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TO: Federal Open Market Committee

FROM: Mr. Young

Attached for your information is a set of tables presenting preliminary flows-of-funds estimates for the first quarter of 1960 and comparative data for other periods. These data were discussed in the staff memorandum on "Recent Economic and Financial Developments in the United States and Abroad," sent to the Committee, and also in Mr. Thomas' presentation at the meeting of the Committee. The data help to illuminate the changes in financial conditions that brought about the sharp readjustment in interest levels in the first quarter.

Ralph A. Young
Secretary,
Federal Open Market Committee

Attachment
Table 1. NATIONAL SAVING

(Billions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Annual totals</th>
<th>Quarterly totals</th>
<th>Change in net flow from:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1957</td>
<td>1958</td>
<td>1959</td>
</tr>
<tr>
<td>Net-national saving</td>
<td>37.5</td>
<td>13.9</td>
<td>36.5</td>
</tr>
<tr>
<td>PLUS: Capital consumption</td>
<td>72.7</td>
<td>74.9</td>
<td>73.4</td>
</tr>
<tr>
<td>Equals: Gross national</td>
<td>110.2</td>
<td>93.3</td>
<td>114.9</td>
</tr>
<tr>
<td>LESS: Government saving</td>
<td>.3</td>
<td>-12.8</td>
<td>-9.5</td>
</tr>
<tr>
<td>EQUALS: Gross private</td>
<td>109.9</td>
<td>106.6</td>
<td>124.4</td>
</tr>
<tr>
<td>saving</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer-saving</td>
<td>67.9</td>
<td>67.2</td>
<td>73.1</td>
</tr>
<tr>
<td>Nonfinancial business</td>
<td>33.0</td>
<td>36.1</td>
<td>47.0</td>
</tr>
<tr>
<td>saving</td>
<td>3.9</td>
<td>3.4</td>
<td>4.3</td>
</tr>
</tbody>
</table>
## Flow-of-Funds/Saving

### Preliminary estimates for first quarter 1960

Table 2

**SECTOR NET FINANCIAL INVESTMENT**

(* indicates net funds advanced, - indicates net funds raised)

(Billions of dollars)

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Annual totals</th>
<th>Quarterly totals</th>
<th>Change in net flow from:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1957</td>
<td>1958</td>
<td>1959</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>-6.6</td>
<td>-13.1</td>
<td>-8.9</td>
</tr>
<tr>
<td>State and local</td>
<td>3.6</td>
<td>8.2</td>
<td>-4.5</td>
</tr>
<tr>
<td>Private domestic sectors</td>
<td>11.3</td>
<td>12.5</td>
<td>12.3</td>
</tr>
<tr>
<td>Consumer</td>
<td>-9.4</td>
<td>-2.4</td>
<td>-8.5</td>
</tr>
<tr>
<td>Nonfinancial business</td>
<td>2.6</td>
<td>3.4</td>
<td>4.2</td>
</tr>
<tr>
<td>Financial business</td>
<td>-4.2</td>
<td>-.4</td>
<td>1.7</td>
</tr>
</tbody>
</table>

*Authorized for public release by the FOMC Secretariat on 2/25/2020*
## Table 3

**CONSUMER SAVING AND INVESTMENT**

(Billions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Annual totals</th>
<th>Quarterly totals</th>
<th>Change in net flow from:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1957</td>
<td>1958</td>
<td>1959</td>
</tr>
<tr>
<td>Net saving</td>
<td>27.9</td>
<td>25.5</td>
<td>30.0</td>
</tr>
<tr>
<td>PLUS: Depreciation</td>
<td>40.0</td>
<td>41.6</td>
<td>43.0</td>
</tr>
<tr>
<td>EQUALS: Gross saving</td>
<td>67.9</td>
<td>67.2</td>
<td>73.1</td>
</tr>
<tr>
<td>LESS: Tangible capital expenditures (for homes, durable goods, etc.)</td>
<td>58.5</td>
<td>55.3</td>
<td>65.2</td>
</tr>
<tr>
<td>Items unaccounted for</td>
<td>-1.3</td>
<td>-1.1</td>
<td>-4.3</td>
</tr>
<tr>
<td>EQUALS: Net financial investment</td>
<td>11.3</td>
<td>12.5</td>
<td>12.3</td>
</tr>
<tr>
<td>PLUS: Net increase in liabilities (mortgage debt, consumer credit, security credit, and other)</td>
<td>11.3</td>
<td>12.1</td>
<td>20.3</td>
</tr>
<tr>
<td>EQUALS: Net acquisition of financial assets</td>
<td>23.1</td>
<td>24.6</td>
<td>33.1</td>
</tr>
<tr>
<td>Demand deposits and currency</td>
<td>-.8</td>
<td>2.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Fixed value redeemable claims (time deposits, savings and loans and credit union shares, savings bonds)</td>
<td>9.8</td>
<td>13.6</td>
<td>9.5</td>
</tr>
<tr>
<td>Saving through life insurance and pension funds</td>
<td>9.0</td>
<td>10.3</td>
<td>10.9</td>
</tr>
<tr>
<td>Net investment in unincorporated business</td>
<td>-4.5</td>
<td>-5.5</td>
<td>-5.2</td>
</tr>
<tr>
<td>Credit and equity market instruments</td>
<td>9.7</td>
<td>3.6</td>
<td>16.7</td>
</tr>
<tr>
<td>Federal obligations</td>
<td>2.5</td>
<td>-2.3</td>
<td>10.6</td>
</tr>
<tr>
<td>Other securities and mortgages</td>
<td>7.2</td>
<td>5.9</td>
<td>6.1</td>
</tr>
<tr>
<td></td>
<td>Annual flows</td>
<td>Quarterly flows</td>
<td>Change in net flows from:</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------</td>
<td>-----------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td></td>
<td>1957</td>
<td>1958</td>
<td>1959</td>
</tr>
<tr>
<td></td>
<td>Q1-57</td>
<td>Q1-58</td>
<td>Q4-58</td>
</tr>
<tr>
<td></td>
<td>Q4-59</td>
<td>Q1-59</td>
<td>Q4-59</td>
</tr>
<tr>
<td></td>
<td>Q1-60</td>
<td>Q4-58 to Q4-59</td>
<td>Q1-59 to Q1-60</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total flows in credit and equity markets</td>
<td>36.6 45.2 61.9</td>
<td>11.9 2.8 22.7 7.3</td>
<td>17.7 2.7</td>
</tr>
<tr>
<td>By type of instrument:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal obligations</td>
<td>1.3 9.1 11.5</td>
<td>2.0 -2.0 7.7 *</td>
<td>4.2 -4.1</td>
</tr>
<tr>
<td>All other</td>
<td>35.4 36.2 50.3</td>
<td>9.9 4.9 15.0 7.3</td>
<td>13.5 6.8</td>
</tr>
<tr>
<td>Securities</td>
<td>16.2 16.8 14.1</td>
<td>3.8 5.1 3.5 3.6</td>
<td>3.1 3.4</td>
</tr>
<tr>
<td>Mortgage debt</td>
<td>12.1 14.6 19.2</td>
<td>2.9 2.5 4.4 4.1</td>
<td>4.5 3.5</td>
</tr>
<tr>
<td>All other loans 1/</td>
<td>7.1 4.8 17.0</td>
<td>3.2 -2.7 7.1 -4</td>
<td>5.9 -1.1</td>
</tr>
<tr>
<td>By sector raising funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Government</td>
<td>1.0 9.3 10.9</td>
<td>2.3 -2.0 7.9 -2</td>
<td>4.2 -4.1</td>
</tr>
<tr>
<td>State and local governments</td>
<td>4.9 5.9 5.1</td>
<td>1.1 2.0 .8 1.3</td>
<td>.5 1.3</td>
</tr>
<tr>
<td>Foreign borrowers</td>
<td>1.4 2.4 .8</td>
<td>.6 .5 .7 .2</td>
<td>.2 .2</td>
</tr>
<tr>
<td>Private domestic sectors</td>
<td>28.2 27.6 45.1</td>
<td>7.8 2.2 13.3 6.1</td>
<td>13.0 5.3</td>
</tr>
<tr>
<td>Consumers</td>
<td>11.7 12.0 20.8</td>
<td>3.6 .4 5.9 3.0</td>
<td>6.8 2.1</td>
</tr>
<tr>
<td>Nonfinancial business</td>
<td>15.0 14.1 18.5</td>
<td>3.1 2.2 5.3 2.3</td>
<td>3.9 3.6</td>
</tr>
<tr>
<td>Financial business</td>
<td>2.6 1.5 5.8</td>
<td>1.1 -4.2 2.1 .8</td>
<td>2.3 -4</td>
</tr>
<tr>
<td>By sector advancing funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government (Federal, State, and local)</td>
<td>5.1 3.7 6.6</td>
<td>1.3 .9 1.5 1.3</td>
<td>1.1 .8</td>
</tr>
<tr>
<td>Foreign lenders</td>
<td>.6 -.1 3.1</td>
<td>.4 -.5 .3 1.1</td>
<td>.7 1.5</td>
</tr>
<tr>
<td>Private domestic nonfinancial sectors</td>
<td>8.7 5.0 22.2</td>
<td>2.6 -4.6 6.1 5.4</td>
<td>6.3 4.0</td>
</tr>
<tr>
<td>Consumers</td>
<td>9.7 3.6 16.7</td>
<td>.2 1.9 1.4 4.5</td>
<td>4.2 4.3</td>
</tr>
<tr>
<td>Nonfinancial business</td>
<td>-1.0 1.4 5.5</td>
<td>2.2 -2.3 4.7 .9</td>
<td>2.1 -3</td>
</tr>
<tr>
<td>Commercial banking system</td>
<td>4.3 17.0 5.2</td>
<td>3.6 -1.2 8.0 -5.6</td>
<td>3.4 -7.9</td>
</tr>
<tr>
<td>Other financial institutions</td>
<td>17.9 19.7 24.8</td>
<td>4.1 4.1 6.9 6.2</td>
<td>16.3 5.4</td>
</tr>
<tr>
<td>Savings institutions 2/</td>
<td>7.2 9.1 10.6</td>
<td>1.3 1.7 2.3 2.8</td>
<td>2.6 2.2</td>
</tr>
<tr>
<td>Insurance companies and private pension funds</td>
<td>8.3 8.8 9.6</td>
<td>2.0 2.3 2.5 2.4</td>
<td>2.7 2.8</td>
</tr>
<tr>
<td>Other 3/</td>
<td>2.3 1.8 4.6</td>
<td>.8 .1 2.1 1.0</td>
<td>2.0 .4</td>
</tr>
</tbody>
</table>

For notes to table see following page.
**Notes to Table 4**

1/ Consumer credit, security credit, open-market paper, other bank loans, policy loans, government lending.
2/ Mutual savings banks, savings and loan associations, and credit unions.
3/ Mainly brokers and dealers, finance companies, and open-end investment funds.
### Table 5. SUMMARY OF PRINCIPAL FINANCIAL FLOWS for first quarter 1960

(Billions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Annual totals</th>
<th>Quarterly totals</th>
<th>Change in net flows from:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1957 1958 1959</td>
<td>Q4-57 Q1-58 Q4-58 Q1-59 Q4-59 Q1-60</td>
<td>Q4-58 to Q1-59</td>
</tr>
<tr>
<td>Credit and equity market instruments</td>
<td>36.6 45.2 61.9</td>
<td>11.9 2.8 22.7 7.3 17.7 2.7</td>
<td>-5.0</td>
</tr>
<tr>
<td>Fixed value redeemable claims</td>
<td>10.1 16.1 7.5</td>
<td>2.9 5.5 3.1 2.3 1.5 1.5</td>
<td>-1.6</td>
</tr>
<tr>
<td>Time deposits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At commercial banks</td>
<td>6.3 10.1 2.2</td>
<td>1.4 4.3 -6 1.1 -2 -2</td>
<td>-1.1</td>
</tr>
<tr>
<td>At mutual savings banks and Postal Savings</td>
<td>5.5 8.0 1.1</td>
<td>1.0 3.4 .5 .6 .2 *</td>
<td>.7</td>
</tr>
<tr>
<td>Savings and loan and credit union shares</td>
<td>5.2 6.5 7.2</td>
<td>1.8 1.3 2.3 1.4 2.2 1.5</td>
<td>-.1</td>
</tr>
<tr>
<td>U. S. Savings bonds 2/</td>
<td>-1.9 -.5 -1.8</td>
<td>-.4 -.1 -2 -.2 -2 -2</td>
<td>-.4</td>
</tr>
<tr>
<td>Consumer share of total</td>
<td>9.8 13.6 9.5</td>
<td>2.9 3.3 3.6 2.3 2.0 1.5</td>
<td>-1.6</td>
</tr>
<tr>
<td>Demand deposits and currency</td>
<td>-3.8 5.8 1.1</td>
<td>3.1 -5.2 3.0 -7.3 3.8 -9.1</td>
<td>-4.2</td>
</tr>
<tr>
<td>Change in holdings of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Government</td>
<td>.2 .1 .7</td>
<td>-.2 1.5 -5 -1.3 -.4</td>
<td>-1.3</td>
</tr>
<tr>
<td>Other domestic sectors</td>
<td>* 6.2 1.2</td>
<td>4.0 -4.4 6.1 -4.2 4.5 -7.1</td>
<td>-1.6</td>
</tr>
<tr>
<td>Consumer</td>
<td>* 6.2 1.2</td>
<td>4.0 -4.4 6.1 -4.2 4.5 -7.1</td>
<td>-1.6</td>
</tr>
<tr>
<td>Nonfinancial business</td>
<td>.3 3.1 -1.4</td>
<td>1.4 -2.3 2.8 -3.1 1.6 -3.5</td>
<td>-1.2</td>
</tr>
<tr>
<td>Other domestic 3/</td>
<td>.5 .6 .5</td>
<td>1.4 -1.4 1.0 -1.7 1.2 -1.8</td>
<td>+.2</td>
</tr>
<tr>
<td>Foreign holders</td>
<td>.2 * .1</td>
<td>* -1.3 .3 -1.1 -1 -1.4</td>
<td>-.4</td>
</tr>
</tbody>
</table>

1/ See Table 4 for breakdowns by financial instrument, by debtor sector, and by creditor sector.
2/ Covers only savings bonds held by consumers; other savings bonds are covered in credit and equity market instruments.
3/ Financial sectors and State and local governments.