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CONFIDENTIAL (FR)

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the  
Federal Open Market Committee

March 16, 1973

By the Staff  
Board of Governors  
of the Federal Reserve System

SUPPLEMENTAL NOTES

The Domestic Economy

Seasonally adjusted private housing starts declined slightly in February to an annual rate of 2.44 million units from an upward revised rate of 2.50 million in January. Regionally, only the Northeast showed a rise in February. Building permits declined further in February but continued at a high level. The average rate of starts in January and February was above the 2.40 million annual rate in the fourth quarter but March starts are likely to be down. If so, the average for the first quarter may be close to that in the fourth quarter.

PRIVATE HOUSING STARTS AND PERMITS

	February 1973 (Thousands of Units) <u>1/</u>	Percent change from:	
		January 1973	February 1972
Starts <u>2/</u>	2,444	- 2	- 4
1-family	1,361	- 6	+ 6
2- or more-family	1,083	+ 3	-14
Northeast	355	+ 3	+32
North Central	578	- 5	+11
South	1,080	- 1	- 8
West	431	- 5	-26
Permits	2,155	- 3	+ 5
1-family	1,069	+ 1	+11
2- or more-family	1,086	- 6	- 1

1/ Seasonally adjusted annual rates; preliminary.

2/ Apart from starts, mobile home shipments for domestic use in January--the latest month for which data are available--were at a record seasonally adjusted annual rate of 677 thousand units--up 21 percent from December, and 22 percent above a year earlier.

New homes sold by merchant builders in January were at a seasonally adjusted annual rate of 735,000. This was little changed from the advanced December rate and only moderately below the record pace reached in last year's fourth quarter. Also, with buyers concentrating on the larger and better equipped units, the January rate was accompanied by a further rise in the median price of new homes sold--to \$30,400 or nearly \$2,000 more than the median price of unsold units still in builders' inventories. At the same time, however, such inventories continued upward and equaled nearly 7 months' supply at the January rate of sales--a new high for the series which began in 1963.

NEW SINGLE FAMILY HOMES SOLD AND FOR SALE

	Homes Sold <u>1/</u>	Homes for Sale <u>2/</u>	Median price of Homes Sold Homes for Sale	
	(Thousands of units)		(Thousands of dollars)	
<u>1971</u>				
QIV	682	284	25.5	25.9
<u>1972</u>				
QIII	717	386	27.9	27.1
QIV (r)	760	404	29.0	28.3
October (r)	831	394	28.9	27.6
November (r)	711	401	28.9	27.8
December (r)	737	404	29.7	28.3
<u>1973</u>				
January (p)	735	420	30.4	28.5

1/ SAAR.

2/ SA, end of period.

p - Preliminary r - Revised.

Agriculture. Intended 1973 crop plantings are generally higher than 1972 plantings and are at about the levels for which USDA had hoped. Expected spring wheat and soybean plantings are on target. Corn planting intentions--7 percent higher than last year's acreage--fall about 2 percent short of the 1973 feed-grain program target.

PROSPECTIVE CROP PLANTINGS FOR 1973 IN  
35 STATES, SURVEYED  
(Million acres)

Crop	Target <sup>a</sup> 1973	Indicated <sup>b</sup> 1973	1973 as percent of 1972
Corn	72.7	71.6	107.2
All Feed Grain	--	121.7	105.6
Spring Wheat	15.9	15.3	120.5
All Wheat <sup>c</sup>	58.7	58.2	106.0 <sup>d</sup>
Soybeans	53.5	53.8	114.5
Cotton	--	13.1	93.4

<sup>a</sup> National target adjusted downward to show acreage targets for 35 states.

<sup>b</sup> Farmers intentions as of March 1, 1973.

<sup>c</sup> Includes winter wheat already planted.

<sup>d</sup> Since a greater proportion of the 1973 wheat crop will probably be harvested as grain, production of grain should be about 12 percent above 1972.

CORRECTION: Page III-20. In line 3 insert "at an annual rate of" before "about 4-1/2 percent."

The Domestic Financial Situation.

Corporate profits.

The Bureau of Economic Analysis has released preliminary estimates of corporate earnings for the final quarter of 1972. Total corporate book profits in the fourth quarter grew by over \$6 billion, a 23 percent increase over a year ago. Almost three quarters of this increase is accounted for by the earnings of domestic nonfinancial corporations, which are 28 percent larger than a year ago. If book profits are adjusted to eliminate inventory profits, both of these rates of increase are about two percentage points less. An additional \$1 billion represents the increased earnings of financial institutions, while profits originating in the rest of the world rose by about \$.4 billion, a decline of 7 percent from the final quarter of 1971 when a substantial repatriation of foreign exchange earnings occurred.

Preliminary fourth quarter data from the Federal Trade Commission indicate that there was substantial growth in the profits of durable goods industries, particularly in the primary metals and motor vehicles sectors. For durables, as well as for manufacturing as a whole, increases in profit margins contributed more to this growth in earnings than did the increase in sales. The opposite was true in the case of many nondurable goods industries, but major exceptions were petroleum and a group which includes textiles, leather and apparel among other industries.

While there has been a modest increase in the effective tax rate since the final quarter of 1971, the tax rate for 1972 as a whole is less than that for 1971. For 1972 tax payments and profits reflect greater allowances for depreciation under the ADR, and tax payments reflect the investment tax credit as well as tax offsets carried forward from previous years' write-offs and losses. Dividends are virtually unchanged from the third quarter; normally far less volatile than profits, they have also been prevented from increasing as rapidly as they might otherwise have by the control program of the Committee on Interest and Dividends. Thus with both undistributed profits and depreciation allowances increasing, cash flow was 17 percent larger than it was in the final quarter of 1971, the same rate of increase as that for the year as a whole.

CORPORATE PROFITS: PRELIMINARY FOURTH QUARTER

	All Corporations <u>1/</u>			Domestic Nonfinancial Corporations		
	1972-IV \$Billion SAAR	Percentage change from		1972-IV \$Billion SAAR	Percentage change from	
		1971-IV	1972-III		1971-IV	1972-III
Profits before tax and inventory valuation adjustment	95.9	20.8	7.0	70.0	25.9	7.4
Profits before tax	101.9	22.5	6.5	75.9	27.8	6.5
Profits tax liability	44.5	26.1	6.5	35.8	30.7	6.9
Profits after tax	54.7	19.6	6.5	40.1	25.3	6.1
Dividends	26.7	6.0	0.8	20.2	8.6	0.0
Undistributed profits	30.7	35.2	12.5	19.9	47.4	13.7
Cash flow <u>2/</u>	100.2	16.9	4.8	86.4	16.9	4.1
Effective tax rate (per cent) <u>3/</u>	43.7	3.1	0.0	47.2	2.4	0.4
Payout rate (percent) <u>4/</u>	46.5	-11.4	-5.5	50.4	-13.3	-5.6

1/ Includes both foreign and domestic profits.

2/ Capital consumption allowances plus undistributed profits.

3/ Profits tax liability/Profits before tax.

4/ Dividends/Profits after tax.

CORPORATE PROFITS: PRELIMINARY YEAR TOTALS

	<u>All Corporations 1/</u>		<u>Domestic Nonfinancial</u>	
	Year 1972 \$Billion	Percent change from year 1971	Year 1972 \$Billion	Percent change from year 1971
Profits before tax and inventory valuation adjustment	88.3	12.3	64.5	15.0
Profits before tax	94.3	13.2	70.5	16.0
Profits tax liability	41.3	10.7	33.1	12.6
Profits after tax	53.1	15.7	37.4	19.5
Dividends	26.4	3.9	20.2	3.6
Undistributed profits	26.7	30.2	17.1	43.7
Cash flow 2/	94.4	16.8	82.0	17.5
Effective tax rate (percent) 3/	43.8	-2.2	47.0	-2.9
Payout rate (percent) 4/	49.7	-10.1	54.0	-13.1

1/ Includes both foreign and domestic profits.

2/ Capital consumption allowances plus undistributed profits.

3/ Profits tax liability/Profits before tax.

4/ Dividends/Profits after tax.

INTEREST RATES

	1972		1973	
	Highs	Lows	Feb. 9	Mar. 15
<u>Short-Term Rates</u>				
Federal funds (wkly. avg.)	5.38 (12/20)	3.18 (3/1)	6.21 (2/7)	7.13 (3/14)
3-month				
Treasury bills (bid)	5.19 (12/19)	2.99 (2/11)	5.44	6.11
Comm. paper (90-119 day)	5.63 (12/29)	3.75 (2/29)	6.13	6.75
Banker's acceptances	5.63 (12/29)	3.75 (2/23)	6.50	6.25
Euro-dollars	6.31 (12/5)	4.62 (3/8)	7.38	8.31
CD's (prime NYC)				
Most often quoted new	5.50 (12/27)	3.50 (2/23)	6.25 (2/7)	6.75 (3/14)
6-month				
Treasury bills (bid)	5.39 (12/29)	3.35 (1/10)	5.68	6.64
Comm. paper (4-6 mo.)	5.63 (12/29)	3.88 (3/3)	6.13	6.88
Federal agencies	5.64 (12/29)	3.79 (2/17)	6.08	6.82
CD's (prime NYC)				
Most often quoted new	5.63 (12/27)	3.88 (2/23)	6.38 (2/7)	7.00 (3/14)
1-year				
Treasury bills (bid)	5.55 (9/22)	3.57 (1/8)	5.77	6.60
Federal agencies	5.86 (12/26)	4.32 (1/17)	6.34	7.04
CD's (prime NYC)				
Most often quoted new	5.75 (12/27)	4.62 (1/19)	6.38 (2/7)	7.00 (3/14)
Prime municipals	3.20 (12/27)	2.35 (1/12)	3.40 (2/8)	4.05
<u>Intermediate and Long-term</u>				
Treasury coupon issues				
5-years	6.32 (9/14)	5.47 (1/13)	6.51	6.85
20-years	6.22 (4/14)	5.71 (11/15)	6.87	6.93
Corporate				
Seasoned Aaa	7.37 (4/24)	7.05 (12/7)	7.24	7.29
Baa	8.29 (1/3)	7.89 (12/29)	7.97	8.02
New Issue Aaa Utility	7.60 (4/21)	7.08 (3/10)	7.46 (2/7)	7.52
Municipal				
Bond Buyer Index	5.54 (4/13)	4.99 (1/13)	5.16 (2/7)	5.34
Mortgage--implicit yield				
in FNMA auction <u>1/</u>	7.72 (10/16)	7.54 (3/20)	7.71 (2/5)	7.75 (3/5)

1/ Yield on short-term 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.

2/ This rate now reflects the yield on the Treasury's new 20-year, 6-3/4 per cent bond that was auctioned on January 4.

## APPENDIX A: SURVEY OF CHANGES IN BANK LENDING PRACTICES\*

An increase in the strength of demands for commercial and industrial loans was reported in the three months ending February 15 by two-thirds of the banks participating in the Quarterly Survey of Changes in Bank Lending Practices. An even greater percentage of the banks, moreover, were anticipating a continuation of stronger demand over the next three months. (Table 1)

As might be expected, an across the board tightening of credit policies accompanied the growth in loan demand. A majority of the banks indicated a firmer policy regarding interest rates, accompanied, in many cases, by increases in compensating balance requirements. Standards of credit worthiness had become more stringent, and policies regarding maturities on term loans tightened appreciably. All customers came under increased scrutiny in reviewing loan applications and credit lines, though new and nonlocal service area customers received the greatest attention in executing tighter policies. The value of applicants as depositors or as a source of collateral business also received significantly greater emphasis. At the same time, there was a reduction in willingness to make term loans, reversing a persistent movement toward easing in term lending recorded in prior Surveys.

Looking at the current results more closely, nearly 70 per cent of the banks had firmer interest rate policies, while about 40 per cent of the banks had given greater weight to compensating or supporting balances. Several banks indicated in supplementary responses that because of a relatively low prime rate they were giving extra consideration to the credit worthiness of accounts and monitoring more closely new commitments made at the prime. About 40 per cent of the respondents showed firmer policies regarding new and nonlocal service area customers, and nearly 48 per cent gave more emphasis to the value of applicants as depositors or as sources of collateral business. In contrast to the previous quarter when almost one-fifth of the banks were more willing to make term loans to nonfinancial business, term lending was restricted at over one-fifth of the reporting banks. More of this tightening in term loans had occurred at banks with deposits under \$1 billion. (Table 2) Thirty per cent of the banks under \$1 billion were moderately less willing to make term loans, in contrast to thirteen per cent of the larger banks.

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\* Prepared by Richard Puckett, Senior Economist, and Virginia Lewis, Research Assistant, Banking Section, Division of Research and Statistics.

There were other notable divergences between larger and smaller banks. For example, banks under \$1 billion were somewhat more restrictive regarding standards of credit worthiness. They more heavily emphasized the value of loan applicants as depositors and were somewhat more restrictive in lending to finance companies. Nonetheless, 70 per cent of the smaller banks judged loan demands to be stronger versus 80 per cent of the larger -- perhaps reflecting switching from the commercial paper market by the larger banks' customers. In any case, more bigger banks anticipated heavier loan demands in the next three months -- 91 per cent as opposed to 83 per cent of their smaller counterparts.

As for geographical variations, strengthening of loan demands as well as tightening in terms and conditions of lending seemed to be widespread. However, the New York District was firmer than average, while Chicago was somewhat easier. (Table 3)

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TABLE 1

QUARTERLY SURVEY OF CHANGES IN BANK LENDING PRACTICES  
 AT SELECTED LARGE BANKS IN THE U.S. 1/  
 (STATUS OF POLICY ON FEBRUARY 15, 1973 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	16	12.8	82	65.6	26	20.8	1	0.8	0	0.0
ANTICIPATED DEMAND IN NEXT 3 MONTHS	125	100.0	13	10.4	95	76.0	17	13.6	0	0.0	0	0.0
LENDING TO NONFINANCIAL BUSINESSES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	125	100.0	13	10.4	86	68.8	26	20.8	0	0.0	0	0.0
COMPENSATING OR SUPPORTING BALANCES	125	100.0	7	5.6	50	40.0	67	53.6	1	0.8	0	0.0
STANDARDS OF CREDIT WORTHINESS	125	100.0	6	4.8	25	20.0	94	75.2	0	0.0	0	0.0
MATURITY OF TERM LOANS	125	100.0	1	0.8	23	18.4	96	76.8	5	4.0	0	0.0
REVIEWING CREDIT LINES OR LOAN APPLICATIONS												
ESTABLISHED CUSTOMERS	125	100.0	1	0.8	19	15.2	104	83.2	1	0.8	0	0.0
NEW CUSTOMERS	125	100.0	9	7.2	44	35.2	70	56.0	2	1.6	0	0.0
LOCAL SERVICE AREA CUSTOMERS	125	100.0	1	0.8	17	13.6	104	83.2	3	2.4	0	0.0
NONLOCAL SERVICE AREA CUSTOMERS	125	100.0	9	7.2	41	32.8	73	58.4	2	1.6	0	0.0

1/ SURVEY OF LENDING PRACTICES AT 125 LARGE BANKS REPORTING IN THE FEDERAL RESERVE QUARTERLY INTEREST RATE SURVEY AS OF FEBRUARY 15, 1973.

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TABLE 1 (CONTINUED)

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	9	7.3	50	40.3	65	52.4	0	0.0	0	0.0
INTENDED USE OF THE LOAN	123	100.0	2	1.6	19	15.4	101	82.2	1	0.8	0	0.0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	125	100.0	3	2.4	42	33.6	80	64.0	0	0.0	0	0.0
COMPENSATING OR SUPPORTING BALANCES	125	100.0	2	1.6	25	20.0	98	78.4	0	0.0	0	0.0
ENFORCEMENT OF BALANCE REQUIREMENTS	125	100.0	5	4.0	27	21.6	93	74.4	0	0.0	0	0.0
ESTABLISHING NEW OR LARGER CREDIT LINES	125	100.0	9	7.2	36	28.8	78	62.4	2	1.6	0	0.0
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	BANKS	PCT	
WILLINGNESS TO MAKE OTHER TYPES OF LOANS												
TERM LOANS TO BUSINESSES	125	100.0	0	0.0	28	22.4	90	72.0	7	5.6	0	0.0
CONSUMER INSTALMENT LOANS	124	100.0	0	0.0	3	2.4	108	87.1	11	8.9	2	1.6
SINGLE FAMILY MORTGAGE LOANS	123	100.0	2	1.6	9	7.3	99	80.5	13	10.6	0	0.0
MULTI-FAMILY MORTGAGE LOANS	122	100.0	2	1.6	12	9.8	103	84.5	5	4.1	0	0.0
ALL OTHER MORTGAGE LOANS	123	100.0	2	1.6	12	9.8	97	78.8	12	9.8	0	0.0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	124	100.0	0	0.0	13	10.5	106	85.5	5	4.0	0	0.0
LOANS TO BROKERS	123	100.0	3	2.4	14	11.4	99	80.5	6	4.9	1	0.8

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.

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TABLE 2

COMPARISON OF QUARTERLY CHANGES IN BANK LENDING PRACTICES AT BANKS GROUPED BY SIZE OF TOTAL DEPOSITS 1/  
 (STATUS OF POLICY ON FEBRUARY 15, 1973, 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
<b>STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS (AFTER ALLOWANCE FOR BANK'S USUAL SEASONAL VARIATION)</b>												
COMPARED TO THREE MONTHS AGO	100	100	20	7	69	63	9	30	2	0	0	0
ANTICIPATED DEMAND IN NEXT 3 MONTHS	100	100	17	6	74	77	9	17	0	0	0	0
	TOTAL		MUCH FIRMER		MODERATELY FIRMER		ESSENTIALLY UNCHANGED		MODERATELY EASIER		MUCH EASIER	
	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1
<b>LENDING TO NONFINANCIAL BUSINESSES</b>												
<b>TERMS AND CONDITIONS:</b>												
INTEREST RATES CHARGED	100	100	13	8	63	73	24	19	0	0	0	0
COMPENSATING OR SUPPORTING BALANCES	100	100	6	6	44	37	50	56	0	1	0	0
STANDARDS OF CREDIT WORTHINESS	100	100	2	7	17	23	81	70	0	0	0	0
MATURITY OF TERM LOANS	100	100	0	1	17	20	79	75	4	4	0	0
<b>REVIEWING CREDIT LINES OR LOAN APPLICATIONS</b>												
ESTABLISHED CUSTOMERS	100	100	2	0	17	14	81	85	0	1	0	0
NEW CUSTOMERS	100	100	9	6	31	38	60	53	0	3	0	0
LOCAL SERVICE AREA CUSTOMERS	100	100	2	0	13	14	83	83	2	3	0	0
NONLOCAL SERVICE AREA CUSTOMERS	100	100	7	7	30	35	61	57	2	1	0	0

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, 1973.

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TABLE 2 (CONTINUED)

	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	6	9	35	44	59	47	0	0	0	0
INTENDED USE OF THE LOAN	100	100	2	1	19	13	77	86	2	0	0	0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	100	100	2	3	28	38	70	59	0	0	0	0
COMPENSATING OR SUPPORTING BALANCES	100	100	2	1	20	20	78	79	0	0	0	0
ENFORCEMENT OF BALANCE REQUIREMENTS	100	100	0	7	22	21	78	72	0	0	0	0
ESTABLISHING NEW OR LARGER CREDIT LINES	100	100	6	8	24	32	70	57	0	3	0	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	13	30	85	62	2	8	0	0
CONSUMER INSTALMENT LOANS	100	100	0	0	0	4	90	85	8	10	2	1
SINGLE FAMILY MORTGAGE LOANS	100	100	0	3	2	11	85	78	13	8	0	0
MULTI-FAMILY MORTGAGE LOANS	100	100	2	1	4	14	86	84	8	1	0	0
ALL OTHER MORTGAGE LOANS	100	100	0	3	6	13	84	74	10	10	0	0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	100	100	0	0	9	11	87	85	4	4	0	0
LOANS TO BROKERS	100	100	4	1	9	13	78	84	9	1	0	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.

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TABLE 3

QUARTERLY SURVEY OF CHANGES IN BANK LENDING PRACTICES AT SELECTED LARGE BANKS IN THE U.S. 1/  
 STATUS OF POLICY ON FEBRUARY 15, 1973 COMPARED TO THREE MONTHS EARLIER  
 (NUMBER OF BANKS)

	ALL DSTS	BOS- TON	NEW YORK TOTAL CITY OUTSIDE	PHIL- ADEL.	CLEVE- LAND	RICH- MOND	ATLAN- TA	CHIC- AGO	ST. LOUIS	MINNE- APOLIS	KANS. CITY	DAL- LAS	SAN FRAN		
<b>STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS (AFTER ALLOWANCE FOR BANK'S USUAL SEASONAL VARIATION)</b>															
COMPARED TO 3 MONTHS AGO	125														
MUCH STRONGER	16	1	7	4	3	1	0	1	1	1	0	2	0	1	
MODERATELY STRONGER	82	6	9	5	4	5	5	9	5	13	7	2	5	5	11
ESSENTIALLY UNCHANGED	26	1	4	0	4	0	5	2	4	1	1	1	2	4	1
MODERATELY WEAKER	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0
MUCH WEAKER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ANTICIPATED DEMAND NEXT THREE MONTHS	125														
MUCH STRONGER	13	2	3	1	2	1	0	0	2	3	0	0	1	0	1
MODERATELY STRONGER	95	6	15	8	7	5	9	9	6	11	7	3	6	7	11
ESSENTIALLY UNCHANGED	17	0	2	0	2	0	2	3	2	1	2	0	2	2	1
MODERATELY WEAKER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MUCH WEAKER	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>LENDING TO NONFINANCIAL BUSINESSES</b>															
<b>TERMS AND CONDITIONS</b>															
INTEREST RATES CHARGED	125														
MUCH FIRMER POLICY	13	1	1	0	1	1	2	1	3	2	1	0	1	0	0
MODERATELY FIRMER POLICY	86	6	18	8	10	4	3	8	6	8	6	3	6	7	11
ESSENTIALLY UNCHANGED POLICY	26	1	1	1	0	1	6	3	1	5	2	0	2	2	2
MODERATELY EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMPENSATING BALANCES	125														
MUCH FIRMER POLICY	7	1	1	0	1	1	2	0	1	0	0	0	1	0	0
MODERATELY FIRMER POLICY	50	4	11	5	6	2	1	4	5	3	3	2	3	6	6
ESSENTIALLY UNCHANGED POLICY	67	3	8	4	4	3	7	8	4	12	6	1	5	3	7
MODERATELY EASIER POLICY	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1/ SURVEY OF LENDING PRACTICES AT 125 LARGE BANKS REPORTING IN THE FEDERAL RESERVE QUARTERLY INTEREST RATE SURVEY AS OF FEBRUARY 15, 1973.



NOT FOR QUOTATION OR PUBLICATION

TABLE 3 (CONTINUED)

	ALL OSTS	BOS- TON	NEW YORK		PHIL- ADEL.	CLEVE- LAND	RICH- MOND	ATLAN- TA	CHIC- AGO	ST. LOUIS	MINNE- APOLIS	KANS. CITY	DAL- LAS	SAN FRAN
LENDING TO NONFINANCIAL BUSINESSES														
REVIEWING CREDIT LINES OR LOANS														
NONLOCAL SERVICE AREA CUST	125													
MUCH FIRMER POLICY	9	1	2	0	2	1	0	0	3	0	1	0	1	0
MODERATELY FIRMER POLICY	41	2	7	2	5	3	4	5	2	4	2	1	4	3
ESSENTIALLY UNCHANGED POLICY	73	5	11	7	4	2	7	7	5	11	5	2	4	6
MODERATELY EASIER POLICY	2	0	0	0	0	0	0	0	0	0	1	0	0	0
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FACTORS RELATING TO APPLICANT 2/														
VALUE AS DEPOSITOR OR SOURCE OF COLLATERAL BUSINESS	124													
MUCH FIRMER POLICY	9	2	2	0	2	1	2	0	0	0	1	0	1	0
MODERATELY FIRMER POLICY	50	3	9	3	6	2	3	6	6	5	4	1	2	4
ESSENTIALLY UNCHANGED POLICY	65	3	9	6	3	3	6	6	4	10	4	2	5	5
MODERATELY EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTENDED USE OF LOAN	123													
MUCH FIRMER POLICY	2	0	0	0	0	0	0	0	2	0	0	0	0	0
MODERATELY FIRMER POLICY	19	4	3	2	1	1	0	0	4	1	0	1	2	1
ESSENTIALLY UNCHANGED POLICY	101	4	17	7	10	5	11	12	6	12	9	2	5	7
MODERATELY EASIER POLICY	1	0	0	0	0	0	0	0	0	0	0	0	0	1
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES														
TERMS AND CONDITIONS														
INTEREST RATES CHARGED	125													
MUCH FIRMER POLICY	3	0	0	0	0	1	0	0	2	0	0	0	0	0
MODERATELY FIRMER POLICY	42	5	6	3	3	2	3	4	4	2	3	2	3	3
ESSENTIALLY UNCHANGED POLICY	80	3	14	6	8	3	8	8	4	13	6	1	6	6
MODERATELY EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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.





**APPENDIX B: ESTIMATED EFFECT OF THE RECENT DEVALUATION  
ON THE CONSUMER PRICE INDEX\***

A fairly accurate estimate of the direct effects of the recent U.S. devaluation and other exchange rate changes on domestic prices paid by U.S. consumers would require the following information: (1) the expected change in price at the retail level of major types of imports resulting from the devaluation; (2) the share of imports in total domestic expenditures of the major items included in the consumer price index (CPI); (3) the relative importance in the CPI of the items that would be affected by import price changes. The difficulty with this technique is that it requires an estimation of the effect of the devaluation on prices of various categories of imports. It is not feasible to make systematic calculations along these lines without undertaking an extended study that would assemble data not available at this time.

However, an alternative rough estimate can be obtained by assuming that the expected change in import prices resulting from the devaluation will be the same for all categories of goods, and then applying this estimated price change to the share of imports in total consumer expenditures.

For example, the estimated retail value of imports of consumer goods in 1972 was equal to about 6 percent of total final consumer expenditures, including services, and 10 percent of the total excluding services. If import prices, across the board, were to rise by 5 percent (two-thirds of the estimated 8 percent average recent appreciation of foreign currencies), then the total CPI index would rise by roughly .3 percent (6 percent x 5 percent). For goods alone the increase would be slightly higher, or roughly .5 percent (10 percent x 5 percent).

If personal consumption expenditures (PCE) in 1973 were an estimated \$800 billion, then the additional cost to the consumer would be roughly \$2-1/2 billion (\$800 billion x .3 percent).

These estimated price effects are the initial or direct effects. They do not reflect the working through into final products of higher prices of imported industrial materials and capital equipment used in the production of domestic goods. Also, in view of the current high level of domestic economic activity and the appearance of supply problems in some industries, additional pressure on U.S. prices may result from acceleration in the volume of exports and an increase in the demand for domestic goods as U.S. consumers shift from foreign goods as a result of the devaluation. In addition, to the extent that imports had been a restraining influence on domestic prices of similar products, a rise in import prices may result in a corresponding rise

in such domestic prices. These effects are difficult to quantify. But it is quite likely that these effects could be sizable, possibly equaling the direct effects indicated above.

We understand that the Department of Labor (BLS) is attempting to determine the importance of imports in those categories of goods for which they collect price information. A number of import items are specifically identified in the WPI; these make up about 1-1/2 percent of prices collected for the WPI. Most of the items are foodstuffs or crude materials -- bananas, coffee, pepper, natural rubber, tin, iron ore, etc. There are a few finished products such as foreign passenger cars, tape recorders, and radios. Except for cars, they have relatively little weight in the WPI.

In the last few months BLS has initiated work that will identify the share of imports in a number of individual CPI categories. In the past, BLS specifications of the commodities included in the CPI have been generic, i.e., by type of good, rather than by place of production. If BLS is successful in collecting this new information, it may then be possible to make a more definitive estimate as outlined in the first paragraph.

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\*Prepared by Daniel Roxon, Senior Economist, Division of International Finance.

APPENDIX C: SURVEY OF BANK LOAN COMMITMENTS\*

The January 31 Survey of Bank Loan Commitments showed a moderation in the rate of growth of outstanding unused commitments at the 42 banks reporting the volume of such obligations. (Table 1A) Furthermore, commitment policies firmed dramatically in the face of widespread expectations of rises in takedowns over the next three months and reduced fund availability. (Tables 2 and 3)

The percentage growth in total unused commitments--3.4 per cent over the three month interval--was at a considerably lower pace than recorded in previous Surveys. 1/ This can be traced to the lowest rate of growth in two years, 1.7 per cent, in unused commitments to make C&I loans. Within the commercial and industrial category, unused commitments were marked by a substantial percentage rise in commitments to make term loans--continuing the rises noted in earlier Surveys. The total increase, though, was dampened by a more modest increase in revolving credits and confirmed lines.

The low rate of growth in the total C&I category, however, was partly offset by a vigorous rise in commitments to nonbank financial institutions and a high rate of increase in mortgage commitments. The growth in both these areas probably reflected the continued strong level of construction activity and a build-up in commitments to finance the seasonal upturn in construction in the spring.

For commitments of nonbank financial institutions, the "all other" component--for savings and loan associations, mutual savings banks, and mortgage and insurance companies--showed by far the greatest growth. This was accompanied by a fast rate of increase in commitments

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1/ After adjustments for a break in series on October 31, 1972.

\* Prepared by Richard Puckett, Senior Economist, and Virginia Lewis, Research Assistant, Banking Section, Division of Research and Statistics.

for mortgage warehousing. Both components, of course, are closely linked to construction activity. Some build-up in commitments in the "all other" category may be connected with attempts to arrange for standby sources of funds in case of possible disintermediation.

The patterns shown for new commitments and takedowns, expirations, and cancellations were generally consistent with the movements in previous Surveys and, moreover, were not out of line with the most recent growth in unused commitments. (Tables 1B, 1C)

Given the history of appreciable rises in total unused commitments and widespread expectations of rises in takedowns over the next three months, commitment policies firmed according to 21 of the 48 respondents. (Table 2) With heavy loan demands and decreases in liquidity at commercial banks, it seems reasonable to expect further tightening of commitment policies.

NOT FOR  
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PUBLICATION

QUARTERLY SURVEY OF BANK LOAN COMMITMENTS  
AT SELECTED LARGE U.S. BANKS \*1  
(AS OF JAN. 31, 1973)

TABLE 1A UNUSED COMMITMENTS

(DOLLAR AMOUNTS IN BILLIONS)

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)	
	AS OF JAN. 31 1973		AS OF OCT. 31 1972 *3		AS OF JUL. 31 1972		AS OF APR. 30 1972		AS OF JAN. 31 1972		AS OF OCT. 29 1971		AS OF JUL. 31 1971		AS OF APR. 30 1971	
	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG
NUMBER OF BANKS	42		42		42		42		42		42		42		42	
UNUSED COMMITMENTS	62.0	3.4	79.4	4.6	75.9	5.3	72.1	2.5	70.3	5.0	66.9	2.9	65.1	4.7	62.1	6.4
C & I FIRMS	60.8	1.7	59.8	4.6	57.2	4.7	54.6	2.7	53.2	3.9	51.1	2.4	50.0	5.3	47.4	6.5
NONBK FINAN INSTS	15.3	7.0	14.3	2.7	13.9	6.3	13.1	1.0	13.0	6.7	12.2	4.1	11.7	3.3	11.3	3.0
REAL ESTATE MORTG	5.9	12.5	5.3	10.7	4.7	8.9	4.4	5.9	4.1	13.6	3.6	6.2	3.4	1.1	3.4	18.0
MEMO: CONSTRUCTION LOANS INCL ABOVE	4.7	16.7	4.1	8.2	3.8	8.7	3.5	8.2	3.2	9.2	2.9	1.0	2.9	5.4	2.7	18.8
COMMERCIAL & INDUST FIRMS																
TERM LOANS	3.4	10.0	3.1	22.4	2.6	13.9	2.2	5.0	2.1	-6.6	2.3	19.9	1.9	6.9	1.8	16.9
REVOLVING CREDITS	14.9	2.0	14.6	4.1	14.0	3.9	13.5	-3.1	14.0	2.7	13.6	1.9	13.3	3.0	12.9	1.2
TOT: TERM & REV *2	19.0	3.4	18.4	6.9	17.2	4.9	16.4	-1.7	16.7	1.2	16.5	3.9	15.9	3.2	15.4	1.5
CONFIRMED LINES	37.2	1.1	36.8	2.7	35.9	4.8	34.2	4.6	32.7	5.6	31.0	1.7	30.4	5.2	28.9	8.5
OTHER COMMITMENTS	4.6	-0.1	4.6	11.3	4.1	3.2	4.0	5.4	3.8	2.3	3.7	1.4	3.6	17.7	3.1	15.4
NONBANK FINANCIAL INSTITUTIONS																
FINANCE COMPANIES	8.6	2.9	8.4	0.9	8.3	2.2	8.1	0.7	8.1	5.8	7.7	5.2	7.3	1.9	7.1	0.0
MTGE WAREHOUSING	2.4	8.4	2.2	0.4	2.2	8.2	2.0	5.1	1.9	2.7	1.9	5.0	1.8	10.6	1.6	-1.6
ALL OTHER	4.3	15.5	3.7	11.1	3.4	13.9	2.9	-0.8	3.0	12.2	2.6	0.2	2.6	2.6	2.6	16.0
REAL ESTATE MORTGES																
RESIDENTIAL	2.2	19.0	1.8	-8.1	2.0	12.0	1.8	13.5	1.6	16.6	1.3	13.7	1.2	12.3	1.0	17.7
OTHER	3.7	9.0	3.4	24.2	2.8	6.8	2.6	1.3	2.6	11.8	2.3	2.3	2.2	-4.0	2.3	18.2

\*1 BANKS PARTICIPATING IN THE QUARTERLY INTEREST RATE SURVEY -- MAINLY BANKS WITH TOTAL DEPOSITS OF \$1 BILLION OR MORE.

\*2 THE TOTAL MAY EXCEED THE SUM OF THE PREVIOUS TWO ITEMS SINCE SOME BANKS REPORT ONLY TOTALS.

\*3 GROWTH RATES MAY BE MISLEADING SINCE A BREAK IN SERIES OCCURRED AT THIS TIME.

\*\* NOTE: MINOR INCONSISTENCIES MAY OCCUR IN FIGURES DUE TO ROUNDING. \*\*

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QUARTERLY SURVEY OF BANK LOAN COMMITMENTS  
AT SELECTED LARGE U.S. BANKS \*1  
(AS OF JAN. 31, 1973)

TABLE 1B NEW COMMITMENTS

(DOLLAR AMOUNTS IN BILLIONS)

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)	
	AS OF		AS OF		AS OF		AS OF		AS OF		AS OF		AS OF		AS OF	
	AMT	% CHG														
NUMBER OF BANKS	42		42		42		42		42		42		42		42	
GRAND TOTAL																
NEW COMMITMENTS	29.4	5.3	28.0	-23.6	36.6	35.3	27.0	15.6	23.4	10.3	21.2	-39.4	35.0	43.0	24.5	16.0
C & I FIRMS	21.8	3.1	21.1	-24.9	28.1	38.0	20.4	12.1	18.2	8.5	16.8	-38.7	27.4	45.2	18.9	17.7
NONBK FINAN INSTS	4.8	13.3	4.3	-31.6	6.3	33.3	4.7	29.9	3.6	25.5	2.9	-48.1	5.5	37.8	4.0	6.4
REAL ESTATE MORTG	2.8	9.8	2.5	16.0	2.2	12.3	1.9	23.9	1.6	1.9	1.5	-24.9	2.1	29.7	1.6	22.9
MEMO: CONSTRUCTION LOANS INCL ABOVE	1.8	9.3	1.7	26.6	1.3	10.0	1.2	11.7	1.1	4.8	1.0	-24.2	1.4	16.4	1.2	21.8
COMMERCIAL & INDUST FIRMS																
TERM LOANS	4.0	34.8	2.9	-17.4	3.6	61.2	2.2	10.9	2.0	-8.8	2.2	17.3	1.9	-0.1	1.9	24.5
REVOLVING CREDITS	5.4	-0.6	5.4	-1.8	5.5	11.6	4.9	11.7	4.4	17.6	3.8	-44.6	6.8	40.8	4.8	-6.7
TCT: TERM & REV *2	9.5	10.2	8.6	-7.5	9.3	26.7	7.3	12.1	6.5	5.4	6.2	-30.4	8.9	29.2	6.9	1.1
CONFIRMED LINES	10.8	-2.3	11.0	-36.9	17.5	48.3	11.8	18.7	9.9	4.8	9.5	-36.6	14.9	35.1	11.1	30.5
OTHER COMMITMENTS	1.6	2.8	1.5	10.0	1.4	8.2	1.3	-25.8	1.7	57.0	1.1	-68.9	3.5	291.1	0.9	25.4
NONBANK FINANCIAL INSTITUTIONS																
FINANCE COMPANIES	2.1	11.1	1.9	-46.2	3.6	42.7	2.5	51.5	1.7	-0.4	1.7	-52.6	3.5	63.6	2.2	-4.4
MTGE WAREHOUSING	1.0	22.4	0.8	-17.0	1.0	3.9	0.9	1.9	0.9	65.9	0.5	-40.1	0.9	46.2	0.6	-14.0
ALL OTHER	1.7	11.3	1.5	-9.2	1.7	36.2	1.3	19.7	1.0	57.1	0.7	-40.3	1.1	-10.7	1.2	55.0
REAL ESTATE MORTGAGES																
RESIDENTIAL	1.1	9.5	1.0	-5.7	1.1	22.5	0.9	19.1	0.8	-2.2	0.8	-13.0	0.9	51.9	0.6	47.7
OTHER	1.6	10.0	1.5	38.0	1.1	3.6	1.0	26.3	0.8	6.0	0.8	-33.9	1.2	16.7	1.0	12.0

\*1 BANKS PARTICIPATING IN THE QUARTERLY INTEREST RATE SURVEY -- MAINLY BANKS WITH TOTAL DEPOSITS OF \$1 BILLION OR MORE.

\*2 THE TOTAL MAY EXCEED THE SUM OF THE PREVIOUS TWO ITEMS SINCE SOME BANKS REPORT ONLY TOTALS.

\*3 GROWTH RATES MAY BE MISLEADING SINCE A BREAK IN SERIES OCCURRED AT THIS TIME.

\*\* NOTE: MINOR INCONSISTENCIES MAY OCCUR IN FIGURES DUE TO ROUNDING. \*\*

NOT FOR  
QUOTATION OR  
PUBLICATION

QUARTERLY SURVEY OF BANK LOAN COMMITMENTS  
AT SELECTED LARGE U.S. BANKS \*1  
(AS OF JAN. 31, 1973)

TABLE 1C TAKEDOWNS, EXPIRATIONS, AND CANCELLATIONS \*2

(DOLLAR AMOUNTS IN BILLIONS)

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)	
	AS OF JAN. 31 1973	% CHG	AS OF OCT. 31 1972 *5	% CHG	AS OF JUL. 31 1972	% CHG	AS OF APR. 30 1972	% CHG	AS OF JAN. 31 1972	% CHG	AS OF OCT. 29 1971	% CHG	AS OF JUL. 31 1971	% CHG	AS OF APR. 30 1971	% CHG*3
NUMBER OF BANKS	42		42		42		42		42		42		42		42	
TOTAL TAKEDOWNS	26.8	24.6	24.5	23.6	32.8	30.2	25.2	25.9	20.1	22.2	19.3	22.4	32.0	33.0	20.7	0.0
C & I FIRMS	20.8	25.5	18.5	23.7	25.6	30.9	19.0	25.8	16.2	23.3	15.6	23.4	24.8	33.2	16.0	0.0
NONBK FINAN INSTS	3.8	20.1	3.9	21.4	5.4	28.0	4.6	25.8	2.8	17.7	2.4	16.5	5.2	30.6	3.7	0.0
REAL ESTATE MORTG	2.1	26.5	2.0	27.8	1.8	27.5	1.7	28.1	1.1	20.7	1.3	26.8	2.0	37.1	1.1	0.0
MEMO: CONSTRUCTION LOANS INCL ABOVE	1.2	19.7	1.4	25.3	1.0	21.5	0.9	21.5	0.8	20.4	1.0	25.6	1.2	29.6	0.7	0.0
COMMERCIAL & INDUST FIRMS																
TERM LOANS	3.6	51.4	2.4	43.0	3.2	55.9	2.1	48.3	2.1	50.0	1.8	44.0	1.7	47.0	1.6	0.0
REVOLVING CREDITS	5.1	25.4	4.8	24.8	5.0	26.2	5.4	28.4	4.1	22.5	3.5	20.5	6.4	32.4	4.7	0.0
TOT: TERM & REV *4	8.9	31.8	7.4	28.7	8.5	33.0	7.6	31.7	6.3	27.5	5.6	25.3	8.4	34.7	6.7	0.0
CONFIRMED LINES	10.4	21.8	10.1	21.5	15.8	30.6	10.3	23.1	8.2	20.1	9.0	22.4	13.4	30.6	8.8	0.0
OTHER COMMITMENTS	1.6	25.6	1.1	18.8	1.3	23.4	1.1	21.3	1.6	30.2	1.0	22.1	3.0	45.0	0.5	0.0
NONBANK FINANCIAL INSTITUTIONS																
FINANCE COMPANIES	1.9	16.1	1.9	18.1	3.4	29.1	2.5	23.2	1.2	13.1	1.3	14.4	3.4	31.7	2.2	0.0
MTGE WAREHOUSING	0.8	24.9	0.8	26.4	0.8	26.6	0.8	28.9	0.9	30.7	0.5	19.6	0.7	29.3	0.7	0.0
ALL OTHER	1.1	21.9	1.2	24.0	1.3	27.9	1.3	30.2	0.7	19.5	0.7	19.9	1.0	28.4	0.9	0.0
REAL ESTATE MORTGAGES																
RESIDENTIAL	0.8	26.7	1.2	39.7	0.9	30.9	0.7	28.0	0.5	25.4	0.6	31.3	0.8	39.1	0.4	0.0
OTHER	1.3	26.4	0.8	19.5	0.9	24.8	1.0	28.2	0.5	17.6	0.7	23.9	1.3	36.0	0.6	0.0

\*1 BANKS PARTICIPATING IN THE QUARTERLY INTEREST RATE SURVEY -- MAINLY BANKS WITH TOTAL DEPOSITS OF \$1 BILLION OR MORE.

\*2 FOR THIS TABLE THE PERCENTAGE CHANGE COLUMN CONTAINS THE RATIO OF TAKEDOWNS TO AVAILABLE COMMITMENTS; EXPRESSED AS A PERCENTAGE.  
(AVAILABLE COMMITMENTS = UNUSED COMMITMENTS FROM THE PREVIOUS QUARTER + NEW COMMITMENTS IN THE CURRENT QUARTER).

\*3 PERCENTAGE CHANGE NOT COMPUTED FOR THIS QUARTER DUE TO THE SIZE CONSTRAINTS OF THE MATRIX.

\*4 THE TOTAL MAY EXCEED THE SUM OF THE PREVIOUS TWO ITEMS SINCE SOME BANKS REPORT ONLY TOTALS.

\*5 GROWTH RATES MAY BE MISLEADING SINCE A BREAK IN SERIES OCCURRED AT THIS TIME.

\*\* NOTE: MINOR INCONSISTENCIES MAY OCCUR IN FIGURES DUE TO ROUNDING. \*\*

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QUARTERLY SURVEY OF BANK LOAN COMMITMENTS  
AT SELECTED LARGE U.S. BANKS  
(AS OF JAN. 31, 1973)

TABLE 2: VIEWS ON COMMITMENT POLICY

	(1) JAN. 31 1973	(2) OCT. 31 1972	(3) JULY 31 1972	(4) APR. 30 1972	(5) JAN. 31 1972	(6) OCT. 29 1971	(7) JULY 31 1971	(8) APR. 30 1971
TOTAL NUMBER OF BANKS RESPONDING:	48	48	48	48	48	48	48	48
UNUSED COMMITMENTS IN THE PAST THREE MONTHS HAVE:								
RISEN RAPIDLY	2	1	2	0	1	0	1	5
RISEN MODERATELY	23	24	17	20	22	25	19	25
REMAINED UNCHANGED	17	19	21	21	19	15	19	12
DECLINED MODERATELY	6	4	8	7	6	8	9	6
DECLINED RAPIDLY	0	0	0	0	0	0	0	0
TAKEDOWNS IN THE NEXT THREE MONTHS SHOULD:								
RISE RAPIDLY	4	0	0	0	0	0	0	0
RISE MODERATELY	33	28	26	26	14	13	16	13
REMAIN UNCHANGED	11	20	21	20	28	31	31	33
DECLINE MODERATELY	0	0	1	2	6	4	1	2
DECLINE RAPIDLY	0	0	0	0	0	0	0	0
COMMITMENT POLICY COMPARED TO THREE MONTHS AGO IS:								
MUCH MORE RESTRICTIVE	0	0	0	0	0	0	0	0
SOMEWHAT MORE RESTRICTIVE	21	5	1	1	0	0	2	1
UNCHANGED	25	40	42	44	34	37	37	25
LESS RESTRICTIVE	1	3	5	3	13	11	9	21
MUCH LESS RESTRICTIVE	1	0	0	0	1	0	0	1

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TABLE 3 EXPLANATION OF CHANGES IN NEW COMMITMENT POLICY

	(1) JAN. 31 1973	(2) OCT. 31 1972	(3) JULY 31 1972	(4) APR. 30 1972	(5) JAN. 31 1972	(6) OCT. 29 1971	(7) JULY 31 1971	(8) APR. 30 1971
INDICATED CHANGE:								
MORE RESTRICTIVE:	21	5	1	1	0	0	2	1
INCREASED DEMAND	6	4	0	0	0	0	1	0
REDUCED FUNDS	7	0	0	0	0	0	1	0
BOTH	8	1	1	1	0	0	0	1
LESS RESTRICTIVE:	2	3	5	3	14	11	9	22
INCREASED FUNDS	2	0	1	2	2	0	5	7
DECREASED DEMAND	0	3	2	1	3	5	2	4
BOTH	0	0	2	0	9	6	2	11