

## **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,<sup>1</sup> and then making the scanned versions text-searchable.<sup>2</sup> Though a stringent quality assurance process was employed, some imperfections may remain.

Please note that this document may contain occasional gaps in the text. These gaps are the result of a redaction process that removed information obtained on a confidential basis. All redacted passages are exempt from disclosure under applicable provisions of the Freedom of Information Act.

---

<sup>1</sup> 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).

<sup>2</sup> A two-step process was used. An advanced optimal 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)  
CLASS II - FOMC

December 17, 1980

SUPPLEMENT  
CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Prepared for the  
Federal Open Market Committee

By the Staff  
Board of Governors  
of the Federal Reserve System

TABLE OF CONTENTS

Page

THE DOMESTIC NONFINANCIAL ECONOMY

Housing starts and permits . . . . . 1  
Capacity utilization in manufacturing . . . . . 1  
Manufacturing and trade inventories . . . . . 2

TABLES:

Private housing activity . . . . . 3  
Business inventories . . . . . 4  
Inventory/Sales ratio . . . . . 4

THE DOMESTIC FINANCIAL ECONOMY

TABLES:

Monetary aggregates . . . . . 5  
Selected financial market quotations . . . . . 6  
Commercial bank credit and short- and intermediate-term  
business credit . . . . . 7

APPENDIX A:

Senior loan officer opinion survey on bank lending  
practices . . . . . A-1  
A-4

## SUPPLEMENTAL NOTES

---

### Housing starts and permits

Total private housing starts in November were 1.56 million unit seasonally adjusted annual rate, virtually unchanged from both September and October. Starts of single-family units declined 4-3/4 percent, while multifamily-unit starts rose 8-1/2 percent. Total new housing permits issued rose 3 percent in November on a seasonally-adjusted basis. New permits issued for multifamily units rose 12 percent in November, following a 21 percent decline in October, and permits for single-family units declined 3 percent further.

Both starts and new permits issued declined in the single-family sector in November. The strength in housing activity for both starts and permits was concentrated in the South and the West. According to the seasonally adjusted data, November starts and permits were 2 and 7 percent above their November 1979 levels. (On an unadjusted basis total starts were down 6 percent from a year earlier in November; permits issued fell 3 percent year-over-year on a not adjusted basis.)

### Capacity utilization in manufacturing

Capacity utilization in manufacturing increased 0.9 of a percentage point in November to 78.8 percent. Producers of industrial materials operated at 79.6 percent of capacity, up 1.3 percentage points from the October rate. Despite substantial gains since July, the November operating rates for both manufacturing and materials were almost 9 percentage points below their highs in 1979.

The utilization rate for the primary processing industries rose 1.7 percentage points in November to 79.0 percent, and the rate

for the advanced processing industries increased 0.5 of a percentage point to 78.9 percent. These advances reflected sharp increases in output of primary metals, both iron and steel and nonferrous metals, and a sizable rise in production of motor vehicles and parts, respectively.

Manufacturing and trade inventories

The book value of total manufacturing and trade inventories increased at a \$33-1/2 billion annual rate in October, slightly above the increases during the second and third quarters. The October rise in inventories was accompanied by a 2-1/4 percent gain in nominal shipments and sales. As a result, the stock-sales ratio for all manufacturing and trade fell to 1.40, continuing the decline which began last June.

The book value of retail trade inventories rose in October at a seasonally adjusted annual rate of \$18-1/2 billion, the same as the sharply higher September rate. The October rise was accompanied by only a moderate increase in sales. As a result, the inventory to sales ratio for all retail trade edged up slightly, the first increase since April.

Most of the October increase was in inventories of nondurable goods. These stocks rose at a \$15-3/4 annual rate, somewhat below the exceptional \$20 billion rise in the previous month. Stocks at general merchandisers rose substantially; however, unlike the previous month when sales fell, sales of general merchandisers rose over 4 percent and the stocks/sales ratio for these stores edged down a trifle. Inventories of durable goods retailers rose at about a \$2-1/2 billion annual rate in October after declining slightly in the previous month.

PRIVATE HOUSING ACTIVITY  
(Seasonally adjusted annual rates, millions of units)

	1979	1980					
		Q1	Q2	Q3	Sept.	Oct.	Nov. <sup>1</sup>
All units							
Permits	1.55	1.14	.90	1.39	1.56	1.33	1.37
Starts	1.75	1.26	1.05	1.41	1.54	1.56	1.56
Single-family units							
Permits	.98	.68	.53	.85	.91	.82	.79
Starts	1.19	.80	.67	.98	1.06	1.04	.99
Sales							
New homes	.71	.53	.45	.62	.57	.55	n.a.
Existing homes	3.74	2.98	2.40	3.11	3.38	3.30	n.a.
Multifamily units							
Permits	.57	.45	.37	.54	.65	.51	.58
Starts	.55	.46	.38	.44	.48	.52	.57
Mobile home shipments	.28	.26	.18	.22	.24	.25	n.a.

1. Preliminary estimates.

n.a.--not available.

BUSINESS INVENTORIES  
(Change at annual rates in seasonally  
adjusted book value; billions of dollars)

	1979				1980				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sept.(r)	Oct.(p)
Manufacturing and trade	50.7	54.2	48.6	35.1	46.1	30.8	30.1	31.4	33.4
Manufacturing	29.7	32.8	29.6	27.7	41.1	20.4	-.1	1.2	-3.6
Trade, total	21.0	21.5	19.0	7.5	5.0	10.4	30.2	30.2	37.0
Wholesale	13.2	4.7	12.6	6.1	7.2	7.7	17.9	12.0	18.6
Retail	7.8	16.8	6.4	1.4	-2.1	2.7	12.3	18.2	18.4
Durable	6.2	11.1	-1.4	-3.9	-3.2	-2.5	2.4	-1.7	2.6
Auto	3.9	9.1	-3.7	-4.7	-5.3	-4.1	1.3	-2.8	1.3
Nondurable	1.6	5.8	7.8	5.3	1.1	5.2	9.9	19.9	15.8

Totals may not add due to rounding.

r = revised

p = preliminary

INVENTORY/SALES RATIOS

	1979				1980				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sept.(r)	Oct.(p)
Manufacturing and trade	1.42	1.44	1.43	1.42	1.42	1.52	1.47	1.43	1.40
Manufacturing	1.50	1.55	1.55	1.57	1.57	1.71	1.64	1.59	1.55
Trade, total	1.34	1.34	1.31	1.29	1.27	1.34	1.30	1.30	1.27
Wholesale	1.23	1.18	1.17	1.15	1.15	1.22	1.19	1.15	1.13
Retail	1.45	1.50	1.46	1.44	1.40	1.46	1.43	1.41	1.42

r = revised

p = preliminary

MONETARY AGGREGATES  
(Based on seasonally adjusted data unless otherwise noted)<sup>1</sup>

	1980						QIV '79
	Q1	Q2	Q3	Sept.	Oct.	Nov.	to Nov. '80
---- Percentage change at annual rates ----							
<u>Money stock measures</u>							
1. M-1A	4.8	-3.9	11.0	12.6	9.4	7.1	5.7
2. M-1B	5.9	-2.4	13.5	15.8	11.5	9.3	7.7
3. M-2	7.2	5.5	15.5	8.6	9.3	11.0	10.0
4. M-3	7.8	5.7	12.6	9.2	11.0	15.9	10.0
<u>Selected components</u>							
5. Currency	8.3	7.0	11.3	5.3	12.6	8.3	9.4
6. Demand deposits	3.4	-8.3	10.8	15.8	8.0	6.6	4.2
7. Other checkable deposits, NSA <sup>2</sup>	29.3	31.8	63.2	71.2	46.6	44.8	52.4
8. M-2 minus M-1B (9+10+11+14)	7.7	8.1	16.2	6.3	8.6	11.6	10.8
9. Overnight RPs and Eurodollars, NSA <sup>3</sup>	-7.5	-72.0	132.7	49.8	12.0	43.4	18.4
10. Money market mutual fund shares, NSA	151.9	82.7	75.7	-37.2	-12.3	-6.2	91.1
11. Commercial banks	6.9	9.8	10.7	7.0	10.0	13.8	9.9
12. savings deposits	-19.3	-22.6	26.4	7.6	9.4	-7.5	-3.0
13. small time deposits	29.1	33.9	0.6	6.1	10.9	28.1	20.8
14. Thrift institutions	-0.3	3.7	9.8	9.3	10.0	10.6	6.1
15. savings deposits	-22.5	-27.1	25.8	15.7	5.5	-19.3	-5.7
16. small time deposits	12.0	19.3	2.5	6.2	12.1	25.1	12.4
7. Large time deposits	17.8	10.6	-11.1	19.7	16.8	51.2	11.3
8 at commercial banks, net <sup>4</sup>	9.9	7.4	-15.8	16.5	10.7	51.6	6.2
19. at thrift institutions	72.6	28.9	14.6	36.0	47.6	51.9	45.9
20. Term RPs, NSA	-31.9	-19.4	46.7	-30.3	54.4	11.1	4.2

--Average monthly change in billions of dollars--

MEMORANDA:

21. Managed liabilities at commercial banks (22+23)	7.9	-6.4	-0.4	9.2	8.9	n.a.	n.a.
22. Large time deposits, gross	3.1	0.0	0.3	4.5	2.5	7.8	1.7
23. Nondeposit funds	4.8	-6.4	-0.7	4.7	6.4	n.a.	n.a.
24. Net due to related foreign institutions, NSA	1.6	-6.1	-1.9	-1.4	2.4	-4.8	-2.2
25. Other <sup>5</sup>	3.3	-0.3	1.2	6.2	4.0	n.a.	n.a.
26. U.S. government deposits at commercial banks <sup>6</sup>	-0.2	0.4	1.3	0.9	1.4	-6.6	-0.1

1. Quarterly growth rates are computed on a quarterly average basis.

2. Consists of ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.

3. Overnight and continuing contract RPs issued to the nonbank public by commercial banks, net of amounts held by money market mutual funds, plus overnight Eurodollar deposits issued by Caribbean branches of U.S. member banks to U.S. nonbank customers.

4. Net of large denomination time deposits held by money market mutual funds and thrift institutions.

5. Consists of borrowings from other than commercial banks in the form of federal funds purchased, securities sold under agreements to repurchase and other liabilities for borrowed money (including borrowings from the Federal Reserve), loans sold to affiliates, loan RPs, and other minor items.

6. Consists of Treasury demand deposits at commercial banks and Treasury note balances.

n.a.--Not available.



SELECTED FINANCIAL MARKET QUOTATIONS<sup>1</sup>  
(Percent)

	1980				Change from:		
	Mar-Apr High	Mid-June** Low	FOMC Nov. 18	Dec. 16	Mar-Apr High	Mid-June Low	FOMC Nov. 18
<u>Short-term rates</u>							
Federal funds <sup>2</sup>	19.39	8.99	15.22	19.76P	.37	10.77	4.54
Treasury bills							
3-month	16.00	6.18	13.69	16.70	.70	10.52	3.01
6-month	15.64	6.60	13.54	15.51	-.13	8.91	1.97
1-year	14.58	7.00	12.59	14.06	-.52	7.06	1.47
Commercial paper							
1-month	18.00	7.98	15.29	20.44	2.44	12.46	5.15
3-month	17.69	7.78	15.36	19.81	2.12	12.03	4.45
6-month	17.25	7.59	14.98	17.25	0	9.66	2.27
Large negotiable CDs <sup>3</sup>							
1-month	17.87	7.96	15.37	21.05	3.18	13.09	5.68
3-month	18.59	7.90	15.70	20.62	2.03	12.72	4.92
6-month	18.47	7.66	15.50	18.65	.18	10.99	3.15
Eurodollar deposit <sup>2</sup>							
1-month	19.04	8.88	15.54	22.88P	3.84	14.00	7.34
3-month	19.60	8.99	15.85	21.34P	1.74	12.35	5.49
k prime rate	20.00	12.00	16.25	21.00	1.00	9.00	4.75
<u>Intermediate- and long-term rates</u>							
U.S. Treasury (constant maturity)							
3-year	14.53	8.56	13.25	14.41	-.12	5.85	1.16
10-year	13.65*	9.47	12.62	13.51	-.14	4.04	.89
30-year	12.85*	9.49	12.29	12.95	.10	3.46	.66
Municipal (Bond Buyer)	9.44	7.44	9.50 <sup>4</sup>	10.42 <sup>4</sup>	.98	2.98	.92
Corporate Aaa							
New issue	14.22	10.53	-- <sup>5</sup>	14.53 <sup>5</sup>	.31	4.00	--
Recently offered	14.12	10.79	13.72 <sup>6</sup>	14.98 <sup>6</sup>	.86	4.19	1.26
Primary conventional mortgages	16.35	12.35	14.18 <sup>6</sup>	14.83 <sup>6</sup>	-1.52	2.48	.65
	Mar-Apr Low	Mid-Oct High	FOMC Nov. 18	Dec. 16	Mar-Apr Low	Mid-Oct High	FOMC Nov. 18
<u>Stock Prices</u>							
Dow-Jones Industrial	759.13	972.44	997.95	918.09	158.96	-54.35	-79.86
NYSE Composite	55.30	77.24	80.48	74.87	19.57	-2.37	-5.61
AMEX Composite	215.69	363.33	357.98	335.04	119.35	-28.29	-22.94
NASDAQ (OTC)	124.09	199.43	203.76	191.88	67.79	-7.55	-11.88

<sup>1</sup> e-day quotes except as noted.

verages for statement week closest to date shown.

<sup>3</sup> Secondary market.

\* Highs reached on February 26.

<sup>4</sup> One-day quotes for preceding Thursday.

<sup>5</sup> Averages for preceding week.

<sup>6</sup> One-day quotes for preceding Friday.

\*\* Most lows occurred on or around June 13.

COMMERCIAL BANK CREDIT AND SHORT- AND INTERMEDIATE-TERM BUSINESS CREDIT  
(Percentage changes at annual rates, based on seasonally adjusted data)<sup>1</sup>

	1980						Q1V '79
	Q1	Q2	Q3	Sept.	Oct. <sup>e</sup>	Nov. <sup>e</sup>	to Nov. '80 <sup>e</sup>
----- Commercial Bank Credit -----							
1. Total loans and investments at banks <sup>2</sup>	11.5	-4.4	13.5	14.1	13.3	16.1	8.0
2. Investments	7.3	11.0	21.6	12.3	13.7	12.1	12.9
3. Treasury securities	3.0	10.6	39.6	25.3	14.6	13.3	15.4
4. Other securities	9.4	11.2	12.9	5.8	13.3	11.4	11.6
5. Total loans <sup>2</sup>	12.8	-9.6	10.7	14.6	13.2	17.4	6.3
6. Business loans	16.4	-9.6	14.4	18.2	23.0	23.7	10.0
7. Security loans	-32.8	-23.8	-10.1	-22.9	39.0	60.4	-12.6
8. Real estate loans	11.9	1.0	5.6	6.2	11.4	10.8	7.8
9. Consumer loans	3.7	-21.5	-7.1	-0.7	0.0	n.a.	n.a.
-- Short- and Intermediate-Term Business Credit --							
10. Total short- and intermediate-term business credit (sum of lines 13,14 and 15)	22.0	2.6	7.7	9.9	15.6	n.a.	n.a.
11. Business loans net of bankers acceptances <sup>1</sup>	17.6	-10.8	-13.5	18.8	26.6	26.0	10.0
12. Commercial paper issued by nonfinancial firms <sup>3</sup>	76.2	86.9	-22.5	-37.6	-53.4	-21.9	35.6
13. Sum of lines 11 & 12	23.1	-0.5	8.8	11.8	17.0	20.6	12.5
14. Finance company loans to business <sup>4</sup>	-2.8	-4.0	-7.5	-12.2	7.0	n.a.	n.a.
15. Total bankers acceptances outstanding <sup>4</sup>	54.1	32.3	20.2	26.2	17.1	n.a.	n.a.

1. Average of Wednesdays for domestic chartered banks and average of current and preceding ends of months for foreign-related institutions.

2. Loans include outstanding amounts of loans reported as sold outright to a bank's own foreign branches, unconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and unconsolidated nonbank subsidiaries of the holding company.

. Average of Wednesdays.

. Based on average of current and preceding ends of months.

--estimated. n.a.--not available.

## APPENDIX A\*

### SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES

One-third of the 117 respondents to the November 15th Senior Loan Officer Opinion Survey on Bank Lending Practices reported that business loan demand had risen over the previous three months; a greater proportion, about half, of very large banks (those having domestic assets of \$5 billion or more) reported such strengthening. Looking to the future, however, less than one-quarter of all respondents anticipated stronger business loan demand in the next three months, while about half as many expected weaker demand. In the interim since the previous survey, the prime rate had risen over five percentage points. However, money market rates had risen even more over this period, and the spread of the prime rate over the commercial paper rate had become unusually narrow, enhancing the attractiveness of bank loans for short-term financing, while high bond yields continued to deter business from issuing longer-term debt.

Despite a parallel narrowing in the spread between the prime rate and large deposit rates, respondents to the survey on balance indicated that their willingness to make most types of loans had either declined only slightly or stayed constant, and that their nonprice terms on business loans had remained about unchanged or had eased slightly. By contrast, the mid-August survey indicated a shift over the preceding three months toward greater willingness to lend and a more noticeable easing of nonprice terms, as banks adjusted to the removal of the credit restraint measures that had been imposed in the spring.

The number of respondents reporting a reduction in compensating balance requirements declined from the substantial minority that so reported in August. Similarly, in November, a smaller minority of banks indicated an easing of standards to qualify for the prime rate or for a given spread above prime, although such banks continued to outnumber those reporting a tightening of standards.

Whereas in the May-August period respondents on balance had broken the trend toward reduced willingness to make short-term, fixed-rate loans which had been evident since February 1978, they resumed this stance in the August-November period. In addition, they continued to show less willingness to offer fixed rates on long-term loans, likely because they remain uncertain regarding long-run interest rate trends. In this connection, a very large California bank reported in its supplementary comments a disappointing borrower response to its variable rate mortgage program.

---

\* Prepared by Warren T. Trepeta, Economist, Banking Section, Division of Research and Statistics.

Respondents indicated an unchanged stance on lending to established and local business customers. Respondents' descriptions of lending policies toward new and nonlocal customers--typically a bellwether of banks' lending policy trends--suggest that tighter policies may be forthcoming. After easing standards somewhat for new and nonlocal customers in the May-August period, respondents maintained unchanged standards for new customers and slightly tightened standards for nonlocal customers over the last three months.

Although following the elimination of the special deposit requirement on covered consumer credit almost half of the respondents to the August survey had indicated greater willingness to make consumer installment loans, in November respondents on balance were somewhat less willing to make such loans. In November, respondents also indicated unchanged or slightly reduced willingness to make most other types of loans after evincing unchanged or slightly greater willingness in August. Respondents' inclination to lend increased in November only in the case of participation loans with correspondent banks.

TABLE 1

PAGE 1

SENIOR LOAN OFFICER OPINION SURVEY ON BANK LENDING PRACTICES  
 AT SELECTED LARGE BANKS IN THE U.S.  
 (STATUS OF POLICY ON NOVEMBER 15, 1980 COMPARED TO THREE MONTHS EARLIER)  
 (NUMBER OF BANKS & PERCENT OF TOTAL BANKS ANSWERING QUESTION)

L O A N D E M A N D											
STRENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS (AFTER ALLOWANCE FOR BANKS USUAL SEASONAL VARIATION):	MUCH STRONGER		MODERATELY STRONGER		ESSENTIALLY UNCHANGED		MODERATELY EASIER		MUCH EASIER		TOTAL BANKS ANSWERING
	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	
1. COMPARED TO THREE MONTHS EARLIER	1	0.9	42	35.9	65	55.6	9	7.7	0	0.0	117
2. ANTICIPATED DEMAND IN NEXT 3 MONTHS	0	0.0	25	21.4	78	66.7	13	11.2	1	0.9	117
I N T E R E S T P A T E P O L I C Y											
STANDARDS OF CREDIT WORTHINESS:	MUCH FIRMER		MODERATELY FIRMER		ESSENTIALLY UNCHANGED		MODERATELY EASIER		MUCH EASIER		
	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	
3. TO QUALIFY FOR PRIME RATE	2	1.8	5	4.3	99	84.7	11	9.5	0	0.0	117
4. TO QUALIFY FOR SPREAD ABOVE PRIME	2	1.8	5	4.3	94	80.4	16	13.7	0	0.0	117
WILLINGNESS TO MAKE FIXED RATE LOANS:	CONSIDERABLY GREATER		MODERATELY GREATER		ESSENTIALLY UNCHANGED		MODERATELY LESS		MUCH LESS		
	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	
5. SHORT-TERM (UNDER ONE YEAR)	1	0.9	10	8.6	78	66.7	21	18.0	7	6.0	117
6. LONG-TERM (ONE YEAR OR LONGER)	0	0.0	4	3.5	68	58.2	26	22.3	19	16.3	117
C R E D I T A V A I L A B I L I T Y A N D M O N P R I C E T E R M S											
REVIEWING CREDIT LINES OR LOAN APPLICATIONS FOR:	MUCH FIRMER		MODERATELY FIRMER		ESSENTIALLY UNCHANGED		MODERATELY EASIER		MUCH EASIER		
	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	
7. ESTABLISHED CUSTOMERS	1	0.9	3	2.6	110	94.1	3	2.6	0	0.0	117
8. NEW CUSTOMERS	3	2.6	3	2.6	102	87.2	9	7.7	0	0.0	117
9. LOCAL SERVICE AREA CUSTOMERS	1	0.9	4	3.5	102	88.0	9	7.8	0	0.0	116
10. NONLOCAL SERVICE AREA CUSTOMERS	2	1.8	7	6.1	106	91.4	1	0.9	0	0.0	116
COMPENSATING BALANCE REQUIREMENTS FOR:	CONSIDERABLY GREATER		MODERATELY GREATER		ESSENTIALLY UNCHANGED		MODERATELY LESS		MUCH LESS		
	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	
11. COMMERCIAL & INDUSTRIAL LOANS	0	0.0	11	9.5	84	71.8	22	18.9	0	0.0	117
12. LOANS TO FINANCE COMPANIES	0	0.0	7	6.0	105	89.8	5	4.3	0	0.0	117
WILLINGNESS TO MAKE OTHER TYPES OF LOANS:	CONSIDERABLY GREATER		MODERATELY GREATER		ESSENTIALLY UNCHANGED		MODERATELY LESS		MUCH LESS		
	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	BANKS	PCT	
13. SECURED CONSTRUCTION & LAND DEVELOPMENT	0	0.0	6	5.2	93	79.5	17	14.6	1	0.9	117
SECURED REAL ESTATE LOANS:											
14. 1-4 FAMILY RESIDENTIAL PROPERTIES	0	0.0	3	2.7	87	76.4	19	16.7	5	4.4	114
15. MULTI-FAMILY RESIDENTIAL PROPERTY	0	0.0	1	0.9	94	84.0	10	9.0	7	6.3	112
16. COMMERCIAL & INDUSTRIAL PROPERTY	0	0.0	5	4.3	99	84.7	11	9.5	2	1.8	117
17. INSTALLMENT LOANS TO INDIVIDUALS	0	0.0	9	7.8	85	73.3	18	15.6	4	3.5	116
COMMERCIAL AND INDUSTRIAL LOANS OF:											
18. 1-5 YEARS MATURITY	0	0.0	2	1.8	111	94.9	3	2.6	1	0.9	117
19. OVER 5 YEARS MATURITY	0	0.0	2	1.8	102	87.2	9	7.7	4	3.5	117
20. LOANS TO FINANCE COMPANIES	0	0.0	0	0.0	111	94.9	5	4.3	1	0.9	117
21. LOANS TO SECURITIES BROKERS & DEALERS	0	0.0	3	2.7	104	91.3	6	5.3	1	0.9	114
22. PARTICIPATION LOANS WITH CORRESPONDENT BANKS	0	0.0	11	9.5	104	88.9	2	1.8	0	0.0	117

TABLE 2

PAGE 1

COMPARISON OF QUARTERLY CHANGES IN BANK LENDING PRACTICES AT BANKS GROUPED BY SIZE OF TOTAL DOMESTIC ASSETS  
(STATUS OF POLICY ON NOVEMBER 15, 1980 COMPARED TO THREE MONTHS EARLIER)  
(NUMBER OF BANKS ANSWERING EACH QUESTION AS PERCENT OF TOTAL NUMBER OF BANKS ANSWERING QUESTION)

## SIZE OF BANK -- TOTAL DOMESTIC ASSETS IN BILLIONS 1/

L O A N D E M A N D	MUCH STRONGER		MODERATELY STRONGER		ESSENTIALLY UNCHANGED		MODERATELY WEAKER		MUCH WEAKER		TOTAL	
	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5
LENGTH OF DEMAND FOR COMMERCIAL AND INDUSTRIAL LOANS (AFTER ALLOWANCE FOR BANKS USUAL SEASONAL VARIATION):												
1. COMPARED TO THREE MONTHS EARLIER	0	1	48	33	52	56	0	10	0	0	100	100
2. ANTICIPATED DEMAND IN NEXT 3 MONTHS	0	0	17	22	74	65	9	12	0	1	100	100
I N T E R E S T R A T E P O L I C Y	MUCH FIRMER		MODERATELY FIRMER		ESSENTIALLY UNCHANGED		MODERATELY EASIER		MUCH EASIER		TOTAL	
	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5
STANDARDS OF CREDIT WORTHINESS:												
3. TO QUALIFY FOR PRIME RATE	0	2	0	5	96	82	4	11	0	0	100	100
4. TO QUALIFY FOR SPREAD ABOVE PRIME	0	2	0	5	91	78	9	15	0	0	100	100
W I L L I N G N E S S T O M A K E F I X E D R A T E L O A N S :	CONSIDERABLY GREATER		MODERATELY GREATER		ESSENTIALLY UNCHANGED		MODERATELY LESS		CONSIDERABLY LESS		TOTAL	
	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5
5. SHORT-TERM (UNDER ONE YEAR)	4	0	9	9	74	65	13	19	0	7	100	100
6. LONG-TERM (ONE YEAR OR LONGER)	0	0	4	3	65	56	17	23	13	17	100	100
C R E D I T A V A I L A B I L I T Y A N D C O M P R I C E T E R M S	MUCH FIRMER		MODERATELY FIRMER		ESSENTIALLY UNCHANGED		MODERATELY EASIER		MUCH EASIER		TOTAL	
	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5
REVIEWING CREDIT LINES OR LOAN APPLICATIONS FOR:												
7. ESTABLISHED CUSTOMERS	0	1	0	3	96	94	4	2	0	0	100	100
8. NEW CUSTOMERS	0	3	0	3	100	84	0	10	0	0	100	100
9. LOCAL SERVICE AREA CUSTOMERS	0	1	0	4	95	86	5	9	0	0	100	100
10. NONLOCAL SERVICE AREA CUSTOMERS	0	2	0	7	100	89	0	1	0	0	100	100
COMPENSATING BALANCE REQUIREMENTS FOR:												
11. COMMERCIAL & INDUSTRIAL LOANS	0	0	9	10	78	70	13	20	0	0	100	100
12. LOANS TO FINANCE COMPANIES	0	0	4	6	91	89	4	4	0	0	100	100
W I L L I N G N E S S T O M A K E O T H E R T Y P E S O F L O A N S :	CONSIDERABLY GREATER		MODERATELY GREATER		ESSENTIALLY UNCHANGED		MODERATELY LESS		CONSIDERABLY LESS		TOTAL	
	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5	\$5 & OVER	UNDER \$5
13. SECURED CONSTRUCTION & LAND DEVELOPMENT	0	0	4	5	87	78	9	16	0	1	100	100
SECURED REAL ESTATE LOANS:												
14. 1-4 FAMILY RESIDENTIAL PROPERTIES	0	0	5	2	73	77	23	15	0	5	100	100
15. MULTI-FAMILY RESIDENTIAL PROPERTY	0	0	0	1	86	84	10	9	5	7	100	100
16. COMMERCIAL & INDUSTRIAL PROPERTY	0	0	0	5	91	83	9	10	0	2	100	100
17. INSTALLMENT LOANS TO INDIVIDUALS	0	0	5	9	82	71	14	16	0	4	100	100
COMMERCIAL AND INDUSTRIAL LOANS OF:												
18. 1-5 YEARS MATURITY	0	0	0	2	100	94	0	3	0	1	100	100
19. OVER 5 YEARS MATURITY	0	0	4	1	96	85	0	10	0	4	100	100
20. LOANS TO FINANCE COMPANIES	0	0	0	0	100	94	0	5	0	1	100	100
21. LOANS TO SECURITIES BROKERS & DEALERS	0	0	0	3	96	90	4	5	0	1	100	100
22. PARTICIPATION LOANS WITH CORRESPONDENT BANKS	0	0	0	12	100	86	0	2	0	0	100	100

1/ AS OF SEPT. 30, 1978, THERE WERE 21 BANKS HAVING DOMESTIC ASSETS OF \$5 BILLION OR MORE. THEIR COMBINED DOMESTIC ASSETS, IN BILLIONS, TOTALLED \$325, COMPARED TO \$511 FOR THE ENTIRE PANEL OF REPORTING BANKS AND \$1198 FOR ALL INSURED COMMERCIAL BANKS.