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SUPPLEMENT
CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

March 5, 1971

SUPPLEMENTAL NOTES

The Domestic Economy

Labor market. The labor market eased in February, with further reductions in employment and hours worked. The labor force declined even more sharply than employment and unemployment also declined. The reduction in the labor force amounted to more than 500,000 and was widespread among age and sex groups. The overall unemployment rate, at 5.8 per cent, was off 0.2 percentage point from January.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
(Seasonally adjusted in thousands)

	1971		Change Feb. 1971 from:	
	Jan.	Feb.	Jan. 1971	Feb. 1970
Total labor force	86,873	86,334	-539	795
Armed forces	2,976	2,950	- 26	-391
Civilian labor force	83,897	83,384	-513	1,186
Employment	78,864	78,537	-327	-244
Unemployment	5,033	4,847	-186	1,430

SELECTED UNEMPLOYMENT RATES
(Seasonally adjusted, per cent)

	1970	1971	
	Dec.	Jan.	Feb.
Unemployment rates:			
Total	6.2	6.0	5.8
Men aged 20-24	10.9	10.4	9.7
Men aged 25 and over	3.7	3.5	3.4
Women aged 20 and over	5.8	5.7	5.6
Teenagers	17.8	17.6	16.7

Nonfarm payroll employment declined by 95,000 in February to 70.5 million. Employment declines in the goods-producing industries, totaling about 150,000 were partly offset by moderate increases in service-type industries, primarily State and local government. After increasing in December and January, manufacturing employment declined in February by 74,000 to 18.7 million; except for the period of the GM strike, this was the lowest level since early 1966. The weakening of labor demand in manufacturing has been wide-spread and since last August, prior to the auto strike, manufacturing employment has declined more than half a million. Although the largest cuts occurred in the durable goods sector, employment has declined since August in all but 2 of 21 manufacturing industries.

NONFARM PAYROLL EMPLOYMENT
(Seasonally adjusted, in thousands)

	August 1970	February 1971	Change
Total	70,414	70,514	100
Manufacturing	19,271	18,737	-534
Durable goods	11,134	10,683	-451
Nondurable goods	8,137	8,054	- 83
Nonmanufacturing:			
Mining	619	621	2
Construction	3,305	3,164	-141
Transportation	4,520	4,481	-39
Trade	14,912	15,139	227
Services and finance	15,191	15,527	336
Government	12,596	12,845	249

The average workweek was off 0.2 hours in February for rank-and-file workers on private nonfarm payrolls and 0.4 hours for production workers in manufacturing. Workweek declines were widespread, probably reflecting in part the effect of a holiday (Lincoln's birthday) during the survey week.

Retail sales. Retail sales in February on the basis of four weeks data, have risen about 3/4 per cent from January. Estimated durable goods sales are 1/2 per cent and estimated nondurables goods are nearly 1 per cent. Sales in the general merchandise category were especially strong and rose nearly 2 per cent.

RETAIL SALES
(Per cent change from preceding period, seasonally adjusted)

	1970 Dec.	1971 Jan.	1971 Feb.	Feb. 1971 from 1970 QIV average
All stores	.8	1.1	.75	2.0
Durable	2.7	4.5	.4	4.6
Auto	5.4	8.5	1.4	9.9
Furniture & appliance	-4.0	.2	.7	-1.7
Nondurable	.0	-.3	.9	.9
Food	1.5	-.8	.6	.7
General merchandise	-1.2	2.0	1.8	3.5
GAF	-1.4	.7	1.3	1.5
Total less auto, bldg. material, farm equipment, hardware	-.2	-.3	.8	.6

The Domestic Financial Situation

Bank credit. Commercial bank credit, adjusted for transfers of loans between banks and their affiliates (and also for System matched sale-purchase transactions temporarily outstanding at the end of February) is now estimated to have increased at a slightly lower rate during February than that indicated in the Greenbook -- 11.2 per cent compared with 12.3 per cent (III-5). While total loans and loan components are unchanged, total investments are estimated to be \$400 million lower than originally shown.

The net reduction in investment holdings also reflects some shift in composition. Holdings of U. S. Treasury securities are now estimated at a level \$100 million above the Greenbook figure -- or increasing at an annual rate of 24.7 per cent compared with 22.6 per cent. On the other hand, holdings of municipal and Federal agency issues are \$500 million below the earlier figure -- or at an annual rate of 13.6 per cent compared with 20.4 per cent.

Monetary aggregates. Estimates of the growth in monetary aggregates in February have been revised slightly from those published in the Greenbook. The aggregates are now estimated to have expanded at the following annual rates:

M_1 (narrowly defined money supply) - 14 per cent

M_2 (M_1 plus time and savings deposits at commercial banks other than large CD's) - 21.8 per cent

Adjusted bank credit proxy - 12.9 per cent

Commercial Bank Time and Savings Deposits - 28.0 per cent

Large CD's - 11.3 per cent

Other Time and Savings Deposits - 30.5 per cent

Consumer credit. Consumer instalment credit outstanding rose \$1.0 billion in January, seasonally adjusted annual rate. Moderate increases occurred in nonautomotive consumer goods credit and personal loans; auto credit contracted -- although at a reduced rate -- for the fourth month in a row. On an overall basis, the rate of increase in instalment credit was considerably larger than the \$0.3 billion advance (annual rate) in December, but was far below the \$4.6 billion increase in January 1970.

Seasonally adjusted extensions of instalment credit moved up sharply in January and were only slightly below the peak months of early last summer. The recovery in auto credit that accompanied the improvement in sales was the primary factor in the rise. Repayments rose to a new high.

CONSUMER INSTALMENT CREDIT EXTENDED AND REPAID
(Seasonally adjusted annual rates, in billions of dollars)

	Extended	Repaid	Net Change
1970: QI	102.2	98.2	4.0
QII	104.7	100.1	4.6
QIII	106.9	102.8	4.1
QIV	102.1	103.6	-1.5
1971: January	107.0	105.9	1.0

INTEREST RATES

	1970		1971	
	Highs	Lows	Feb. 8	Mar. 4
<u>Short-Term Rates</u>				
Federal funds (weekly averages)	9.39 (2/18)	4.82 (12/30)	4.09 (2/3)	3.41 (3/3)
3-month				
Treasury bills (bid)	7.93 (1/6)	4.74 (12/17)	3.82	3.34
Bankers' acceptances	8.75 (1/13)	5.25 (12/31)	4.12	3.75
Euro-dollars	10.50 (1/9)	6.50 (12/31)	5.89	5.19
Federal agencies	8.30 (1/9)	4.81 (12/18)	3.90 (2/5)	3.33
Finance paper	8.25 (2/1)	5.38 (12/10)	4.75	4.00
CD's (prime NYC)				
Most often quoted new issue	6.75 (10/30)	5.50 (11/25)	4.50 (2/3)	4.00
Secondary market	9.25 (1/23)	5.38 (12/23)	4.60 (2/3)	3.90
6-month				
Treasury bills (bid)	7.99 (1/5)	4.78 (12/17)	3.85	3.44
Bankers' acceptances	8.88 (1/13)	5.50 (12/4)	4.25 ^{e/}	3.88 ^{e/}
Commercial paper (4-6 months)	9.13 (1/8)	5.63 (12/4)	4.62	4.25
Federal agencies	8.50 (1/28)	5.12 (12/18)	4.22 (2/5)	3.66
CD's (prime NYC)				
Most often quoted new issue	7.00 (10/7)	5.50 (12/23)	4.50 (2/3)	4.00
Secondary market	9.38 (1/23)	5.50 (12/23)	4.75 (2/3)	3.70
1-year				
Treasury bills (bid)	7.62 (1/30)	4.74 (12/31)	3.90	3.63
CD's (prime NYC)				
Most often quoted new issue	7.50 (9/16)	5.50 (12/23)	4.50 (2/3)	4.38
Prime municipals	5.60 (1/9)	2.95 (12/17)	2.45 (2/5)	2.35
<u>Intermediate and Long-Term</u>				
Treasury coupon issues				
5-years	8.30 (1/7)	5.85 (12/4)	5.69	5.26
20-years	7.73 (5/26)	6.15 (12/16)	6.08	6.20
Corporate				
Seasoned Aaa	8.60 (6/24)	7.47 (12/29)	7.08	7.14
Baa	9.47 (8/28)	8.57 (3/10)	8.44	8.40
New Issue Aaa	9.30 (6/19)	7.68 (12/18)	6.91 (2/5)	7.79
Municipal				
Bond Buyer Index	7.12 (5/28)	5.33 (12/10)	5.27 (2/4)	5.37
Moody's Aaa	6.95 (6/18)	5.15 (12/10)	5.10 (2/5)	5.15
Mortgage--implicit yield				
in FNMA biweekly auction <u>1/</u>	9.36 (1/2)	8.36 (12/28)	7.96 (1/25)	7.43 (3/1)

1/ Yield on 6-month forward commitment after allowance for commitment fee and required purchase and holding of FNMA stock. Assumes discount on 30-year loan amortized over 15 years. e--estimated

International Developments

To clarify the references on pages IV-9 and IV-13 to guilder-dollar swaps by the Netherlands Bank with Dutch commercial banks, it may be noted that these swaps, unlike those of the Bank of England, involve spot purchases of dollars by the central bank with forward sale. The Netherlands Bank's swaps, which began last October, have facilitated the use of dollar borrowing abroad by commercial banks to relieve a seasonally tight liquidity position in the Netherlands. At the maturity of such a swap, the commercial bank needs to acquire guilders to fulfill its contract. Unless the central bank decides to make a new swap, the financial market would be put under renewed strain. Some swaps were in fact rolled over in January, and in February new swaps were made as seasonal tightness due to tax payments persisted.

CORRECTIONS:

Page II-30 Table, line 2, used cars, June to September should be minus 13.2, December 1970 to January 1971 should be minus 24.2.

Page III-9, table for March 1 change 7.48 to 7.43.

Page III-10, line 9 change 7.48 to 7.43.

Page III-10, line 10 change December to November.

Erratum: Page III-17 line 3 erroneously stated the amount of System purchases of over 5-year coupon issues since the last meeting at \$38 million. The correct number is \$381 million.

Appendix A, Page 1, paragraph 3 last line should include ... and a similar proportion expect a modest increase.

SUPPLEMENTAL APPENDIX A: BANK LENDING PRACTICES SURVEY*

The 125 banks participating in the February 15, 1971, Survey of Bank Lending Practices generally echoed the same responses reported in the previous survey. Ample fund availability in connection with sluggish loan demands induced banks to ease further their lending policies in nearly all areas.

Loan Demand

About 65 per cent of the participants had experienced further slackening in loan demand and about a third foresaw little improvement over the next three months. Roughly 10 per cent of the respondents, however, had experienced an increase in loan requests and nearly a fifth predicted some future strengthening.

Lending Terms and Conditions

As would be expected, more than four-fifths of the panel reported a reduction in interest rates charged since the November survey. However, about 15 per cent had not indicated altering their terms despite several general reductions in the prime rate during the three months covered by the survey. Banks also eased their compensating balance requirements and were more flexible in their maturity restraints on term loans. As in the previous survey, bank concern about credit quality has resulted in no relaxation of standards of credit worthiness.

The net responses of banks in reviewing credit lines, shown in Table 2A, indicate a substantial easing in lending policies relative to the type of customer. New customers in particular were experiencing a much less restrictive atmosphere, and nonlocal customers were reported to be subject to considerably less screening than had been the case. The dramatic change in lending policies over the past two reports is demonstrated by the fact that there has been no period since the initiation of the survey in 1964 in which banks reported this magnitude of easing in two consecutive surveys.

Lending to Noncaptive Finance Companies

Terms imposed on loans to financial institutions were not eased nearly as much as those on commercial and industrial loans. Only about half of the respondents reported any easing in interest rates and few banks (less than 10 per cent) had relaxed their enforcement of balance requirements. About 25 per cent of the respondents, however, were more willing to establish or enlarge existing credit lines which reflected a continuation of the pattern reported in November.

*Prepared by Marilyn Barron, Research Assistant, Banking Section, Division of Research and Statistics.

Willingness to Make Other Types of Loans

Due to the continued weakness in loan demands and increased fund availability, banks have become much more aggressive in seeking new loans. More than one-half are more inclined to extend term loans to businesses, although some banks report an interest in loans primarily of less than five years. Consumer installment loans continue to be quite attractive to most bankers as would be expected. Half of the respondents report continued interest in mortgage loans, especially on single-family dwellings. Twenty-five to 30 per cent of the participants are more willing to make mortgage loans for multi-family or other types of structures.

Variation by Size of Bank

No significant differences were evident in the responses of banks with more than \$1 billion in deposits compared with banks with deposits of less than \$1 billion. But the smaller banks appeared to be somewhat less aggressive in soliciting new loans and were a little more cautious in relaxing their lending policies.

Supplemental responses to the survey underscored the quality-consciousness prevalent at most banks and noted in previous surveys. Some banks did volunteer comments, that despite their highly liquid positions, they have maintained a "wait and see" attitude and are trying to keep most of their lending at the shorter end of the maturity spectrum.

QUARTERLY SURVEY OF CHANGES IN BANK LENDING PRACTICES
 AT SELECTED LARGE BANKS IN THE U.S. 1/
 (STATUS OF POLICY ON FEBRUARY 15, 1971 COMPARED TO THREE MONTHS EARLIER)
 (NUMBER OF BANKS & PERCENT OF TOTAL BANKS REPORTING)

	TOTAL		MUCH STRONGER		MODERATELY STRONGER		ESSENTIALLY UNCHANGED		MODERATELY WEAKER		MUCH WEAKER	
	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT
STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS (AFTER ALLOWANCE FOR BANK'S USUAL SEASONAL VARIATION)												
COMPARED TO THREE MONTHS AGO	125	100.0	1	0.8	12	9.6	31	24.8	72	57.6	9	7.2
ANTICIPATED DEMAND IN NEXT 3 MONTHS	125	100.0	2	1.6	21	16.8	62	49.6	39	31.2	1	0.8
	ANSWERING QUESTION		MUCH FIRMER POLICY		MODERATELY FIRMER POLICY		ESSENTIALLY UNCHANGED POLICY		MODERATELY EASIER POLICY		MUCH EASIER POLICY	
	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT
LENDING TO NONFINANCIAL BUSINESSES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	124	100.0	0	0.0	0	0.0	18	14.5	61	49.2	45	36.3
COMPENSATING OR SUPPORTING BALANCES	124	100.0	0	0.0	2	1.6	91	73.4	31	25.0	0	0.0
STANDARDS OF CREDIT WORTHINESS	124	100.0	1	0.8	6	4.8	111	89.6	6	4.8	0	0.0
MATURITY OF TERM LOANS	124	100.0	0	0.0	1	0.8	91	73.4	30	24.2	2	1.6
REVIEWING CREDIT LINES OR LOAN APPLICATIONS												
ESTABLISHED CUSTOMERS	125	100.0	0	0.0	1	0.8	68	54.4	49	39.2	7	5.6
NEW CUSTOMERS	125	100.0	0	0.0	3	2.4	48	38.4	64	51.2	10	8.0
LOCAL SERVICE AREA CUSTOMERS	125	100.0	0	0.0	1	0.8	66	52.8	52	41.6	6	4.8
NONLOCAL SERVICE AREA CUSTOMERS	125	100.0	1	0.8	4	3.2	71	56.8	46	36.8	3	2.4

1/ SURVEY OF LENDING PRACTICES AT 125 LARGE BANKS REPORTING IN THE FEDERAL RESERVE QUARTERLY INTEREST RATE SURVEY AS OF FEBRUARY 15, 1971.

ANSWERING QUESTION	MUCH FIRMER POLICY		MODERATELY FIRMER POLICY		ESSENTIALLY UNCHANGED POLICY		MODERATELY EASIER POLICY		MUCH EASIER POLICY			
	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT		
FACTORS RELATING TO APPLICANT 2/												
VALUE AS DEPOSITOR OR SOURCE OF COLLATERAL BUSINESS	124	100.0	0	0.0	6	4.8	94	75.9	23	18.5	1	0.8
INTENDED USE OF THE LOAN	125	100.0	0	0.0	3	2.4	89	71.2	31	24.8	2	1.6
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	124	100.0	0	0.0	0	0.0	57	45.9	41	33.1	26	21.0
COMPENSATING OR SUPPORTING BALANCES	124	100.0	0	0.0	1	0.8	117	94.4	6	4.8	0	0.0
ENFORCEMENT OF BALANCE REQUIREMENTS	124	100.0	0	0.0	5	4.0	109	87.9	10	8.1	0	0.0
ESTABLISHING NEW OR LARGER CREDIT LINES	124	100.0	2	1.6	1	0.8	70	56.5	49	39.5	2	1.6
ANSWERING QUESTION	CONSIDERABLY LESS WILLING		MODERATELY LESS WILLING		ESSENTIALLY UNCHANGED		MODERATELY MORE WILLING		CONSIDERABLY MORE WILLING			
	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT		
WILLINGNESS TO MAKE OTHER TYPES OF LOANS												
TERM LOANS TO BUSINESSES	125	100.0	0	0.0	1	0.8	55	44.0	66	52.8	3	2.4
CONSUMER INSTALMENT LOANS	124	100.0	0	0.0	0	0.0	57	45.9	56	45.2	11	8.9
SINGLE FAMILY MORTGAGE LOANS	121	100.0	1	0.8	0	0.0	52	43.0	53	43.8	15	12.4
MULTI-FAMILY MORTGAGE LOANS	120	100.0	1	0.8	0	0.0	89	74.2	27	22.5	3	2.5
ALL OTHER MORTGAGE LOANS	122	100.0	1	0.8	0	0.0	82	67.2	35	28.7	4	3.3
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	125	100.0	1	0.8	0	0.0	74	59.2	47	37.6	3	2.4
LOANS TO BROKERS	122	100.0	0	0.0	0	0.0	88	72.1	31	25.4	3	2.5

2/ FOR THESE FACTORS, FIRMER MEANS THE FACTORS WERE CONSIDERED MORE IMPORTANT IN MAKING DECISIONS FOR APPROVING CREDIT REQUESTS, AND EASIER MEANS THEY WERE LESS IMPORTANT.

COMPARISON OF QUARTERLY CHANGES IN BANK LENDING PRACTICES AT BANKS GROUPED BY SIZE OF TOTAL DEPOSITS 1/
 (STATUS OF POLICY ON FEBRUARY 15, 1971, COMPARED TO THREE MONTHS EARLIER)
 (NUMBER OF BANKS IN EACH COLUMN AS PER CENT OF TOTAL BANKS ANSWERING QUESTION)

	SIZE OF BANK -- TOTAL DEPOSITS IN BILLIONS											
	TOTAL		MUCH STRONGER		MODERATELY STRONGER		ESSENTIALLY UNCHANGED		MODERATELY WEAKER		MUCH WEAKER	
	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1
STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS (AFTER ALLOWANCE FOR BANK'S USUAL SEASONAL VARIATION)												
COMPARED TO THREE MONTHS AGO	100	100	0	1	7	11	28	23	56	59	9	6
ANTICIPATED DEMAND IN NEXT 3 MONTHS	100	100	0	3	19	15	46	52	33	30	2	0
LENDING TO NONFINANCIAL BUSINESSES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	100	100	0	0	0	0	17	13	45	52	38	35
COMPENSATING OR SUPPORTING BALANCES	100	100	0	0	2	1	76	72	22	27	0	0
STANDARDS OF CREDIT WORTHINESS	100	100	2	0	4	6	90	88	4	6	0	0
MATURITY OF TERM LOANS	100	100	0	0	0	1	74	73	26	23	0	3
REVIEWING CREDIT LINES OR LOAN APPLICATIONS												
ESTABLISHED CUSTOMERS	100	100	0	0	0	1	50	58	44	35	6	6
NEW CUSTOMERS	100	100	0	0	2	3	33	42	56	48	9	7
LOCAL SERVICE AREA CUSTOMERS	100	100	0	0	0	1	49	57	44	39	7	3
NONLOCAL SERVICE AREA CUSTOMERS	100	100	2	0	2	4	53	60	39	35	4	1

1/ SURVEY OF LENDING PRACTICES AT 54 LARGE BANKS (DEPOSITS OF \$1 BILLION OR MORE) AND 71 SMALL BANKS (DEPOSITS OF LESS THAN \$1 BILLION) REPORTING IN THE FEDERAL RESERVE QUARTERLY INTEREST RATE SURVEY AS OF FEBRUARY 15, 1971.

	NUMBER ANSWERING QUESTION		SIZE OF BANK MUCH FIRMER POLICY		-- TOTAL DEPOSITS IN BILLIONS MODERATELY FIRMER POLICY		ESSENTIALLY UNCHANGED POLICY		MODERATELY EASIER POLICY		MUCH EASIER POLICY	
	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1
FACTORS RELATING TO APPLICANT 2/												
VALUE AS DEPOSITOR OR SOURCE OF COLLATERAL BUSINESS	100	100	0	0	4	6	73	78	23	15	0	1
INTENDED USE OF THE LOAN	100	100	0	0	4	1	70	72	26	24	0	3
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	100	100	0	0	0	0	43	48	34	32	23	20
COMPENSATING OR SUPPORTING BALANCES	100	100	0	0	2	0	92	96	6	4	0	0
ENFORCEMENT OF BALANCE REQUIREMENTS	100	100	0	0	8	1	84	91	8	8	0	0
ESTABLISHING NEW OR LARGER CREDIT LINES	100	100	2	1	0	1	45	66	49	32	4	0
	NUMBER ANSWERING QUESTION		CONSIDERABLY LESS WILLING		MODERATELY LESS WILLING		ESSENTIALLY UNCHANGED		MODERATELY MORE WILLING		CONSIDERABLY MORE WILLING	
	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1
WILLINGNESS TO MAKE OTHER TYPES OF LOANS												
TERM LOANS TO BUSINESSES	100	100	0	0	0	1	46	43	50	55	4	1
CONSUMER INSTALMENT LOANS	100	100	0	0	0	0	47	45	42	48	11	7
SINGLE FAMILY MORTGAGE LOANS	100	100	0	1	0	0	45	42	41	46	14	11
MULTI-FAMILY MORTGAGE LOANS	100	100	0	1	0	0	71	78	29	17	0	4
ALL OTHER MORTGAGE LOANS	100	100	0	1	0	0	60	73	40	20	0	6
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	100	100	2	0	0	0	59	59	39	37	0	4
LOANS TO BROKERS	100	100	0	0	0	0	57	84	39	15	4	1

2/ FOR THESE FACTORS, FIRMER MEANS THE FACTORS WERE CONSIDERED MORE IMPORTANT IN MAKING DECISIONS FOR APPROVING CREDIT REQUESTS, AND EASIER MEANS THEY WERE LESS IMPORTANT.

TABLE 2A
NET RESPONSES OF BANKS IN LENDING PRACTICES SURVEYS
(In per cent)

	Feb. 1969	May 1969	Aug. 1969	Nov. 1969	Feb. 1970	May 1970	Aug. 1970	Nov. 1970	Feb. 1971
Strength of loan demand ^{1/} (compared to 3 months ago)	54.4	60.0	30.6	28.0	-1.6	12.1	16.0	-56.8	-54.4
Anticipated demand in next 3 months	49.2	41.8	5.7	8.9	-8.0	11.2	13.6	-32.0	-13.6
<u>LENDING TO NONFINANCIAL BUSINESSES^{2/}</u>									
Terms and Conditions									
Interest rates charged	86.2	91.0	78.3	49.6	34.4	-12.8	15.2	-73.6	-85.5
Compensating or supporting balances	64.3	75.6	68.3	57.6	38.4	18.4	24.8	-0.8	-23.4
Standards of credit worthiness	32.8	41.4	40.6	36.0	22.4	20.8	22.4	4.8	0.8
Maturity of term loans	30.3	42.3	42.2	35.2	17.6	10.4	14.4	-7.2	-25.0
Reviewing Credit Lines									
Established customers	32.5	47.2	51.6	36.8	18.4	5.6	1.6	-32.0	-44.0
New customers	61.7	80.2	81.4	60.8	34.4	17.6	6.4	-40.8	-56.8
Local service area customers	30.9	46.7	48.8	32.0	14.4	5.6	-3.2	-33.6	-45.8
Nonlocal service area customers	49.5	71.3	68.8	56.5	31.4	22.6	16.1	-16.8	-35.2
Factors Relating to Applicant (Net percentage indicating more important)									
Value of depositor as source of business	58.6	67.2	65.0	46.0	29.9	18.5	18.5	--	-14.5
Intended use of loan	54.5	71.6	68.5	39.2	21.6	12.0	9.6	-9.6	-24.0
<u>LENDING TO NONCAPTIVE FINANCE COMPANIES^{2/}</u>									
Terms and Conditions									
Interest rates charged	53.3	50.8	48.0	19.3	14.5	-16.0	9.7	-41.6	-54.1
Compensating or supporting balances	22.9	27.9	35.0	26.7	21.7	6.4	12.1	1.6	-4.0
Enforcement of balance requirements	29.5	42.6	42.3	34.7	30.7	16.0	23.4	6.4	-4.1
Establishing new or larger credit lines	54.9	62.4	62.0	48.4	32.2	21.6	22.6	-10.4	-38.7
<u>WILLINGNESS TO MAKE OTHER LOANS^{3/}</u>									
Term loans to businesses	48.8	64.3	65.9	48.0	21.6	12.8	8.8	-28.8	-54.4
Consumer instalment loans	4.2	17.2	26.9	24.2	17.7	-4.1	--	-24.2	-54.1
Single-family mortgage loans	30.8	45.5	49.7	30.4	19.7	-8.2	-11.6	-25.6	-55.4
Multi-family mortgage loans	40.1	57.5	58.3	36.3	21.8	3.4	--	-12.4	-24.2
All other mortgage loans	42.5	62.0	62.5	42.3	22.2	9.9	5.0	-15.4	-31.2
Participation loans with correspondent banks	18.7	38.4	48.4	31.5	10.6	5.6	-2.4	-9.6	-39.2
Loans to brokers	34.2	40.0	59.3	36.1	20.5	20.3	10.6	-0.9	-27.9

1/ Per cent of banks reporting stronger loan demand minus per cent of banks reporting weaker loan demand. Positive number indicates net stronger loan demand, negative number indicates net weaker loan demand.

2/ Per cent of banks reporting firmer lending policies minus per cent of banks reporting weaker lending policies. Positive number indicates net firmer lending policies, negative indicates net easier lending policies.

3/ Per cent of banks reporting less willingness to make loans minus per cent of banks more willing to make loans. Positive number indicates less willingness, negative number indicates more willingness.