TABLE 4.—*Sources of mortgage credit*

[Federal Reserve flow of funds data in billions of dollars]

	1961	1962	1963	1964	1965	1966	1st quarter 1967 season adjusted annual rate	Forecast, 1967
Net change in assets—total	16.9	21.3	25.0	25.4	25.4	20.0	17.5	20.0
1- to 4-family properties—total	11.8	13.4	15.7	15.4	16.0	11.6	11.1	12.7
Mutual savings banks	1.7	2.1	2.6	2.7	2.7	1.7	2.0	2.0
Savings and loan associations	7.0	7.4	9.3	8.0	7.6	3.3	3.4	5.7
Life insurance companies and private pension funds	1.1	1.0	1.3	1.9	1.8	1.6	1.8	1.5
Commercial banks	.8	2.0	2.7	2.3	3.1	2.6	1.4	1.5
U.S. Government	.2	.1	-1.2	-.2	.4	2.5	1.2	2.0
Other	1.0	.8	1.0	.7	.4	-.1	1.3	0
Other mortgages—total	5.1	7.9	9.3	10.0	9.5	8.5	6.4	7.3
Mutual savings banks	.6	1.0	1.3	1.7	1.4	1.1	1.0	1.0
Savings and loan associations	1.7	2.6	2.9	2.4	1.3	.4	.2	.3
Life insurance companies	1.5	2.1	2.7	3.2	3.7	3.6	3.3	3.5
Commercial banks	.8	1.9	2.2	2.2	2.5	2.4	.9	2.0
U.S. Government	.4	.3	.2	.4	.6	.9	1.0	.5
Other	.1	0	0	.1	0	0	0	0

Chairman PROXMIRE. Mr. Katona.

STATEMENT OF GEORGE KATONA, PROFESSOR OF ECONOMICS AND PSYCHOLOGY, INSTITUTE FOR SOCIAL RESEARCH, UNIVERSITY OF MICHIGAN

Mr. KATONA. I am in a position to give you the newest data on our last quarterly survey which have not been released previously.

Consumer expectations about personal financial and general economic developments remained virtually unchanged during the last 3 months. Yet willingness to buy durable goods—houses, automobiles, large appliances—improved somewhat. The proportion of consumers saying that now is a good time to buy durables rose under the impact of war news, expected price increases, frequent and sizable income increases, and an improvement in consumers' savings-debt position. These are the major results of the latest nationwide survey of households conducted by the Survey Research Center of the University of Michigan between late May and late June.

It should be recalled that the Center's Index of Consumer Sentiment, based on five attitudinal questions, deteriorated sharply from its alltime high of 103 reached in the fall of 1965 to 88.3 November–December 1966. In the following 3 months every one of the components of the index advanced and the index reached a level of 92.2. On the basis of the current survey the index is calculated at 94.4.

The increase in the index during the last 3 months was more pronounced among upper than among lower income families. Yet it should be noted that (*a*) the latest improvement is due to an increase in just one out of five components of the index; (*b*) the rate of advance was smaller during the last 3 months than during the preceding 3 months; and (c) the current level of the index is lower than its level a year ago.

During the last few years consumers generally viewed a rising cost of living as an unfavorable development, which induced many people