

March, 1977

At year-end 1975, major institutional investors held an estimated \$230.5 billion worth of NYSE-listed issues, an increase of more than one-third from the year-end 1974 estimate of \$171 billion. Despite a net gain of nearly 32% in the NYSE Composite Index in 1975, the proportion of NYSE-listed stock held by institutions (33.6%) remained virtually unchanged from a year earlier. During 1975, U.S. institutional investors were buyers of common stock on balance, but their net acquisitions were a much smaller proportion of available investment funds than in the strong market environment of 1971-72. In contrast, foreign institutions' net purchases in 1975 were the highest ever recorded.

Among selected types of U.S. institutions, corporate noninsured pension funds continued to be the largest holders of NYSE stock. They held nearly \$83 billion worth of common and preferred stock at the end of 1975, an increase of \$24 billion over the previous year. Consequently, their holdings increased from 11.4% of the total list to 12.0%. The net liquidations of common stock by open-end investment companies during 1975 caused their share of NYSE-listed stock to fall from 5.3% to 5.1%. As recently as 1968, open-end investment companies accounted for 6.4% of the NYSE list. State and local government retirement systems experienced a 48% increase in NYSE holdings. Their compounded average annual rate of growth since 1965 (33%) has been the highest of any type of institution. The proportion of NYSE-listed stock held by life insurance companies remained the same at year-end 1975 as at the end of 1974, while the relative importance of both foundations and non-life insurance companies declined.

New data recently published by the U.S. Treasury Department permit estimates of foreign institutions' holdings of NYSE-listed stock for the first time. At the end of 1975, foreign institutions, namely investment and insurance companies, pension funds and other employee benefit funds or trusts held an estimated \$5.1 billion worth of NYSE stock, 55% higher than the previous year.

A number of institutional categories have not been incorporated in this study since no method exists to estimate their NYSE holdings. These categories include: bank-administered personal trust funds, private hedge funds and non-bank trusts. If it were possible to estimate the amount of NYSE stock held or managed by these groups, total institutional holdings would most likely be in the neighborhood of half the NYSE list.

The table on the reverse side shows the latest estimates of institutional holdings for 1949, 1955, 1960, 1965, and annually for the past six years.

NOTE: The 1975 estimates of institutional holdings of NYSE-listed stock will be the last to be developed until 1980.

ESTIMATED HOLDINGS OF NYSE-LISTED STOCKS BY SELECTED INSTITUTIONAL INVESTORS

	Year End									
	1949	1955	1960	1965	1970	1971	1972	1973	1974	1975 ^{r/}
-----Billions of Dollars-----										
U.S. Institutions										
Insurance Companies:										
Life	\$ 1.1	\$ 2.2	\$ 3.2	\$ 6.3	\$ 11.7	\$ 16.1	\$ 21.0	\$ 20.0	\$ 16.3	\$ 21.6
Non-Life	1.7	4.2	6.0	10.1	12.2	15.6	18.6	16.4	10.4	11.6
Investment Companies:										
Open-End	1.4	6.3	12.4	29.1	39.0	46.7	51.4	38.5	27.1	35.0
Closed-End	1.6	4.6	4.2	5.6	4.1	5.6	6.6	5.9	4.3	5.5
Noninsured Pension Funds:										
Corporate & Other Private	0.5	3.4	14.3	35.9	60.7	80.2	104.4	82.1	58.2	82.5
State & Local Government	***	0.1	0.3	1.4	9.6	14.7	21.3	19.6	16.5	24.4
Nonprofit Institutions:										
Foundations	2.5	6.9	8.0	16.4	17.0	19.3	23.8	21.5	16.9	20.8
Educational Endowments	1.1	2.3	2.9	5.9	6.6	7.4	9.3	8.3	5.4	7.7
Other	1.0	2.5	4.4	7.7	9.0	10.1	11.8	9.5	6.6	8.7
Common Trust Funds	***	0.9	1.4	3.2	4.1	5.5	6.5	5.8	4.0	5.2
Mutual Savings Banks	0.2	0.2	0.2	0.5	1.4	1.8	1.9	2.1	2.0	2.4
Subtotal	\$11.1	\$ 33.6	\$ 57.3	\$122.1	\$175.4	\$223.0	\$276.6	\$229.7	\$167.7	\$225.4
Foreign Institutions*										
Investment, insurance and miscellaneous**	--	--	--	--	--	--	--	--	3.3	5.1
TOTAL	\$11.1	\$ 33.6	\$ 57.3	\$122.1	\$175.4	\$223.0	\$276.6	\$229.7	\$171.0	\$230.5
Market Value of All NYSE- Listed Stock										
	\$76.3	\$207.7	\$307.0	\$537.5	\$636.4	\$741.8	\$871.5	\$721.0	\$511.1	\$685.1
Estimated % Held by Selected Institutional Investors										
	14.5%	16.2%	18.7%	22.7%	27.6%	30.1%	31.7%	31.8%	33.4%	33.6%

* Not included are foreign banks, brokers and nominees. This institutional group held an estimated \$12.0 billion worth of NYSE-listed issues at the end of 1974 and \$18.5 billion at year-end 1975.

** Miscellaneous institutions consists of: pension funds and other employee benefit funds or trusts.

***Less than \$50 million.

^{r/} Revised estimates. Other revisions were as follows: closed-end investment companies for 1974, state and local government for 1974, educational endowments for 1973 and 1974, common trust funds for 1974, and mutual savings banks for 1970-1974.