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SECURITIES AND EXCHANGE COMMISSION  
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**STATISTICAL SERIES**

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**VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, APRIL-JUNE, 1968.**

Individuals' net financial saving amounted to \$1.2 billion in the second quarter of 1968, according to estimates made public today by the Securities and Exchange Commission. This compares with \$5.6 billion during the first three months and \$8.3 billion during the same period last year. These estimates have not been adjusted for seasonal influences and reflect the high rate of consumption expenditures for this time of the year as well as the settlement of 1967 Federal income taxes early in the quarter. Seasonally adjusted estimates of saving indicate a gain in saving during the quarter over the preceding period.

During the first six months of 1968, individuals' net financial saving grew by \$6.8 billion. The half-yearly comparisons below highlight the major changes in individuals' saving:

Saving in:	<u>First half-year</u> (Billions of dollars)			
	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Cash and deposits	11.6	5.7	21.0	5.5
Securities	2.7	7.5	-6.9	-.3
Insurance and pension reserves	8.5	8.5	9.2	10.0
Total financial saving	22.8	21.6	23.2	15.2
Less increase in debt	11.1	9.3	2.4	8.4
Equals net financial saving	11.7	12.4	20.9	6.8

Asset Changes

These estimates, unadjusted for seasonal influences, show a contraction in all forms of liquid saving by individuals. There was a decline in currency and demand deposits amounting to \$7 billion during the first part of the year, compared to a greater than seasonal increase in these assets during the first six months of 1967. The rate of accumulation in savings accounts declined when compared with the growth in these accounts for the first half of 1967. Investment by individuals in savings and loan associations and credit unions rose \$4 billion; this was \$2.5 billion less than in the comparable period of 1967.

The moderate reduction in security investments during the January-June period consisted of the net sale by individuals of corporate stock, other than investment company shares, which was offset by continued investment in debt securities and mutual fund shares. In the first six months, individuals' ownership of U. S. Governments increased and they also added \$2.1 billion to their portfolio of tax-exempt issues. Individuals bought corporate debt issues

on balance. During this period there were large offerings of convertible debentures. Individuals had net sales of corporate stock, other than investment company shares, of \$6.2 billion in the first six months of the year. During the same period corporations sold \$170 million of new stock, net of retirements. Private noninsured pension funds, mutual funds and insurance companies acquired \$5.1 billion of stock on balance during this period with the remaining supply being absorbed by other institutional investors and foreigners. Net purchases by individuals of investment company shares amounted to \$2.3 billion in the January-June period, compared with \$2.2 billion in the first half of 1967.

In the first half of 1968, individuals increased their equity in life insurance at about the same pace as they did a year ago. Private pension reserves expanded by \$5 billion as compared to \$4.2 billion during the same period last year. The growth in government insurance and pension reserves was also higher than last year as state and local retirement funds continued their steady rise, accounting for approximately two-thirds of the increase in government insurance and retirement reserves.

#### Individuals' Debt

Total indebtedness rose in the first six months, the gain amounting to \$8.4 billion. The amount of home mortgages outstanding increased \$6.9 billion during the first half of 1968. In the comparable period last year the growth was \$3.5 billion. Consumer credit also increased sharply, in contrast to a zero balance during the same period in 1967. Contributing to the growth of consumer debt was the largest increase in automobile financing since the first half of 1965. Borrowings on securities by individuals declined by \$700 million during the first part of 1968. The comparable period last year showed a \$1.1 billion decrease.

#### 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 gross saving and net financial investment of households. A comparison of the Securities and Exchange Commission estimates and the Department of Commerce series appeared in the July issue of the Department's Survey of Current Business and the August issue of the Commission's Statistical Bulletin.

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

1966 - 1968

(Billions of Dollars)

Type of Saving	1966	1967	1967				1968	
			Jan.- Mar.	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- Mar.	Apr.- June
1. Currency and demand deposits.....	-1.2	9.3	- .2	2.4	4.8	2.3	-7.8	.8
2. Time and savings deposits.....	12.5	20.2	5.7	6.7	5.2	2.6	5.0	3.5
3. Savings shares <sup>2/</sup> .....	4.7	11.5	2.6	3.9	2.1	3.0	1.6	2.3
4. Securities.....	13.7	1.5	- .5	-6.4	3.6	4.7	2.5	-2.8
a. U.S. savings bonds								
(1) Series E & H.....	1.0	1.1	.3	.3	.3	.2	.1	.1
(2) Other.....	- .4	- .2	- .1	- .1	*	- .1	*	.1
b. Other U.S. Government <sup>3/</sup> .....	8.0	-1.2	.4	-6.1	2.3	2.1	2.0	-1.8
c. State and local government.....	3.2	1.3	- .7	.6	.6	.9	.1	2.0
d. Corporate and other.....	1.9	.5	- .5	-1.1	.5	1.6	.2	-3.0
(1) Bonds and notes.....	2.8	4.8	.9	.8	1.9	1.2	.4	.8
(2) Investment company shares <sup>4/</sup> .....	4.5	4.6	1.2	1.0	.6	1.7	1.6	.7
(3) Other preferred and common stock..	-5.4	-8.8	-2.6	-2.9	-2.1	-1.3	-1.7	-4.5
5. Private insurance and pension reserves	13.0	14.5	3.6	3.0	3.8	4.1	3.9	3.2
a. Insurance reserves.....	4.7	5.4	1.5	.9	1.4	1.6	1.3	.8
b. Insured pension reserves.....	2.1	2.2	.6	.6	.6	.6	.7	.7
c. Noninsured pension reserves <sup>5/</sup> .....	6.2	6.9	1.6	1.5	1.8	2.0	1.9	1.7
6. Government insurance and pension reserves <sup>6/</sup>	5.0	5.5	1.1	1.4	1.4	1.5	1.4	1.5
7. Increase in debt (8+9+10).....	18.9	14.8	- .3	2.7	5.4	7.0	1.1	7.3
8. Mortgage debt <sup>7/</sup> .....	11.8	9.5	1.8	1.7	2.6	3.4	3.5	3.4
9. Consumer debt <sup>8/</sup> .....	6.5	4.1	-1.9	1.9	1.1	3.0	-1.0	3.2
10. Securities loans <sup>9/</sup> .....	.5	1.2	- .2	- .9	1.7	.6	-1.4	.7
11. Net financial saving (1+2+3+4+5+6-7).....	28.8	47.6	12.5	8.3	15.5	11.2	5.6	1.2

\* 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 organizations 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. Policy loans on life insurance have been deducted from that item of saving.

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