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CONFIDENTIAL (FR)

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

By the Staff
Board of Governors
of the Federal Reserve System

December 14, 1973

APPENDIX A: QUARTERLY SURVEY OF CHANGES IN BANK LENDING PRACTICES*
November 1973

The large majority of the 125 banks reporting in the November 15, 1973, Quarterly Survey of Changes in Bank Lending Practices were following essentially unchanged policies from three months earlier, when most banks reported that their policies had firmed. (See Table 1.) However, a significant minority of banks reported that their policies had firmed moderately in the most recent period, but a few banks did report some easing. In the preceding survey, virtually no easing was reported. Loan demand at the vast majority of banks had remained unchanged or weakened, and these trends generally were expected to continue. Detailed examination of the responses to the survey, though, revealed that the moves toward tightening seemed to represent lagged responses of banks to stronger loan demands in previous periods as well as increased demands for credit in the current period.

There were modest moves toward greater firmness in nonprice terms of lending such as compensating balances and standards of credit worthiness. Banks also had a somewhat more stringent attitude toward new and nonlocal customers and scrutinized more closely the value of loan applicants as depositors or as a source of collateral business.

There were no significant divergences between the policies of smaller and larger banks with respect to price and nonprice terms of lending (Table 2). Regionally, the pattern was fairly consistent as bankers generally were guided by policies adopted earlier this year (Table 3).

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

TABLE 1

QUARTERLY SURVEY OF CHANGES IN BANK LENDING PRACTICES
 AT SELECTED LARGE BANKS IN THE U.S. 1/
 (STATUS OF POLICY ON NOVEMBER 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	0	0.0	22	17.6	53	42.4	50	40.0	0	0.0
ANTICIPATED DEMAND IN NEXT 3 MONTHS	124	100.0	1	0.8	16	12.9	69	55.7	37	29.8	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	125	100.0	9	7.2	27	21.6	60	48.0	29	23.2	0	0.0
COMPENSATING OR SUPPORTING BALANCES	124	100.0	4	3.2	18	14.5	98	79.1	4	3.2	0	0.0
STANDARDS OF CREDIT WORTHINESS	124	100.0	4	3.2	20	16.1	98	79.1	2	1.6	0	0.0
MATURITY OF TERM LOANS	124	100.0	1	0.8	16	12.9	99	79.8	8	6.5	0	0.0
REVIEWING CREDIT LINES OR LOAN APPLICATIONS												
ESTABLISHED CUSTOMERS	125	100.0	1	0.8	15	12.0	96	76.8	13	10.4	0	0.0
NEW CUSTOMERS	125	100.0	9	7.2	30	24.0	65	52.0	21	16.8	0	0.0
LOCAL SERVICE AREA CUSTOMERS	125	100.0	1	0.8	16	12.8	94	75.2	14	11.2	0	0.0
NONLOCAL SERVICE AREA CUSTOMERS	125	100.0	10	8.0	25	20.0	78	62.4	12	9.6	0	0.0

1/ SURVEY OF LENDING PRACTICES AT 124 LARGE BANKS REPORTING IN THE FEDERAL RESERVE QUARTERLY INTEREST RATE SURVEY AS OF NOVEMBER 15, 1973.

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	BANKS	PCT
FACTORS RELATING TO APPLICANT 2/												
VALUE AS DEPOSITOR OR SOURCE OF COLLATERAL BUSINESS	125	100.0	10	8.0	22	17.6	90	72.0	3	2.4	0	0.0
INTENDED USE OF THE LOAN	125	100.0	4	3.2	17	13.6	96	76.8	8	6.4	0	0.0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	125	100.0	4	3.2	17	13.6	88	70.4	16	12.8	0	0.0
COMPENSATING OR SUPPORTING BALANCE*	125	100.0	2	1.6	8	6.4	113	90.4	2	1.6	0	0.0
ENFORCEMENT OF BALANCE REQUIREMENTS	125	100.0	5	4.0	17	13.6	101	80.8	2	1.6	0	0.0
ESTABLISHING NEW OR LARGER CREDIT LINES	125	100.0	10	8.0	15	12.0	88	70.4	12	9.6	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	2	1.6	12	9.6	92	73.6	19	15.2	0	0.0
CONSUMER INSTALMENT LOANS	124	100.0	0	0.0	2	1.6	105	84.7	16	12.9	1	0.8
SINGLE FAMILY MORTGAGE LOANS	122	100.0	9	7.4	16	13.1	83	68.0	14	11.5	0	0.0
MULTI-FAMILY MORTGAGE LOANS	121	100.0	14	11.6	16	13.2	84	69.4	7	5.8	0	0.0
ALL OTHER MORTGAGE LOANS	123	100.0	7	5.7	17	13.8	91	74.0	8	6.5	0	0.0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	125	100.0	1	0.8	11	8.8	99	79.2	14	11.2	0	0.0
LOANS TO BROKERS	125	100.0	5	4.0	13	10.4	102	81.6	5	4.0	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 2

COMPARISON OF QUARTERLY CHANGES IN BANK LENDING PRACTICES AT BANKS GROUPED BY SIZE OF TOTAL DEPOSITS 1/
(STATUS OF POLICY ON NOVEMBER 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
STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS (AFTER ALLOWANCE FOR BANK'S USUAL SEASONAL VARIATION)												
COMPARED TO THREE MONTHS AGO	100	100	0	0	15	20	31	50	54	30	0	0
ANTICIPATED DEMAND IN NEXT 3 MONTHS	100	100	2	0	15	11	57	56	26	32	0	1
LENDING TO NONFINANCIAL BUSINESSES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	100	100	4	10	15	27	50	46	31	17	0	0
COMPENSATING OR SUPPORTING BALANCES	100	100	2	4	9	19	83	76	6	1	0	0
STANDARDS OF CREDIT WORTHINESS	100	100	2	4	9	21	85	75	4	0	0	0
MATURITY OF TERM LOANS	100	100	0	1	4	20	90	72	6	7	0	0
REVIEWING CREDIT LINES OR LOAN APPLICATIONS												
ESTABLISHED CUSTOMERS	100	100	0	1	7	15	78	77	15	7	0	0
NEW CUSTOMERS	100	100	6	8	19	28	53	51	22	13	0	0
LOCAL SERVICE AREA CUSTOMERS	100	100	0	1	7	17	76	75	17	7	0	0
NONLOCAL SERVICE AREA CUSTOMERS	100	100	2	13	17	23	64	60	17	4	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 NOVEMBER 15, 1973.

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	10	17	18	73	71	4	1	0	0
INTENDED USE OF THE LOAN	100	100	2	4	11	15	76	78	11	3	0	0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	100	100	2	4	11	15	70	71	17	10	0	0
COMPENSATING OR SUPPORTING BALANCES	100	100	0	3	6	7	92	89	2	1	0	0
ENFORCEMENT OF BALANCE REQUIREMENTS	100	100	0	7	13	14	85	78	2	1	0	0
ESTABLISHING NEW OR LARGER CREDIT LINES	100	100	4	11	9	14	68	72	19	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	2	1	0	17	76	72	22	10	0	0
CONSUMER INSTALMENT LOANS	100	100	0	0	0	3	87	83	11	14	2	0
SINGLE FAMILY MORTGAGE LOANS	100	100	4	10	8	17	76	62	12	11	0	0
MULTI-FAMILY MORTGAGE LOANS	100	100	6	16	10	16	76	64	8	4	0	0
ALL OTHER MORTGAGE LOANS	100	100	2	9	9	17	80	70	9	4	0	0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	100	100	0	1	4	13	81	78	15	8	0	0
LOANS TO BROKERS	100	100	2	6	6	14	85	79	7	1	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.

NOT FOR QUOTATION OR PUBLICATION

TABLE 3

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

	ALL CSTS	BOS- TON	NEW YORK		PHIL- ADFL.	CLEVE- LAND	RICH- MOND	ATLAN- TA	CHIC- AGO	ST. LOUIS	MINNE- 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	124													
MUCH STRONGER	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MODERATELY STRONGER	22	6	2	0	2	1	0	2	3	2	0	1	3	0
ESSENTIALLY UNCHANGED	53	1	10	4	6	7	5	4	5	4	3	5	4	4
MODERATELY WEAKER	50	1	8	5	3	2	6	5	3	8	3	0	3	2
MUCH WEAKER	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ANTICIPATED DEMAND NEXT THREE MONTHS	124													
MUCH STRONGER	1	1	0	0	0	0	0	0	0	0	0	0	0	0
MODERATELY STRONGER	14	3	4	1	3	1	0	0	2	3	1	0	1	1
ESSENTIALLY UNCHANGED	64	3	11	6	5	4	9	6	3	4	7	2	5	6
MODERATELY WEAKER	37	1	5	2	3	1	2	6	4	8	1	1	4	1
MUCH WEAKER	1	0	0	0	0	0	0	0	1	0	0	0	0	0
LENDING TO NONFINANCIAL BUSINESSES														
TERMS AND CONDITIONS														
INTEREST RATES CHARGED	124													
MUCH FIRMER POLICY	3	2	2	0	2	0	0	0	0	2	2	0	0	1
MODERATELY FIRMER POLICY	27	2	4	1	3	1	2	6	3	1	1	1	1	3
ESSENTIALLY UNCHANGED POLICY	60	4	10	6	4	4	7	6	6	7	4	2	4	3
MODERATELY EASIER POLICY	29	0	4	2	2	1	2	0	1	5	2	0	4	2
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMPENSATING BALANCES	124													
MUCH FIRMER POLICY	4	1	1	0	1	0	0	0	0	1	1	0	0	0
MODERATELY FIRMER POLICY	14	4	5	0	5	0	0	2	2	0	0	0	1	2
ESSENTIALLY UNCHANGED POLICY	94	3	13	8	5	6	10	10	8	14	8	3	7	7
MODERATELY EASIER POLICY	4	0	1	1	0	0	1	0	0	0	0	0	0	2
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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

TABLE 3 (CONTINUED)

	ALII DSTS	BOS- TON	NEW YORK		PHIL- ADEL.	CLEVE- LAND	RICH- MOND	ATLAN- TA	CHIC- AGO	ST. LOUIS	MINNE- APOLIS	KANS. CITY	DAL- LAS	SAN FRAN
		TOTAL	CITY	OUTSIDE										
LENDING TO NONFINANCIAL BUSINESSES														
TERMS AND CONDITIONS														
STANDARDS OF CREDIT WORTHINESS	124													
MUCH FIRMER POLICY	4	1	1	0	1	0	0	0	1	0	0	1	0	0
MODERATELY FIRMER POLICY	20	3	5	0	5	1	2	3	1	2	0	1	0	0
ESSENTIALLY UNCHANGED POLICY	94	4	14	9	5	5	9	9	12	7	3	6	9	11
MODERATELY EASIER POLICY	2	0	0	0	0	0	0	0	0	0	0	0	0	2
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MATURITY OF TERM LOANS	124													
MUCH FIRMER POLICY	1	0	0	0	0	0	0	0	0	0	0	1	0	0
MODERATELY FIRMER POLICY	16	4	3	0	3	0	1	2	1	1	2	1	0	0
ESSENTIALLY UNCHANGED POLICY	99	4	17	9	8	6	8	10	9	13	6	2	5	12
MODERATELY EASIER POLICY	4	0	0	0	0	0	2	0	0	1	1	0	1	1
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REVIEWING CREDIT LINES OR LOANS														
ESTABLISHED CUSTOMERS	124													
MUCH FIRMER POLICY	1	0	1	0	1	0	0	0	0	0	0	0	0	0
MODERATELY FIRMER POLICY	15	4	4	0	4	1	0	2	0	2	1	0	1	0
ESSENTIALLY UNCHANGED POLICY	94	4	13	8	5	5	10	8	9	11	8	3	8	9
MODERATELY EASIER POLICY	13	0	2	1	1	0	1	2	1	2	0	0	0	4
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NEW CUSTOMERS	125													
MUCH FIRMER POLICY	4	2	3	0	3	0	0	0	1	2	0	0	0	1
MODERATELY FIRMER POLICY	30	2	6	1	5	2	2	5	4	2	0	1	2	2
ESSENTIALLY UNCHANGED POLICY	65	4	8	6	2	3	7	5	5	9	7	2	5	5
MODERATELY EASIER POLICY	21	0	3	2	1	1	2	2	1	3	0	0	2	5
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LOCAL SERVICE AREA CUSTOMERS	125													
MUCH FIRMER POLICY	1	0	1	0	1	0	0	0	0	0	0	0	0	0
MODERATELY FIRMER POLICY	16	3	4	0	4	1	0	1	1	2	2	0	2	0
ESSENTIALLY UNCHANGED POLICY	94	5	13	8	5	5	10	9	8	12	6	3	6	9
MODERATELY EASIER POLICY	14	0	2	1	1	0	1	2	1	1	0	1	1	4
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 3 (CONTINUED)

	ALL DISTS	HOS- 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	12														
MUCH FIRMER POLICY	1	1	3	0	3	0	0	2	0	1	2	0	1	0	0
MODERATELY FIRMER POLICY	2	2	5	1	4	2	2	1	5	4	0	1	1	1	1
ESSENTIALLY UNCHANGED POLICY	7	5	10	7	3	4	8	7	5	6	7	2	6	7	9
MODERATELY EASIER POLICY	1	0	2	1	1	0	1	2	0	2	0	0	1	1	3
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	12														
MUCH FIRMER POLICY	1	1	2	0	2	0	0	1	1	1	2	0	1	0	1
MODERATELY FIRMER POLICY	2	1	3	1	2	0	1	3	3	3	1	1	1	2	3
ESSENTIALLY UNCHANGED POLICY	9	6	15	8	7	0	9	8	6	10	6	2	7	7	8
MODERATELY EASIER POLICY	0	0	0	0	0	0	1	0	0	1	0	0	0	0	1
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTENDED USE OF LOAN	12														
MUCH FIRMER POLICY	0	0	1	0	1	0	0	0	1	1	1	0	0	0	0
MODERATELY FIRMER POLICY	1	2	2	0	2	1	1	3	2	2	1	0	1	1	1
ESSENTIALLY UNCHANGED POLICY	4	6	15	7	8	5	9	8	7	11	7	3	7	8	10
MODERATELY EASIER POLICY	0	0	2	2	0	0	1	0	1	0	0	0	1	0	2
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 CHARGED	12														
MUCH FIRMER POLICY	0	1	1	0	1	0	0	0	0	1	1	0	0	0	0
MODERATELY FIRMER POLICY	1	0	3	1	2	1	2	3	3	0	1	1	1	1	1
ESSENTIALLY UNCHANGED POLICY	4	7	14	8	6	5	8	8	7	11	5	2	6	6	9
MODERATELY EASIER POLICY	1	0	2	0	2	0	1	0	0	3	2	0	2	2	3
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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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 CITIES	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 "NONCAPTIVE" FINANCE COMPANIES														
TERMS AND CONDITIONS:														
SIZE OF COMPENSATING BALANCES	125													
MUCH FIRMER POLICY	2	0	0	0	0	0	0	0	1	1	0	0	0	0
MODERATELY FIRMER POLICY	1	0	2	0	2	1	1	2	0	0	0	1	1	0
ESSENTIALLY UNCHANGED POLICY	113	8	17	9	8	5	9	8	14	8	3	8	8	13
MODERATELY EASIER POLICY	2	0	1	0	1	0	1	0	0	0	0	0	0	0
MUCH EASIER POLICY	1	0	0	0	0	0	0	0	0	0	0	0	0	0
ENFORCEMENT OF BALANCE REQUIREMENT	124													
MUCH FIRMER POLICY	1	0	0	0	0	1	0	1	1	1	0	0	0	0
MODERATELY FIRMER POLICY	17	2	5	0	5	0	1	4	0	0	0	2	1	2
ESSENTIALLY UNCHANGED POLICY	191	6	15	9	6	5	9	5	14	8	3	7	8	10
MODERATELY EASIER POLICY	2	0	0	0	0	0	1	0	0	0	0	0	0	1
MUCH EASIER POLICY	1	0	0	0	0	0	0	0	0	0	0	0	0	0
ESTABLISHING NEW OR LARGER CREDIT LINES	125													
MUCH FIRMER POLICY	17	1	2	0	2	1	1	0	1	1	0	1	0	1
MODERATELY FIRMER POLICY	15	1	4	1	3	0	1	2	2	1	0	1	2	0
ESSENTIALLY UNCHANGED POLICY	82	6	11	6	5	4	8	10	7	7	3	6	6	9
MODERATELY EASIER POLICY	12	0	3	2	1	1	1	0	2	0	0	1	1	3
MUCH EASIER POLICY	1	0	0	0	0	0	0	0	0	0	0	0	0	0
WILLINGNESS TO MAKE OTHER TYPES OF LOANS														
TERM LOANS TO BUSINESSES	124													
CONSIDERABLY LESS WILLING	2	1	0	0	0	0	0	0	0	1	0	0	0	0
MODERATELY LESS WILLING	12	1	2	0	2	0	0	2	1	1	1	3	0	0
ESSENTIALLY UNCHANGED	92	6	14	7	7	6	9	8	12	7	2	4	7	8
MODERATELY MORE WILLING	10	0	4	2	2	0	2	1	2	0	0	2	2	5
CONSIDERABLY MORE WILLING	1	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSUMER INSTALMENT LOANS	124													
CONSIDERABLY LESS WILLING	1	0	0	0	0	0	0	0	0	0	0	0	0	0
MODERATELY LESS WILLING	2	0	1	0	1	0	0	0	0	1	0	0	0	0
ESSENTIALLY UNCHANGED	105	8	15	8	7	6	10	7	14	7	3	8	8	7
MODERATELY MORE WILLING	14	0	3	0	3	0	1	0	3	1	0	1	1	5
CONSIDERABLY MORE WILLING	1	0	0	0	0	0	0	0	0	0	0	0	0	1

TABLE 3 (CONTINUED)

WILLINGNESS TO MAKE OTHER TYPES OF LOANS	ALL CITIES	BOS- TON	NEW YORK		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	4	0	2	1	2	0	1	1	0	0	0	2	1	0
MODERATELY LESS WILLING	14	0	3	1	2	0	2	1	4	1	2	0	0	1
ESSENTIALLY UNCHANGED	84	8	9	5	4	4	8	5	9	7	1	7	6	11
MODERATELY MORE WILLING	14	0	4	1	3	0	1	2	2	1	0	0	2	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	14	0	1	0	1	2	2	1	2	1	2	0	2	0
MODERATELY LESS WILLING	14	0	4	1	3	0	1	3	0	2	2	1	0	1
ESSENTIALLY UNCHANGED	84	8	9	5	4	4	8	6	12	4	1	6	8	11
MODERATELY MORE WILLING	7	0	3	1	2	0	0	1	0	1	0	0	0	1
CONSIDERABLY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ALL OTHER MORTGAGE LOANS	123													
CONSIDERABLY LESS WILLING	7	0	1	0	1	1	2	0	1	0	0	0	1	0
MODERATELY LESS WILLING	17	1	4	1	3	0	1	3	1	4	2	0	1	0
ESSENTIALLY UNCHANGED	91	7	12	7	5	4	7	9	7	4	7	3	7	11
MODERATELY MORE WILLING	4	0	2	0	2	1	1	0	2	0	0	0	0	2
CONSIDERABLY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	124													
CONSIDERABLY LESS WILLING	1	0	1	0	1	0	0	0	0	0	0	0	0	0
MODERATELY LESS WILLING	11	1	4	0	4	0	2	1	2	0	1	0	0	0
ESSENTIALLY UNCHANGED	90	7	12	8	4	6	8	10	8	14	7	3	7	9
MODERATELY MORE WILLING	14	0	3	1	2	0	1	1	0	1	1	0	2	4
CONSIDERABLY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LOANS TO BROKERS	125													
CONSIDERABLY LESS WILLING	5	0	1	0	1	0	0	2	1	0	0	0	1	0
MODERATELY LESS WILLING	13	1	2	0	2	0	2	1	1	2	0	1	1	0
ESSENTIALLY UNCHANGED	102	7	17	9	4	6	8	9	7	12	7	3	7	11
MODERATELY MORE WILLING	0	0	0	0	0	0	1	0	1	0	0	0	0	2
CONSIDERABLY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NUMBER OF BANKS	126													

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SUPPLEMENTAL APPENDIX B*
MONTHLY SURVEY OF BANK LOAN COMMITMENTS

As reported by 134 banks in the Monthly Survey of Bank Loan Commitments, unused commitments during October grew at a fairly rapid pace compared to other recent months. The growth may in part be reflective of the very slow rate of takedowns in October when the spreads between the commercial paper rates and the prime rate made the commercial paper market attractive to borrowers. Bank customers apparently let their commitments go unused, as outstanding loans under commitments declined slightly over the month. In addition, new commitments advanced briskly compared to the previous month, but the volatility of the series makes interpretation of one-month movements risky.

The October data in greater detail, in Table 1, columns 1 and 2, show that unused commitments of commercial and industrial firms grew rather rapidly, which was largely accounted for by a jump in confirmed lines of credit. The unused commitments of nonbank financial institutions also showed rapid growth, even though these institutions drew substantially on their commitments (columns 4 and 5). Unused commitments for real estate mortgages, following the trend of recent months, declined even though new commitments for real estate mortgages increased well above September's level--possibly in anticipation of the large expenditures on plant widely predicted for next year. The reported increase in outstanding mortgages under commitments was modest, but the actual increase was somewhat larger due to loan sales.

Table 2 permits a comparison of the most recent figures on unused commitments with such data since the inception of the survey. ¹ Data on unused commitments for July through October 1973, from the 131 banks that reported in all of those months, are presented. Survey information on new commitments and loans under commitments, however, are not shown due to reporting problems in the early months of the survey with those series.

Over the entire July-October period, unused C & I commitments increased very little (column 1) while unused commitments for real estate mortgages declined (column 8). In contrast, nonbank financial institutions, perhaps due to thrift institutions reacting to disintermediation earlier this year, built up their commitments from commercial banks appreciably (column 7).

¹/ Although the first month of the survey was June, those data were excluded because many banks were unable to provide complete information.

Interpretation of the commitments data may be aided by analysis of the utilization ratio, defined as the ratio of outstanding loans made under commitments to unused commitments plus outstanding loans under commitments. The ratio is often used by bankers to interpret their position regarding commitments. With growth in unused commitments strong over the month of October, the utilization ratio for all commitments declined, led by the drop in the C & I ratio, as shown in Table 3. Only the utilization ratio for real estate mortgages rose in October in response to the decline of unused mortgage commitments.

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

Table 1

Monthly Changes in Loan Commitments and Loans
Under Commitments at Large U.S. Banks
September 30, 1973, to October 31, 1973
(Dollar amounts in billions)

	Unused commitments--		New commitments <u>1/</u>	Loans under commitments--	
	One-month changes			One-month changes <u>2/</u>	
	(1) Amount	(2) Per cent	(3) Amount	(4) Amount	(5) Per cent
Total commercial and industrial	2.89	3.6	4.44	-1.17	-1.7
Term loans	.12	2.3	.75	-.14	-0.7
Revolving credits	.18	1.0	1.03	.21	1.1
Total: term and revolving	.30	1.9	1.78	.07	0.2
Confirmed lines	2.37	4.6	1.72	-1.28	-4.9
Other	.22	5.1	.89	.05	0.8
Nonbank financial institutions	1.16	4.5	.92	.41	2.8
Real estate mortgages	-.41	-4.5	1.07	.20e	1.1
Total	3.64	3.2	6.42	-1.06	-1.0

Number of banks = 134

- 1/ New commitments is a different concept from that used in the Quarterly Survey of Bank Loan Commitments. It no longer includes renewals and cannot account for the total change in unused commitments.
- 2/ Loans under commitments are those loans made under commitments currently or previously in force, less repayments principal. The change in loans under commitments is thus the net increase in outstanding loans made under commitments over the period September 30, 1973, to October 31, 1973. It is a proxy for takedowns minus repayments. The stock of loans under commitments and its increment over the period are distorted by takedowns of loan commitments by overseas branches of U.S. banks and loan sales.
- e-- Partially estimated.

NOTE: Minor inconsistencies may occur in the figures due to rounding.

Table 2
 Unused Commitments at Large U.S. Banks
 July 1973 to October 1973
 (Dollar amounts in billions)

	Total C & I		C & I term loans		C & I revolving credit		C & I term and revolving credit		C & I confirmed lines		C & I other		Nonbank financial institutions		Real estate mortgage		Total unused commitments	
	amt.	% chg.	amt.	% chg.	amt.	% chg.	amt.	% chg.	amt.	% chg.	amt.	% chg.	amt.	% chg.	amt.	% chg.	amt.	% chg.
July 31	77.8	--	5.3	--	18.1	--	24.1	--	50.5	--	3.2	--	23.5	--	9.3	--	110.6	--
August 31	78.0	0.2	5.2	-0.6	18.6	2.9	23.8	-1.2	51.2	1.4	3.0	-8.0	24.7	5.1	9.4	0.9	112.1	1.4
September 30	77.1	-1.2	5.0	-3.8	17.9	-3.5	23.0	-3.6	51.2	0.1	2.8	-3.7	24.9	0.8	8.9	-4.8	110.9	-1.1
October 31	79.9	3.7	5.2	2.8	18.1	1.0	23.3	1.4	53.5	4.5	3.0	6.6	26.1	4.5	8.5	-4.5	114.5	3.2
July 1973 - Oct. 1973 change	2.1	2.7	-0.1	-1.9	--	--	-0.8	-3.3	3.0	5.9	-0.2	-6.3	2.6	11.1	-0.8	-8.6	3.9	3.5
Number of banks = 134																		

NOTE: Minor inconsistencies may occur in the figures due to rounding.

Table 3
Loan Commitments at Large U.S. Banks
(Dollar amounts in billions)

	As of October 31, 1973					Memo: Sept. 30 Utilization $\frac{2}{1}$ ratio (%)
	Unused Commitments	Per Cent Distribution	Loans under $\frac{1}{1}$ Commitments	Per Cent Distribution	Utilization ratio (%) $\frac{2}{1}$	
Total C & I commitments	82.0	69.8	68.2	65.8	45.4	46.7
Term loans	5.9	4.6	18.3	17.7	77.2	77.7
Revolving credits	18.3	15.6	18.8	18.1	50.7	50.7
Total: term and revolving	23.7	20.2	37.1	35.8	61.0	61.4
Confirmed lines	53.9	45.9	24.8	23.9	31.5	33.6
Other commitments	4.5	3.8	6.3	6.1	58.3	59.4
Nonbank financial institutions	26.7	22.7	18.1	17.5	40.4	41.0
Real estate mortgages	8.8	7.5	17.7 ^e	16.6	66.8	65.6
Total	117.5	100.0	104.1	100.0	46.9	47.9
Number of banks = 134						

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1/ Loans under commitments are those loans made under commitments currently or previously in force, less repayments of principal.

2/ The utilization ratio is the ratio expressed as a percentage of loans under commitments to the sum of unused commitments and loans under commitments.

^e -partially estimated.

NOTE: Minor inconsistencies may occur in the figures due to rounding

APPENDIX C: DEMAND DEPOSIT OWNERSHIP SURVEY*
October, 1973

Demand deposit ownership data for weekly reporting banks indicate a slightly larger increase in gross IPC deposits (not seasonally adjusted) at these institutions in October than in the same month of previous survey years. (See Table 1.) The October strength in IPC demand deposits followed relatively weak growth in September, which is consistent with the pattern of M_1 expansion over the September-October period.

The largest proportion of the increase in total IPC balances at large banks in October occurred in deposits of nonfinancial businesses; but when compared to previous years, this growth appeared to be mostly seasonal. However, the \$500 million increase in deposits held by financial businesses was considerably larger than the average October rise in the 3 previous survey years. The unusual pickup in financial institution deposits in October may have reflected in part an increase in balances of thrift institutions which during this period still faced considerable uncertainty about the future direction of thrift deposit flows.

Consumer and foreign held IPC deposits at weekly reporting banks--which in previous October surveys have not grown at all--increased by very small amounts in the most recent survey month.

*Prepared by Martha Scanlon, Economist, Banking Section, Division of Research and Statistics.

Table 1

CHANGES IN THE LEVELS OF GROSS IPC DEMAND DEPOSITS
 BY OWNERSHIP CATEGORY, WEEKLY REPORTING BANKS
 (Billions of dollars, not seasonally adjusted)

Month/ Year	FINANCIAL BUSINESS				NONFINANCIAL BUSINESS				CONSUMER			
	1970	1971	1972	1973	1970	1971	1972	1973	1970	1971	1972	1973
Jan.		.4	0	.3		-1.7	-1.8	-1.3		.4	.7	.6
Feb.		0	.7	-.7		-2.2	-1.4	-2.8		-.6	-1.0	-1.5
March		.3	.3	.1		.2	.5	-1.2		.8	.6	.2
April		0	.3	0		.9	1.0	.3		1.4	2.0	2.1
May		-.4	-.6	-.5		-.5	-.8	-.2		-1.2	-1.6	-1.7
June		.3	.4	.4		1.3	1.1	1.6		.4	.4	.2
July	.1	.1	.3	.6	-.1	.5	1.3	.3	.3	.4	.4	.2
August	-.9	-.8	-.7	-.5	0	-1.3	-1.1	-1.6	0	-.5	-.2	0
Sept.	.7	.5	.1	.2	1.0	1.2	1.5	.9	.6	.3	.3	.1
October	-.2	.1	.4	.5	-.1	.9	1.0	1.0	-.3	0	0	.1
Nov.	.4	-.1	.4		.2	.3	.5		.2	.1	.4	
Dec.	-.1	.7	.2		2.2	2.8	3.9		2.2	0	.5	

	FOREIGN				ALL OTHER				TOTAL			
	1970	1971	1972	1973	1970	1971	1972	1973	1970	1971	1972	1973
Jan.		0	-.1	0		0	0	.2		-1.0	-1.2	-.2
Feb.		0	0	.2		0	0	-.2		-2.8	-3.1	-5.1
March		0	.1	0		.2	.1	-.2		1.6	1.6	-1.1
April		0	0	.2		0	-.1	0		2.4	3.2	2.6
May		0	.1	.1		-.2	-.2	0		-2.4	-3.2	-2.4
June		0	0	0		.5	.3	-.1		2.5	2.2	2.1
July	0	0	0	.1	0	-.6	0	.3	.3	.4	2.0	1.5
August	-.2	-.1	0	0	-.5	-.4	-.2	-.4	-1.5	-3.0	-2.2	-2.6
Sept.	0	0	0	0	.6	.5	.4	.4	2.9	2.4	2.3	1.7
October	0	0	0	.1	.3	-.1	0	.1	-.3	.8	1.4	1.7
Nov.	-.1	0	0		-.4	.1	.1		.3	.3	1.4	
Dec.	0	.1	0		.1	.5	.4		4.5	4.1	5.1	