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SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the  
Federal Open Market Committee

September 14, 1973

By the Staff  
Board of Governors  
of the Federal Reserve System

## SUPPLEMENTAL NOTES

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### The Domestic Economy

Book value of retail inventories rose at a \$2.1 billion annual rate in July--off sharply from the \$9.5 billion in June. For total manufacturing and trade, the July rate of increase was \$18.0 billion and the second quarter average rate was \$22.9 billion.

Manufacturing and trade sales rose rapidly in July and the inventory-sales ratio declined from 1.44 in June to 1.41 in July--quite low by historical standards. On a quarterly average sales basis, the ratio went from 1.46 in the first quarter to 1.45 in the second.

Manufacturers anticipated, when surveyed in June, that the book value of their inventories would increase at an annual rate of \$10.4 billion in the current quarter and \$7.2 billion in the fourth quarter. The actual second quarter rate of \$11.2 billion was considerably greater than had been anticipated in the earlier surveys.

Manufacturers expect sales to increase by 1.7 percent in the third quarter and to slip by 0.1 percent in the fourth. Inventory-shipments ratios of 1.60 and 1.63 are expected for the third and fourth quarters, respectively, compared with an actual second quarter ratio of 1.60.

As described in the Greenbook, the Board's index of industrial production declined 0.2 percent from July to August because of a 23 percent curtailment in auto and truck assemblies resulting from special circumstances. Apart from this sector, the index increased

0.5 percent. In early September, output of autos and trucks increased sharply. The following table presents industrial production, by major groups:

INDUSTRIAL PRODUCTION  
(1967=100, seasonally adjusted)

	1972	1973		Percent change from		
	Aug.	June	July	Aug.	Month ago	A year ago
Total index	116.3	125.6	126.5	126.2	-.2	8.5
Consumer goods	124.3	131.8	132.3	130.3	-1.5	4.8
Business equip.	107.2	122.1	123.5	123.9	.3	15.6
Defense equip.	78.1	80.2	81.8	81.9	.1	4.9
Materials	118.8	129.1	130.6	130.9	.2	10.2
steel	108.1	119.9	120.0	120.0	--	11.0
<u>Autos*</u>	<u>8.5</u>	<u>10.2</u>	<u>10.3</u>	<u>8.0</u>	<u>-22.3</u>	<u>-5.9</u>

\*Seasonally adjusted annual rate.

New homes sold by merchant builders dropped a tenth further in July, to a seasonally adjusted annual rate of 596,000 units, the lowest since December 1970. Partly reflecting this development, builders' stocks of homes for sale advanced to a record 9 months' supply at the July rate of sales. Even so, the median price of new homes sold continued higher and, at \$33,700, was more than a fifth above a year earlier and still above the median price of homes for sale. The median price of existing homes sold also rose further in July--to \$30,020, with sales of such homes remaining comparatively strong at a level nearly a tenth above a year earlier.

SALES, STOCKS AND PRICES OF NEW SINGLE FAMILY HOMES

	Homes sold <u>1</u> / (Thousands of units)	Homes for sale <u>2</u> / (Thousands of units)	Months' supply	Median price of: Homes sold      Homes for sale (Thousands of dollars)	
<u>1972</u>					
QIII	733	386	6.3	28.0	27.1
QIV	761	402	6.3	29.1	28.3
<u>1973</u>					
QI	733	426	7.0	30.4	29.4
QII (p)	684	432	7.6	32.7	31.2
May (r)	706	424	7.2	32.0	30.9
June	669	432	7.8	33.2	31.2
July	596	446	9.0	33.7	31.4

1/ SAAR.

2/ SA, end of period.

### The Domestic Financial Situation

Only fragmentary data are available for deposit flows at nonbank thrift institutions in early September. At a sample of 17 large New York City mutual savings banks, net deposit outflows during the first 5 business days of September were slightly below those recorded during the comparable period in August. Moreover, the FHLBB staff estimates that S&L's experienced a deposit inflow of about \$100 million during the first 10 days of the month. (At the request of the FHLBB, the intra-monthly estimates are to be considered confidential and for internal use only.)

Average interest rates on new commitments for conventional mortgages on new homes increased 30 basis points further in August, according to the HUD(FHA) field office opinion survey. At 8.70 percent, the rate exceeded the previous high of 8.60 percent registered in mid-1970. Average rates for loans on existing homes also rose sharply--by 35 basis points to a new high of 8.75 percent. Even so, the average spread favoring gross yields on new-home mortgages over new issues of high-grade utility bonds remained relatively narrow. (Data are confidential until released by HUD.)

The FHA secondary market yield was not reported for August due to the small number of transactions at the new regulatory ceiling rate of 8.50 percent that became effective on August 25.

AVERAGE RATES AND YIELDS ON NEW-HOME MORTGAGES

	Primary market: Conventional loans		Secondary market: FHA-insured loans		
	Level (percent)	Spread (basis points)	Level (percent)	Spread (basis points)	Discounts (points)
1971 - Low	7.55	-36	7.32	-27	2.5e
High	7.95	52	7.97	31	7.8
1972 - Low	7.55	15	7.45	5	3.7
High	7.70	61	7.57	48	4.7
1973 - Jan.	7.70	32	7.55	17	4.5
Feb.	7.75	35	7.56	16	4.6
Mar.	7.80	31	7.63	14	5.2
Apr.	7.90	44	7.73	27	5.9
May	7.95	44	7.79	28	6.4
June	8.05	41	7.89	25	7.2
July	8.40	34	8.19 <u>1/</u>	18 <u>1/</u>	9.4 <u>1/</u>
Aug.	8.70	34	<u>2/</u>	<u>2/</u>	<u>2/</u>

NOTE: FHA series: interest rates on conventional first mortgages (excluding additional initial fees and charges) are rounded by FHA to the nearest 5 basis points. On FHA loans carrying the 7 percent ceiling rate in effect since mid-February 1971, a change of 1.0 points in discount is associated with a change of 12 to 14 basis points in yield. Gross yield spread is average mortgage return, before deducting servicing costs, minus average yield on new Aaa utility bonds.

e/ Estimated.

1/ Data are for loans bearing the former ceiling rate of 7 percent. On July 6, this rate was raised to 7-3/4 percent and then to 8-1/2 percent on August 25.

2/ Not reported.

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Federal finance. Legislation passed by the Senate and introduced in the House would provide for an immediate 5.9 percent increase in Social Security benefits. If enacted by November 1, an estimated \$2.0 billion would be added to Federal outlays in fiscal year 1974 (an annual rate of \$3.4 billion). Actual payment of any increase, however, would not occur until the spring of 1974 because of the demands currently being made on the Social Security Administration in its efforts to assume, by January 1, 1974, full responsibility for providing assistance to the aged, blind, and disabled, programs previously administered by the States.

**CORRECTIONS:**

- Page I-9: Percent per year change in personal consumption expenditures for nondurable goods projected for 1974 is 11.6 percent.
- Page I-10: Line 9, the correct figure is 610,000 units, rather than 800,000.

INTEREST RATES

	1973			
	Highs	Lows	Aug. 20	Sept. 13
<u>Short-Term Rates</u>				
Federal funds (wkly. avg.)	10.79(9/5)	5.61(1/3)	10.39(8/15)	10.74(9/12)
3-month				
Treasury bills (bid)	9.05(8/14)	5.12(1/4)	8.79	8.86
Comm. paper (90-119 day)	10.50(9/13)	5.63(1/12)	10.25	10.50
Bankers' acceptances	11.00(9/13)	5.75(1/11)	10.75	11.00
Euro-dollars	11.69(8/9)	5.81(1/5)	11.50	11.44
CD's (prime NYC) 60-89 day				
Most often quoted new	10.50(9/12)	5.38(1/3)	10.38(8/15)	10.50(9/12)
6-month				
Treasury bills (bid)	9.00(9/13)	5.38(1/4)	8.77	9.00
Comm. paper (4-6 mo.)	10.50(9/13)	5.63(1/12)	10.25	10.50
Federal agencies	9.83(9/12)	5.64(1/3)	9.49	9.47
CD's (prime NYC) 180-269 day				
Most often quoted new	9.38(8/15)	5.63(1/3)	9.38(8/15)	9.25(9/12)
1-year				
Treasury bills (bid)	8.50(9/13)	5.40(1/4)	8.29	8.50
Federal agencies	9.49(8/13)	5.86(1/2)	9.33	9.10
CD's (prime NYC)				
Most often quoted new	8.50(9/12)	5.75(1/3)	8.50(8/15)	8.50(9/12)
Prime municipals	6.00(8/8)	3.20(1/3)	5.70(8/15)	5.25(9/12)
<u>Intermediate and Long-term</u>				
Treasury coupon issues				
5-years	8.13(8/7)	6.23(1/4)	7.50	7.35
20-years	7.83(8/7)	6.04(1/3)	7.58	7.38
Corporate				
Seasoned Aaa	7.77(8/24)	7.10(1/2)	7.77	7.63
Baa	8.68(8/30)	7.88(1/12)	8.59	8.64
New Issue Aaa Utility	8.52(8/8)	7.29(1/10)	8.30(8/15)	7.74(9/12)
Municipal				
Bond Buyer Index	5.59(8/1)	5.00(1/17)	5.47(8/15)	5.18(9/12)
Mortgage--implicit yield				
in FNMA auction <u>1/</u>	9.27(9/4)	7.69(1/8)	8.71(8/6)	9.27(9/4)

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.

SUPPLEMENTAL APPENDIX A  
BANK LENDING PRACTICES AS OF MID-AUGUST \*

More than three-quarters of the banks participating in the Quarterly Survey of Changes in Bank Lending Practices reported stronger demand for commercial and industrial loans over the three month period ending August 15. (See Table 1.) The 125 banks reporting in the Survey have significantly tightened both price and nonprice terms of lending. A large number of banks commented that the higher cost of funds was the major reason for tightening credit, and many indicated that state usury laws prevented them from making home mortgages. However, more than half of the banks expect commercial and industrial loan demand to remain stable or decrease in the quarter beginning August 16.

Continuing and strongly reinforcing the trend of the two surveys earlier this year, the terms of lending tightened considerably across the country. Interest rates lead the move toward more restrictive credit conditions. More than 90 per cent of the respondents had adopted a firmer interest policy, reflected in the prime rate increases from 7 per cent to 9-1/4 per cent during the three month period. But there were still many comments that the prime rate was unrealistically low and that the spread between the cost of funds and loan rates was too narrow or even negative.

There was evidence of tightening in all nonprice terms of lending. The increased restrictiveness was significant in all areas, but was especially noticeable in compensating balances. The banks reported closer scrutiny of borrowers and the purpose of loans. There was a much more restrictive stance on new loan applications and enlarging credit lines--particularly from new or nonlocal customers. Many banks reported that loans were not being given for acquisitions or for speculation in inventories or real estate, but were granted only for "constructive" purposes to steady customers. But despite the more restrictive credit conditions generally, almost 90 per cent of the reporting banks indicated that their willingness to make consumer loans is the same or greater than three months earlier.

As shown in Tables 2 and 3, the pattern of tightening emerged consistently in both large and small banks and in every region of the country.

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\* Prepared by Paul W. Boltz, Economist, Banking Section, Division of Research and Statistics.







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	35	42	37	37	28	21	0	0	0	0
INTENDED USE OF THE LOAN	100	100	30	38	37	34	33	28	0	0	0	0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	100	100	30	35	26	27	44	38	0	0	0	0
COMPENSATING OR SUPPORTING BALANCES	100	100	4	14	20	23	71	63	0	0	0	0
ENFORCEMENT OF BALANCE REQUIREMENTS	100	100	15	17	37	35	48	48	0	0	0	0
ESTABLISHING NEW OR LARGER CREDIT LINES	100	100	46	45	28	23	26	20	0	1	0	0
- A4 -												
	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	19	28	37	46	44	25	0	1	0	0
CONSUMER INSTALMENT LOANS	100	100	2	3	6	13	86	78	4	6	2	0
SINGLE FAMILY MORTGAGE LOANS	100	100	13	26	23	39	62	31	2	4	0	0
MULTI-FAMILY MORTGAGE LOANS	100	100	23	35	25	43	52	22	0	0	0	0
ALL OTHER MORTGAGE LOANS	100	100	19	34	40	46	41	20	0	0	0	0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	100	100	6	10	41	34	51	56	2	0	0	0
LOANS TO BROKERS	100	100	24	29	30	29	46	42	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.

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

	ALL BANKS	HOS- TON	NEW YORK		PHIL- ADFL.	CLEVE- LAND	RICH- MOND	ATLAN- TA	CHIC- AGO	ST. LOUIS	MTNNE- APOLIS	KANS. CITY	DAL- LAS	SAN FRAN
STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS (AFTER ALLOWANCE FOR BANK'S USUAL SEASONAL VARIATION)														
COMPARED TO 3 MONTHS AGO	125													
MUCH STRONGER	24	1	4	2	2	4	1	2	3	3	1	2	1	0
MODERATELY STRONGER	71	7	11	5	6	5	8	4	10	3	1	5	5	8
ESSENTIALLY UNCHANGED	27	0	5	2	3	0	2	4	2	2	1	2	2	5
MODERATELY WEAKER	3	0	0	0	0	0	1	0	0	1	0	0	1	0
MUCH WEAKER	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ANTICIPATED DEMAND NEXT THREE MONTHS														
	125													
MUCH STRONGER	12	1	1	1	0	1	1	1	2	3	0	1	0	0
MODERATELY STRONGER	48	4	9	4	5	5	2	4	6	2	2	3	2	4
ESSENTIALLY UNCHANGED	54	3	10	4	6	0	8	2	7	2	1	5	6	6
MODERATELY WEAKER	11	0	0	0	0	1	1	3	0	2	0	0	1	3
MUCH WEAKER	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LENDING TO NONFINANCIAL BUSINESSES														
TERMS AND CONDITIONS														
INTEREST RATES CHANGED														
	125													
MUCH FIRMER POLICY	40	5	12	5	7	5	8	7	6	8	7	2	8	7
MODERATELY FIRMER POLICY	36	1	5	2	3	1	3	5	4	6	2	0	1	2
ESSENTIALLY UNCHANGED POLICY	9	2	3	2	1	0	0	0	1	0	1	0	0	2
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
COMPENSATING BALANCES														
	125													
MUCH FIRMER POLICY	41	4	5	0	5	3	6	3	5	3	4	1	3	3
MODERATELY FIRMER POLICY	46	3	10	6	4	0	3	4	3	7	2	1	3	4
ESSENTIALLY UNCHANGED POLICY	38	1	5	3	2	3	2	5	2	5	3	1	3	2
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

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

	ALL DSTS	HOS- TON	NEW YORK		PHIL- ADFL.	CLEVE- LAND	RICH- MOND	ATLAN- TA	CHIC- AGO	ST. LOUIS	MINNE- APOLIS	KANS. CITY	DAL- LAS	SAN FRAN	
LENDING TO NONFINANCIAL BUSINESSES															
TERMS AND CONDITIONS															
STANDARDS OF CREDIT WORTHINESS	125														
MUCH FIRMER POLICY	27	2	3	0	3	3	2	2	5	0	1	1	5	2	1
MODERATELY FIRMER POLICY	45	2	5	1	4	3	5	5	1	8	6	0	1	5	4
ESSENTIALLY UNCHANGED POLICY	53	4	12	8	4	7	4	5	4	7	2	2	3	2	8
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
MATURITY OF TERM LOANS	125														
MUCH FIRMER POLICY	22	1	2	0	2	3	1	0	3	0	3	2	4	3	0
MODERATELY FIRMER POLICY	37	2	5	1	4	1	4	6	1	5	4	1	3	3	2
ESSENTIALLY UNCHANGED POLICY	65	5	13	8	5	2	6	6	6	10	2	0	2	3	10
MODERATELY EASIER POLICY	1	0	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	0
REVIEWING CREDIT LINES ON LOANS															
ESTABLISHED CUSTOMERS	125														
MUCH FIRMER POLICY	13	0	1	1	0	1	0	1	1	0	3	1	1	3	1
MODERATELY FIRMER POLICY	60	7	11	4	7	3	7	4	5	6	3	2	5	4	3
ESSENTIALLY UNCHANGED POLICY	52	1	8	4	4	2	4	7	4	9	3	0	3	2	9
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
NEW CUSTOMERS	125														
MUCH FIRMER POLICY	72	5	13	6	7	4	7	7	6	7	5	2	6	6	4
MODERATELY FIRMER POLICY	38	2	4	0	4	1	3	4	3	6	3	1	3	3	5
ESSENTIALLY UNCHANGED POLICY	15	1	3	3	0	1	1	1	1	2	1	0	0	0	4
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
LOCAL SERVICE AREA CUSTOMERS	125														
MUCH FIRMER POLICY	12	0	2	1	1	1	0	1	1	0	2	1	1	3	0
MODERATELY FIRMER POLICY	58	3	9	3	6	3	7	6	6	4	2	4	4	5	3
ESSENTIALLY UNCHANGED POLICY	55	5	9	5	4	2	4	5	3	9	3	0	4	1	10
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

TABLE 3 (CONTINUED)

	ALL USTS	HOS- TON	NEW YORK		PHIL- ADFL.	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	54	3	4	1	7	4	2	8	6	3	5	2	7	6	4
MODERATELY FIRMER POLICY	45	4	5	3	2	0	7	2	3	10	4	1	1	2	6
ESSENTIALLY UNCHANGED POLICY	22	1	7	5	2	2	2	1	2	0	0	0	1	1	3
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
FACTORS RELATING TO APPLICANT 2/															
VALUE AS DEPOSITOR OR SOURCE OF COLLATERAL BUSINESS															
MUCH FIRMER POLICY	49	2	6	2	4	4	5	3	4	6	5	2	3	6	3
MODERATELY FIRMER POLICY	46	2	7	2	5	1	4	9	3	6	3	1	3	3	4
ESSENTIALLY UNCHANGED POLICY	30	4	7	5	2	1	2	0	3	3	1	0	3	0	6
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
INTENDED USE OF LOAN															
MUCH FIRMER POLICY	43	2	9	4	5	3	6	4	3	3	4	0	3	3	3
MODERATELY FIRMER POLICY	44	3	6	3	3	1	1	5	5	9	1	2	3	4	4
ESSENTIALLY UNCHANGED POLICY	38	3	5	2	3	2	4	3	2	3	4	1	3	2	6
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
LENDING TO "NONCAPTIVE" FINANCE COMPANIES															
TERMS AND CONDITIONS															
INTEREST RATES CHANGED															
MUCH FIRMER POLICY	41	2	5	2	3	2	2	4	2	3	3	2	6	4	6
MODERATELY FIRMER POLICY	33	0	5	1	4	2	5	5	4	2	4	0	1	2	3
ESSENTIALLY UNCHANGED POLICY	51	6	10	6	4	2	4	3	4	10	2	1	2	3	4
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

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 3 (CONTINUED)

	ALL USTS	HOS- TON	NEW YORK		PHIL- ADFL.	CLEVE- LAND	RICH- MOND	ATLAN- TA	CHIC- AGO	ST. LOUIS	MINNE- APOLIS	KANS. CITY	DAL- LAS	SAN FRAN
LENDING TO "NONCAPTIVE" FINANCE COMPANIES														
TERMS AND CONDITIONS:														
SIZE OF COMPENSATING BALANCES	125													
MUCH FIRMER POLICY	15	1	1	0	1	0	1	0	3	2	1	0	2	2
MODERATELY FIRMER POLICY	27	0	7	2	5	1	6	3	2	0	3	1	2	1
ESSENTIALLY UNCHANGED POLICY	83	7	12	7	5	5	4	9	5	13	5	2	5	6
MODERATELY EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	10
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ENFORCEMENT OF BALANCE REQUIREMENT	125													
MUCH FIRMER POLICY	20	1	1	0	1	2	2	1	3	2	1	0	3	2
MODERATELY FIRMER POLICY	45	4	14	6	8	0	4	4	4	3	3	0	2	3
ESSENTIALLY UNCHANGED POLICY	60	3	5	3	2	4	5	7	3	10	5	3	4	4
MODERATELY EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	7
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ESTABLISHING NEW OR LARGER CREDIT LINES	125													
MUCH FIRMER POLICY	65	3	10	5	5	3	5	6	5	5	5	2	8	6
MODERATELY FIRMER POLICY	31	2	5	2	3	1	3	5	3	7	3	1	0	1
ESSENTIALLY UNCHANGED POLICY	28	3	4	2	2	2	3	1	2	3	1	0	1	2
MODERATELY EASIER POLICY	1	0	1	0	1	0	0	0	0	0	0	0	0	6
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WILLINGNESS TO MAKE OTHER TYPES OF LOANS														
TERM LOANS TO BUSINESSES	125													
CONSIDERABLY LESS WILLING	30	2	3	0	3	4	1	2	3	0	4	2	4	3
MODERATELY LESS WILLING	53	4	9	5	4	0	8	6	5	9	3	1	3	2
ESSENTIALLY UNCHANGED	41	2	8	4	4	2	2	3	2	6	2	0	2	4
MODERATELY MORE WILLING	1	0	0	0	0	0	0	1	0	0	0	0	0	0
CONSIDERABLY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	8
CONSUMER INSTALMENT LOANS	124													
CONSIDERABLY LESS WILLING	3	0	0	0	0	0	0	0	0	0	0	0	1	1
MODERATELY LESS WILLING	12	1	1	0	1	0	0	4	1	1	0	1	3	0
ESSENTIALLY UNCHANGED	102	7	17	8	9	6	11	6	8	14	8	2	5	7
MODERATELY MORE WILLING	6	0	1	0	1	0	0	2	1	0	1	0	0	1
CONSIDERABLY MORE WILLING	1	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 3 (CONTINUED)

WILLINGNESS TO MAKE OTHER TYPES OF LOANS	ALL CITIES	HOS- TON	NEW YORK TOTAL CITY	NEW YORK OUTSIDE	PHIL- ADEL.	CLEVE- LAND	RICH- MOND	ATLAN- TA	CHIC- AGO	ST. LOUIS	MINNE- APOLIS	KANS. CITY	DAL- LAS	SAN FRAN
SINGLE FAMILY MORTGAGE LOANS	122													
CONSIDERABLY LESS WILLING	25	0	2	0	2	4	5	4	2	1	1	2	1	2
MODERATELY LESS WILLING	39	4	8	0	8	1	2	4	2	4	1	5	1	3
ESSENTIALLY UNCHANGED	54	4	8	7	1	1	4	3	3	10	4	3	7	7
MODERATELY MORE WILLING	4	0	0	0	0	0	0	1	2	0	0	0	0	1
CONSIDERABLY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MULTIFAMILY MORTGAGE LOANS	121													
CONSIDERABLY LESS WILLING	36	0	3	0	3	2	5	5	4	3	2	3	2	5
MODERATELY LESS WILLING	43	3	7	1	6	2	3	6	3	5	6	0	6	1
ESSENTIALLY UNCHANGED	42	5	7	6	1	1	3	1	2	7	1	0	1	7
MODERATELY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSIDERABLY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ALL OTHER MORTGAGE LOANS	121													
CONSIDERABLY LESS WILLING	33	0	2	0	2	3	6	4	3	3	3	2	4	2
MODERATELY LESS WILLING	52	5	9	3	6	1	4	7	3	7	4	1	4	5
ESSENTIALLY UNCHANGED	36	2	8	5	3	2	1	1	2	5	2	0	1	6
MODERATELY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSIDERABLY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	125													
CONSIDERABLY LESS WILLING	10	0	2	0	2	1	1	2	0	0	1	0	1	0
MODERATELY LESS WILLING	46	5	9	5	4	2	6	4	6	3	1	1	4	3
ESSENTIALLY UNCHANGED	68	3	9	4	5	3	4	6	4	12	7	2	4	10
MODERATELY MORE WILLING	1	0	0	0	0	0	0	0	0	0	0	0	1	0
CONSIDERABLY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LOANS TO BROKERS	124													
CONSIDERABLY LESS WILLING	33	2	5	0	5	2	4	3	4	3	1	0	3	3
MODERATELY LESS WILLING	36	3	4	2	2	1	6	3	3	5	2	0	4	3
ESSENTIALLY UNCHANGED	55	3	11	7	4	3	1	6	3	7	6	3	1	7
MODERATELY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSIDERABLY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NUMBER OF BANKS	125													

## COMPARISON OF SELECTED RESPONSES IN THE MAY AND AUGUST SURVEYS

	MAY 15, 1973	AUGUST 15, 1973		
	NUMBER OF BANKS	STRONGER	UNCHANGED	WEAKER
STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS				
COMPARED TO THREE MONTHS AGO				
STRONGER	92	76	16	0
UNCHANGED	30	18	9	3
WEAKER	3	1	2	0
ANTICIPATED DEMAND THREE MONTHS HENCE				
STRONGER	82	48	33	1
UNCHANGED	41	11	20	10
WEAKER	2	1	1	0
ANTICIPATED DEMAND THREE MONTHS HENCE COMPARED TO THREE MONTHS AGO				
STRONGER	82	68	14	0
UNCHANGED	41	25	13	3
WEAKER	2	2	0	0
LENDING TO NONFINANCIAL BUSINESSES				
INTEREST RATES CHARGED				
FIRMER	100	96	4	0
UNCHANGED	25	20	5	0
EASIER	0	0	0	0
COMPENSATING OR SUPPORTING BALANCES				
FIRMER	68	59	9	0
UNCHANGED	57	28	29	0
EASIER	0	0	0	0
STANDARDS OF CREDIT WORTHINESS				
FIRMER	55	44	11	0
UNCHANGED	69	27	42	0
EASIER	1	1	0	0
MATURITY OF TERM LOANS				
FIRMER	46	32	14	0
UNCHANGED	78	26	51	1
EASIER	1	1	0	0

REVIEWING CREDIT LINES OR LOAN APPLICATION	MAY 15, 1973	AUGUST 15, 1973		
	NUMBER OF BANKS	FIRMER	UNCHANGED	EASIER
ESTABLISHED CUSTOMERS				
FIRMER	41	32	9	0
UNCHANGED	83	40	43	0
EASIER	1	1	0	0
NEW CUSTOMERS				
FIRMER	76	71	5	0
UNCHANGED	48	38	10	0
EASIER	1	1	0	0
LOCAL SERVICE AREA CUSTOMERS				
FIRMER	36	31	5	0
UNCHANGED	89	39	50	0
EASIER	0	0	0	0
NONLOCAL SERVICE AREA CUSTOMERS				
FIRMER	67	62	5	0
UNCHANGED	57	41	16	0
EASIER	1	0	1	0
FACTORS RELATING TO APPLICANT				
VALUE AS DEPOSITOR OR SOURCE OF COLLATERAL BUSINESS				
FIRMER	76	64	12	0
UNCHANGED	49	31	18	0
EASIER	0	0	0	0
INTENDED USE OF THE LOAN				
FIRMER	49	40	9	0
UNCHANGED	76	47	29	0
EASIER	0	0	0	0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES				
TERMS AND CONDITIONS:				
INTEREST RATES CHARGED				
FIRMER	66	53	13	0
UNCHANGED	59	21	38	0
EASIER	0	0	0	0
COMPENSATING OR SUPPORTING BALANCES				
FIRMER	29	16	13	0
UNCHANGED	95	26	69	0
EASIER	1	0	1	0

LENDING TO "NONCAPTIVE" FINANCE COMPANIES TERMS AND CONDITIONS:	MAY 15, 1973	AUGUST 15, 1973		
	NUMBER OF BANKS	FIRMER	UNCHANGED	EASIER
ENFORCEMENT OF BALANCE REQUIREMENTS				
FIRMER	39	29	10	0
UNCHANGED	86	36	50	0
EASIER	0	0	0	0
ESTABLISHING NEW OR LARGER CREDIT LINES				
FIRMER	70	62	8	0
UNCHANGED	55	34	20	1
EASIER	0	0	0	0
WILLINGNESS TO MAKE OTHER TYPES OF LOANS		LESS	UNCHANGED	MORE
TERM LOANS TO BUSINESSSES				
LESS	54	42	12	0
UNCHANGED	68	40	28	0
MORE	3	1	1	1
CONSUMER INSTALMENT LOANS				
LESS	1	0	1	0
UNCHANGED	111	14	94	3
MORE	12	1	7	4
SINGLE FAMILY MORTGAGE LOANS				
LESS	19	13	5	1
UNCHANGED	100	51	47	1
MORE	4	0	2	2
MULTI-FAMILY MORTGAGE LOANS				
LESS	30	27	3	0
UNCHANGED	92	52	39	0
MORE	0	0	0	0
ALL OTHER MORTGAGE LOANS				
LESS	33	28	4	0
UNCHANGED	88	54	32	0
MORE	3	3	0	0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS				
LESS	22	16	6	0
UNCHANGED	100	39	60	1
MORE	1	0	1	0
LOANS TO BROKERS				
LESS	45	33	12	0
UNCHANGED	77	34	43	0
MORE	2	2	0	0

## A CROSS-CLASSIFICATION OF SELECTED RESPONSES IN THE AUGUST SURVEY

	AUG. 15, 1973	AUGUST 15, 1973		
	NUMBER OF BANKS	NUMBER OF BANKS ESSENTIALLY		
		FIRMER	UNCHANGED	EASIER
LENDING TO NONFINANCIAL BUSINESSES				
INTEREST RATES CHARGED				
FIRMER	114	84	32	0
ESSENTIALLY UNCHANGED	0	3	6	0
EASIER	0	0	0	0
NEW CUSTOMERS				
FIRMER	117	73	37	0
ESSENTIALLY UNCHANGED	15	0	15	0
EASIER	0	0	0	0
VALUE AS DEPOSITOR OR SOURCE OF COLLATERAL BUSINESS				
FIRMER	95	71	24	0
ESSENTIALLY UNCHANGED	30	16	14	0
EASIER	0	0	0	0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES				
INTEREST RATES CHARGED				
FIRMER	74	40	34	0
ESSENTIALLY UNCHANGED	51	2	49	0
EASIER	0	0	0	0
COMPENSATING OR SUPPORTING BALANCES				
FIRMER	42	38	4	0
ESSENTIALLY UNCHANGED	83	27	56	0
EASIER	0	0	0	0
ENFORCEMENT OF BALANCE REQUIREMENTS				
COMPENSATING OR SUPPORTING BALANCES				
FIRMER	42	39	2	1
ESSENTIALLY UNCHANGED	83	57	26	0
EASIER	0	0	0	0
ESTABLISHING NEW OR LARGER CREDIT LINES				

## A CROSS-CLASSIFICATION OF SELECTED RESPONSES IN THE AUGUST SURVEY

WILLINGNESS TO MAKE OTHER TYPES OF LOANS	AUG. 15, 1973	AUGUST 15, 1973		
	NUMBER OF BANKS	NUMBER OF BANKS LESS	ESSENTIALLY UNCHANGED	MORE
TERM LOANS TO BUSINESSES		MATURITY OF TERM LOANS		
LESS	83	49	34	0
ESSENTIALLY UNCHANGED	41	9	31	1
MORE	1	1	0	0
SINGLE FAMILY MORTGAGE LOANS		MULTI-FAMILY MORTGAGE LOANS		
LESS	64	57	6	0
ESSENTIALLY UNCHANGED	54	21	33	0
MORE	4	1	3	0
SINGLE FAMILY MORTGAGE LOANS		ALL OTHER MORTGAGE LOANS		
LESS	64	56	7	0
ESSENTIALLY UNCHANGED	54	26	27	0
MORE	4	2	2	0
TERM LOANS TO BUSINESSFS		CONSUMER INSTALMENT LOANS		
LESS	83	13	68	1
ESSENTIALLY UNCHANGED	41	2	34	5
MORE	1	0	0	1
TERM LOANS TO BUSINESSFS		PARTICIPATION LOANS WITH CORRESPONDENT BANKS		
LESS	83	48	35	0
ESSENTIALLY UNCHANGED	41	8	32	1
MORE	1	0	1	0
TERM LOANS TO BUSINESSFS		LOANS TO BROKERS		
LESS	83	55	28	0
ESSENTIALLY UNCHANGED	41	14	26	0
MORE	1	0	1	0

## A CROSS-CLASSIFICATION OF SELECTED RESPONSES IN THE AUGUST SURVEY

STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS	AUG. 15, 1973	AUGUST 15, 1973		
	NUMBER OF BANKS	FIRMER	ESSENTIALLY UNCHANGED	EASIER
COMPARED TO THREE MONTHS AGO		INTEREST RATES CHARGED TO NONFINANCIAL BUSINESSES		
STRONGER	95	91	4	0
ESSENTIALLY UNCHANGED	27	22	5	0
WEAKER	3	3	0	0
COMPARED TO THREE MONTHS AGO		COMPEASATING OR SUPPORTING BALANCES		
STRONGER	95	69	26	0
ESSENTIALLY UNCHANGED	27	15	12	0
WEAKER	3	3	0	0
COMPARED TO THREE MONTHS AGO		STANDARDS OF CREDIT WORTHINESS		
STRONGER	95	57	38	0
ESSENTIALLY UNCHANGED	27	13	14	0
WEAKER	3	2	1	0
COMPARED TO THREE MONTHS AGO		MATURITY OF TERM LOANS		
STRONGER	95	51	43	1
ESSENTIALLY UNCHANGED	27	5	22	0
WEAKER	3	3	0	0
COMPARED TO THREE MONTHS AGO		NEW CUSTOMERS		
STRONGER	95	87	8	0
ESSENTIALLY UNCHANGED	27	20	7	0
WEAKER	3	3	0	0
COMPARED TO THREE MONTHS AGO		("NONCAPTIVE FINANCE COMPANIES") ENFORCEMENT OF BALANCE REQUIREMENTS		
STRONGER	95	55	40	0
ESSENTIALLY UNCHANGED	27	8	19	0
WEAKER	3	2	1	0
COMPARED TO THREE MONTHS AGO		("NONCAPTIVE FINANCE COMPANIES") ESTABLISHING NEW OR LARGER CREDIT LINES		
STRONGER	95	78	16	1
ESSENTIALLY UNCHANGED	27	16	11	0
WEAKER	3	2	1	0

A (CROSS-CLASSIFICATION OF SELECTED RESPONSES IN THE AUGUST SURVEY

STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS	AUG. 15, 1973	AUGUST 15, 1973		
	NUMBER OF BANKS	LESS	NUMBER OF BANKS ESSENTIALLY UNCHANGED	MORE
COMPARED TO THREE MONTHS AGO		WILLINGNESS TO MAKE TERM LOANS TO BUSINESSES		
STRONGER	95	48	26	1
ESSENTIALLY UNCHANGED	27	14	13	0
WEAKER	3	1	2	0
COMPARED TO THREE MONTHS AGO		WILLINGNESS TO MAKE CONSUMER INSTALMENT LOANS		
STRONGER	95	15	76	3
ESSENTIALLY UNCHANGED	27	0	25	2
WEAKER	3	0	1	2
COMPARED TO THREE MONTHS AGO		WILLINGNESS TO MAKE SINGLE FAMILY MORTGAGE LOANS		
STRONGER	95	52	40	2
ESSENTIALLY UNCHANGED	27	11	12	2
WEAKER	4	1	2	0
COMPARED TO THREE MONTHS AGO		WILLINGNESS TO MAKE MULTI-FAMILY MORTGAGE LOANS		
STRONGER	95	49	34	0
ESSENTIALLY UNCHANGED	27	18	7	0
WEAKER	3	2	1	0
COMPARED TO THREE MONTHS AGO		WILLINGNESS TO MAKE ALL OTHER MORTGAGE LOANS		
STRONGER	95	64	28	0
ESSENTIALLY UNCHANGED	27	14	8	0
WEAKER	3	3	0	0
COMPARED TO THREE MONTHS AGO		WILLINGNESS TO MAKE PARTICIPATION LOANS WITH CORRESPONDENT BANKS		
STRONGER	95	48	46	1
ESSENTIALLY UNCHANGED	27	7	20	0
WEAKER	3	1	2	0
COMPARED TO THREE MONTHS AGO		WILLINGNESS TO MAKE LOANS TO BROKERS		
STRONGER	95	56	34	0
ESSENTIALLY UNCHANGED	27	11	16	0
WEAKER	3	2	1	0

A CROSS-CLASSIFICATION OF SELECTED RESPONSES IN THE AUGUST SURVEY

	AUG. 15, 1973	AUGUST 15, 1973		
	NUMBER OF BANKS	NUMBER OF BANKS ESSENTIALLY FIRMER UNCHANGED EASIER		
STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS				
ANTICIPATED DEMAND IN NEXT 3 MONTHS				
STRONGER	60	COMPENSATING OR SUPPORTING BALANCES		
ESSENTIALLY UNCHANGED	54	45	15	0
WEAKER	11	35	19	0
ANTICIPATED DEMAND IN NEXT 3 MONTHS				
STRONGER	60	STANDARDS OF CREDIT WORTHINESS		
ESSENTIALLY UNCHANGED	54	36	24	0
WEAKER	11	30	24	0
ANTICIPATED DEMAND IN NEXT 3 MONTHS				
STRONGER	60	MATURITY OF TERM LOANS		
ESSENTIALLY UNCHANGED	54	32	28	0
WEAKER	11	22	31	1
ANTICIPATED DEMAND IN NEXT 3 MONTHS				
STRONGER	60	NEW CUSTOMERS		
ESSENTIALLY UNCHANGED	54	53	7	0
WEAKER	11	48	6	0
ANTICIPATED DEMAND IN NEXT 3 MONTHS				
STRONGER	60	(NONCAPTIVE FINANCE COMPANIES*) ESTABLISHING NEW OR LARGER CREDIT LINES		
ESSENTIALLY UNCHANGED	54	51	9	0
WEAKER	11	38	15	1
ANTICIPATED DEMAND IN NEXT 3 MONTHS				
STRONGER	60	LESS ESSENTIALLY UNCHANGED MORE		
ESSENTIALLY UNCHANGED	54	WILLINGNESS TO MAKE		
WEAKER	11	TERM LOANS TO BUSINESSES		
		41	18	1
		36	18	0
		6	5	0

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## SUPPLEMENTAL APPENDIX B

### SURVEY OF TIME AND SAVINGS DEPOSITS - JULY 31, 1973\*

The July 31, 1973, Survey of Time and Savings Deposits (STSD) indicates that a large percentage of insured commercial banks raised their offering rates on all categories of time and savings deposits following the early July change in Regulation Q ceilings. Of those banks offering various classes of deposits, more than two-thirds were offering the ceiling rate on most deposit categories, with the highest proportion of deposits at ceiling rates accounted for by the longer-term deposits (Table 1). A smaller proportion of banks was offering the ceiling rate on passbook accounts, especially among the large banks; this apparently reflected a strategy of attempting to minimize interest costs on the stock of liabilities owned by the least interest-sensitive (or most liquid conscious) depositors, while offering more attractive rates to the more interest-sensitive depositors. However, about 17 per cent of sample banks planned to increase offering rates on deposits after the July 31 date of the survey, including higher rates on passbook accounts (Table 2).

Only 38 per cent of insured commercial banks were issuing the new four year certificates exempt from Regulation Q ceilings (Table 3). Even though over 75 per cent of the larger banks were issuing these certificates, the 35 per cent of the banks with total deposits of less than \$100 million issuing four year certificates were able to attract 40 per cent of the total amount of such deposits issued (Table 4). The relatively greater inflows at the smaller banks may reflect their higher offering rates. While banks with deposits over \$100 million offered, on average, 7.165 per cent in four year certificates, the smaller banks' average offering rate was 7.244 per cent; these higher rates were probably designed to offset the competitive edge of the larger banks.

Table 5 compares offering rates on the four year certificates at all insured commercial banks to FDIC-insured mutual savings banks and a sample of savings and loan associations. As indicated in the upper panel, while only 5 per cent of commercial banks were offering over 7.5 per cent, almost 17 per cent of the savings banks and 10 per cent of a sample of large S&L's were offering over this rate. As noted in the lower panel, the commercial banks offering over 7.5 per cent accounted for less than 10 per cent of all the four year certificates issued by commercial banks; at the FDIC-insured mutual savings banks, institutions offering over 7.5 per cent accounted for over 40 per cent of the outstanding four year certificates of savings banks at the end of July. Comparable data are not available for S&L's.

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\* Prepared by Steven M. Roberts, Economist, Banking Section, Division of Research and Statistics.

In the three months ended July 31, 1973 (covering the period since the last STSD survey), all commercial banks gained \$3.5 billion of small denomination time and savings deposits, IPC (Table 6); the table excludes the inflow of over \$12 billion of time deposits in denomination of over \$100,000 at insured commercial banks. All of the gain in small denomination deposits was at smaller banks; larger banks lost small denomination deposits in this period as their more interest-sensitive deposits shifted to market securities.<sup>1/</sup> In the three month period ending July 31, banks of all sizes apparently had massive conversions of shorter-term certificates (line 3a) to longer-term certificates (line 3b)--mostly the new four year certificate (line 3c).

#### GEOGRAPHICAL DISTRIBUTION

Table 7 to 10 provides STSD data by Federal Reserve District. Table 7 suggests the proportion of banks offering ceiling rates was similar in all districts except Minneapolis. The Boston, Atlanta, and San Francisco districts had the largest proportion of banks offering four year certificates. Table 8 indicates that San Francisco banks were offering the lowest average rates on four year certificates and Atlanta banks the highest average rate on such deposits. Table 9 also indicates that Atlanta, Boston, Chicago, and Dallas had the largest number of banks offering over 7.5 per cent on four year certificates. Finally, Table 10 indicates that 60 per cent of all outstanding four year certificates outstanding at the end of July were at banks in the Atlanta, Chicago, New York and Philadelphia Districts.

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<sup>1/</sup> In August, after the date of the survey, these large banks again lost funds. From August 1 through August 29, the 328 weekly reporting banks had a net decrease in consumer type time and savings deposits of \$134 million. Their savings deposits continued to decline (by \$1,056 million), but their IPC small-denomination time deposits rose by \$922 million; this latter increase reflected four year certificate growth of \$1,008 million.

STSD Special Table 1 \*

Regulation Q Ceiling Changes and the Percentage of  
Issuing Banks Paying New Ceiling Rates on Small  
Denomination Time and Savings Deposits by Bank Size  
as of July 31, 1973

Maturity	Regulation Q Ceilings		Percentage of Issuing Banks at New Q Ceilings (b)			
	Old	New	Total	With Total Deposits of		
				less than 100 million	100-500 million	500 Million or more
Savings	4.5	5.0	63.8	63.9	65.3	55.1
Time Deposits:						
90 Days to 1 year	5.0	5.5	65.9	65.7	72.5	69.7
1 to 2-1/2 years	(a)	6.0	65.9	65.5	74.8	73.8
2-1/2 to 4 years	(a)	6.5	85.8	85.9	86.1	80.2

(a) 5.5 % for Deposits 1 to 2 years and 5.75% for Deposits 2 years or more.

(b) See Table 3 for number of issuing banks.

Memo: A significant number of banks in the STSD sample expected to make rate changes to the new Q Ceilings effective after the Survey date. Their responses are summarized in Table 2 and are not included in the above data.

\* Preliminary.

## STSD SPECIAL TABLE 2

Sample Banks Reporting Changes in Maximum Interest Rates Offered on Various Classes of Time and Savings Deposits  
to be Effective After the Survey Date, July 31, 1973  
(Number of Banks in sample which Reported)

FEDERAL RESERVE DISTRICT	Number of Banks Responding	Rates to Be Increased to Q Ceiling			Four Years or Over Denomination of \$1,000 to \$100,000			
		Savings	Denomination less than \$100,000			New Offering	Increase Rates	Decrease Rates
			Less than one year	One to 2-1/2 years	2-1/2 to 4 years			
Member Banks								
Boston	12	5	7	7	3	3	-	-
New York	47	23	25	22	16	5	6	11
Philadelphia	24	6	10	13	6	8	-	-
Cleveland	27	12	7	11	7	7	-	-
Richmond	17	14	7	8	6	3	-	3
Atlanta	32	2	18	16	14	6	-	1
Chicago	53	20	23	27	17	8	-	1
St. Louis	12	6	5	5	3	3	-	-
Minneapolis	21	12	14	14	6	3	-	1
Kansas City	7	5	4	3	2	1	-	1
Dallas	11	2	5	7	2	1	-	-
San Francisco	21	4	11	11	9	5	-	3
Member Total	284	111	136	144	91	53	6	11
Non Member	124	81	92	99	78	15	-	1
Total	408	192	228	243	169	68	6	12

STSD Special Table 3 \*

Number and Percentage of Insured Commercial  
Banks Issuing Small Denominations Time and Savings Deposit by  
Deposit Maturity and Bank Size  
as of July 31, 1973

Maturity	Total		With Total Deposits of					
			less than 100 million		100-500 million		500 million or more	
	# Banks Issuing	Per cent of Total	# Banks Issuing	Per cent of Total	# Banks Issuing	Per cent of Total	# Banks Issuing	Per cent of Total
Savings	13,575	97.7	12,853	97.6	544	99.5	178	100.0
Time Deposits:								
90 days to 1 year	13,142	94.5	12,419	94.2	545	99.8	178	100.0
1 to 2-1/2 years	13,160	94.7	12,446	94.5	539	98.7	175	98.3
2-1/2 to 4 years	8,067	58.0	7,437	56.5	467	85.5	162	91.0
4 years or over \$1,000 minimum	5,249	37.8	4,689	35.6	419	76.7	140	79.1
Total Number of Banks	13,901		13,177		546		178	

\* Preliminary.

STSD SPECIAL TABLE 4 \*\*

Frequency Distribution of Interest Rates Being Paid, and Amount Outstanding  
of Small Denomination Time Deposits With Original Maturity of Four Years or Over at  
All Insured Commercial Banks by Size  
as of July 31, 1973  
(Millions of dollars, not seasonally adjusted)

Rate Class (per cent)	Total		WITH TOTAL DEPOSITS OF					
			Less than 100 million		100-500 million		500 million or more	
	# Banks	Amount	# Banks	Amount	# Banks	Amount	# Banks	Amount
Those not issuing *	8,651	13	8,488	0	127	0	37	13
5.500 or less	38	55	29	15	5	13	5	27
5.501 to 6.000	103	132	85	8	14	68	5	56
6.001 to 6.500	97	92	67	63	22	25	8	4
6.501 to 6.750	77	11	71	8	5	3	0	0
6.751 to 7.000	2,982	1,262	2,702	528	208	263	71	471
7.001 to 7.250	522	371	448	123	52	82	21	166
7.251 to 7.500	1,146	1,081	1,030	412	89	200	27	469
7.501 to 7.750	67	27	60	22	5	4	1	1
7.751 to 8.000	197	180	184	122	13	51	1	7
8.001 to 8.250	3	35	0	0	2	16	1	19
8.251 to 8.500	14	57	11	4	3	53	0	0
8.501 to 8.750	0	0	0	0	0	0	0	0
8.751 to 9.000	2	6	2	6	0	0	0	0
Total those issuing	5,249	3,309	4,689	1,311	419	779	140	1,219
Memo: Average issuing rate	7.197		7.244		7.196		7.146	

\* Includes those banks which are no longer issuing.

\*\* Preliminary.

Table 5

Percentage Distribution of Offering Rates and Amounts  
at  
Commercial Banks, Mutual Savings Banks, and Savings and Loan Association  
(As of July 31, 1973)

<u>Offering Rates (Per Cent)</u>	<u>Insured Commercial Banks</u>	<u>332 FDIC-Insured Mutual Savings Banks</u>	<u>Sample of 273 Savings &amp; Loan Associations<sup>1/</sup></u>
	( Number of Institutions )		
Under 7.0	13.9	9.8	--
7.0	48.9	46.5	40.0
7.25	9.9	13.0	21.0
7.50	21.8	14.1	30.0
7.75	1.3	14.1	4.0
8.00 or more	4.2	2.7	6.0
	-----	-----	-----
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	-----	-----	-----
<b>Memo:</b>			
Percentage of Institutions offering 4 year certificates	38.7	57.4	n. a.
(Amount Outstanding)			
Under 7.0	44.7	6.2	n. a.
7.0	18.1	43.3	n. a.
7.25	11.2	2.3	n. a.
7.50	32.7	7.4	n. a.
7.75	0.8	35.1	n. a.
8.00 or more	8.4	5.7	n. a.
	-----	-----	-----
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>n. a.</b>
	-----	-----	-----
<b>Memo:</b>			
Dollar Current Outstanding	\$ 3.3 billion	\$ 2.0 billion	\$ 1.4 billion

<sup>1/</sup> Sample accounting for 38 per cent of Savings and Loan deposits.

Table 6 \*

Net Changes in Small Denominations IPC Time and Savings Deposits

at all Insured Commercial Banks

April 30, 1973 to July 31, 1973

(Million of Dollars, Not Seasonally adjusted)

<u>Deposit Class</u>	<u>Total</u>	<u>Banks with Deposits of</u>		
		<u>less than \$100 million</u>	<u>\$100-\$500 million</u>	<u>\$500 million and over</u>
1. Total IPC Time and Savings Deposits in Denominations of less than \$100,000	<u>3,553</u>	<u>4,027</u>	<u>142</u>	<u>-616</u>
2. SAVINGS	1,786	2,387	-311	-290
3. TIME DEPOSITS (Total)	1,761	1,639	453	-326
With Original Maturity of:				
3a. less than 1 year	-3,173	-904	-545	-1,725
3b. 1 year or more	<u>4,940</u>	<u>2,543</u>	<u>998</u>	<u>1,399</u>
3c. Memo: 4 year certificates included in line 3b <sup>1/</sup>	3,322	1,311	779	1,232

<sup>1/</sup> Four-year certificates are outstandings as of July 31, Weekly Reporting bank data suggest that about \$600 million of these deposits were outstanding as of the end of June prior to the change in Regulation Q.

\* Preliminary.

STSD Special Table 7 \*  
Number of Banks Issuing  
and  
Of Those Banks , Per cent Which are at New Q Ceiling Rates <sup>1/</sup>  
By Districts  
July 31, 1973

Districts	Total # Banks in Districts	Savings		90 Days to 1 Year		1 to 2-1/2 years		2-1/2 to 4 Years		4 Years or More (\$1000 minimum) <sup>1/</sup>	
		# Banks Issuing	% Issuing at Ceiling	# Banks Issuing	% of Total						
Boston	378	370	82.6	332	56.9	258	54.3	195	76.4	224	59.3
New York	506	503	52.7	504	49.0	476	50.6	334	62.0	213	42.1
Philadelphia	425	425	30.8	374	46.0	377	41.9	209	73.2	187	44.0
Cleveland	774	772	57.9	718	54.5	711	46.8	466	88.4	329	42.5
Richmond	747	747	70.3	654	75.2	690	76.8	401	88.8	260	34.8
Atlanta	1,764	1,764	63.2	1,709	73.7	1,655	74.6	1,122	89.5	1,051	59.6
Chicago	2,619	2,619	61.7	2,465	70.8	2,550	69.4	1,727	84.8	1,135	43.3
St. Louis	1,398	1,290	62.5	1,340	75.1	1,343	72.9	714	95.0	348	24.9
Minneapolis	1,383	1,374	33.5	1,286	24.6	1,383	28.5	439	54.0	134	9.7
Kansas City	2,118	1,970	80.5	2,030	75.1	2,048	80.4	1,215	93.0	708	33.4
Dallas	1,390	1,341	93.1	1,352	78.8	1,296	75.5	936	92.2	426	30.6
San Francisco	398	398	59.3	377	67.9	377	72.7	316	84.8	234	58.8
All Insured Commercial	13,900	13,573	63.8	13,141	65.9	13,164	65.9	8,074	85.8	5,249	37.8

<sup>1/</sup> There is no ceiling on rates for deposits of four years or more with minimum denominations of \$1,000. The number of banks issuing these types of deposits and the percentage of banks represented, regardless of issuing rates, are presented

\* Preliminary.

**STSD Special Table 8 \***  
**Frequency Distribution of Interest Rates Being Paid and Amount Outstanding**  
**of Small Denomination Time Deposits with Original Maturity of Four Years or Over at**  
**all Insured Commercial Banks by Federal Reserve Districts**

as of July 31, 1973  
(Millions of dollars, not seasonally adjusted)

Federal Reserve District	6.500 or less		6.501-7.000		7.001-7.250		7.251-7.500		7.501-8.000		Over 8.001		Total		
	No. Banks	Amt.	No. Banks	Amt.	No. Banks	Amt.	No. Banks	Amt.	No. Banks	Amt.	No. Banks	Amt.	No. Banks	Amt.	Avg. Rate
Boston	12	21	35	17	85	19	45	30	46	13	1	9	224	109	7.04
New York	44	91	119	86	25	41	21	160	2	3	1	19	213	400	7.01
Philadelphia	12	30	88	103	1	9	82	186	4	28	0	0	187	356	7.22
Cleveland	26	11	264	159	6	11	27	99	5	10	0	0	329	290	7.14
Richmond	5	7	124	14	48	49	75	87	8	9	0	0	260	166	7.30
Atlanta	54	54	451	148	185	143	261	110	90	82	11	66	1051	604	7.31
Chicago	10	2	696	376	102	58	269	185	54	43	2	1	1135	664	7.22
St. Louis	0	0	294	45	16	11	37	19	1	1	0	0	348	76	7.17
Minneapolis	0	0	76	23	17	4	41	18	0	0	0	0	134	44	7.22
Kansas City	35	2	530	137	15	5	122	64	6	2	0	0	708	210	7.15
Dallas	33	43	183	18	16	19	147	107	44	9	4	4	426	199	7.21
San Francisco	7	18	197	146	6	3	20	16	4	7	0	0	234	190	6.97
<b>TOTAL</b>	<b>238</b>	<b>279</b>	<b>3057</b>	<b>1272</b>	<b>522</b>	<b>372</b>	<b>1147</b>	<b>1081</b>	<b>264</b>	<b>207</b>	<b>19</b>	<b>99</b>	<b>5249</b>	<b>3309</b>	

\* Preliminary.

STSD Special Table 9 \*  
 Percentage Distribution of Interest Rates Being Paid and Amount Outstanding  
 of Small Denomination Time Deposits with Original Maturity of Four Years or Over at  
 all Insured Commercial Banks by Federal Reserve Districts  
 as of July 31, 1973

Federal Reserve District	6.500 or less		6.501-7.000		7.001-7.250		7.251-7.500		7.501-8.000		Over 8.001		Total	
	No. Banks	Amt.	No. Banks	Amt.	No. Banks	Amt.	No. Banks	Amt.	No. Banks	Amt.	No. Banks	Amt.	No. Banks	Amt.
Boston	5.4	19.3	15.6	15.6	37.9	17.4	20.1	27.5	20.5	11.9	0.5	8.3	100.0	100.0
New York	20.7	22.8	55.9	21.5	11.7	10.3	9.9	40.0	0.9	0.8	0.9	4.6	100.0	100.0
Philadelphia	6.4	8.4	47.1	28.9	0.5	2.5	43.9	52.2	2.1	8.0	0	0	100.0	100.0
Cleveland	7.9	3.8	80.2	54.8	1.8	3.8	8.2	34.1	1.9	3.5	0	0	100.0	100.0
Richmond	1.9	4.2	47.7	8.4	18.5	29.5	28.8	52.4	3.1	5.5	0	0	100.0	100.0
Atlanta	5.1	8.9	42.9	24.5	17.6	23.7	24.8	18.2	8.6	13.6	1.0	11.1	100.0	100.0
Chicago	0.9	0.3	61.3	56.6	9.0	8.7	23.7	27.9	4.8	6.5	0.3	0.2	100.0	100.0
St. Louis	0	0	84.5	59.2	4.6	14.5	10.6	25.0	0.3	1.3	0	0	100.0	100.0
Minneapolis	0	0	56.7	52.3	12.7	9.1	30.6	38.6	0	0	0	0	100.0	100.0
Kansas City	4.9	1.0	74.9	65.2	2.1	2.4	17.2	30.5	0.9	0.9	0	0	100.0	100.0
Dallas	7.7	21.6	43.0	9.0	3.8	9.5	34.5	53.8	10.3	4.5	0.7	1.6	100.0	100.0
San Francisco	3.0	9.5	84.2	76.8	2.6	1.6	8.5	8.4	1.7	3.7	0	0	100.0	100.0
<b>TOTAL</b>	<b>4.5</b>	<b>8.4</b>	<b>58.2</b>	<b>38.4</b>	<b>9.9</b>	<b>11.2</b>	<b>21.9</b>	<b>32.7</b>	<b>5.0</b>	<b>6.3</b>	<b>0.5</b>	<b>3.0</b>	<b>100.0</b>	<b>100.0</b>

\* Preliminary.

STSD SPECIAL TABLE 10\*

Small Denomination Time Deposits With Original Maturity of Four Years or Over  
 Number of Banks Offering and Amount Outstanding - Insured Commercial  
 Banks by Federal Reserve District and Deposit Size  
 as of July 31, 1973  
 (Millions of dollars, not seasonally adjusted)

Federal Reserve District	Total		WITH TOTAL DEPOSITS OF					
			Less than 100 million		100-500 million		500 million or more	
	# Banks	Amount	# Banks	Amount	# Banks	Amount	# Banks	Amount
Boston	224	109	188	34	30	34	8	41
New York	213	400	136	32	53	120	24	247
Philadelphia	187	356	138	57	37	127	13	172
Cleveland	329	290	281	72	31	50	15	168
Richmond	260	166	217	48	32	58	11	59
Atlanta	1,051	604	988	333	52	185	11	86
Chicago	1,135	664	1,036	293	78	124	20	247
St. Louis	348	76	330	58	13	5	5	14
Minneapolis	134	44	123	21	7	9	3	14
Kansas City	708	210	677	186	26	19	5	5
Dallas	426	199	396	147	27	23	3	29
San Francisco	234	190	180	29	32	25	22	135
Total	5,249	3,309	4,689	1,311	419	779	141	1,219

\* Preliminary.