

Prefatory Note

The attached document represents the most complete and accurate version available based on original copies culled from the files of the FOMC Secretariat at the Board of Governors of the Federal Reserve System. This electronic document was created through a comprehensive digitization process which included identifying the best-preserved paper copies, scanning those copies,¹ and then making the scanned versions text-searchable.² Though a stringent quality assurance process was employed, some imperfections may remain.

Please note that some material may have been redacted from this document if that material was received on a confidential basis. Redacted material is indicated by occasional gaps in the text or by gray boxes around non-text content. All redacted passages are exempt from disclosure under applicable provisions of the Freedom of Information Act.

¹ In some cases, original copies needed to be photocopied before being scanned into electronic format. All scanned images were deskewed (to remove the effects of printer- and scanner-introduced tilting) and lightly cleaned (to remove dark spots caused by staple holes, hole punches, and other blemishes caused after initial printing).

² A two-step process was used. An advanced optical character recognition computer program (OCR) first created electronic text from the document image. Where the OCR results were inconclusive, staff checked and corrected the text as necessary. Please note that the numbers and text in charts and tables were not reliably recognized by the OCR process and were not checked or corrected by staff.

CONFIDENTIAL (FR)

SUPPLEMENT

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the
Federal Open Market Committee

June 14, 1974

By the Staff
Board of Governors
of the Federal Reserve System

SUPPLEMENTAL NOTES

The Domestic Economy

Wholesale prices. Wholesale prices rose 1.3 percent, seasonally adjusted (not at an annual rate), between April and May. The change reflected a further large advance in prices of industrial commodities and the third consecutive month of decline in the index of farm products and foods.

WHOLESALE PRICES

Commodity groups	Percentage changes to May 1974 from:	
	1 month earlier <u>1/</u>	1 year earlier <u>2/</u>
All commodities	1.3	16.4
Farm products <u>3/</u>	-2.2	8.1
Industrial commodities	2.7	20.1
Textile products and apparel	1.2	13.7
Hides, skins, leather, and related products	1.0	2.9
Fuels and related products and power	2.9	55.8
Chemicals and allied products	3.3	25.3
Rubber and plastic products	3.3 <u>2/</u>	19.9
Lumber and wood products	- .3	5.9
Pulp, paper and allied products	1.7	21.5
Metals and metal products	4.7	28.1
Machinery and equipment	2.5	10.4
Furniture and household durables	1.3	8.2
Nonmetallic minerals	3.2	15.5
Transportation equipment	1.7 <u>2/</u>	5.5
Miscellaneous products	3.9 <u>2/</u>	11.5

1/ Seasonally adjusted.

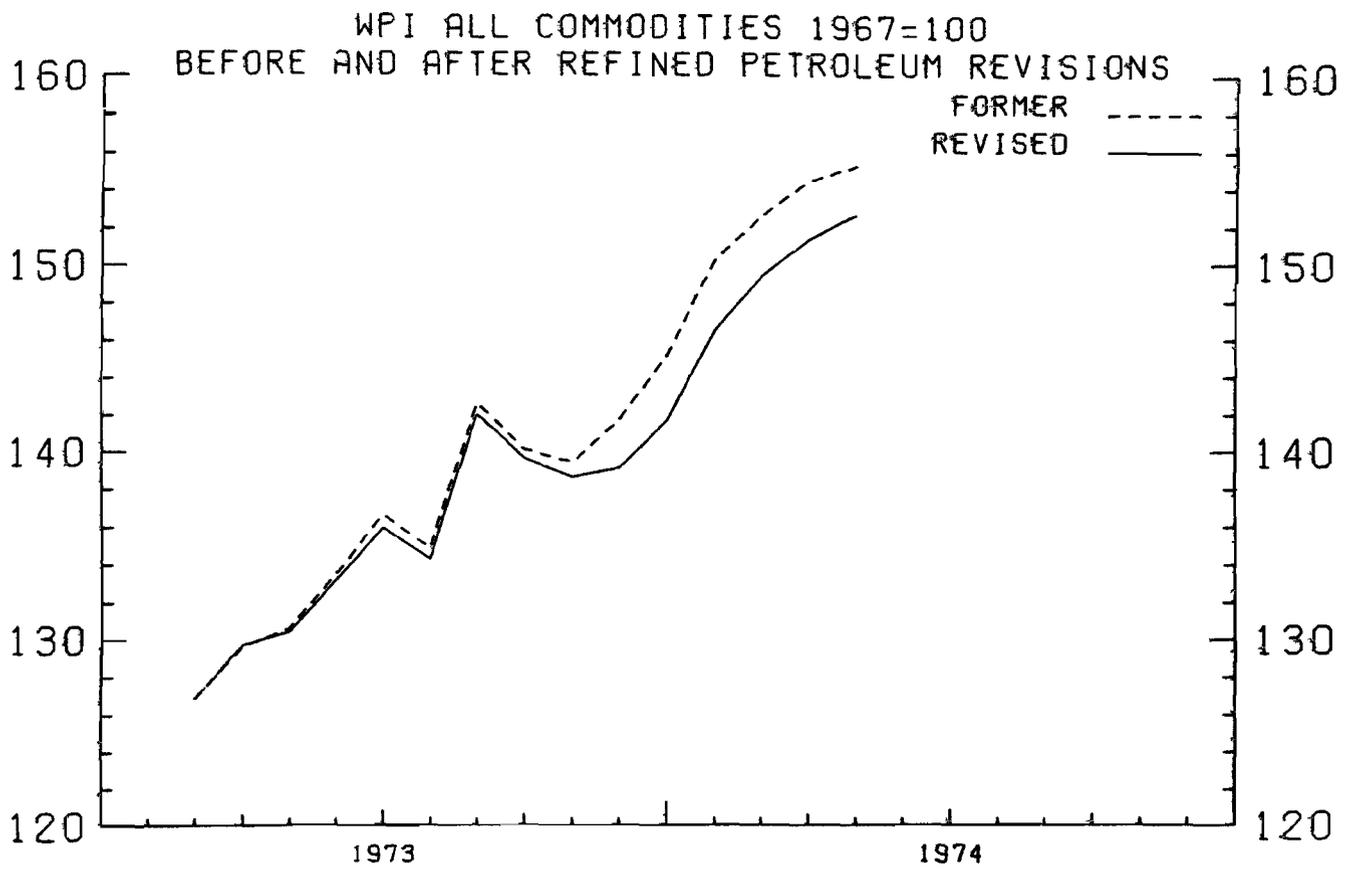
2/ Not seasonally adjusted.

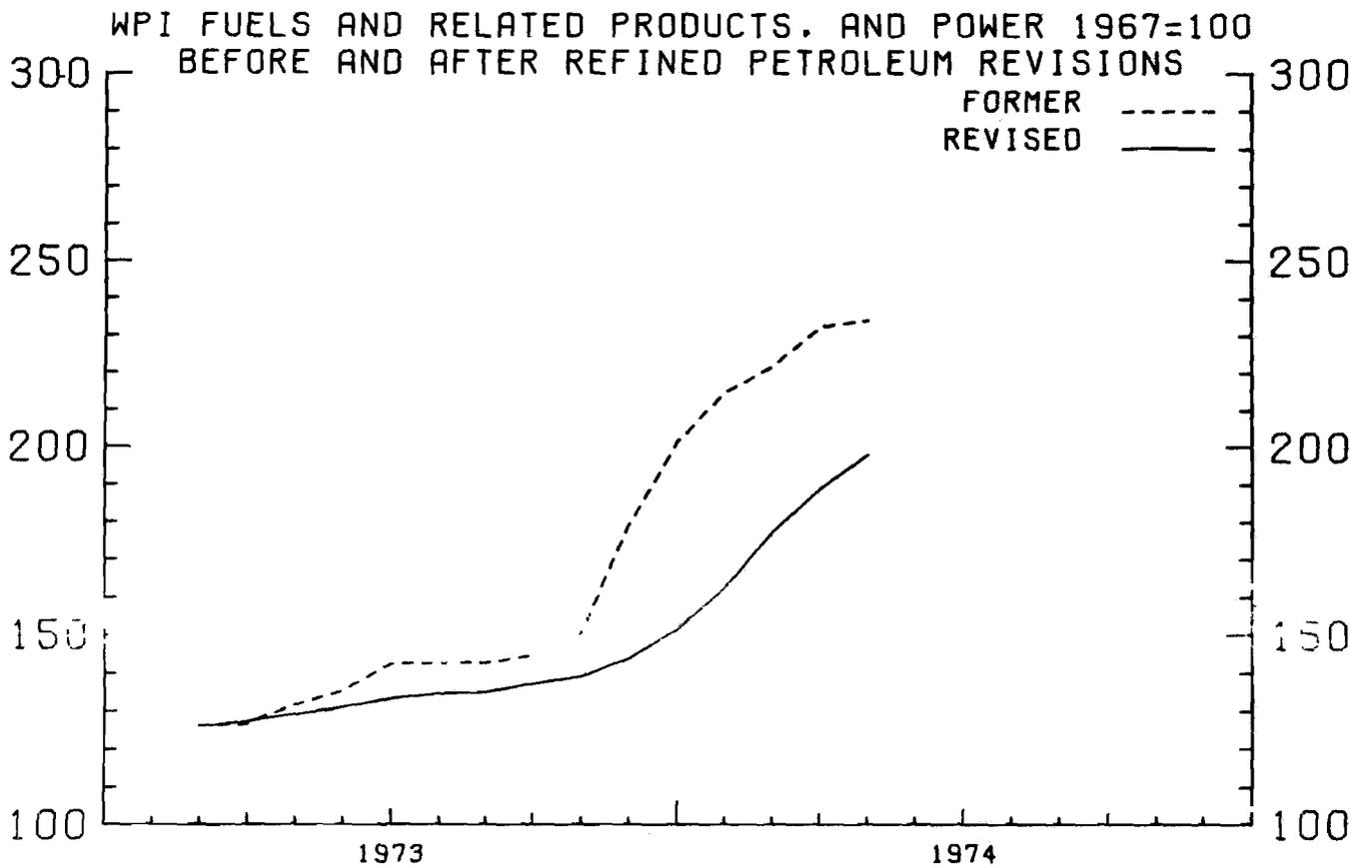
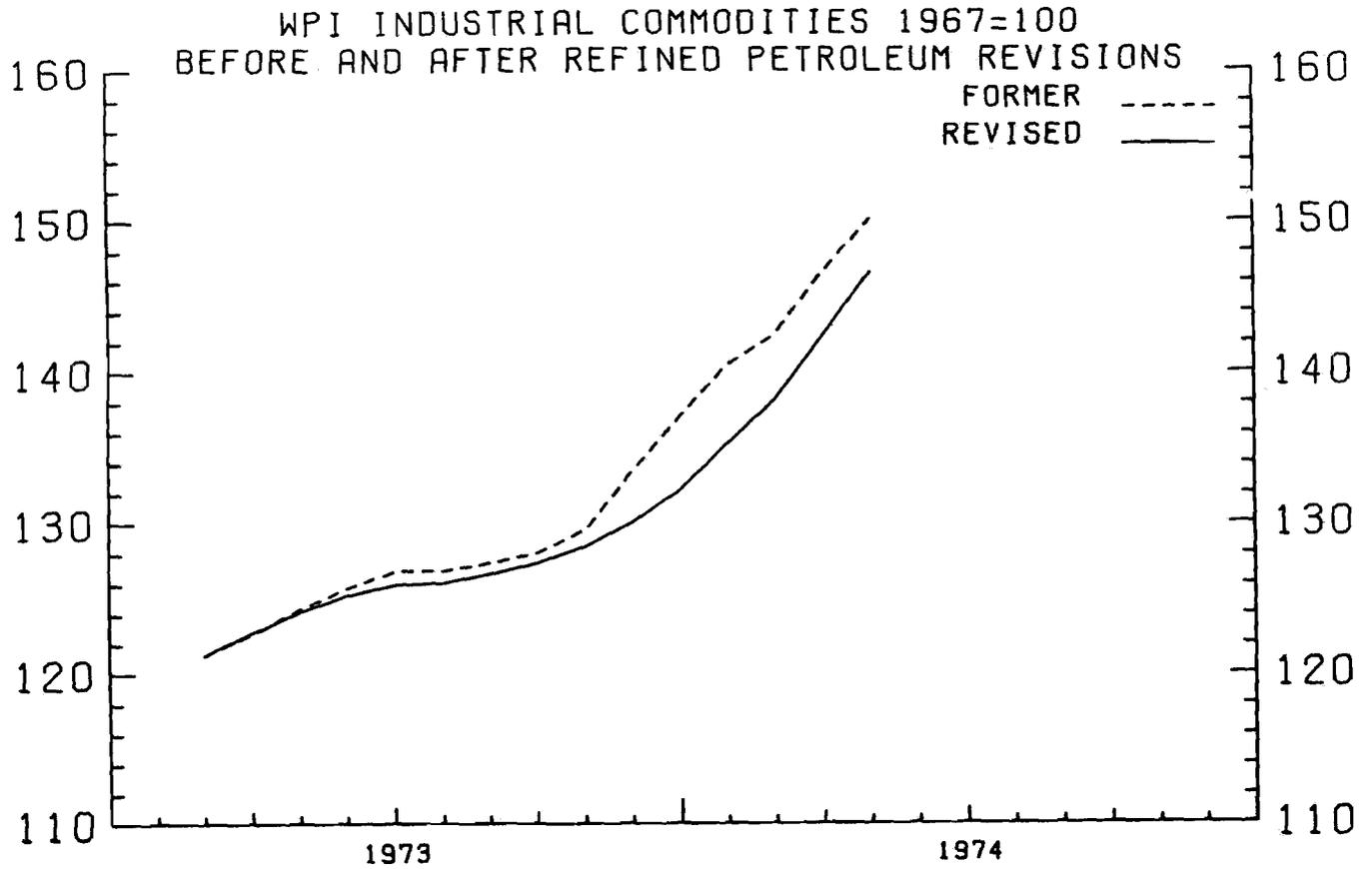
3/ Farm products and processed foods and feeds.

The index of industrial commodities rose by 2.7 percent, seasonally adjusted, as price increases were large and widespread. Increases for metals and metal products, machinery and equipment, fuels and power, and chemicals and products accounted for about three-fourths of the increase.

The index of farm products and food fell 2.2 percent, seasonally adjusted. Lower prices posted for livestock, meats, dairy products, manufactured animal feeds, and fluid milk accounted for most of the decline.

The WPI for May reflects not only the annual revision of seasonal factors but also a revision of prices for refined petroleum products. Pricing of petroleum products formerly was based on spot prices published in a trade journal. The new data are obtained directly from petroleum companies. The following graphs depict some wholesale price indexes before and after the recent revision.





Real estate. Merchant builder sales of new single-family homes edged down in April, and while a tenth above the first quarter average, continued well below a year earlier and the peak in October 1972. Builder stocks of unsold homes remained at 9 months' supply, as the number of such units declined only slightly. The median price of new homes sold was essentially unchanged and still above the rising median price on unsold units. In contrast to new-home sales, April sales of used homes were almost 8 percent above a year earlier--the first year-over-year increase since July 1973. The median price for existing homes sold, at \$31,690, tended higher and was 11 percent more than April 1973.

SALES, STOCKS AND PRICES OF NEW SINGLE FAMILY HOMES

	Homes sold ^{1/}	Homes for sale ^{2/}	Months' supply	Median price of:	
	(Thousands of units)			Homes sold	Homes for sale
				(Thousands of dollars)	
<u>1973</u>					
QI	726	426	7.0	30.4	29.4
QII	680	436	7.7	32.7	31.2
QIII	566	453	9.6	33.5	32.1
QIV	483	446	11.1	34.0	32.9
<u>1974</u>					
QI(r)	526	453	10.3	35.0	34.0
January(r)	474	450	11.4	34.2	33.4
February(r)	514	459	10.7	34.9	33.5
March(r)	590	453	9.2	36.0	34.0
April(p)	584	449	9.2	35.9	34.3

^{1/} Seasonally adjusted annual rate.

^{2/} Seasonally adjusted, end of period.

In the case of nonsubsidized rental apartment units completed in the fourth quarter of 1973, 64 percent had been leased by the end of March 1974--still relatively high though somewhat less than in the same period last year. The median rent on fourth quarter completions turned upward, but was only 2 percent above a year ago.

CORRECTIONS:

Page I-19, end of paragraph one, should be "a third of commercial and industrial outlays" (not of nonresidential outlays).

The Domestic Financial Situation

Mortgage market. According to the HUD(FHA) opinion survey, average interest rates on new commitments for conventional new- and existing-home loans in the primary market rose 25 basis points further during May to new highs of 9.15 percent--a finding that is consistent with the weekly survey of conventional mortgage rates at selected S&L's. Private secondary market yields on FHA-insured new-home mortgages rose 29 basis points to 9.46 percent--a new high for the series, and 28 basis points above the peak last September.

AVERAGE RATES AND YIELDS ON NEW-HOME MORTGAGES
(HUD-FHA Field Office Opinion Survey)

End of month	Primary market		Secondary market 1/		
	Conventional loans		FHA-insured loans		
	Level 2/ (percent)	Spread 4/ (basis points)	Level 3/ (percent)	Spread 4/ (basis points)	Discounts (points)
1973 - Low	7.70 (Jan.)	30 (Jan.)	7.55 (Jan.)	15 (Jan.)	2.2(Dec.)
High	8.95 (Sept.)	114 (Sept.)	9.18 (Sept.)	137 (Sept.)	9.4(July)
Sept.	8.95	114	9.18	137	5.2
Oct.	8.80	83	8.97	100	3.6
Nov.	8.75	90	8.86	101	2.8
Dec.	8.75	77	8.78	80	2.2
1974 - Jan.	8.65	40	--	--	--
Feb.	8.55	45	8.54	44	2.3
Mar.	8.60	- 4	8.66	2	3.2
Apr.	8.90	- 8	9.17	19	5.1
May	9.15	6	9.46	37	5.3

- 1/ Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates on FHA-insured loans.
- 2/ Average contract rate (excluding fees or points) on commitments for conventional first mortgage loans, rounded to the nearest 5 basis points.
- 3/ Average gross yield (before deducting servicing costs) to investors on 30-year minimum-downpayment FHA-insured first mortgages for immediate delivery in the private secondary market (excluding FNMA), assuming prepayment in 15 years.
- 4/ Average gross mortgage rate or yield minus average yield on new issues of Aaa utility bonds in the last week of the month.

INTEREST RATES

	1974			
	Higs	Lows	May 20	June 13
<u>Short-Term Rates</u>				
Federal funds (wkly. avg.)	11.60(6/12)	8.81(2/27)	11.46(5/15)	11.60(6/12)
3-month				
Treasury bills (bid)	8.90(4/30)	6.93(2/6)	7.94	8.36
Comm. paper (90-119 day)	11.00(6/13)	7.75(2/22)	11.00	11.00
Bankers' acceptances	11.50(6/13)	8.13(2/25)	11.50	11.50
Euro-dollars	12.19(5/14)	8.25(2/18)	12.00	11.75
CD's (NYC) 90-119 day				
Most often quoted new	11.00(5/22)	7.88(2/20)	11.00(5/15)	10.50(6/12)
6-month				
Treasury bills (bid)	8.86(5/6)	6.80(2/19)	8.26	8.44
Comm. paper (4-6 mo.)	10.88(6/13)	7.50(2/22)	10.75	10.88
Federal agencies	9.69(5/7)	7.16(2/19)	9.25	9.27(6/12)
CD's (NYC) 180-269 day				
Most often quoted new	10.00(6/12)	7.50(2/27)	9.75(5/15)	10.00(6/12)
1-year				
Treasury bills (bid)	8.65(5/3)	6.37(2/15)	8.23	8.28
Federal agencies	9.40(5/9)	7.01(2/19)	9.08	8.97(6/12)
CD's (NYC)				
Most often quoted new	9.25(5/29)	7.00(2/27)	9.25(5/15)	9.00(6/12)
Prime municipals	5.75(5/10)	3.70(2/15)	5.35(5/17)	5.25(6/14)
<u>Intermediate and Long-Term</u>				
Treasury coupon issues				
5-years	8.56(5/7)	6.72(2/14)	8.21	8.10
20-years	8.23(5/6)	7.40(1/4)	8.17	8.07
Corporate				
Seasoned Aaa	8.42(6/13)	7.73(1/2)	8.36	8.42
Baa	9.31(6/13)	8.54(1/2)	9.12	9.31
New Issue Aaa Utility	9.34(5/22)	8.05(2/13)	9.23(5/15)	9.28p(6/12)
Municipal				
Bond Buyer Index	6.08(5/30)	5.16(2/6)	6.04(5/16)	6.04
Mortgage--average yield				
in FNMA auction	9.54(6/3)	8.43(2/25)	9.48	9.54(6/3)

SUPPLEMENTAL APPENDIX A*
QUARTERLY SURVEY OF BANK LENDING PRACTICES
MAY 15, 1974

The responses to the May Quarterly Survey of Changes in Bank Lending Practices taken at 125 large commercial banks reflected the very sharp recent growth of the banks' loan portfolios. Over 75 percent of the bank officers reported stronger loan demand compared to three months earlier, and almost as many thought the heavy pace would continue or even strengthen in the coming three months. In response to surging loan demand, there was a severe tightening of both price and nonprice terms of lending, particularly at large, money center banks. There were essentially no moves toward easing.

Many of the respondents complained of the high cost of funds, and a few of the slow growth of their deposits, that forced the adoption of very tight lending policies. A sizable minority of banks surveyed expressed a desire to hold back on commitments and new loan applications to improve liquidity and to reduce the ratio of loans to total assets.

After the February survey in which 90 percent of the respondents had expected loan demand to weaken or remain unchanged, the prime rate declined from the 9-1/4 percent level then prevailing to 8-3/4 percent in March, but then rose steeply after mid-March and reached 11-1/4 percent at the time of the May survey. Thus, 80 percent of the banks reported firmer interest rate policies. Many of the respondents thought that the high rates charged were still too low relative to market rates, and compensating balance requirements were substantially stiffened. The value of borrowers as depositors or as sources of collateral business grew in importance between surveys.

The purpose of loans and the customer relationships of the loan applicants also became more critical determinants of whether loans were made, as the bankers attempted to maintain the flow of credit to established borrowers. More than half the banks adopted tougher policies regarding standards of credit worthiness, and 80 percent of the respondents have become firmer toward the loan applications of new customers since the last survey, though by necessity about half the banks had to become more selective with the loan applications of established customers as well.

Between the February and May surveys, loans to finance companies at large banks increased substantially, and price and nonprice terms of lending to finance companies also tightened, but not to the degree of tightening toward nonfinancial businesses. In contrast to the 80 percent of the respondents who reported higher interest rates to nonfinancial firms, less than half the respondents indicated that rates charged finance companies had become firmer. Similarly, the compensating balance requirements and new commitments to finance companies did not show the tightening adopted for loans to nonfinancial businesses.

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

Major bank lenders to finance companies were contacted by Reserve Banks, and the majority indicated that lending policies are typically firmer toward finance companies than toward nonfinancial businesses and that in the present period the terms on loans to nonfinancial businesses were not more strict than loans to finance companies.

Almost half the respondents indicated less willingness to make mortgage loans than at the time of the previous survey. There was also more reluctance to make consumer instalment loans, participation loans, and loans to brokers.

The large banks on the survey panel had experienced heavier loan demand in the last three months and expected heavier loan demand in the coming period than the smaller banks on the panel, those with assets of less than \$1 billion, and the larger banks tended to be somewhat more firm in their lending policies. Regionally, the tightening of terms was most evident at banks in the major money centers--that is, in the Second, Seventh, and Twelfth Districts.

QUARTERLY SURVEY OF CHANGES IN BANK LENDING PRACTICES
 AT SELECTED LARGE BANKS IN THE U.S. 1/
 (STATUS OF POLICY ON MAY 15, 1974 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	38	30.4	58	46.4	24	19.2	5	4.0	0	0.0
ANTICIPATED DEMAND IN NEXT 3 MONTHS	125	100.0	4	3.2	27	21.6	58	46.4	36	28.8	0	0.0
	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	60	48.0	41	32.8	23	18.4	1	0.8	0	0.0
COMPENSATING OR SUPPORTING BALANCES	125	100.0	28	22.4	50	40.0	45	36.0	2	1.6	0	0.0
STANDARDS OF CREDIT WORTHINESS	125	100.0	26	20.8	45	36.0	54	43.2	0	0.0	0	0.0
MATURITY OF TERM LOANS	125	100.0	11	8.8	28	22.4	85	68.0	1	0.8	0	0.0
REVIEWING CREDIT LINES OR LOAN APPLICATIONS												
ESTABLISHED CUSTOMERS	125	100.0	3	2.4	53	42.4	69	55.2	0	0.0	0	0.0
NEW CUSTOMERS	125	100.0	48	38.4	50	40.0	26	20.8	1	0.8	0	0.0
LOCAL SERVICE AREA CUSTOMERS	124	100.0	4	3.2	49	39.5	70	56.5	1	0.8	0	0.0
NONLOCAL SERVICE AREA CUSTOMERS	124	100.0	42	33.9	40	32.3	41	33.0	1	0.8	0	0.0

A - 3

1/ SURVEY OF LENDING PRACTICES AT 125 LARGE BANKS REPORTING IN THE FEDERAL RESERVE QUARTERLY INTEREST RATE SURVEY AS OF MAY 15, 1974.

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	125	100.0	32	25.6	48	38.4	45	36.0	0	0.0	0	0.0
INTENDED USE OF THE LOAN	125	100.0	22	17.6	40	32.0	63	50.4	0	0.0	0	0.0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	125	100.0	31	24.8	25	20.0	69	55.2	0	0.0	0	0.0
COMPENSATING OR SUPPORTING BALANCES	125	100.0	11	8.8	24	19.2	90	72.0	0	0.0	0	0.0
ENFORCEMENT OF BALANCE REQUIREMENTS	125	100.0	18	14.4	29	23.2	78	62.4	0	0.0	0	0.0
ESTABLISHING NEW OR LARGER CREDIT LINES	125	100.0	36	28.8	39	31.2	49	39.2	1	0.8	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	15	12.0	46	36.8	64	51.2	0	0.0	0	0.0
CONSUMER INSTALMENT LOANS	124	100.0	5	4.0	18	14.5	96	77.5	5	4.0	0	0.0
SINGLE FAMILY MORTGAGE LOANS	122	100.0	26	21.3	31	25.4	64	52.5	1	0.8	0	0.0
MULTI-FAMILY MORTGAGE LOANS	121	100.0	25	20.7	29	24.0	67	55.3	0	0.0	0	0.0
ALL OTHER MORTGAGE LOANS	121	100.0	21	17.4	45	37.2	55	45.4	0	0.0	0	0.0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	125	100.0	12	9.6	28	22.4	83	66.4	2	1.6	0	0.0
LOANS TO BROKERS	124	100.0	21	16.9	25	20.2	78	62.9	0	0.0	0	0.0

A - 4

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.

SUPPLEMENTAL APPENDIX B*
MONTHLY SURVEY OF BANK LOAN COMMITMENTS
APRIL 30, 1974

The very rapid growth of loans made under commitments to financial and nonfinancial businesses during April caused outstanding unused commitments to decline for the second consecutive month at the 131 large banks participating in the Monthly Loan Commitment Survey. The rate of growth of new commitments slowed from the extreme pace of March, but was still rapid. However, the new commitments were not large enough to offset takedowns, cancellations, and expirations.

Nonbank financial institutions had large takedowns at commercial banks in April, and the decline in outstanding unused commitments to these institutions accounted for most of the decline in total unused commitments (Table 1). A reduction of commitments to commercial and industrial borrowers made up the remainder of the decline in total unused commitments. In contrast, unused commitments for real estate loans showed a modest increase, the first increase of any proportion in eight months.

The decline in the rate of growth of C&I loans at all commercial banks in April from the previous month was relatively larger on an unadjusted basis than on a seasonally adjusted basis. Similarly, C&I loans made under commitments, unadjusted, showed a much slower growth in April than in May, and the less rapid pace of takedowns of C&I loans accounted for the lower rate of growth of total loans under commitments (Table 2). Loans to nonbank financial institutions accelerated, and real estate loans increased after three months of almost no growth. The total growth of loans under commitments, though less than in March, was considerable, and the utilization ratios for nearly all types of loans rose (Table 3).

New commitments decelerated from the exceedingly high rate of growth which the series reached in March, but new commitments still appear to be expanding rapidly (Table 4). Most of the growth was in new commitments to C&I borrowers.

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

NOT FOR
QUOTATION OR
PUBLICATION

MONTHLY SURVEY OF BANK LOAN COMMITMENTS
AT SELECTED LARGE U.S. BANKS ^{1/}
(AS OF APR. 30, 1974)

TABLE 1 - UNUSED COMMITMENTS

(DOLLAR AMOUNTS IN BILLIONS)

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)	
	C & I		C & I		C & I		C & I		C & I		C & I		NON-BANK		REAL		TOTAL	
	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG										
JULY 31	76.5	0.0	5.1	0.0	17.8	0.0	23.7	0.0	49.6	0.0	2.2	0.0	22.9	0.0	9.1	0.0	106.5	0.0
AUGUST 31	76.5	0.0	5.0	-1.3	18.4	2.9	23.4	-1.4	50.2	1.2	2.9	-8.5	24.0	4.8	9.2	0.9	109.7	1.0
SEPTEMBER 30	75.6	-1.2	4.8	-3.7	17.7	-3.5	22.5	-3.6	50.3	0.1	2.8	-3.9	24.3	1.1	8.7	-5.0	106.6	-0.9
OCTOBER 31	78.4	3.7	5.0	2.6	17.9	1.0	22.9	1.3	52.6	4.6	3.0	5.9	25.4	4.6	8.3	-4.3	112.2	3.2
NOVEMBER 30	78.9	0.6	4.8	-2.4	18.5	3.3	23.3	2.1	52.7	0.2	2.9	-3.5	26.0	2.2	8.2	-1.2	113.1	0.6
DECEMBER 31	78.4	-0.7	5.0	4.1	18.1	-1.8	23.2	-0.6	52.4	-0.6	2.8	-1.7	25.3	-2.4	8.2	-0.1	111.9	-1.0
JANUARY 31	80.0	2.1	4.8	-5.2	17.8	-1.6	22.6	-2.4	54.4	3.8	3.0	6.4	26.2	3.3	8.0	-2.1	114.2	2.0
FEBRUARY 28	80.5	0.6	5.0	4.1	18.0	0.8	23.0	1.5	54.7	0.6	2.8	-6.5	26.4	0.7	8.0	-0.5	114.6	0.5
MARCH 31	79.9	-0.7	5.2	3.7	17.9	-0.3	23.1	0.5	53.9	-1.4	2.9	3.1	25.9	-1.7	7.7	-4.3	113.5	-1.1
APRIL 30	79.5	-0.5	5.5	5.9	18.1	1.0	23.6	2.1	53.1	-1.5	2.9	-1.3	24.9	-3.8	7.7	0.3	112.1	-1.1
JUL 73 - APR 74 AVERAGE	78.4	0.4	5.0	0.9	18.0	0.2	23.1	0.0	52.4	0.8	2.9	-1.1	25.1	1.0	8.3	-1.8	111.9	0.4
NUMBER OF BANKS	131																	

B - 2

^{1/} BANKS PARTICIPATING IN THE MONTHLY LOAN COMMITMENT SURVEY ARE SELECTED WEEKLY REPORTING BANKS WITH TOTAL DEPOSITS OF \$100 MILLION OR MORE.

** NOTE: MINOR INCONSISTENCIES MAY OCCUR DUE TO ROUNDING. **

NOT FOR
QUOTATION OR
PUBLICATION

MONTHLY SURVEY OF BANK LOAN COMMITMENTS
AT SELECTED LARGE U.S. BANKS ^{1/}
(AS OF APR. 30, 1974)

TABLE 2 - LOANS UNDER COMMITMENTS ^{2/}

(DOLLAR AMOUNTS IN BILLIONS)

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)	
	C & I		C & I		C & I		C & I		C & I		C & I		NON-BANK		REAL		TOTAL	
	FIRMS	TOTAL	TERM	LOANS	REVOLVING	CREDITS	TERM LOANS &	REV. CREDITS	CONFIRMED	LINES	COMMITMENTS	OTHER	FINANCIAL	INSTITUTIONS	MORTGAGES	COMMITMENTS	AMT	% CHG
	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG
JULY 31	63.8	0.0	16.1	0.0	16.9	0.0	34.4	0.0	24.2	0.0	5.1	0.0	16.1	0.0	15.5	0.0	95.4	0.0
AUGUST 31	63.7	-0.2	17.4	7.9	17.3	2.6	34.7	0.8	24.2	-0.2	4.8	-6.9	16.0	-0.5	16.1	4.1	95.8	0.4
SEPTEMBER 30	65.4	2.8	17.5	0.8	18.1	4.6	35.6	2.7	25.0	3.2	4.8	0.8	16.7	4.0	16.7	3.4	98.7	3.0
OCTOBER 31	64.5	-1.4	17.5	-0.3	18.3	1.3	35.8	0.5	23.8	-4.6	4.9	1.7	17.1	2.6	16.4	-1.6	98.0	-0.7
NOVEMBER 30	65.7	1.9	17.6	0.7	19.1	4.4	36.7	2.6	24.0	0.9	5.0	2.0	16.8	-1.7	16.8	2.2	99.3	1.3
DECEMBER 31	67.1	2.0	18.1	2.8	19.0	-0.6	37.1	1.1	24.8	3.5	5.1	2.0	18.5	10.0	17.0	1.2	102.5	3.2
JANUARY 31	66.3	-1.1	18.0	-0.4	19.2	0.7	37.2	0.2	23.8	-4.0	5.3	3.5	17.2	-6.7	17.0	0.0	100.5	-1.9
FEBRUARY 28	67.7	2.0	18.3	1.4	19.6	2.3	37.9	1.9	24.7	3.7	5.1	-4.2	17.2	-0.5	17.0	0.0	101.8	1.2
MARCH 31	72.2	6.6	18.5	1.3	20.5	4.6	39.0	3.0	27.9	12.9	5.2	3.4	18.2	5.8	17.0	0.2	107.3	6.4
APRIL 30	74.3	3.0	19.4	4.5	20.7	1.1	40.1	2.7	28.9	3.6	5.3	1.4	19.3	6.1	17.2	1.4	110.8	3.7
JUL 73 - APR 74 AVERAGE	67.4	1.7	18.0	2.1	19.1	2.3	37.1	1.7	25.2	2.1	5.1	0.4	17.4	2.1	16.8	1.2	101.6	1.7

NUMBER OF BANKS 131

B-3

^{1/} BANKS PARTICIPATING IN THE MONTHLY LOAN COMMITMENT SURVEY ARE SELECTED WEEKLY REPORTING BANKS WITH TOTAL DEPOSITS OF \$100 MILLION OR MORE.

^{2/} LOANS UNDER COMMITMENTS ARE DEFINED AS ALL LOANS UNDER COMMITMENTS CURRENTLY OR PREVIOUSLY IN FORCE, LESS REPAYMENTS OF THE PRINCIPAL. THE REPORTED DATA ARE DISTORTED BY TAKEDOWNS OF LOAN COMMITMENTS BY OVERSEAS BRANCHES OF U.S. BANKS AND LOAN SALES.

** NOTE: MINOR INCONSISTENCIES MAY OCCUR DUE TO ROUNDING. **

NOT FOR
QUOTATION OR
PUBLICATION

MONTHLY SURVEY OF BANK LOAN COMMITMENTS
AT SELECTED LARGE U.S. BANKS ^{1/}
(AS OF APR. 30, 1974)

TABLE 3 - UTILIZATION RATIO ^{2/}

(PERCENTAGES)

	(1) C & I FIRMS TOTAL	(2) C & I TERM LOANS	(3) C & I REVOLVING CREDITS	(4) C & I TERM + REV.	(5) C & I CONFIRMED LINES	(6) C & I OTHER COMMITMENTS	(7) NON-BANK FINANCIAL INSTS.	(8) REAL ESTATE MORTGAGES	(9) TOTAL	(10) SUCFT -TERM TOTAL ^{3/}
JULY 31	45.5	76.0	48.6	59.2	32.8	61.6	41.3	63.0	46.8	40.0
AUGUST 31	45.4	77.6	48.5	59.7	32.5	62.0	40.0	63.8	46.6	39.5
SEPTEMBER 30	46.4	78.4	50.5	61.2	33.2	63.1	40.7	65.7	47.6	40.4
OCTOBER 31	45.1	77.9	50.6	61.0	31.1	62.2	40.2	66.3	46.6	39.3
NOVEMBER 30	45.5	78.4	50.9	61.2	31.3	63.5	39.3	67.1	46.8	39.4
DECEMBER 31	46.1	78.2	51.2	61.6	32.2	64.3	42.2	67.4	47.8	40.6
JANUARY 31	45.3	79.0	51.8	62.2	30.5	63.7	39.7	67.9	46.8	39.3
FEBRUARY 28	45.7	78.6	52.1	62.3	31.1	64.2	39.4	68.0	47.0	39.5
MARCH 31	47.5	78.2	53.3	62.8	34.1	64.3	41.2	69.0	48.6	41.6
APRIL 30	48.3	78.0	53.4	63.0	35.2	64.9	43.6	69.2	49.7	42.6
JUL 73 - APR 74 AVERAGE	46.1	78.0	51.1	61.4	32.4	63.4	40.8	66.7	47.4	40.2
NUMBER OF BANKS	131									

B - 4

^{1/} BANKS PARTICIPATING IN THE MONTHLY LOAN COMMITMENT SURVEY ARE SELECTED WEEKLY REPORTING BANKS WITH TOTAL DEPOSITS OF \$100 MILLION OR MORE.

^{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

^{3/} EXCLUDES REAL ESTATE LOANS AND TERM LOANS.

** NOTE: MINOR INCONSISTENCIES MAY OCCUR DUE TO ROUNDING. **

NOT FOR
QUOTATION OR
PUBLICATION

MONTHLY SURVEY OF BANK LOAN COMMITMENTS
AT SELECTED LARGE U.S. BANKS ^{1/}
(AS OF APR. 30, 1974)

TABLE 4 - NEW COMMITMENTS

(DOLLAR AMOUNTS IN BILLIONS)

	(1)		(2)		(3)		(4)		(5)		(6)		(7)		(8)		(9)	
	C & I		C & I		C & I		C & I		C & I		C & I		NON-BANK		REAL		TOTAL	
	FIRMS		TERM		REVOLVING		TERM LOANS &		CONFIRMED		OTHER		FINANCIAL		ESTATE		COMMITMENTS	
	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG
JULY 31	4.4	0.0	0.8	0.0	0.9	0.0	1.8	0.0	2.2	0.0	0.4	0.0	1.0	0.0	1.2	0.0	6.5	0.0
AUGUST 31	4.3	-2.1	0.9	4.9	1.0	13.0	1.9	6.7	1.9	-14.8	0.5	26.2	0.9	-7.5	1.1	-3.3	6.3	-3.1
SEPTEMBER 30	3.7	-14.6	0.7	-19.8	0.8	-25.3	1.5	-22.8	1.4	-23.2	0.8	46.1	0.8	-9.5	0.7	-34.3	5.2	-17.4
OCTOBER 31	4.3	17.9	0.7	6.7	1.0	28.3	1.7	18.2	1.7	18.2	0.9	16.8	0.9	9.4	1.0	30.4	6.2	16.3
NOVEMBER 30	4.6	7.2	1.0	41.3	1.1	13.5	2.2	25.3	1.7	0.1	0.8	-14.9	0.6	-6.3	0.7	-25.5	6.2	0.1
DECEMBER 31	4.7	1.7	1.3	24.6	1.1	-4.4	2.4	9.5	1.6	-2.2	0.7	-12.4	1.0	27.0	1.0	35.0	6.7	8.9
JANUARY 31	4.5	-4.9	0.8	-39.8	0.8	-24.1	1.6	-32.6	2.0	23.9	0.8	23.8	0.9	-15.8	0.8	-14.8	6.2	-8.0
FEBRUARY 28	4.3	-3.7	0.8	4.7	0.9	6.3	1.7	5.5	2.0	-0.4	0.6	-29.8	0.7	-23.5	0.7	-10.2	5.7	-7.3
MARCH 31	5.9	36.0	1.3	55.2	1.3	43.7	2.5	49.3	2.7	31.7	0.6	11.9	0.8	19.7	0.8	12.8	7.5	31.0
APRIL 30	6.3	6.9	1.2	-7.2	1.6	26.4	2.8	9.5	2.9	6.7	0.6	-2.2	1.0	25.9	0.9	2.7	8.1	4.4
JUL 73 - APR 74 AVERAGE	4.7	4.9	1.0	7.8	1.1	8.6	2.0	7.6	2.0	4.4	0.7	7.3	0.9	2.2	0.9	-0.8	6.5	3.4
NUMBER OF BANKS	131																	

B-5

^{1/} BANKS PARTICIPATING IN THE MONTHLY LOAN COMMITMENT SURVEY ARE SELECTED WEEKLY REPORTING BANKS WITH TOTAL DEPOSITS OF \$100 MILLION OR MORE.

** NOTE: MINOR INCONSISTENCIES MAY OCCUR DUE TO ROUNDING. **

SUPPLEMENTAL APPENDIX C*
CONSTRUCTION LOANS AT COMMERCIAL BANKS

A special Federal Reserve survey of more than 100 commercial banks during the first two weeks of June indicated that over half of the respondents have experienced more than the usual number of problems with outstanding construction loans. These problems, which have primarily taken the form of an increased incidence of builder requests for loan size increases and loan maturity extensions, most frequently are related to cost overruns associated with the high interest rates on construction loans (usually 3-to-5 points above the prime rate) and with construction delays imposed by material shortages. Loans for construction of all types of properties, not just residential units, seemed to be affected. Even so, condominiums and single-family homes were most frequently cited. The respondents also noted that such problems appear to be shared by other lenders in their geographic area. In this connection REIT's were mentioned in several instances. However, most banks did not consider the situation particularly serious at this time, although many have already taken a number of steps to minimize their difficulties, including tightening of standards for construction loans and either limiting new commitments on such loans, or curtailing them altogether.

Requests for larger loan amounts appear to be more frequent not only because of the higher interest costs, but also because of rising prices of material and related components. While builder labor costs are expected to rise significantly during the remainder of 1974, they were mentioned as a factor in only a couple of instances.

Requests for loan maturity extensions seem to be more frequent for several reasons. In several instances bankers noted that builder commitments for permanent financing had expired because of completion delays due to material shortages, but such shortages did not appear uniformly to relate to the same types of products in the country as a whole or even within specific districts. Also, extensions have been needed to carry the larger than normal builder inventories of unsold new single-family homes and condominiums. Nationally, sales of such units have remained relatively slow for some time, and in April, the median number of months from start to sale of single-family units was 7.3--nearly 3 months more than a year earlier.

*Prepared by Albert M. Teplin, Economist, Mortgage, Agricultural, and Consumer Finance Section, Division of Research and Statistics.