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.

Content last modified 6/05/2009.

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

May 23, 1969

The Domestic Economy

Unit sales of new domestic autos declined somewhat in the second ten days of May from the advanced level of the first selling period. For the first 20 days of May, sales were at an annual rate of 8.6 million units--compared with 8.2 million units in April and 8.7 million units a year earlier.

The composite leading indicator rose to a new high in April. The coincident indicator continued to rise fractionally, and the lagging indicator declined slightly.

COMPOSITE CYCLICAL INDICATORS
1963 = 100

	12 Leading Indicators	5 Coincident Indicators	6 Lagging Indicators
1969 - January	144.3	164.7	177.8
February	146.4	166.4	181.1
March	145.1	167.3	182.3
April	148.2p	167.7p	181.1p

In addition to those April increases in components of the leading indicator already reported in the Greenbook, nonagricultural placements, durable new orders, and plant and equipment contracts and orders were strong. To the extent that the April jump in the composite resulted from a bulge in machinery and equipment orders placed in anticipation of suspension or repeal of the investment tax credit, it is likely that the series will fall back in May.

The Domestic Financial Situation

Mortgage market. In April, the backlog of outstanding mortgage commitments--chiefly for residential loans--rose again at all savings and loan associations and New York State mutual savings banks after adjustment for seasonal variation. The level of the backlog reached in April was a fifth above a year earlier, when average housing prices and loan amounts were smaller. However, the current backlog remains extremely large relative to recent cash flows.

The volume of new commitments approved by these institutions, after allowance for seasonal variation, also increased during the month, according to FRB derived estimates. The rise in new commitments apparently reflected a more optimistic near-term assessment of cash flows by these lenders, following the March-April reinvestment and tax period. Moreover, the liberal advance policy expressed by the Federal Home Loan Bank Board may have given some additional stimulus to savings and loan association lending.

RESIDENTIAL MORTGAGE COMMITMENTS OUTSTANDING
AT SELECTED THRIFT INSTITUTIONS

Date	Outstanding Commitments			Month-to-Month Change		
	Total	All Savings and Loan Associations	Mutual Savings Banks (N.Y. State)	Total	All Savings and Loan Associations	Mutual Savings Banks (N.Y. State)
	($ Billions, Seasonally Adjusted)			(Per Cent)		
1968						
January	8.4	5.8	2.6	-0.6	-0.01	-1.8
February	8.4	5.9	2.5	0.5	1.6	-2.0
March	8.6	6.1	2.5	2.0	2.5	1.0
April	8.7	6.2	2.5	1.6	2.3	0
May	8.6	6.0	2.6	-1.5	-2.4	0.8
June	8.6	5.9	2.6	-0.5	-1.7	2.3
July	8.8	6.1	2.7	2.8	2.7	3.2
August	9.0	6.1	2.9	1.8	-0.02	5.9
September	9.1	6.2	2.9	1.5	1.6	1.4
October	9.5	6.4	3.0	3.9	3.6	4.4
November	9.7	6.5	3.2	2.8	1.5	5.5
December	9.7	6.6	3.1	-0.2	1.3	-3.0
1969						
January	9.9	6.7	3.2	1.5	1.2	2.2
February	10.1	6.9	3.2	2.6	3.3	1.1
March	10.3	7.0	3.3	1.7	1.4	2.3
April	10.5	7.2	3.3	1.7	2.5	0.2

Note: Based on seasonally adjusted dollar volume. Data from Federal Home Loan Bank Board and Savings Banks Association of New York State. Reporting savings banks account for about 70 per cent of total mortgage lending in the industry. Data for savings banks and S&L's include a minor amount of nonresidential commitments. Subtotals may not add to totals because of rounding.

Interest rate changes. Yields on Treasury bills have dropped around 5 to 10 basis points since Tuesday, as continuing moderate demands for bills have run into a very thin immediate market supply. Dealers' total bill holdings on May 21 amounted to only $1.1 billion. Included in the total were net short positions of more than $100 million in the under 3-month maturity area, and around $675 million of bills not immediately available for trading, and secured by long-term repurchase agreements. Bill yields have also been affected recently by the Treasury's announcement that in next week's monthly bill auction it will redeem the $200 million added to the maturing issue by the February bill-strip auction.

While yields on intermediate-term Treasury coupon issues have also edged a little lower recently, due largely to official account buying, yields on long-term bonds have advanced another 5 basis points. The latter increase has reflected selling by investors seeking to obtain funds for payment of subscriptions to recently offered corporate bonds. Rates on certain short-term debt instruments other than U.S. Government securities have also advanced since publication of the Greenbook. For example, yields on short-term Federal Agency debt have risen another 5 to 10 basis points; commercial paper rates are up 1/8 of a percentage point; and the weekly 1-year prime municipal series has advanced 15 basis points.

KEY INTEREST RATES

	1969			
	Lows	Highs	April 30	May 22
Short-Term Rates				
Federal funds (weekly average)	5.95 (1/1)	8.91 (5/21)	7.79	8.91 (5/21)
3-months				
Treasury bills (bid)	5.91 (3/24)	6.25 (1/7)	5.87	6.02
Bankers' acceptances	6.38 (2/17)	7.50 (5/22)	7.00	7.50
Euro-dollars	7.14 (1/2)	9.55 (5/22)	8.51	9.55
Federal agencies	6.08 (3/26)	6.85 (5/22)	6.51	6.85
Finance paper	6.25 (2/6)	6.88 (5/22)	6.75	6.88
CD's (prime NYC)				
Highest quoted new issue	6.00	6.00	6.00	6.00
Secondary market	6.45 (2/13)	7.40 (5/22)	7.00	7.40
6-months				
Treasury bills (bid)	6.04 (3/25)	6.42 (1/7)	5.96	6.09
Bankers' acceptances	6.50 (2/17)	7.62 (5/22)	7.12	7.62
Commercial paper	6.25 (1/7)	7.38 (5/22)	7.13	7.38
Federal agencies	6.32 (1/16)	6.77 (5/22)	6.51	6.77
CD's (prime NYC)				
Highest quoted new issue	6.25	6.25	6.25	6.25
Secondary market	6.50 (1/30)	7.50 (5/22)	7.10	7.50
1-year				
Treasury bills (bid)	5.86 (1/16)	6.39 (2/27)	5.93	6.03
Prime municipals	3.90 (1/2)	4.55 (3/20)	4.05	4.40
Intermediate and Long-Term				
Treasury coupon issues				
5-years	6.11 (1/20)	6.56 (5/22)	6.37	6.56
20-years	5.91 (4/14)	6.32 (3/18)	5.98	6.18
Corporate				
Seasoned Aaa	6.56 (1/2)	7.00 (3/28)	6.81	6.78
Baa	7.26 (2/3)	7.64 (3/28	7.50	7.55
New Issue Aaa				
No call protection	7.05 (1/9)	7.45 (4/9)	--	--
Call protection	6.90 (2/20)	7.57 (3/21)	7.18	7.28
Municipal				
Bond Buyer Index	4.82 (1/23)	5.46 (5/22)	5.10	5.46
Moody's Aaa	4.57 (1/2)	5.30 (5/22)	4.95	5.30
Mortgage--implicit yield in FNMA weekly auction 1/	7.66 (1/9)	8.17 (3/3)	7.92	7.88

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

International Developments

On page II - 5 of the May 21 Greenbook it was incorrectly stated that the downward revision in the estimated net export balance for the third and fourth quarters largely reflects "growing pessimism on the outlook for exports." Actually, the principal reason for the revision is a substantial increase in the estimate for U.S. merchandise imports, as briefly noted at page IV - 4. Also, the projection of imports of services includes substantially larger interest payments than earlier calculations allowed for.

The new import estimate reflects the use of estimating techniques that place somewhat greater weight than before on the effects of the continuing rise in U.S. prices and less on the moderation in the pace of real growth after 1968. Merchandise imports in the second half are now projected at an annual rate of $37.3 billion, up 9 per cent from the second half of 1968. A month ago this import increase was projected at only 6 per cent, and in the Staff Projection of February 25 (published in the March Bulletin) the implied rise in imports between second halves of 1968 and 1969 was only 3 per cent.

With regard to merchandise exports, prospects for which were discussed at pages IV - 3 and 4, the latest revisions of earlier estimates are downward for commercial aircraft (until Boeing 747's begin to be shipped next year), downward also for agricultural exports, but upward for nonagricultural exports other than aircraft and autos on account of "stronger demand pressures in Europe than earlier assumed" (p. IV - 4).

The large revision in second quarter net exports of goods and services from the earlier projected \$6 billion to \$2.7 billion, annual rate, is due in minor part to upward revisions for imports of goods and services, but three-fourths of the revision comes from re-estimation of after-effects of the port strike on U.S. merchandise exports. March exports were somewhat larger than had been estimated, and on this account the amount of second quarter exports postponed from the first quarter is now guessed to be \$200 million less than before. More important, it is now assumed that \$200 million of agricultural exports and \$200 million of nonagricultural exports were completely lost in the first quarter, and would therefore not help to swell second quarter exports. No appreciable revision has been made in the estimate of the underlying trend of exports adjusted for effects of the port strike.

Corrections

Page II - 5. End of line 9 and line 10 should read "mainly reflecting a significantly larger volume of imports than had been projected earlier."

Page II - 32, second paragraph, line 3, "in 1968" should be transferred to end of sentence.

Page IV - 12, the missing page reference is to pages IV - 7 to 10.

SUPPLEMENTAL APPENDIX A: SURVEY OF BANK LENDING PRACTICES, MAY 1969

Respondents in the May 15 Bank Lending Practices Survey generally indicated--as they did in the previous survey--that they were continuing to experience and to expect stronger loan demand and that they had tightened lending terms and conditions further. Nearly two-thirds of the banks stated that demand for business loans had strengthened in the preceding three months, and almost one-half reported that they expected business loan demand to strengthen further in the next three months. (Table 1). Virtually none of the respondents thought that business loan demand had weakened over the previous three months, or that it would weaken in the coming three months.

Most banks firmed substantially further their terms and conditions on loans to nonfinancial businesses. Over 90 per cent of the respondents indicated that they had raised interest rates on loans to such businesses--probably reflecting the March increase in the prime rate--while more than 75 per cent stiffened policies with regard to compensating balance requirements. Moreover, about 70 to 80 per cent of the banks followed more restrictive policies when reviewing credit lines or loan applications to new or nonlocal service area customers and almost 50 per cent had firmed these policies with regard to established or local service area customers. And around 70 per cent of the respondents reported that factors such as the value of the borrower as a depositor, the source of collateral, and the intended use of the loan were scrutinized more closely in business loan applications, while about 40 per cent firmed policies in connection with standards of credit worthiness and the maturity of term loans.

Lending terms and conditions to "noncaptive finance companies" were also tightened significantly further. About 65 per cent of the banks stated that they were less willing to establish new or larger credit lines to these borrowers and more than 50 per cent had raised interest rates on finance company loans. While less than 30 per cent had tightened compensating balance requirements, almost 45 per cent of the banks had adopted more strict enforcement of these requirements.

Moreover, bank willingness to make certain other types of loans was also reduced further in the past three months. Banks were particularly more reluctant to grant term loans, with nearly two-thirds of the respondents reporting this policy position. Mortgage loans also came under increasing pressure with about 45 per cent of the banks indicating that they were less willing to make single family mortgage loans, while around 60 per cent were less willing to accommodate demand for other types of mortgage loans. Approximately 40 per cent of the respondents were less willing to grant loans to brokers and participation loans to correspondent banks. However, less than 20 per cent of the banks indicated greater reluctance to grant loans in the relatively profitable consumer instalment area.

There was no significant size of bank variation in the responses to the current survey, with about the same percentage of larger banks (deposits $1 billion or more) and smaller banks (deposits of less than $1 billion) indicating strength in current and anticipated business loan demand and firming in lending terms and conditions (Table 2). This is in contrast with the February survey in which a greater percentage of larger than smaller banks reported strength in current and expected loan demand as well as firming of lending terms and conditions.

Banks that firmed lending policies in the current survey usually gave reduced availability and increased cost of funds and strong loan demands as the major reasons for more restrictive lending terms and conditions. A few mentioned that their loan/deposit ratios were higher than anticipated, and one bank stated that this ratio was as high as in late 1966. Another bank also cited the limited availability of funds in the Euro-dollar market as a reason for their stiffer lending policies.

QUARTERLY SURVEY OF CHANGES IN BANK LENDING PRACTICES
AT SELECTED LARGE BANKS IN THE U.S. 1/
(STATUS OF POLICY ON MAY 15, 1969 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	123	100.0	18	14.6	60	48.8	41	33.3	4	3.3	0	0.0
ANTICIPATED DEMAND IN NEXT 3 MONTHS	122	100.0	10	8.2	47	38.5	59	48.4	6	4.9	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	123	100.0	47	38.2	65	52.8	11	9.0	0	0.0	0	0.0
COMPENSATING OR SUPPORTING BALANCES	123	100.0	34	27.6	59	48.0	30	24.4	0	0.0	0	0.0
STANDARDS OF CREDIT WORTHINESS	123	100.0	17	13.8	34	27.6	72	58.6	0	0.0	0	0.0
MATURITY OF TERM LOANS	123	100.0	21	17.1	31	25.2	71	57.7	0	0.0	0	0.0
REVIEWING CREDIT LINES OR LOAN APPLICATIONS												
ESTABLISHED CUSTOMERS	123	100.0	6	4.9	52	42.3	65	52.8	0	0.0	0	0.0
NEW CUSTOMERS	121	100.0	52	43.0	45	37.2	24	19.8	0	0.0	0	0.0
LOCAL SERVICE AREA CUSTOMERS	122	100.0	7	5.7	50	41.0	65	53.3	0	0.0	0	0.0
NONLOCAL SERVICE AREA CUSTOMERS	122	100.0	51	41.8	36	29.5	35	28.7	0	0.0	0	0.0

1/ SURVEY OF LENDING PRACTICES AT 124 LARGE BANKS REPORTING IN THE FEDERAL RESERVE QUARTERLY INTEREST RATE SURVEY AS OF MAY 15, 1969.

	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	122	100.0	39	32.0	43	35.2	40	32.8	0	0.0	0	0.0
INTENDED USE OF THE LOAN	123	100.0	44	35.8	44	35.8	35	28.4	0	0.0	0	0.0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	122	100.0	20	16.4	42	34.4	60	49.2	0	0.0	0	0.0
COMPENSATING OR SUPPORTING BALANCES	122	100.0	13	10.7	21	17.2	88	72.1	0	0.0	0	0.0
ENFORCEMENT OF BALANCE REQUIREMENTS	122	100.0	21	17.2	31	25.4	70	57.4	0	0.0	0	0.0
ESTABLISHING NEW OR LARGER CREDIT LINES	122	100.0	54	44.3	23	18.9	44	36.0	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	123	100.0	28	22.8	51	41.5	44	35.7	0	0.0	0	0.0
CONSUMER INSTALMENT LOANS	122	100.0	2	1.6	21	17.2	97	79.6	2	1.6	0	0.0
SINGLE FAMILY MORTGAGE LOANS	121	100.0	20	16.5	36	29.8	64	52.9	1	0.8	0	0.0
MULTI-FAMILY MORTGAGE LOANS	120	100.0	25	20.8	44	36.7	51	42.5	0	0.0	0	0.0
ALL OTHER MORTGAGE LOANS	121	100.0	27	22.3	48	39.7	46	38.0	0	0.0	0	0.0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	122	100.0	11	9.0	36	29.5	75	61.5	0	0.0	0	0.0
LOANS TO BROKERS	120	100.0	16	13.3	32	26.7	72	60.0	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.

COMPARISON OF QUARTERLY CHANGES IN BANK LENDING PRACTICES AT BANKS GROUPED BY SIZE OF TOTAL DEPOSITS 1/
(STATUS OF POLICY ON MAY 15, 1969, 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	20	12	43	52	33	33	4	3	0	0
ANTICIPATED DEMAND IN NEXT 3 MONTHS	100	100	7	9	42	36	47	50	4	5	0	0

	TOTAL		MUCH FIRMER		MODERATELY FIRMER		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
LENDING TO NONFINANCIAL BUSINESSES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	100	100	35	40	54	52	11	8	0	0	0	0
COMPENSATING OR SUPPORTING BALANCES	100	100	24	30	52	45	24	25	0	0	0	0
STANDARDS OF CREDIT WORTHINESS	100	100	11	16	28	27	61	57	0	0	0	0
MATURITY OF TERM LOANS	100	100	13	19	22	27	65	54	0	0	0	0
REVIEWING CREDIT LINES OR LOAN APPLICATIONS												
ESTABLISHED CUSTOMERS	100	100	7	4	37	45	56	51	0	0	0	0
NEW CUSTOMERS	100	100	44	42	42	34	14	24	0	0	0	0
LOCAL SERVICE AREA CUSTOMERS	100	100	9	4	44	39	47	57	0	0	0	0
NONLOCAL SERVICE AREA CUSTOMERS	100	100	42	42	29	30	29	28	0	0	0	0

1/ SURVEY OF LENDING PRACTICES AT 46 LARGE BANKS (DEPOSITS OF $1 BILLION OR MORE) AND 78 SMALL BANKS (DEPOSITS OF LESS THAN $1 BILLION) REPORTING IN THE FEDERAL RESERVE QUARTERLY INTEREST RATE SURVEY AS OF MAY 15, 1969.

SIZE OF BANK -- TOTAL DEPOSITS IN BILLIONS

	NUMBER ANSWERING QUESTION		MUCH FIRMER POLICY		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	36	30	33	36	31	34	0	0	0	0
INTENDED USE OF THE LOAN	100	100	37	35	33	38	30	27	0	0	0	0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	100	100	16	17	40	31	44	52	0	0	0	0
COMPENSATING OR SUPPORTING BALANCES	100	100	9	12	24	13	67	75	0	0	0	0
ENFORCEMENT OF BALANCE REQUIREMENTS	100	100	18	17	27	25	55	58	0	0	0	0
ESTABLISHING NEW OR LARGER CREDIT LINES	100	100	47	43	20	18	33	38	0	1	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	17	26	48	38	35	36	0	0	0	0
CONSUMER INSTALMENT LOANS	100	100	2	1	13	19	83	79	2	1	0	0
SINGLE FAMILY MORTGAGE LOANS	100	100	22	13	29	30	47	57	2	0	0	0
MULTI-FAMILY MORTGAGE LOANS	100	100	16	24	47	31	37	45	0	0	0	0
ALL OTHER MORTGAGE LOANS	100	100	11	29	60	28	29	43	0	0	0	0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	100	100	11	8	29	30	60	62	0	0	0	0
LOANS TO BROKERS	100	100	13	13	24	28	63	59	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-A

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

	May 1967	Aug. 1967	Nov. 1967	Feb. 1968	May 1968	Aug. 1968	Nov. 1968	Feb. 1969	May 1969
Strength of loan demand 1/ (compared to 3 months ago)	12.0	20.2	18.8	-8.0	64.8	-2.4	25.6	54.4	60.0
Anticipated demand in next 3 months	44.4	63.2	71.2	50.0	66.4	--	20.8	49.2	41.8
LENDING TO NONFINANCIAL BUSINESSES 2/									
Terms and Conditions									
Interest rates charged	-69.8	21.6	30.4	34.4	93.6	0.8	-27.2	86.2	91.0
Compensating or supporting balances	1.5	20.8	25.0	16.1	56.8	4.8	10.4	64.3	75.6
Standards of credit worthiness	9.5	12.0	8.9	7.3	32.8	4.8	4.8	32.8	41.4
Maturity of term loans	- 3.1	5.6	12.1	1.6	32.8	1.6	1.6	30.3	42.3
Reviewing Credit Lines									
Established customers	-14.2	1.6	6.4	-0.8	28.0	-5.6	-1.6	32.5	47.2
New customers	-23.1	16.8	21.6	10.5	64.8	-5.6	6.4	61.7	80.2
Local service area customers	-12.1	0.8	6.5	2.5	30.0	-5.6	-4.1	30.9	46.7
Non-local service area customers	- 4.0	16.1	18.9	11.6	56.9	10.6	15.4	49.5	71.3
Factors Relating to Applicant (Net percentage indicating more important)									
Value of depositor as source of business	6.3	25.6	20.0	19.2	54.4	12.8	16.0	58.6	67.2
Intended use of loan	-13.4	10.4	14.4	12.0	44.4	8.1	6.4	54.5	71.6
LENDING TO NONCAPTIVE FINANCE COMPANIES 2/									
Terms and Conditions									
Interest rates charged	-14.2	6.4	10.4	22.4	60.5	2.4	-26.4	53.3	50.8
Compensating or supporting balances	2.4	9.6	11.2	5.6	25.0	2.4	2.4	22.9	27.9
Enforcement of balance requirements	4.8	14.4	17.6	12.8	32.3	8.1	3.2	29.5	42.6
Establishing new or larger credit lines	- 5.6	13.7	14.4	7.2	53.2	15.3	4.8	54.9	62.4
WILLINGNESS TO MAKE OTHER LOANS 3/									
Term loans to businesses	-21.5	6.4	11.2	- 4.0	49.6	4.8	- 0.8	48.8	64.3
Consumer instalment loans	-31.2	-16.1	-16.1	-22.6	-0.8	-11.3	-15.3	4.2	17.2
Single-family mortgage loans	-53.2	- 8.2	4.1	- 4.9	32.0	-14.1	- 3.3	30.8	45.5
Multi-family mortgage loans	-17.0	9.0	14.0	7.4	36.4	8.2	4.1	40.1	57.5
All other mortgage loans	-28.3	9.8	14.0	--	43.4	3.4	1.7	42.5	62.0
Participation loans with correspondent banks	-24.2	- 6.4	- 4.8	8.8	16.0	1.6	--	18.7	38.4
Loans to brokers	-13.8	1.6	3.2	1.6	23.4	6.5	1.6	34.2	40.0

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

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

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

NOTE: 133 banks participated in the February 1967 Survey; 125 banks have participated in the surveys since that time.