and pension reserves 6/....	4.0	4.5	4.8	5.0	1.2	1.3	1.4	1.1	1.4	1.4
7. Increase in debt (8+9+10).....	22.3	23.1	25.0	19.8	6.1	3.1	7.0	-.3	2.3	5.2
8. Mortgage debt 7/.....	14.5	15.5	15.9	12.7	3.0	2.6	2.7	1.8	1.6	2.5
9. Consumer debt 8/.....	6.9	7.5	9.0	6.5	2.6	1.6	2.8	-1.9	1.9	1.1
10. Securities loans 9/.....	.9	.1	.1	.5	.5	-1.1	1.5	-.2	-1.2	1.6
11. Net financial saving (1+2+3+4+5+6-7).....	23.0	30.0	29.8	29.8	7.2	8.7	8.5	11.5	10.0	16.0

* 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 organizations and multi-employer plans.

6/ Includes 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. Policy loans on life insurance have been deducted from that item of saving.

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