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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING JULY-SEPTEMBER 1968

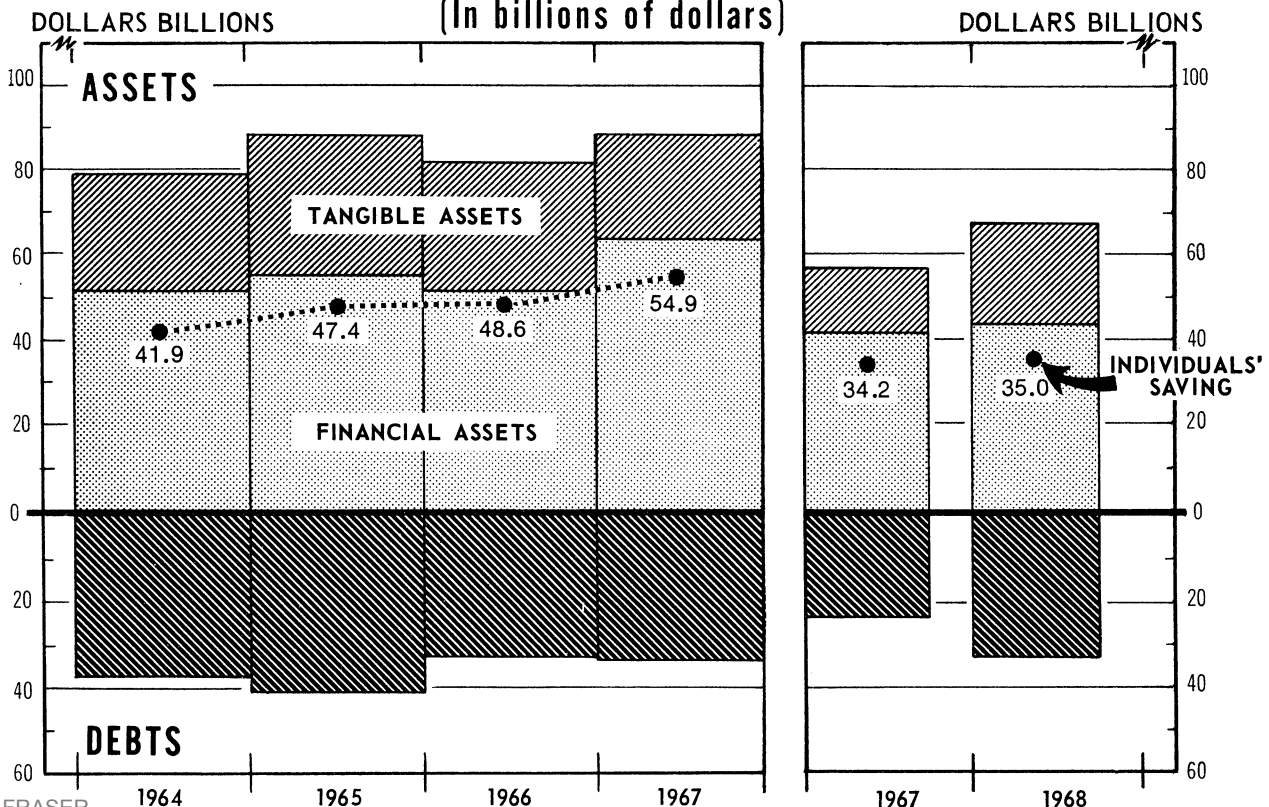
In the July-September period of 1968, the increase in individuals' savings amounted to \$12.2 billion, according to estimates released today by the Securities and Exchange Commission. This compares with \$7.4 billion in the previous quarter and \$13.5 billion in the third quarter of 1967.

With this release, the Securities and Exchange Commission provides estimates of individuals' saving in tangible assets with a view toward more fully integrating its tabulation with those published by the Board of Governors of the Federal Reserve System in the Flow-of-Funds accounts. Individuals' saving, as estimated by the SEC includes not only household saving, but also that of private trust funds, nonprofit institutions, farms and other noncorporate businesses. The increase in financial assets of these sectors, plus net investment in tangible assets, less increase in debt equals individuals' saving. There also exists another concept of saving used by the Department of Commerce in which personal saving is defined as the difference between personal income after taxes and personal outlays.

The chart below shows saving activity over the past five years. A detailed breakdown of the components of individuals' saving is presented in the accompanying table.

INDIVIDUALS' SAVING

(In billions of dollars)



In the third quarter individuals increased their financial assets by approximately the same amount as the preceding period although the pattern of accumulations shifted somewhat. Holdings of currency and demand deposits rose over \$4 billion as compared with a \$2 billion increase in the previous quarter. The July-September increment in saving accounts at banks, saving and loan associations, and credit unions was more than 20 percent above the April-June gain; normally the third quarter data are expected to be less than the second quarter. There was a continued liquidation of corporate stock (other than investment company shares) during the summer quarter. The flow of saving into fixed income securities was reduced while savings in the form of investment company shares continued at about the second quarter rate.

Net investment in tangible assets, under the new presentation of individuals' saving, is added as a measure of savings of a nonfinancial nature. Net investment of individuals in nonfarm homes, consumer durables, and noncorporate businesses totaled \$8.5 billion during the period, representing a gross investment of \$32.1 billion from which capital consumption allowances of \$23.6 billion have been deducted.

Additions to individuals' debt during the third quarter totaled \$12.1 billion, down seasonally from the second quarter rate, but \$2 billion higher than the same period in 1967. Net consumer credit obligations of individuals in the past third quarter were \$1.8 billion higher than the like period of 1967. It can be surmised that individuals turned to increased use of consumer credit to offset the higher taxes which otherwise would have forced reduction of their expenditures. Conversely, the amount of security credit contracted in July-September 1968 was \$0.5 billion, as compared to \$1.3 billion in the preceding period, in part, reflecting the impact of the one day closing of the stock market.

Technical Notes

In the forthcoming issue of the SEC Statistical Bulletin, the derivation of individuals' saving data from Flow-of-Funds statistics will be published. Included also will be a comparison between the SEC and Commerce Department concepts of saving.

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING

(Billions of dollars)

| | | 1964 | 1965 | 1966 | 1967 | 1967 | | | | 1968 | | |
|----|--|------|-------|-------|-------|----------------------|---------------|----------------|---------------|---------------|---------------|----------------|
| | | | | | | Jan.- Mar. | Apr.- June | July- Sept. | Oct.- Dec. | Jan.- Mar. | Apr.- June | July- Sept. |
| | | | | | | Unadjusted Quarterly | | | | | | |
| 1 | Increase in financial assets..... | 51.1 | 55.0 | 51.6 | 63.5 | 13.0 | 11.1 | 17.4 | 22.0 | 12.4 | 15.8 | 15.7 |
| 2 | Currency and demand deposits..... | 6.6 | 7.2 | 1.9 | 12.5 | 1.9 | 1.7 | 2.7 | 6.2 | -3.4 | 2.0 | 4.1 |
| 3 | Savings accounts..... | 23.9 | 26.5 | 19.2 | 32.4 | 9.0 | 9.9 | 7.8 | 5.6 | 8.0 | 5.4 | 6.6 |
| 4 | Securities..... | 3.4 | 3.1 | 10.9 | -3.4 | -2.7 | -6.2 | 1.8 | 3.8 | 2.9 | 1.4 | -1.1 |
| 5 | U.S. Savings bonds..... | .9 | .6 | .6 | .9 | .2 | .3 | .2 | .2 | .1 | .1 | .2 |
| 6 | Other U. S. Government securities.. | 1.0 | 2.3 | 7.4 | -1.7 | -1.2 | -4.1 | .5 | 3.1 | 1.0 | 1.7 | .8 |
| 7 | State & local obligations..... | 2.2 | 2.1 | 2.2 | * | -.7 | * | * | .7 | .4 | .2 | -.2 |
| 8 | Corporate & foreign bonds..... | -.8 | -.3 | 1.2 | 1.6 | -.5 | -.3 | 1.9 | .4 | .5 | 1.5 | .9 |
| 9 | Investment company shares..... | 1.9 | 3.1 | 3.7 | 2.8 | .8 | .3 | .6 | 1.1 | 1.8 | 1.2 | 1.2 |
| 10 | Other corporate stock..... | -1.8 | -4.8 | -4.2 | -6.9 | -1.4 | -2.3 | -1.4 | -1.8 | -1.0 | -3.4 | -3.1 |
| 11 | Miscellaneous financial assets..... | 1.6 | 1.8 | 1.7 | 2.9 | .5 | .5 | .4 | 1.6 | .3 | 1.4 | .5 |
| 12 | Private life insurance reserves..... | 4.2 | 4.7 | 4.5 | 4.6 | 1.3 | 1.0 | 1.1 | 1.3 | 1.2 | 1.2 | 1.2 |
| 13 | Private insured pension reserves..... | 2.0 | 2.1 | 2.1 | 2.2 | .5 | .5 | .6 | .6 | .6 | .6 | .7 |
| 14 | Private noninsured pension reserves... | 4.9 | 4.9 | 6.2 | 6.3 | 1.5 | 1.4 | 1.8 | 1.7 | 1.7 | 1.6 | 1.9 |
| 15 | Government ins. & pension reserves.... | 4.4 | 4.8 | 5.1 | 5.9 | 1.1 | 2.3 | 1.2 | 1.4 | 1.1 | 2.2 | .9 |
| 16 | Gross investment in tangible assets..... | 98.8 | 108.7 | 110.5 | 112.0 | 24.2 | 28.2 | 27.9 | 31.7 | 28.3 | 33.1 | 32.1 |
| 17 | Nonfarm homes..... | 23.0 | 22.9 | 21.5 | 20.3 | 4.0 | 4.3 | 5.8 | 6.3 | 5.8 | 6.0 | 6.6 |
| 18 | Noncorporate business construction and equipment..... | 16.6 | 17.8 | 17.8 | 18.4 | 4.1 | 5.2 | 4.7 | 4.4 | 4.0 | 5.6 | 5.1 |
| 19 | Consumer durables..... | 59.2 | 66.3 | 70.5 | 72.6 | 15.4 | 18.7 | 17.5 | 21.1 | 17.6 | 21.0 | 20.7 |
| 20 | Inventories..... | * | 1.7 | .7 | .6 | .6 | * | * | * | .9 | .5 | -.2 |
| 21 | Capital consumption allowances..... | 70.4 | 75.1 | 80.2 | 86.6 | 21.0 | 21.4 | 21.8 | 22.3 | 22.7 | 23.1 | 23.6 |
| 22 | Nonfarm homes..... | 6.8 | 7.1 | 7.4 | 7.8 | 1.9 | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 | 2.1 |
| 23 | Noncorporate business plant & equipment..... | 15.6 | 16.4 | 17.2 | 18.2 | 4.5 | 4.5 | 4.6 | 4.6 | 4.7 | 4.7 | 4.9 |
| 24 | Consumer durables..... | 48.0 | 51.5 | 55.6 | 60.6 | 14.7 | 15.0 | 15.3 | 15.6 | 16.0 | 16.3 | 16.7 |
| 25 | Net investment in tangible assets (16-21) | 28.4 | 33.7 | 30.3 | 25.4 | 3.1 | 6.7 | 6.1 | 9.4 | 5.6 | 10.0 | 8.5 |
| 26 | Nonfarm homes..... | 16.2 | 15.8 | 14.1 | 12.5 | 2.1 | 2.3 | 3.8 | 4.3 | 3.8 | 4.0 | 4.5 |
| 27 | Noncorporate business construction and equipment..... | 1.0 | 1.4 | .6 | .2 | -.4 | .7 | .1 | -.2 | -.8 | .8 | .3 |
| 28 | Consumer durables..... | 11.2 | 14.8 | 14.9 | 12.1 | .8 | 3.7 | 2.2 | 5.4 | 1.6 | 4.7 | 4.0 |
| 29 | Inventories..... | * | 1.7 | .7 | .6 | .6 | * | * | * | .9 | .5 | -.2 |
| 30 | Increase in debt..... | 37.6 | 41.2 | 33.3 | 34.0 | 1.2 | 12.2 | 10.0 | 10.6 | 2.6 | 18.4 | 12.1 |
| 31 | Mortgage debt on nonfarm homes..... | 15.8 | 16.1 | 11.4 | 10.9 | 1.9 | 1.9 | 3.3 | 3.8 | 3.6 | 3.5 | 3.8 |
| 32 | Noncorporate business mortgage debt... | 6.5 | 6.4 | 6.4 | 6.1 | 1.2 | 1.6 | 1.6 | 1.7 | 1.4 | 1.9 | 1.6 |
| 33 | Consumer credit..... | 8.0 | 9.4 | 6.9 | 4.4 | -2.3 | 2.3 | 1.1 | 3.3 | -1.4 | 3.6 | 2.9 |
| 34 | Security credit..... | -.2 | .8 | -.2 | 3.3 | .2 | .7 | .9 | 1.4 | -1.0 | 1.3 | .5 |
| 35 | Policy loans..... | .5 | .6 | 1.5 | 1.0 | .3 | .3 | .2 | .2 | .3 | .4 | .3 |
| 36 | Other debt..... | 6.9 | 7.9 | 7.3 | 8.2 | -.2 | 5.4 | 2.9 | .1 | -.5 | 7.8 | 3.1 |
| 37 | Individual Saving (1+25-30)..... | 41.9 | 47.4 | 48.6 | 54.9 | 15.0 | 5.7 | 13.5 | 20.8 | 15.4 | 7.4 | 12.2 |

* Less than \$50 million.