

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

September 15, 1972

By the Staff
Board of Governors
of the Federal Reserve System

SUPPLEMENTAL NOTES

The Domestic Economy

Industrial production. The Board's index of industrial production rose 0.5 percent further to 114.3 (1967=100) in August, a level 8.2 percent above a year earlier. The July index has been revised up slightly to 113.7 and the June index up to 113.4. The August increase reflected widespread gains in output among final products and materials, with business equipment, defense equipment and steel especially strong. (Very confidential until release September 18 afternoon.)

Sales of new domestic-type autos in the first 10 days of September were at a 6.5 million unit annual rate, down 30 percent from the corresponding periods a month and a year earlier. The drop in sales was due in large part to the reduced level of stocks, the lowest since December 1970 after the GM strike, and to the impending sales of 1973 models at 1972 prices--few of which have been pre-sold before their introduction later this month.

Personal income in August rose \$6.9 billion to a seasonally adjusted annual rate of \$939.8 billion. This followed a gain of \$10 billion now shown for July--the magnitude of which reflected large capital losses incurred in the floods in the Northeast being charged against proprietors' and rental incomes in June. Apart from proprietors' and rental income personal income rose \$6.4 billion in August, compared to \$3.2 billion in July.

Wage and salary disbursements rose by \$5 billion, or 9.6 percent annual rate, and accounted for most of the August increase in personal income. Manufacturing payrolls rose \$2 billion, following a small decline in July. Increases in employment, hours, and hourly earnings contributed to the advance, with the latter accounting for more than half the rise.

PERSONAL INCOME
(Billions of dollars; seasonally adjusted, annual rates)

	1972			Net Change
	June	July	August	July 1972- Aug. 1972
Total	922.9	932.9	939.8	6.9
Wage and salary disb.	624.0	625.7	630.7	5.0
Commodity-producing	223.5	222.4	225.2	2.8
Distributive	151.4	151.9	152.8	.9
Services	115.5	116.8	117.1	.2
Government	113.6	134.5	135.7	1.2
Proprietors' income	71.6	74.3	74.9	.6
Rental income of persons	21.5	25.8	25.9	.1
Other non-wage income	241.1	242.6	244.0	1.4
Less: Personal contributions for social insurance	35.3	35.5	35.7	.2

The Domestic Financial Situation

Capital markets. Yields on new corporate bond issues started to rise again this week after several slow-moving recent issues were freed from price restrictions, resulting in upward yield adjustments on these bonds of 6 to 10 basis points. Dealers are now in a better technical position, since syndicate inventories are at a low level and secondary positions have been reduced in recent weeks as yields on seasoned issues rose above returns on newly issued securities of comparable rating.

Data from the most recent Survey of State and Local Long-term Borrowing Anticipations and Realizations indicate that as of June 30, 1972 such government units planned to issue \$6.0 billion of long-term bonds in the third quarter. On the basis of actual sales for July and August and scheduled issues in September, it appears that long-term borrowing may be as much as \$500 million below anticipations. However, the October calendar has built up rapidly during the past week, and some of these issues may have originally been planned for the third quarter.

INTEREST RATES

	1972			
	Highs	Lows	Aug. 14	Sept. 14
<u>Short-Term Rates</u>				
Federal funds (wkly. avg.)	4.90 (8/30)	3.18 (3/1)	4.69 (8/9)	4.69 (9/13)
3-month				
Treasury bills (bid)	4.74 (9/11)	2.99 (2/11)	3.87	4.70
Comm. paper (90-119 day)	5.00 (9/14)	3.75 (2/29)	4.75	5.00
Bankers' acceptances	5.12 (9/14)	3.83 (2/23)	5.00	5.12
Euro-dollars	5.94 (3/27)	4.62 (3/8)	5.44	5.38
CD's (prime NYC)	.	.	.	.
Most often quoted new	5.00 (9/13)	3.50 (2/23)	4.62 (8/9)	5.00 (9/13)
6-month				
Treasury bills (bid)	5.15 (9/14)	3.35 (1/10)	4.44	5.15
Comm. paper (4-6 mo.)	5.12 (9/14)	3.88 (3/3)	4.75	5.12
Federal agencies	5.45 (9/11)	3.79 (2/17)	4.78	5.41
CD's (prime NYC)	.	.	.	.
Most often quoted new	5.38 (9/13)	3.88 (2/23)	5.00 (8/9)	5.38 (9/13)
1-year				
Treasury bills (bid)	5.47 (9/14)	3.57 (1/8)	4.74	5.47
Federal agencies	5.76 (9/14)	4.32 (1/17)	5.11	5.76
CD's (prime NYC)	.	.	.	.
Most often quoted new	5.62 (9/13)	4.62 (1/19)	5.38 (8/9)	5.62 (9/13)
Prime municipals	3.20 (9/14)	2.35 (1/12)	2.90 (8/11)	3.20
<u>Intermediate and Long-Term</u>				
Treasury coupon issues				
5-years	6.30 (9/14)	5.47 (1/13)	5.96	6.30
20-years	6.04 (9/14)	5.95 (1/14)	5.93	6.04
Corporate				
Seasoned Aaa	7.37 (4/24)	7.14 (1/17)	7.19	7.23
Baa	8.29 (1/3)	8.09 (9/14)	8.22	8.09
New Issue Aaa	7.42 (4/14)	6.86 (1/14)	7.24 (8/9)	7.32
Municipal				
Bond Buyer Index	5.54 (4/13)	4.99 (1/13)	5.24 (8/9)	5.38
Mortgage--implicit yield				
in FNMA auction <u>1/</u>	7.63 (9/6)	7.54 (3/20)	7.63 (8/9)	7.63 (9/6)

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.

CORRECTIONS

Page I-5

	1972 Proj.	1973 Proj.	1972 Proj.	
			III	IV
Corporate profits before tax	96.8	113.6	100.0	106.0
Corp. cash flow, net of div. (domestic)	93.2	106.7	95.5	99.7
Federal government receipts and expenditures (N.I.A. basis)				
Receipts	226.4	243.8	226.3	232.7
Surplus or deficit	-24.8	-28.9	-17.5	-45.5

Page I-6

Corporate profits before tax	16.2	17.4	29.6	24.0
Federal government receipts and expenditures (N.I.A. basis)				
Receipts	13.7	7.7	1.6	11.3

Page II-23

FEDERAL BUDGET AND FEDERAL SECTOR IN NATIONAL INCOME ACCOUNTS Table.

The National Income Sector figures should be as follows in billions of dollars:

	Calendar Year 1972 <u>1/</u>	Fiscal 1973 <u>e/</u> F.R. Board	F.R.B. Staff Estimates			
			1972		1973	
			III	IV	I	II
Surplus/deficit	-24.7	-35.3	-17.5	-45.5	-38.3	-39.9
Receipts	226.5	231.0	226.3	232.7	234.2	230.7

Page I-6

Industrial production increase in the third quarter 1972 should be 3.5 percent annual rate, not 7.4.

SUPPLEMENTAL APPENDIX A

QUARTERLY SURVEY OF BANK LENDING PRACTICES *

The August 15 Survey of Changes in Bank Lending Practices indicated that most banks expected some increase in loan demands over the next three months, and some banks have already tightened terms and conditions of lending. As in previous surveys, however, banks showed a greater willingness to make term and consumer installment loans -- a fact which may be connected with banks' ample holdings of liquid assets. The increased desire to make term loans, furthermore, appears to be part of a continuing bank response to the pressures exerted by customers' use of capital market financing as an alternative to bank borrowing.

More than half of the 125 respondents participating in the survey reported continued strengthening in loan demand since the date of the last survey in May. (See Table 1.) Nearly three-fourths of the participants, moreover, anticipated even stronger demand through November, and none expected a decline in lending activity.

With the pick-up in business activity, some banks had adopted firmer interest rate policies, based on the one-fourth of a percentage point increase in the prime rate during the interval covered by the current survey. A few of the banks (about 10 per cent) had also tightened balance requirements and standards of credit worthiness. In addition, about 10 per cent of the respondents indicated applications from new customers were reviewed somewhat more critically, while all loan applications were screened more closely with an eye toward the applicants value as a depositor or source of collateral business.

Segregation of responses by size of banks reflected stronger loan demands experienced at smaller banks (with less than \$1 billion in deposits). (See Table 2.) A greater proportion of smaller banks raised interest rates in lending to businesses and nonbank financial institutions. These banks were more critical of the borrower's potential value as a source of collateral business when reviewing applications for loans; balance requirements for finance companies were more stringent. Smaller banks, though, were more willing to add to their portfolios of consumer loans. Larger banks, however, were more aggressive in expanding brokers' loans.

* Prepared by Marilyn Barron, Research Assistant, Banking Section, Division of Research and Statistics.

In contrast to some firming of loan policies, a greater willingness to make term loans was noted by nearly 20 per cent of respondents, some with easier terms than three months previously. A similar proportion of the respondents indicated a more favorable posture toward installment loans to consumers. A smaller proportion indicated some increase in their willingness to make single family mortgages.

The increased willingness to make term loans on easier terms has been a spreading phenomenon among respondents that has gone on now for at least four quarters, with some banks in August indicating that they were forced by competition to adopt such policies. Even though corporate security offerings in the capital markets have moderated this year, they remain quite large by historical standards. Apparently, banks have become concerned about the competitive inroads made in their markets and have been attempting to recapture customers by offering loans similar to an intermediate-term security (e.g. no amortization of principal and an upper bound on a floating interest rate). It should be noted, however, that term loans at large banks have shown only modest increases recently, and remain below the levels reached in the spring of 1971. This could reflect the fact that fixed rate security issues to nonbank investors appear more attractive at this time to borrowers than a term loan, the rate on which can rise -- even if the amount of the permitted increase is limited.

QUARTERLY SURVEY OF CHANGES IN BANK LENDING PRACTICES
 AT SELECTED LARGE BANKS IN THE U.S. 1/
 (STATUS OF POLICY ON AUGUST 15, 1972 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	3	2.4	65	52.0	51	40.8	6	4.8	0	0.0
ANTICIPATED DEMAND IN NEXT 3 MONTHS	125	100.0	4	3.2	86	68.8	35	28.0	0	0.0	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	2	1.6	49	39.2	71	56.8	3	2.4	0	0.0
COMPENSATING OR SUPPORTING BALANCES	125	100.0	1	0.8	13	10.4	104	83.2	7	5.6	0	0.0
STANDARDS OF CREDIT WORTHINESS	125	100.0	0	0.0	10	8.0	114	91.2	1	0.8	0	0.0
MATURITY OF TERM LOANS	124	100.0	0	0.0	6	4.8	95	76.7	23	18.5	0	0.0
REVIEWING CREDIT LINES OR LOAN APPLICATIONS												
ESTABLISHED CUSTOMERS	125	100.0	0	0.0	3	2.4	116	92.8	6	4.8	0	0.0
NEW CUSTOMERS	124	100.0	1	0.8	12	9.7	104	83.9	7	5.6	0	0.0
LOCAL SERVICE AREA CUSTOMERS	125	100.0	0	0.0	3	2.4	117	93.6	5	4.0	0	0.0
NONLOCAL SERVICE AREA CUSTOMERS	125	100.0	3	2.4	11	8.8	103	82.4	8	6.4	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, 1972.

	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	4	3.2	10	8.0	108	86.4	3	2.4	0	0.0
INTENDED USE OF THE LOAN	125	100.0	1	0.8	4	3.2	119	95.2	1	0.8	0	0.0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	125	100.0	0	0.0	33	26.4	90	72.0	2	1.6	0	0.0
COMPENSATING OR SUPPORTING BALANCES	125	100.0	0	0.0	3	2.4	118	94.4	4	3.2	0	0.0
ENFORCEMENT OF BALANCE REQUIREMENTS	125	100.0	0	0.0	8	6.4	114	91.2	3	2.4	0	0.0
ESTABLISHING NEW OR LARGER CREDIT LINES	125	100.0	3	2.4	10	8.0	98	78.4	14	11.2	0	0.0
	ANSWERING QUESTION		CONSIDERABLY LESS WILLING		MODERATELY LESS WILLING		ESSENTIALLY UNCHANGED		MODERATELY MORE WILLING		CONSIDERABLY MORE WILLING	
	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT
WILLINGNESS TO MAKE OTHER TYPES OF LOANS												
TERM LOANS TO BUSINESSES	125	100.0	0	0.0	8	6.4	95	76.0	22	17.6	0	0.0
CONSUMER INSTALMENT LOANS	123	100.0	1	0.8	0	0.0	98	79.7	23	18.7	1	0.8
SINGLE FAMILY MORTGAGE LOANS	122	100.0	0	0.0	6	4.9	103	84.4	13	10.7	0	0
MULTI-FAMILY MORTGAGE LOANS	121	100.0	2	1.7	8	6.6	106	87.6	5	4.1	0	0.0
ALL OTHER MORTGAGE LOANS	121	100.0	3	2.5	5	4.1	99	81.8	14	11.6	0	0.0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	123	100.0	0	0.0	2	1.6	114	92.7	7	5.7	0	0.0
LOANS TO BROKERS	121	100.0	1	0.8	3	2.5	109	90.1	8	6.6	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 AUGUST 15, 1972, 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	2	3	54	51	37	43	7	3	0	0
ANTICIPATED DEMAND IN NEXT 3 MONTHS	100	100	2	4	80	61	18	35	0	0	0	0
	SIZE OF BANK -- TOTAL DEPOSITS IN BILLIONS											
	TOTAL		MUCH FIRMER		MODERATELY FIRMER		ESSENTIALLY UNCHANGED		MODERATELY EASIER		MUCH EASIER	
	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1
LENDING TO NONFINANCIAL BUSINESSES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	100	100	0	3	26	49	72	45	2	3	0	0
COMPENSATING OR SUPPORTING BALANCES	100	100	0	1	2	17	87	81	11	1	0	0
STANDARDS OF CREDIT WORTHINESS	100	100	0	0	7	8	91	92	2	0	0	0
MATURITY OF TERM LOANS	100	100	0	0	2	7	70	82	28	11	0	0
REVIEWING CREDIT LINES OR LOAN APPLICATIONS												
ESTABLISHED CUSTOMERS	100	100	0	0	4	1	89	96	7	3	0	0
NEW CUSTOMERS	100	100	0	1	9	10	83	85	8	4	0	0
LOCAL SERVICE AREA CUSTOMERS	100	100	0	0	4	1	89	98	7	1	0	0
NONLOCAL SERVICE AREA CUSTOMERS	100	100	2	3	6	11	83	82	9	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 AUGUST 15, 1972.

	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	0	6	2	13	92	81	6	0	0	0
INTENDED USE OF THE LOAN	100	100	0	1	4	3	96	95	0	1	0	0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	100	100	0	0	15	35	85	62	0	3	0	0
COMPENSATING OR SUPPORTING BALANCES	100	100	0	0	0	4	98	92	2	4	0	0
ENFORCEMENT OF BALANCE REQUIREMENTS	100	100	0	0	0	11	98	86	2	3	0	0
ESTABLISHING NEW OR LARGER CREDIT LINES	100	100	2	3	6	10	81	76	11	11	0	0
	NUMBER ANSWERING QUESTION		CONSIDERABLY LESS WILLING		MODERATELY LESS WILLING		ESSENTIALLY UNCHANGED		MODERATELY MORE WILLING		CONSIDERABLY MORE WILLING	
	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1	\$1 & OVER	UNDER \$1
WILLINGNESS TO MAKE OTHER TYPES OF LOANS												
TERM LOANS TO BUSINESSES	100	100	0	0	4	8	72	79	24	13	0	0
CONSUMER INSTALMENT LOANS	100	100	0	1	0	0	85	77	15	21	0	1
SINGLE FAMILY MORTGAGE LOANS	100	100	0	0	4	6	86	83	10	11	0	0
MULTI-FAMILY MORTGAGE LOANS	100	100	0	3	8	6	86	88	6	3	0	0
ALL OTHER MORTGAGE LOANS	100	100	2	3	2	6	84	80	12	11	0	0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	100	100	0	0	2	1	96	90	2	9	0	0
LOANS TO BROKERS	100	100	2	0	2	3	85	94	11	3	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, 1972 COMPARED TO THREE MONTHS EARLIER
 (NUMBER OF BANKS)

	ALL DSTS	BOS- TON	NEW YORK TOTAL CITY OUTSIDE	PHIL- ADEL.	CLEVE- LAND	RICH- MOND	ATLAN- TA	CHIC- AGO	ST. LOUIS	MINNE- APOLIS	KANS. CITY	DAL- LAS	SAN FRAN
STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS (AFTER ALLOWANCE FOR BANK'S USUAL SEASONAL VARIATION)													
COMPARED TO 3 MONTHS AGO	125												
MUCH STRONGER	3	0	0	0	0	0	1	1	0	0	0	0	1
MODERATELY STRONGER	65	5	12	5	7	2	3	10	3	12	5	1	4
ESSENTIALLY UNCHANGED	51	3	6	2	4	4	8	0	6	1	4	2	5
MODERATELY WEAKER	6	0	2	2	0	0	0	1	0	2	0	0	0
MUCH WEAKER	0	0	0	0	0	0	0	0	0	0	0	0	0
ANTICIPATED DEMAND NEXT THREE MONTHS													
	125												
MUCH STRONGER	4	0	0	0	0	0	1	1	2	0	0	0	0
MODERATELY STRONGER	86	6	13	7	6	5	7	11	4	12	7	2	5
ESSENTIALLY UNCHANGED	35	2	7	2	5	1	4	0	5	1	2	1	4
MODERATELY WEAKER	0	0	0	0	0	0	0	0	0	0	0	0	0
MUCH WEAKER	0	0	0	0	0	0	0	0	0	0	0	0	0
LENDING TO NONFINANCIAL BUSINESSES													
TERMS AND CONDITIONS													
INTEREST RATES CHARGED													
	125												
MUCH FIRMER POLICY	2	0	1	0	1	0	0	0	0	1	0	0	0
MODERATELY FIRMER POLICY	49	5	5	2	3	3	2	4	4	3	5	2	4
ESSENTIALLY UNCHANGED POLICY	71	3	13	7	6	3	9	8	6	11	3	1	5
MODERATELY EASIER POLICY	3	0	1	0	1	0	0	0	0	0	1	0	0
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0
COMPENSATING BALANCES													
	125												
MUCH FIRMER POLICY	1	0	1	0	1	0	0	0	0	0	0	0	0
MODERATELY FIRMER POLICY	13	0	3	0	3	0	1	1	1	1	1	0	2
ESSENTIALLY UNCHANGED POLICY	104	8	14	8	6	6	8	11	9	14	8	3	7
MODERATELY EASIER POLICY	7	0	2	1	1	0	2	0	0	0	0	0	0
MUCH EASIER POLICY	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, 1972.

	ALL 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														
REVIEWING CREDIT LINES OR LOANS														
NONLOCAL SERVICE AREA CUST	125													
MUCH FIRMER POLICY	3	0	0	0	0	0	0	1	0	1	0	1	0	0
MODERATELY FIRMER POLICY	11	1	3	0	3	1	0	1	2	1	0	0	0	1
ESSENTIALLY UNCHANGED POLICY	103	7	15	9	6	5	9	11	8	7	3	7	9	9
MODERATELY EASIER POLICY	8	0	2	0	2	0	0	0	0	0	0	1	0	3
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FACTORS RELATING TO APPLICANT 2/														
VALUE AS DEPOSITOR OR SOURCE OF COLLATERAL BUSINESS	125													
MUCH FIRMER POLICY	4	0	0	0	0	0	0	1	1	1	0	0	1	0
MODERATELY FIRMER POLICY	10	0	2	0	2	0	1	1	0	2	0	0	2	1
ESSENTIALLY UNCHANGED POLICY	108	8	18	9	9	6	9	10	8	14	7	3	8	10
MODERATELY EASIER POLICY	3	0	0	0	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
INTENDED USE OF LOAN	125													
MUCH FIRMER POLICY	1	0	0	0	0	0	0	0	1	0	0	0	0	0
MODERATELY FIRMER POLICY	4	0	1	0	1	0	0	0	0	1	0	0	1	1
ESSENTIALLY UNCHANGED POLICY	119	8	19	9	10	6	11	12	9	15	8	3	9	12
MODERATELY EASIER POLICY	1	0	0	0	0	0	0	0	0	0	0	0	1	0
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES														
TERMS AND CONDITIONS														
INTEREST RATES CHARGED	125													
MUCH FIRMER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MODERATELY FIRMER POLICY	33	3	5	2	3	2	1	4	3	5	0	2	3	3
ESSENTIALLY UNCHANGED POLICY	90	5	14	7	7	4	10	8	7	13	4	3	6	10
MODERATELY EASIER POLICY	2	0	1	0	1	0	0	0	0	0	0	0	1	0
MUCH EASIER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0

2/ FOR THESE FACTORS, FIRMER MEANS THE FACTORS WERE CONSIDERED MORE IMPORTANT IN MAKING DECISIONS FOR APPROVING CREDIT REQUESTS, AND EASIER MEANS THEY WERE LESS IMPORTANT.

	ALL DSTS	BOS- 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
LENDING TO "NONCAPTIVE" FINANCE COMPANIES														
TERMS AND CONDITIONS:														
SIZE OF COMPENSATING BALANCES	125													
MUCH FIRMER POLICY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MODERATELY FIRMER POLICY	3	0	1	0	1	0	0	1	0	0	0	0	0	1
ESSENTIALLY UNCHANGED POLICY	118	8	18	9	9	6	11	12	9	13	9	3	8	12
MODERATELY EASIER POLICY	4	0	1	0	1	0	0	0	2	0	0	1	0	0
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	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MODERATELY FIRMER POLICY	8	0	3	0	3	0	0	1	1	1	0	1	0	1
ESSENTIALLY UNCHANGED POLICY	114	8	16	9	7	6	11	12	9	13	8	3	8	11
MODERATELY EASIER POLICY	3	0	1	0	1	0	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
ESTABLISHING NEW OR LARGER CREDIT LINES	125													
MUCH FIRMER POLICY	3	0	0	0	0	0	0	0	1	1	0	1	0	0
MODERATELY FIRMER POLICY	10	0	2	0	2	1	2	1	0	1	1	0	0	2
ESSENTIALLY UNCHANGED POLICY	98	7	16	9	7	5	7	11	10	11	6	3	6	9
MODERATELY EASIER POLICY	14	1	2	0	2	0	2	0	0	2	1	0	2	2
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	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MODERATELY LESS WILLING	8	0	2	0	2	0	1	0	0	1	3	0	0	0
ESSENTIALLY UNCHANGED	95	7	16	8	8	4	7	10	9	13	6	3	7	7
MODERATELY MORE WILLING	22	1	2	1	1	2	3	2	1	1	0	0	2	5
CONSIDERABLY MORE WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSUMER INSTALMENT LOANS	123													
CONSIDERABLY LESS WILLING	1	0	0	0	0	0	0	0	1	0	0	0	0	0
MODERATELY LESS WILLING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ESSENTIALLY UNCHANGED	98	7	17	7	10	5	9	10	8	11	6	3	5	9
MODERATELY MORE WILLING	23	1	1	0	1	1	2	2	1	3	3	0	4	4
CONSIDERABLY MORE WILLING	1	0	0	0	0	0	0	0	1	0	0	0	0	0

