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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING,
THIRD QUARTER, 1969

Individuals' saving amounted to \$20.8 billion in the third quarter, somewhat higher than the same period last year, according to preliminary estimates released today by the Securities and Exchange Commission. 1/ Third quarter individuals' saving was considerably larger than that of the April-June period this year; however, after allowance is made for seasonal influences that exist in saving, the third quarter total was only 12 percent larger. Individuals' saving includes that of households, private trust funds, nonprofit institutions, and farms and other noncorporate business; the saving data includes changes in financial assets and net investments in tangible assets less changes in debt of these groups.

Change in Financial Assets

The increase in individuals' holdings of financial assets in the third quarter was \$21.2 billion, somewhat larger than the third quarter 1968 increase. There was a significant shift in the composition of net additions to holdings of financial assets, however, as individuals made only small additions to their holdings of liquid assets while adding substantially to their holdings of securities. This apparently resulted from a sharp widening in the gap between bond yields and the return on saving deposits. Currency and demand deposits rose \$3.8 billion as compared to \$6.2 billion in the third quarter of 1968. Savings accounts actually decreased by \$2.1 billion, the first quarter-to-quarter decline since 1950. The \$2.1 billion decrease in savings accounts can be attributed to almost negligible deposit inflows at nonbank depositaries and a considerable outflow at commercial banks.

Individuals increased their holdings of Treasury securities, other than savings bonds, by a quite substantial \$9.9 billion in the third quarter -- eight times the gain of a year earlier. Savings bonds decreased in the latest quarter; since the first of the year individuals have liquidated \$400 million of U.S. savings bonds on a net basis. In agency securities, individuals added \$1.1 billion to their portfolios, down from the \$2.2 billion of the previous quarter, but nearly three times the 1968 third quarter increase.

1/ These figures incorporate revisions made in the series back to 1946 (see Table 2). Each classification has been subject to re-estimation of underlying statistical information, with noticeable changes from previously published data evident in some items. An additional breakdown within the Government sector has been made; the former classification 'Other U.S. Government securities' has been subdivided into 1) 'Other U.S. Treasury securities' and 2) 'U.S. Government agency securities'. Five federally-sponsored credit agencies, now privately owned, (Federal Home Loan Banks, Federal National Mortgage Association, Federal Intermediate Credit Banks, Banks for Cooperatives, and Federal Land Banks) are thereby considered separate from U.S. Government figures. This treatment corresponds to the Treasury's unified budget concept.

In each of the first two quarters of 1969, individuals increased their holdings of state and local obligations by \$1.1 billion; in the third quarter they made net purchases of \$1.5 billion. Thus far, 1969 is a record year for individuals' accumulation of municipal securities.

Investment in corporate and foreign bonds by individuals rose dramatically in the third quarter to \$2.5 billion, nearly three times the increase in either the previous three months period or the similar period last year. Net sales of investment company shares to individuals were \$700 million in the third quarter, lower than both the second quarter of 1969 and the third quarter of 1968. Individuals continued to decrease their holdings of corporate stock other than investment company shares, but the \$1.9 billion liquidated in the third quarter was the smallest net sale figure since the first quarter of 1968.

Saving through increases in insurance and pension reserves amounted to \$5.1 billion in the latest calendar quarter -- about 7 percent more than last year. The increase in miscellaneous financial assets, however, was somewhat smaller than third quarter of 1968.

Net Investment in Tangible Assets

Gross investment in nonfarm homes by individuals totaled \$7.5 billion and net investment was \$5.3 billion. These third quarter estimates are higher than second quarter of 1969, and approximately equal the third quarter of 1968. Net investment in consumer durables during the third quarter was \$2.8 billion, lower than the previous quarter even after adjustment for seasonal factors. Investment of noncorporate businesses in plant and equipment, less depreciation allowances, fell to less than \$50 million in the third quarter, and such firms also reduced their inventories \$200 million.

Change in Debt

Individuals' total debt rose considerably less in the third quarter than in the preceding quarter and 12 percent less than during July-September, 1968. Mortgage liability on nonfarm homes increased by \$4.1 billion, approximately the same as in the second quarter. The increase in this debt during the first three quarters of 1969 was greater than that in comparable 1968 period. Net mortgage debt contracted by noncorporate businesses was \$1.7 billion, less than the \$2.1 billion of second quarter 1969.

Additions to consumer credit were a low \$1.6 billion in the third quarter. Even considering seasonal factors, quarterly consumer credit expansion was the lowest since 1967. The increase in policy loans outstanding was \$700 million, exceeding the previous quarterly record of \$600 million in the second quarter of this year. Security credit increased by \$200 million and other debt by \$100 million.

Table 1

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING

(Billions of dollars)

	1967				1968				1969		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
1 Increase in financial assets.....	11.8	12.3	20.7	21.1	13.5	11.0	19.8	19.3	14.4	9.8	21.2
2 Currency and demand deposits.....	-1.1	2.0	3.7	6.9	-5.0	*	6.2	5.7	-4.6	2.5	3.8
3 Savings accounts.....	9.0	10.0	8.0	5.5	8.1	5.7	6.3	7.7	7.5	2.9	-2.1
4 Securities.....	-1.6	-6.3	3.3	1.7	5.3	-1.7	1.5	-1.3	6.9	-2.4	13.6
5 U.S. savings bonds.....	.2	.3	.2	.2	.1	.1	.2	.2	-.1	-.1	-.2
6 Other U.S. Treasury securities.....	-.7	-4.2	2.7	.2	3.4	-1.0	1.3	.7	4.3	-4.2	9.9
7 U.S. Government agency securities.....	*	*	.3	.8	.1	1.3	.5	.6	.4	2.2	1.1
8 State and local obligations.....	-1.0	+.8	.4	-.7	.5	-1.2	1.3	-.7	1.1	1.1	1.5
9 Corporate and foreign bonds.....	.7	.6	1.3	1.5	.6	1.6	.9	1.3	.9	.8	2.5
10 Investment company shares.....	.8	.3	.6	.9	1.8	.5	.9	1.6	2.4	.9	.7
11 Other corporate stock.....	-1.6	-2.5	-2.2	-1.2	-1.1	-2.9	-3.5	-4.9	-2.1	-3.1	-1.9
12 Miscellaneous financial assets.....	1.1	.9	.8	2.0	.9	1.6	1.0	2.2	.5	.8	.8
13 Private life insurance reserves.....	1.1	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.1	1.1
14 Private insured pension reserves.....	.6	.6	.7	.7	.7	.7	.7	.7	.8	.8	.8
15 Private noninsured pension reserves.....	1.6	1.5	1.8	1.8	1.5	1.3	1.7	1.9	.8	1.8	1.6
16 Government insurance & pension reserves...	1.0	2.4	1.4	1.3	1.0	2.2	1.1	1.2	1.4	2.3	1.6
17 Gross investment in tangible assets.....	25.3	28.5	28.6	33.1	29.5	32.7	32.0	37.2	32.0	35.4	33.6
18 Nonfarm homes.....	4.5	4.7	6.2	6.8	6.0	6.4	7.3	7.5	6.8	6.9	7.5
19 Noncorporate business construction and equipment.....	4.8	5.1	4.8	4.8	5.0	5.2	4.9	5.0	4.8	5.5	5.2
20 Consumer durables.....	15.5	18.7	17.4	21.4	17.8	20.8	20.1	24.7	19.8	23.0	21.2
21 Inventories.....	.5	.1	.2	.2	.7	.4	-.3	*	.6	*	-.2
22 Capital consumption allowances.....	21.1	21.5	21.9	22.4	22.9	23.3	23.8	24.2	24.7	25.2	25.7
23 Nonfarm homes.....	1.9	1.9	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.2
24 Noncorporate business plant & equipment...	4.5	4.6	4.6	4.7	4.8	4.8	4.9	5.0	5.0	5.1	5.2
25 Consumer durables.....	14.7	15.0	15.3	15.7	16.1	16.4	16.8	17.2	17.6	18.0	18.4
26 Net investment in tangible assets (17-22)...	4.2	7.1	6.7	10.7	6.7	9.4	8.3	12.9	7.3	10.1	7.9
27 Nonfarm homes.....	2.6	2.8	4.3	4.7	4.0	4.3	5.3	5.4	4.7	4.8	5.3
28 Noncorporate business construction and equipment.....	.3	.5	.2	*	.2	.4	*	*	-.2	.4	*
29 Consumer durables.....	.8	3.8	2.1	5.7	1.7	4.4	3.3	7.5	2.2	5.0	2.8
30 Inventories.....	.5	.1	.2	.2	.7	.4	-.3	*	.6	*	-.2
31 Increase in debt.....	1.6	12.2	8.3	11.5	3.9	15.7	9.5	14.2	5.4	14.8	8.3
32 Mortgage debt on nonfarm homes.....	1.6	2.0	3.4	4.0	3.5	3.5	3.7	4.3	3.7	4.1	4.1
33 Noncorporate business mortgage debt.....	1.4	1.7	1.7	1.7	1.5	1.7	1.5	1.7	1.7	2.1	1.7
34 Consumer credit.....	-2.3	2.1	1.3	3.5	-1.2	3.6	3.0	5.6	-1.2	4.0	1.6
35 Security credit.....	.1	.8	1.0	1.4	-1.0	1.7	-.1	1.5	-1.2	-.3	.2
36 Policy loans.....	.3	.3	.2	.2	.3	.4	.3	.3	.4	.6	.7
37 Other debt.....	.5	5.3	.7	.6	.8	4.7	1.0	.9	2.1	4.3	.1
38 Individuals' saving (1+26-31).....	14.4	7.2	19.2	20.3	16.3	4.7	18.5	18.1	16.2	5.1	20.8

Table 2

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING

(Billions of dollars)

	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
1 Increase in financial assets.....	18.4	13.3	9.2	10.0	13.7	18.0	21.9	22.1	22.3	28.0	28.8
2 Currency and demand deposits.....	4.8	-.5	-2.5	-1.9	2.2	4.6	1.7	.5	1.8	.8	1.2
3 Savings accounts.....	6.3	3.4	2.3	2.6	2.5	4.5	7.7	8.3	9.2	8.8	9.5
4 Securities.....	-.9	2.7	2.0	2.1	.2	.9	2.9	3.3	1.3	8.0	6.3
5 U.S. savings bonds.....	1.2	2.1	1.6	1.5	.3	-.5	.1	.2	.6	.3	-.1
6 Other U.S. Treasury securities.....	-2.5	-.3	-1.6	-.3	-.5	-.7	-.2	*	-1.8	1.6	.9
7 U.S. Government agency securities.....	.1	.1	.1	-.1	*	.3	.1	.1	-.1	.6	.3
8 State and local obligations.....	*	.4	1.1	.7	.6	.4	1.4	2.1	2.3	3.4	2.3
9 Corporate and foreign bonds.....	-.9	-.8	-.2	-.4	-.8	-.2	-.1	*	-.4	1.1	.9
10 Investment company shares.....	.3	.2	.1	.3	.2	.3	.5	.4	.5	.9	1.1
11 Other corporate stock.....	.8	.9	.9	.4	.5	1.2	1.0	.5	.2	.2	.9
12 Miscellaneous financial assets.....	2.9	2.4	2.2	1.6	1.9	1.9	2.0	2.1	2.2	1.9	2.3
13 Private life insurance reserves.....	2.6	2.5	2.6	2.6	2.6	2.5	2.7	2.9	3.0	3.0	3.1
14 Private insured pension reserves.....	.4	.5	.6	.6	.8	1.0	1.1	1.1	1.2	1.3	1.2
15 Private noninsured pension reserves.....	.4	.5	.6	.6	1.7	1.1	1.8	2.0	2.1	2.3	2.7
16 Government insurance & pension reserves...	1.8	1.8	1.5	1.7	1.8	1.6	2.0	1.9	1.6	1.8	2.6
17 Gross investment in tangible assets.....	28.5	37.0	48.1	44.7	60.2	58.7	56.4	60.9	62.4	74.9	72.5
18 Nonfarm homes.....	6.1	9.3	12.8	11.8	17.1	16.1	15.8	16.7	17.9	21.9	20.6
19 Noncorporate business construction and equipment.....	6.2	8.9	10.0	9.7	10.6	11.2	10.3	11.3	11.3	12.4	13.2
20 Consumer durables.....	15.8	20.4	22.7	24.6	30.5	29.6	29.3	33.2	32.8	39.6	38.9
21 Inventories.....	.4	-1.7	2.7	-1.4	2.0	1.7	.9	-.4	.4	1.0	-.2
22 Capital consumption allowances.....	15.2	19.3	23.1	26.2	29.9	35.1	37.5	39.4	41.1	43.9	48.3
23 Nonfarm homes.....	1.3	1.5	1.6	1.7	1.9	2.2	2.4	2.7	3.1	3.5	3.8
24 Noncorporate business plant & equipment...	3.9	5.0	6.0	6.9	7.6	8.7	9.3	9.8	10.1	10.7	11.4
25 Consumer durables.....	10.0	12.9	15.5	17.6	20.3	24.1	25.8	26.9	28.0	29.7	33.0
26 Net investment in tangible assets (17-22)...	13.3	17.6	25.0	18.5	30.3	23.6	18.9	21.5	21.3	31.1	24.2
27 Nonfarm homes.....	4.8	7.9	11.2	10.1	15.2	13.9	13.4	14.0	14.8	18.4	16.7
28 Noncorporate business construction and equipment.....	2.3	3.9	4.0	2.8	2.9	2.5	1.0	1.5	1.2	1.7	1.7
29 Consumer durables.....	5.8	7.5	7.1	7.0	10.2	5.5	3.6	6.4	4.9	9.9	5.9
30 Inventories.....	.4	-1.7	2.7	-1.4	2.0	1.7	.9	-.4	.4	1.0	-.2
31 Increase in debt.....	6.3	10.2	10.4	9.3	16.7	11.2	14.4	13.6	15.7	25.4	18.2
32 Mortgage debt on nonfarm homes.....	4.1	4.7	4.9	4.2	7.5	6.8	7.0	7.6	9.0	12.3	11.0
33 Noncorporate business mortgage debt.....	.6	.8	1.1	1.4	1.8	1.9	1.5	1.4	1.5	2.0	2.0
34 Consumer credit.....	2.7	3.2	2.8	2.9	4.1	1.2	4.8	3.9	1.1	6.4	3.5
35 Security credit.....	-2.7	-.4	-.3	.3	.7	-.2	.2	.5	1.1	.7	*
36 Policy loans.....	-.1	*	.1	.2	.2	.2	.1	.2	.2	.2	.2
37 Other debt.....	1.7	1.8	1.7	.4	2.5	1.3	.8	.1	2.8	3.8	1.5
38 Individuals' saving (1+26-31).....	25.4	20.7	23.9	19.2	27.3	30.3	26.3	29.9	27.9	33.7	34.9

Table 2 (continued)

VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING

(Billions of dollars)

	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
1 Increase in financial assets.....	28.1	31.0	35.0	28.3	34.3	39.3	43.7	51.3	56.0	52.8	66.7	66.6
2 Currency and demand deposits.....	- .5	3.2	.5	-1.4	.7	2.9	4.3	6.5	7.3	3.1	10.2	10.7
3 Savings accounts.....	12.1	14.0	11.4	12.4	17.4	23.4	23.0	23.9	26.4	19.1	32.5	27.7
4 Securities.....	4.4	.7	9.1	2.6	1.4	-1.8	1.0	3.6	3.3	8.9	- .9	3.2
5 U.S. savings bonds.....	-1.9	- .5	-1.8	- .3	.8	.4	1.2	.9	.6	.6	.9	.5
6 Other U.S. Treasury securities.....	1.3	-1.8	5.3	.1	-1.4	- .7	1.9	.5	1.3	2.6	-2.0	4.1
7 U.S. Government agency securities.....	.7	*	1.2	- .2	- .1	.2	.4	.8	.2	2.5	2.5	2.5
8 State and local obligations.....	1.3	.8	3.1	3.4	1.4	.8	.8	2.0	2.3	2.1	-2.1	- .2
9 Corporate and foreign bonds.....	1.0	.7	.5	*	.4	- .5	- .6	- .5	.8	2.0	4.6	4.0
10 Investment company shares.....	1.2	1.4	1.7	1.5	1.9	1.8	1.2	1.9	3.1	3.7	2.6	4.7
11 Other corporate stock.....	.3	.1	-1.1	-1.9	-1.5	-3.9	-4.0	-1.9	-5.0	-4.7	-7.4	-12.4
12 Miscellaneous financial assets.....	2.6	3.0	2.6	3.0	2.7	2.0	1.5	2.0	1.9	3.7	4.8	5.7
13 Private life insurance reserves.....	2.6	2.9	2.8	3.1	3.3	3.6	4.0	4.2	4.7	4.5	4.7	4.6
14 Private insured pension reserves.....	1.6	1.5	2.0	1.3	1.4	1.4	1.7	2.0	2.1	2.1	2.6	2.9
15 Private noninsured pension reserves.....	3.1	3.2	3.7	4.0	4.0	4.2	4.5	4.9	5.6	6.1	6.7	6.4
16 Government insurance & pension reserves...	2.2	2.5	3.0	3.3	3.5	3.6	3.7	4.2	4.8	5.3	6.0	5.4
17 Gross investment in tangible assets.....	73.3	70.9	81.9	80.6	78.5	87.9	94.5	100.3	110.8	114.1	115.5	131.6
18 Nonfarm homes.....	18.8	18.7	23.1	21.1	20.1	22.5	23.8	24.5	24.7	23.4	22.2	27.4
19 Noncorporate business construction and equipment.....	13.0	13.3	13.9	13.6	13.7	14.6	15.3	16.6	18.1	19.5	19.4	20.0
20 Consumer durables.....	40.8	37.9	44.3	45.3	44.2	49.5	53.9	59.2	66.3	70.8	73.0	83.3
21 Inventories.....	.8	1.0	.6	.5	.5	1.3	1.5	*	1.7	.4	1.0	.8
22 Capital consumption allowances.....	52.2	54.4	56.8	58.8	60.5	62.9	66.0	70.4	75.1	80.3	86.8	94.2
23 Nonfarm homes.....	4.2	4.6	4.9	5.3	5.6	6.0	6.4	6.8	7.1	7.4	7.8	8.2
24 Noncorporate business plant & equipment...	12.1	12.4	13.1	13.4	13.5	14.1	14.7	15.6	16.4	17.2	18.4	19.5
25 Consumer durables.....	35.9	37.3	38.8	40.2	41.3	42.9	45.0	48.0	51.5	55.6	60.6	66.5
26 Net investment in tangible assets (17-22)...	21.1	16.5	25.1	21.7	18.0	25.0	28.5	29.9	35.8	33.9	28.7	37.4
27 Nonfarm homes.....	14.5	14.1	18.2	15.8	14.5	16.5	17.5	17.7	17.5	16.0	14.3	19.2
28 Noncorporate business construction and equipment.....	.9	.8	.8	.3	.1	.5	.6	1.0	1.7	2.3	1.0	.6
29 Consumer durables.....	4.9	.6	5.5	5.1	2.9	6.7	8.9	11.2	14.8	15.2	12.4	16.9
30 Inventories.....	.8	1.0	.6	.5	.5	1.3	1.5	*	1.7	.4	1.0	.8
31 Increase in debt.....	15.6	15.2	26.9	21.0	21.5	27.0	34.5	36.2	39.2	32.2	33.7	44.1
32 Mortgage debt on nonfarm homes.....	8.7	9.1	12.6	10.5	11.0	12.7	14.9	15.8	15.3	11.8	11.1	15.0
33 Noncorporate business mortgage debt.....	1.7	2.5	2.9	2.7	3.8	4.4	5.3	6.7	6.5	6.2	6.5	6.5
34 Consumer credit.....	2.6	.2	6.4	4.6	1.8	5.8	7.9	8.5	10.0	7.2	4.6	11.1
35 Security credit.....	- .4	1.2	*	- .1	1.3	- .1	2.0	- .2	.8	- .2	3.3	2.1
36 Policy loans.....	.4	.4	.5	.7	.6	.5	.5	.5	.6	1.5	1.0	1.3
37 Other debt.....	2.6	2.0	4.4	2.7	2.9	3.6	4.0	4.8	5.9	5.6	7.3	8.1
38 Individuals' saving (1+26-31).....	33.5	32.3	33.2	28.9	30.9	37.3	37.7	45.0	52.5	54.5	61.7	59.9

* Less than \$50 million.