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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, JANUARY-MARCH, 1968

Individuals' increase in net financial saving amounted to \$9.8 billion during the first quarter of 1968, according to estimates made public today by the Securities and Exchange Commission. While disposable income of individuals showed a strong advance during the period, their personal outlays rose even more so that there was a moderate reduction in net financial saving as compared to the previous quarter and the comparable 1967 period.

The composition of individuals' saving differed somewhat from that of the first three months of last year. There was a sharper decline in saving through currency and demand deposits, but the increase in other savings deposits was much the same as last year. Direct holdings of securities increased \$3.4 billion in contrast to a slight net liquidation in the first quarter of last year. Individuals' indebtedness, which declined slightly in the first quarter of last year, increased reflecting a less than seasonal decline in consumer credit, a rise in residential mortgage debt and a decline in security borrowings. The table below provides a comparison of first quarter saving flows:

Changes in Savings:	<u>First three months</u>			
	(Billions of dollars)			
	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Cash and deposits	4.0	-.1	8.0	1.8
Securities	.9	4.6	-.5	3.4
Insurance and pension reserves	4.3	4.2	4.8	5.5
Total financial saving	9.1	8.8	12.3	10.7
Less increase in debt	3.3	3.5	-.3	.9
Equals net financial saving	5.8	5.3	12.5	9.8

Ownership of U.S. Government marketable securities by individuals increased by \$3.2 billion in contrast to a \$400 million increase during early 1967. Net purchases of U.S. Savings Bonds, Series E&H, amounted to \$100 million; the smallest net acquisitions in over seven years. Individuals made small additions to their portfolios of tax-exempt securities during the quarter. With institutions absorbing a greater proportion of net new corporate debt securities during the quarter, individuals acquired \$200 million on balance as compared to \$900 million in the first three months of 1967. There was a \$1.8 billion reduction in individuals' stockholdings, other than investment company issues, while the net purchases of investment company shares reached \$1.6 billion, moderately lower than the fourth quarter, but \$400 million above the first quarter last year.

Equity in private insurance and pension reserves of individuals increased \$3.9 billion, which was \$300 million more than during the comparable period of 1967. Private noninsured pension funds accounted for over half of this increase.

Government insurance and pension reserves also rose as state and local retirement funds continued their steady rise and accounted for approximately two-thirds of the increase in this form of saving.

Currency and demand deposits declined more than seasonally during the first quarter. Time and savings deposits at banks rose \$6.4 billion, more than double the previous quarter and a \$700 million increase over the comparable period last year. Savings shares, that is shares in savings and loan associations and credit unions, advanced \$1.6 billion, \$1.0 billion less than the increase in the first quarter of 1967.

Individuals' Debt

Total indebtedness increased \$900 million in contrast to net repayments of \$300 million during the first quarter of 1967. Consumer debt declined \$1 billion as a decline in net installment paper outstanding, other than automobile paper, and a seasonal decline in charge account credit more than offset an advance in auto loans. Mortgage debt on one-to-four-family homes increased \$3.4 billion, continuing the expansion of the previous six months. Borrowing on securities decreased by \$1.5 billion, primarily reflecting a decline in loans on U.S. Government securities.

Other Concepts of Saving

There are other concepts of individuals' saving with different degrees of coverage currently in use. The personal saving estimates 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 included estimates of gross saving as well as net financial investment of households.

CHANGES IN SAVINGS BY INDIVIDUALS IN THE UNITED STATES 1/

1965 - 1968

(Billions of dollars)

Type of Saving	1965	1966	1967	1967				1968 Jan.- Mar.
				Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	
1. Currency and demand deposits.....	7.3	-1.2	9.3	-.2	2.4	4.8	2.3	-6.2
2. Time and savings deposits.....	16.0	12.5	20.2	5.7	6.7	5.2	2.6	6.4
3. Savings shares 2/.....	9.4	4.7	11.5	2.6	3.9	2.1	3.0	1.6
4. Securities.....	3.9	13.7	1.5	-.5	-6.4	3.6	4.7	3.4
a. U.S. savings bonds								
(1) Series E & H.....	.9	1.0	1.1	.3	.3	.3	.2	.1
(2) Other.....	-.2	-.4	-.2	-.1	-.1	*	-.1	*
b. Other U.S. Government 3/.....	1.7	8.0	-1.2	.4	-6.1	2.3	2.1	3.2
c. State and local government.....	1.9	3.2	1.3	-.7	.6	.6	.9	.1
d. Corporate and other.....	-.3	1.9	.5	-.5	-1.1	.5	1.6	.1
(1) Bonds and notes.....	1.9	2.8	4.8	.9	.8	1.9	1.2	.2
(2) Investment company shares 4/.....	2.2	4.5	4.6	1.2	1.0	.6	1.7	1.6
(3) Other preferred and common stock.....	-4.4	-5.4	-8.8	-2.6	-2.9	-2.1	-1.3	-1.8
5. Private insurance and pension reserves.....	13.2	13.0	14.5	3.6	3.0	3.8	4.1	3.9
a. Insurance reserves.....	5.5	4.7	5.4	1.5	.9	1.4	1.6	1.3
b. Insured pension reserves.....	2.1	2.1	2.2	.6	.6	.6	.6	.7
c. Noninsured pension reserves 5/.....	5.6	6.2	6.9	1.6	1.5	1.8	2.0	1.9
6. Government insurance and pension reserves 6/...	4.8	5.0	5.5	1.1	1.4	1.4	1.5	1.5
7. Increase in debt (8+9+10).....	24.3	18.9	14.8	-.3	2.7	5.4	7.0	.9
8. Mortgage debt 7/.....	15.2	11.8	9.5	1.8	1.7	2.6	3.4	3.4
9. Consumer debt 8/.....	9.0	6.5	4.1	-1.9	1.9	1.1	3.0	-1.0
10. Securities loans 9/.....	.1	.5	1.2	-.2	-.9	1.7	.6	-1.5
11. Net financial saving (1+2+3+4+5+6-7).....	30.4	28.8	47.6	12.5	8.3	15.5	11.2	9.8

* 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.