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STATISTICAL SERIES

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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING, 1969

Individuals' saving in 1969 amounted to \$57.9 billion, about equal to the average of the four preceding years, according to preliminary estimates released by the Securities and Exchange Commission. Saving in the fourth quarter of 1969 was \$18.1 billion, approximately the same as recorded in the fourth quarter of 1968. Individuals' saving is defined as the change in financial assets plus net investment in tangible assets minus change in debt of households, private trust funds, nonprofit institutions, and farms and other non-corporate business.

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
	(in billions of dollars)			
Individuals' saving	56.1	61.5	57.1	57.9
Increase in financial assets	54.4	66.5	63.7	57.0
Net investment in tangible assets	33.9	28.7	37.3	39.3
(less) Increase in debt	(32.2)	(33.7)	(43.9)	(38.3)

Change in Financial Assets

Total financial assets of individuals increased \$57.0 billion last year, a smaller increase than those of the two previous years. There was a significant shift in the composition of net additions to financial assets, however, as individuals made only moderate 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 yields on bonds and money market instruments and the return on savings deposits. Currency and demand deposits rose \$3.7 billion, as compared to almost \$7 billion in 1968 and \$11.5 billion in 1967, while the growth in savings accounts was the smallest in over 10 years.

On the other hand, direct investment in the securities market by individuals during 1969 expanded a record \$16.8 billion -- two-thirds greater than the previous high recorded in 1966 and four times the increase in 1968. Their holdings of U.S. Treasury marketable securities increased a record \$10.2 billion, versus \$4.4 billion in the previous year, but net investment in U.S. savings bonds declined \$400 million. Individuals added \$4.5 billion of Federal agency securities to their holdings in 1969, double their net acquisitions of 1968. They also significantly increased their holdings of state and local securities, with net additions of \$4.4 billion, or half the total increase in the volume of such securities outstanding.

Preliminary data show a net addition to corporate bond holdings of \$4.0 billion, marking the third year in which individuals' net acquisition reached the \$4.0 billion level. Stock liquidation by individuals was \$10.8 billion, somewhat lower than the reduction of the prior year, while the increase in investment company stock was up only slightly from 1968.

Saving through increases in insurance and pension reserves (both private and Government) amounted to \$21.9 billion, or 12 percent higher than in 1968. The gain in miscellaneous financial assets, however, was less than in the preceding two years.

Net Investment in Tangible Assets

Individuals saved \$39.3 billion through net investment in tangible assets last year, five percent more than in 1968. The \$20.4 billion net investment in nonfarm homes for the entire year was 7 percent higher than 1968. However, fourth quarter investment in nonfarm homes on a net basis was \$5.3 billion, slightly below that of both the third quarter of 1969 and the fourth quarter of 1968.

Net investment in consumer durables was \$16.9 billion, the same as in 1968. After adjusting for seasonal factors, estimates show that net additions to the stock of consumer durables have been declining in the past two quarters.

Increase in Debt

Last year's debt expansion by individuals (\$38.3 billion) was less than in the previous year. Mortgage debt on nonfarm homes increased \$15.7 billion during the year, only slightly greater than the preceding year; and noncorporate business mortgage debt expanded \$7.3 billion, somewhat higher than any of the preceding years. The volume of consumer credit outstanding rose \$8.9 billion, one-fifth less than in the previous year, but still substantial when compared to other recent years.

Individuals continued to make substantial use of policy loans on life insurance as a source of credit in 1969, when policy loans outstanding rose \$2.5 billion as compared to \$1.3 billion in 1968. On the other hand, they decreased their security debt by \$3.9 billion over the year. The increase in other debt of individuals during the year was equal to the increase in 1968.

Reconciliation between SEC and Commerce Saving

The following table illustrates the reconciliation of conceptual differences between the SEC saving data and that published by the Department of Commerce. The personal saving estimate of the Department of Commerce is derived as the difference between personal income (after taxes) and expenditures.

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
	(in billions of dollars)			
1. SEC individuals' saving	56.1	61.5	57.1	57.9
2. Less: Govt. insurance & pension reserves	5.3	6.0	5.6	7.8
3. Net investment in consumer durables	15.2	12.4	16.9	16.9
4. Capital gains distribution from investment companies	1.3	1.7	2.5	2.5
5. SEC saving adjusted to personal saving	34.3	41.4	32.1	30.7
6. Commerce personal saving	32.5	40.5	38.4	37.7
7. Difference (5-6)	1.7	.9	-6.2	-7.0
8. Statistical discrepancy in the national income and product accounts	-1.0	-1.0	-2.5	-6.1
9. Alternative estimate of personal saving (6+8) <u>1/</u>	31.5	39.5	35.9	31.6
10. Difference (5-9)	2.8	1.9	2.5	-0.9

1/ Equals gross investment less government surplus and less gross private saving other than personal saving.

Notice:

About 15 months ago these saving statistics were made consistent with those published by the Federal Reserve Board. Since that time the Federal Reserve Board staff has been producing these saving statistics as part of their flow-of-funds statistical program. The Commission will no longer publish this release; but the Federal Reserve Board will continue the publication of the data, including seasonally adjusted as well as unadjusted data. Persons on the SEC mailing list will be sent the Federal Reserve Board publication.

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VOLUME AND COMPOSITION OF INDIVIDUALS' SAVING

(Billions of dollars)

	1966	1967	1968	1969	1968				1969			
					1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
1 Increase in financial assets.....	54.4	66.5	63.7	57.0	13.5	11.0	19.8	19.3	14.2	8.2	21.2	13.5
2 Currency and demand deposits.....	3.1	11.5	6.9	3.7	-5.0	*	6.2	5.7	-4.3	.1	3.3	4.7
3 Savings accounts.....	19.1	32.5	27.7	10.8	8.1	5.7	6.3	7.7	5.6	3.8	.5	.9
4 Securities.....	10.5	-2.4	3.8	16.8	5.3	-1.7	1.5	-1.3	7.7	-2.5	10.7	.8
5 U.S. savings bonds.....	.6	.9	.5	-.4	.1	.1	.2	.2	-.1	-.1	-.2	*
6 Other U.S. Treasury securities.....	2.6	-1.3	4.4	10.2	3.4	-1.0	1.3	.7	5.3	-2.7	5.9	1.6
7 U.S. Government agency securities.....	4.2	1.1	2.2	4.5	-.1	1.3	.5	.6	.4	1.7	1.0	1.4
8 State and local obligations.....	2.1	-2.1	-.2	4.4	.5	-1.2	1.3	-.7	1.5	.2	2.2	.6
9 Corporate and foreign bonds.....	2.0	4.0	4.6	4.0	.8	1.6	.9	1.3	1.1	1.0	2.1	-.2
10 Investment company shares.....	3.7	2.5	4.7	4.9	1.8	.5	.9	1.6	2.4	.9	.7	.9
11 Other corporate stock.....	-4.7	-7.4	-12.4	-10.8	-1.1	-2.9	-3.5	-4.9	-2.9	-3.5	-1.0	-3.4
12 Miscellaneous financial assets.....	3.7	4.8	5.7	3.8	.9	1.6	1.0	2.2	.5	.9	.9	1.5
13 Private life insurance reserves.....	4.5	4.7	4.6	4.5	1.2	1.1	1.1	1.1	1.3	.9	1.1	1.1
14 Private insured pension reserves.....	2.1	2.6	2.9	3.0	.7	.7	.7	.7	.8	.7	.8	.8
15 Private noninsured pension reserves.....	6.1	6.7	6.4	6.6	1.5	1.3	1.7	1.9	1.3	1.7	1.7	1.9
16 Government insurance & pension reserves...	5.3	6.0	5.6	7.8	1.0	2.2	1.1	1.2	1.3	2.7	2.1	1.8
17 Gross investment in tangible assets.....	114.1	115.5	131.4	141.2	29.5	32.7	32.0	37.2	32.1	35.4	34.5	39.1
18 Nonfarm homes.....	23.4	22.2	27.3	29.0	6.0	6.4	7.3	7.5	6.8	7.0	7.7	7.5
19 Noncorporate business construction and equipment.....	19.5	19.4	20.1	21.3	5.0	5.2	4.9	5.0	4.9	5.5	5.3	5.6
20 Consumer durables.....	70.8	73.0	83.3	89.6	17.8	20.8	20.1	24.7	19.8	23.0	21.1	25.8
21 Inventories.....	.4	1.0	.8	1.3	.7	.4	-.3	*	.6	*	.4	.2
22 Capital consumption allowances.....	80.3	86.8	94.2	101.9	22.9	23.3	23.8	24.2	24.7	25.2	25.7	26.2
23 Nonfarm homes.....	7.4	7.8	8.2	8.6	2.0	2.0	2.1	2.1	2.1	2.1	2.2	2.2
24 Noncorporate business plant & equipment...	17.2	18.4	19.5	20.5	4.8	4.8	4.9	5.0	5.0	5.1	5.2	5.2
25 Consumer durables.....	55.6	60.6	66.5	72.7	16.1	16.4	16.8	17.2	17.6	18.0	18.4	18.8
26 Net investment in tangible assets (17-22)...	33.9	28.7	37.3	39.3	6.7	9.4	8.3	12.9	7.4	10.2	8.8	12.9
27 Nonfarm homes.....	16.0	14.3	19.1	20.4	4.0	4.3	5.3	5.4	4.7	4.8	5.5	5.3
28 Noncorporate business construction and equipment.....	2.3	1.0	.6	.7	.2	.4	*	*	-.2	.4	.1	.3
29 Consumer durables.....	15.2	12.4	16.9	16.9	1.7	4.4	3.3	7.5	2.2	5.0	2.7	7.0
30 Inventories.....	.4	1.0	.8	1.3	.7	.4	-.3	*	.6	*	.4	.2
31 Increase in debt.....	32.2	33.7	43.9	38.3	4.0	15.9	9.7	14.3	5.0	16.6	8.4	8.3
32 Mortgage debt on nonfarm homes.....	11.8	11.1	15.0	15.7	3.5	3.5	3.7	4.3	3.7	4.1	4.0	3.8
33 Noncorporate business mortgage debt.....	6.2	6.5	6.5	7.3	1.5	1.7	1.5	1.7	1.7	2.1	1.8	1.8
34 Consumer credit.....	7.2	4.6	11.1	8.9	-1.2	3.6	3.0	5.6	-1.2	4.0	2.0	4.0
35 Security credit.....	-.2	3.3	2.1	-3.9	-1.0	1.7	-.1	1.5	-1.2	-.3	-1.2	-1.2
36 Policy loans.....	1.5	1.0	1.3	2.5	.3	.4	.3	.3	.4	.6	.9	.6
37 Other debt.....	5.6	7.3	7.9	7.9	.9	4.9	1.2	1.0	1.7	6.0	.9	-.7
38 Individuals' saving (1+26-31).....	56.1	61.5	57.1	57.9	16.2	4.5	18.4	18.0	16.5	1.8	21.5	18.1