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REVISION





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REVISION OF QUARTERLY SURVEY OF INTEREST RATES ON BUSINESS LOANS

The Quarterly Survey of Interest Rates Charged by Banks on Business Loans has been revised beginning with the survey period for February 1971. The revision incorporates a number of technical changes in coverage, sampling, and interest rate calculations. These include elimination of accounts receivable loans from the survey, shortening the sample period for respondent banks in most districts, and calculation of effective annual interest rates on discounted loans using a revised formula based on annual rather than quarterly compounding of interest. As a result of the above changes, new weights derived from this Survey have been used to calculate the weighted average rates.

To determine the impact of the revision, separate information on accounts receivable loans were collected in the February survey, and interest rate computations were made on the former basis for comparison with the revised series. The net effect of changes made in the Survey revision was to reduce the average rate for short-term business loans for 35 centers by .17 percentage point, to 6.58 per cent on the revised basis, compared to 6.75 per cent on the former basis. The major factor lowering the average interest rate in most areas was the elimination of accounts receivable from the sample of loans reported, which accounted for .13 percentage point of the reduction. The change in weights also reduced the average rate, by .08 percentage point, and the shift to annual compounding of interest increased the average rate by .04 percentage point. Regional changes in rates ranged from a reduction of .01 percentage point for New York City to a reduction of .38 percentage point in Other Northeast centers.

Beginning with the February survey, the E.2 release will be expanded to provide interest rate data for term loans and revolving credit as well as for short-term business loans. A description of the revised survey will be published in the June Federal Reserve Bulletin.

Table 1
Bank Rates on Short-term Business Loans
February 1971

Interest rate (per cent per annum)	Percentage distribution of dollar amount by size of loan											
	All sizes		\$1,000-\$9,999		\$10,000-\$99,999		\$100,000-\$499,999		\$500,000-\$999,999		\$1,000,000 and over	
	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series
Less than 6.00	1.4	1.3	1.3	1.2	0.9	0.8	0.7	0.7	0.8	0.8	1.7	1.7
6.00	42.4	39.9	2.6	2.4	6.3	5.3	19.5	17.6	31.7	29.8	55.9	54.4
6.01 - 6.49	17.4	16.4	3.1	2.8	6.6	5.6	18.6	16.7	25.5	24.0	17.0	16.5
6.50	7.7	7.5	3.7	3.5	9.6	8.3	12.3	11.4	10.8	10.4	5.5	5.7
6.51 - 6.99	6.5	7.5	2.4	3.1	9.8	10.6	11.2	11.7	5.2	5.9	5.1	6.2
7.00	5.6	5.8	8.1	7.5	10.2	9.4	7.1	7.1	5.4	5.8	4.5	4.9
7.01 - 7.49	4.5	3.7	6.0	5.5	10.5	8.1	7.8	6.6	5.2	4.2	2.6	2.1
7.50	2.4	2.6	7.9	7.5	6.8	6.8	4.5	4.8	2.9	3.7	1.0	1.0
7.51 - 7.99	2.1	1.7	8.7	8.6	7.4	6.1	3.7	3.2	1.8	1.7	1.0	0.6
8.00	2.7	3.1	13.2	12.6	7.2	7.6	3.4	3.9	3.0	3.5	1.8	2.0
Over 8.00	7.4	10.3	42.8	45.4	24.7	34.5	11.2	16.4	7.6	10.3	3.8	4.9
Total per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total - Dollar amount*	3,047,996	3,238,664	24,776	27,452	236,576	281,686	520,046	585,879	385,424	410,058	1,881,174	1,933,589
Total - Number of loans	17,915	20,205	6,138	6,702	7,634	8,952	2,735	3,077	626	663	782	811
WEIGHTED AVERAGE RATES (per cent per annum)												
35 centers	6.58	6.75	8.05	8.12	7.49	7.65	6.91	7.02	6.64	6.68	6.35	6.41
New York City	6.26	6.27	7.76	7.60	7.20	7.10	6.57	6.50	6.35	6.31	6.18	6.16
7 Other Northeast	6.80	7.18	8.27	8.34	7.75	8.05	7.11	7.36	6.97	7.13	6.40	6.39
8 North Central	6.65	6.83	7.76	7.77	7.28	7.40	7.82	7.05	6.57	6.65	6.54	6.70
7 Southeast	6.88	7.04	8.23	8.20	7.72	7.73	7.00	7.05	6.69	6.66	6.55	6.51
8 Southwest	6.59	6.72	7.83	7.89	7.22	7.38	6.82	6.83	6.63	6.64	6.25	6.26
4 West Coast	6.63	6.81	8.38	8.61	7.77	8.04	7.15	7.30	6.77	6.91	6.32	6.32

1/ Beginning February 1971 the Quarterly Survey of Interest Rates on Business Loans was revised. A description of the revised series is planned for the June Federal Reserve Bulletin.

* - Dollar amounts in thousands.

Table 2

Bank Rates on Long-term Business Loans ^{1/}
February 1971

Interest rate (per cent per annum)	Percentage distribution of dollar amount by size of loan											
	All sizes		\$1,000-\$9,999		\$10,000-\$99,999		\$100,000-\$499,999		\$500,000-\$999,999		\$1,000,000 and over	
	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series
Less than 6.00	0.8	0.8	4.0	4.0	0.4	0.4	0.4	0.4	5.9	5.7	--	--
6.00	14.0	13.9	6.0	5.9	7.8	7.7	7.4	7.3	4.2	4.1	17.4	17.4
6.01 - 6.49	11.0	10.9	1.3	2.7	4.9	5.0	4.3	4.2	13.9	13.5	12.3	12.3
6.50	32.1	31.9	14.2	14.0	15.8	15.6	30.6	30.2	35.7	34.6	32.9	32.9
6.51 - 6.99	7.0	7.0	4.2	4.1	5.8	5.6	6.5	6.7	1.7	1.7	8.1	8.1
7.00	12.1	12.6	3.3	3.2	12.8	13.7	14.1	14.9	14.4	16.9	11.3	11.3
7.01 - 7.49	6.5	6.4	0.9	1.8	4.6	4.5	2.5	2.5	4.5	4.4	7.8	7.8
7.50	6.1	6.1	12.9	12.8	16.2	15.9	5.1	5.0	8.5	8.2	5.3	5.3
7.51 - 7.99	0.9	0.9	1.5	0.5	2.4	2.4	1.8	1.8	--	--	0.7	0.7
8.00	4.9	4.9	14.0	13.8	8.6	8.5	9.1	9.0	2.7	2.6	4.2	4.2
Over 8.00	4.4	4.4	37.9	37.4	20.8	20.7	18.1	17.9	8.5	8.3	--	--
Total per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total - Dollar amount*	246,155	247,655	551	559	10,089	10,231	36,202	36,652	29,131	30,031	170,182	170,182
Total - Number of loans	624	632	114	115	250	253	161	164	42	43	57	57
WEIGHTED AVERAGE RATES (per cent per annum)												
35 centers	6.81	6.90	8.42	8.38	7.58	7.55	7.32	7.37	6.91	6.98	6.64	6.76
New York City	6.81	6.81	7.08	7.01	6.75	6.82	6.80	6.78	6.56	6.56	6.83	6.83
7 Other Northeast	7.09	7.00	10.36	9.85	7.97	8.02	7.62	7.55	6.80	6.80	6.72	6.72
8 North Central	6.92	6.96	7.56	7.61	7.39	7.41	7.28	7.29	7.52	7.52	6.77	6.77
7 Southeast	7.22	7.22	8.37	8.10	7.62	7.61	7.59	7.44	6.50	6.50	7.00	7.00
8 Southwest	6.99	7.04	6.90	6.96	7.84	7.66	8.06	7.90	6.82	6.84	6.71	6.71
4 West Coast	6.46	6.57	7.64	7.62	7.21	7.19	7.41	7.30	6.81	6.81	6.32	6.32

^{1/} Beginning February 1971 the Quarterly Survey of Interest Rates on Business Loans was revised. A description of the revised series is planned for the June Federal Reserve Bulletin.

* - Dollar amounts in thousands.

Table 3

Bank Rates on Revolving Credit Business Loans - 1/
February 1971

Interest rate (per cent per annum)	Percentage distribution of dollar amount by size of loan											
	All sizes		\$1,000-\$9,999		\$10,000-\$99,999		\$100,000-\$499,999		\$500,000-\$999,999		\$1,000,000 and over	
	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series	Revised Series	Former Series
Less than 6.00	0.1	0.1	0.5	0.5	1.1	0.8	--	--	0.6	0.5	--	--
6.00	51.5	48.5	14.2	10.4	18.0	12.8	37.1	28.1	44.2	37.1	54.0	52.8
6.01 - 6.49	16.9	16.0	8.5	6.2	10.6	7.6	13.8	10.8	13.2	11.1	17.7	17.3
6.50	13.1	12.4	2.4	2.6	13.3	10.0	15.4	12.5	19.1	16.4	12.3	12.0
6.51 - 6.99	6.7	6.6	8.4	6.1	10.4	8.6	4.3	4.0	3.7	4.9	7.1	7.0
7.00	3.7	4.8	7.9	7.0	9.5	10.2	9.3	13.6	7.9	12.3	2.7	2.8
7.01 - 7.49	1.5	2.1	1.6	3.2	4.6	6.7	2.3	5.7	4.0	4.8	1.1	1.4
7.50	2.8	3.3	2.5	6.1	8.8	11.9	4.8	7.0	3.2	6.2	2.5	-2.4
7.51 - 7.99	0.1	1.1	3.8	4.6	3.1	2.7	1.1	1.2	--	--	--	1.2
8.00	1.8	2.1	33.6	24.7	6.3	5.9	2.9	2.7	--	0.4	1.8	2.2
Over 8.00	1.8	2.9	16.7	28.7	14.4	22.9	9.2	14.5	4.3	6.2	0.7	0.8
Total per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total - Dollar amount*	1,156,684	1,228,033	825	1,122	15,262	21,628	73,919	97,383	103,641	123,362	963,037	984,538
Total - Number of loans	1,334	1,722	198	254	402	581	319	426	157	185	258	268

WEIGHTED AVERAGE RATES (per cent per annum)

35 centers	6.34	6.47	7.51	7.98	7.06	7.54	6.70	6.98	6.43	6.54	6.30	6.34
New York City	6.25	6.26	6.65	6.64	6.88	6.89	6.54	6.54	6.27	6.27	6.24	6.24
7 Other Northeast	6.57	6.80	8.53	7.76	7.95	7.87	6.56	6.93	6.28	6.70	6.60	6.64
8 North Central	6.48	6.59	6.53	6.65	6.67	6.90	6.49	6.81	6.57	6.59	6.46	6.56
8 Southeast	6.62	6.89	8.00	8.01	7.91	8.97	7.22	8.19	6.28	6.28	6.12	6.12
8 Southwest	6.74	6.90	7.26	7.54	7.03	7.30	7.63	7.59	6.65	6.87	6.47	6.47
4 West Coast	6.30	6.48	8.25	8.78	7.14	7.68	6.64	7.04	6.42	6.60	6.25	6.28

1/ Beginning February 1971 the Quarterly Survey of Interest Rates on Business Loans was revised. A description of the revised series is planned for the June Federal Reserve Bulletin.

* - Dollar amounts in thousands.