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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

December 13, 1974

SUPPLEMENTAL NOTES

The Domestic Nonfinancial Economy

Industrial production declined further by an estimated 2.3 per cent in November. At 122.0 per cent of the 1967 base, the total index was 4.3 per cent below a year earlier. Reductions in output were widespread among consumer goods, business equipment, and industrial materials.

Auto assemblies declined 16 per cent in November to an annual rate of 7.0 million units. As sales of new domestic cars continued well below production, further output cutbacks are being made in December. Production of consumer household goods was reduced sharply further in November and output of nondurable consumer goods eased off further. Production of business equipment declined 1.0 per cent as weaknesses in some equipment industries became apparent. Output of construction products continued to drop.

Production of steel declined in November, in part because of the coal strike, and there were reductions in output of other durable and nondurable industrial materials.

INDUSTRIAL PRODUCTION
(Seasonally adjusted)

	Indexes 1967=100			Per cent changes				
	1974			Month ago	Year ago	Annual Rate		
	Sept. (r)	Oct. (p)	Nov. (e)			QI	QII	QIII
Total	125.6	124.9	122.0	-2.3	-4.3	- 6.6	1.9	- .3
Products, total	123.7	123.0	121.4	-1.3	-3.1	- 5.8	2.6	.6
Final products	122.8	122.6	120.9	-1.4	-2.2	- 6.5	3.0	2.3
Consumer goods	129.4	128.6	126.6	-1.6	-5.2	-11.5	2.5	- .6
Durable goods	128.6	126.8	120.4	-5.0	-13.1	-26.6	14.7	-5.1
Nondurable goods	129.6	129.3	129.0	- .2	-1.9	- 5.2	-2.2	3.1
Business equipment	132.3	132.4	131.0	-1.1	-2.5	.6	7.2	4.0
Intermediate products	126.9	124.4	122.7	-1.4	-6.4	- 4.6	1.2	-4.3
Construction products	127.5	123.7	120.2	-2.8	-10.1	- 5.1	-2.7	-7.7
Materials	128.8	128.0	122.9	-4.0	-6.5	- 6.4	- .3	-1.6

r/ Revised.
p/ Preliminary.
e/ Estimated.

The Wholesale price index for November rose 1.2 per cent, seasonally adjusted (not at an annual rate), to a level 23.5 per cent above a year earlier. The increase was propelled largely by higher sugar prices and a further large, but decelerating, increase in industrial commodities.

The index of farm and food products increased 2.5 per cent seasonally adjusted, chiefly as a result of increases for sugar, milk, fresh fruits and vegetables, and meats.

The index of industrial commodities rose 0.9 per cent, seasonally adjusted, paced by increases for machinery and equipment and chemicals. Also higher were prices for furniture and household durables, nonmetallic minerals, metals and metal products, and paper products. Lumber and wood products declined for the seventh consecutive month. Textile products and hides and skins also declined, and the fuels and power group was unchanged.

WHOLESALE PRICES
(Per cent changes at seasonally adjusted
compound annual rates)^{1/}

	Nov '73 to Nov.'74	Dec.'72 to June'73	June '73 to Dec. '73	Dec.'73 to June'74	June '74 to Sept.'74	Sept.'74 to Oct. '74	Oct.'74 to Nov.'74
All commodities	23.5	20.2	10.9	18.2	35.2	29.4r	14.6
Farm and food products	15.0	45.8	10.4	-11.5	59.2	61.5r	29.9
Industrial commodities	27.4	10.6	10.9	34.0	28.3	13.4	10.3
Crude materials	31.3	23.0	40.4	44.3	29.1	-5.2	-3.1
Intermediate materials	30.7	12.2	11.7	38.0	32.2	12.6	9.0
Finished goods	21.7	6.3	7.1	24.5	22.7	23.5	8.8
Producer	22.6	5.4	5.3	20.0	31.8	29.1	16.6
Consumer, excl. food	21.3	6.7	8.1	26.8	18.5	20.8	4.9
Nondurable, excl. foods	25.6	8.5	11.3	35.6	19.1	15.6	6.2
Durable	14.4	4.5	2.8	13.2	15.6	37.0	2.7
Consumer finished foods	15.4	27.0	18.5	-1.1	29.4	51.0r	42.1

Note: Farm and food products include farm products and processed foods and feeds.

^{1/} Not compounded for one-month changes.

The surge in sugar prices was a major factor in the sharp rise in the farm and food index and in the increase in the overall WPI last month. For example, if the sugar and confectionery group were excluded from the farm and food products index, the index would have declined 0.4 per cent, unadjusted, and would have been about unchanged, seasonally adjusted. If the sugar and confectionery group were excluded from the total WPI, the increase would have been 0.3 per cent, unadjusted, and an estimated 0.5 per cent, seasonally adjusted.

WHOLESALE PRICES
(Percentage changes)

	October to November, 1974			
	Not seasonally adjusted		Seasonally adjusted	
	Including sugar*	Excluding sugar*	Including sugar*	Excluding sugar*
WPI	1.0	0.3	1.2	0.5e
Farm and food products	2.1	-0.4	2.5	0.0e
Processed foods and feeds	3.4	-0.9	3.5	-0.8e
<u>*Sugar and confectionery group in processed foods and feeds.</u>				

CORRECTIONS

Part I: Table I-8, line 4 from bottom of the table, Housing starts, private, QIII 1974, the figure should be 81.0 (not 16.0) per cent compound annual rate.

Part II: Page 4, line 3 from the bottom, the figure should be 3.4 per cent (not 3.2).

Part II: Page 6, line 7 of full paragraph, the figure should be 14 per cent (not 15).

INTEREST RATES

	Highs	Lows	Nov. 18	Dec. 12
<u>Short-Term Rates</u>				
Federal funds (wkly. avg.)	13.55(7/3)	8.81(2/27)	9.34(11/20)	8.86(12/11)
3-month				
Treasury bills (bid)	9.74(8/23)	6.93(2/6)	7.52	7.38
Comm. paper (90-119 day)	12.25(7/17)	7.75(2/22)	8.88	9.00
Bankers' acceptances	12.50(8/15)	7.75(2/26)	8.85	9.00
Euro-dollars	14.38(7/16)	8.25(2/18)	9.88	10.25
CD's (NYC) 90-119 day				
Most often quoted new	12.00(9/4)	7.88(2/20)	8.50(11/20)	8.75(12/11)
6-month				
Treasury bills (bid)	9.86(8/23)	6.80(2/19)	7.52	7.18
Comm. paper (4-6 mo.)	12.13(7/10)	7.50(2/22)	8.63	8.75
Federal agencies	10.63(8/28)	7.16(2/19)	8.08	7.61
CD's (NYC) 180-269 day				
Most often quoted new	11.90(8/21)	7.50(2/27)	8.25(11/20)	8.00(12/11)
1-year				
Treasury bills (bid)	9.65(8/23)	6.37(2/15)	7.23	6.75
Federal agencies	10.18(8/26)	7.01(2/19)	8.05	7.65
CD's (NYC)				
Most often quoted new	9.75(7/17)	7.00(2/27)	8.00(11/20)	8.00(12/11)
Prime municipals	6.50(7/12)	3.70(2/15)	4.40(11/22)	4.60(12/13)
<u>Intermediate and Long-Term</u>				
Treasury coupon issues				
5-years	8.79(8/23)	6.72(2/14)	7.61	7.26
20-years	8.72(8/26)	7.40(1/4)	7.94	7.83
Corporate				
Seasoned Aaa	9.40(10/8)	7.73(1/2)	8.85	8.85
Baa	10.53(12/2)	8.54(1/2)	10.50	10.50
New Issue Aaa Utility	10.61(10/2)	8.05(2/13)	9.17(11/21)	9.60(12/12)
Municipal				
Bond Buyer Index	7.15(12/12)	5.16(2/6)	6.53(11/21)	7.15(12/12)
Mortgage--average yield				
in FIMA auction	10.59(9/9)	8.43(2/25)	9.81(11/18)	9.61(12/2)

SUPPLEMENTAL APPENDIX A
DEMAND DEPOSIT OWNERSHIP SURVEY *

Revised data for the demand deposit ownership survey for the third quarter of 1974 indicated slower growth in gross IPC demand deposits (not seasonally adjusted) at all commercial banks. This slowdown continues the weakness reflected in the second quarter data, and is also consistent with changes in M_1 over the two quarters (Table 1). Although the data are not seasonally adjusted, comparison with third quarter data for earlier survey years, and with the mean change in deposits calculated over the third quarters for the years 1970-74, indicates that changes in demand deposits in each ownership category were weaker than historical experience would have suggested (with the exception of foreign IPC deposits). Although the third quarter weakness was spread across ownership categories, Table 2 indicates that IPC demand deposit growth of nonfinancial businesses and households were especially weak at non-weekly reporting banks.

1/ Prepared by Steven M. Roberts, Economist, Banking Section,
Division of Research and Statistics.

Table 1

CHANGE IN LEVEL OF GROSS IPC DEPOSITS BY OWNERSHIP
 CATEGORY, ALL COMMERCIAL BANKS ^{1/}
 (Billions of dollars, not seasonally adjusted)

Year	Financial business				Nonfinancial business				Households			
	QI	QII	QIII	QIV	QI	QII	QIII	QIV	QI	QII	QIII	QIV
1970	n.a.	n.a.	--	.3	n.a.	n.a.	2.7	4.6	n.a.	n.a.	2.4	2.2
1971	1.0	-.2	-.2	.6	-6.4	3.3	1.9	6.9	.8	1.8	1.2	1.2
1972	1.7	-2.3	--	.9	-5.8	5.0	4.0	8.4	-3.9	5.7	2.6	2.4
1973	-.2	-.1	.2	.2	-7.1	3.8	1.7	7.8	-.3	2.2	1.8	.9
1974	-.2	-.6	-.3		-7.7	3.7	2.1		.6	.8	.7	
QIII--Mean 70-74	.6	-.8	-.1		-6.8	4.0	2.5		-.7	2.6	1.7	

A-2

Year	Foreign				All other				Total			
	QI	QII	QIII	QIV	QI	QII	QIII	QIV	QI	QII	QIII	QIV
1970	n.a.	n.a.	-.2	-.1	n.a.	n.a.	.4	.3	n.a.	n.a.	5.3	7.3
1971	.1	-.1	-.1	.1	.3	--	-.8	1.0	-4.2	4.9	2.1	9.7
1972	--	--	--	.1	1.6	-1.3	.4	.9	-6.3	7.1	7.0	12.6
1973	.2	.3	.1	.3	-.5	--	.2	.4	-8.0	6.3	4.0	9.7
1974	-.2	-.1	-.1		-1.4	.1	-.1		-8.9	3.8	2.2	
QIII--Mean 70-74	0	0	-.1		0	-.3	0		-6.8	5.5	4.1	

^{1/} Changes are based on daily averages of last-month-in-quarter to last-month-in-quarter, not annualized. Data are before deduction for cash items in process of collection. Figures may not add to totals due to rounding.

Table 2

THIRD QUARTER CHANGE IN LEVEL OF GROSS IPC DEMAND DEPOSITS
 BY OWNERSHIP CATEGORY, AT WEEKLY REPORTING BANKS VS. NON-WEEKLY REPORTING BANKS 1/
 (Billions of dollars, not seasonally adjusted)

Year	Financial business			Nonfinancial business			Households		
	WRB	Non-WRB	TOTAL	WRB	Non-WRB	TOTAL	WRB	Non-WRB	TOTAL
1970	-.1	.1	0	.9	1.8	2.7	.9	1.6	2.4
1971	-.3	.1	-.2	.4	1.5	1.9	.2	1.1	1.2
1972	-.4	.4	0	1.8	2.2	4.0	.5	2.1	2.6
1973	.3	-.1	.2	-.1	1.8	1.7	.1	1.7	1.8
1974	-.2	-.1	-.3	1.1	1.0	2.1	.3	.4	.7

Year	Foreign			All other			Total		
	WRB	Non-WRB	TOTAL	WRB	Non-WRB	TOTAL	WRB	Non-WRB	TOTAL
1970	-.2	0	-.2	.2	.2	.4	1.7	3.7	5.3
1971	-.1	0	-.1	-.5	-.3	-.8	-.2	2.4	2.1
1972	0	0	0	.2	.2	.4	2.0	5.0	7.0
1973	.1	0	.1	.3	-.1	.2	.7	3.3	4.0
1974	0	-.1	-.1	0	-.1	-.1	1.2	1.1	2.3

1/ Changes are based on daily averages of last-month-in-quarter to last-month-in-quarter, not annualized. Data are before deduction for cash items in process of collection. Only data for total and weekly reporting banks are reported; thus figures for non-weekly reporting banks are residuals.

Figures may not add to totals due to rounding.

SUPPLEMENTAL APPENDIX B
LENDING PRACTICES SURVEY, NOVEMBER 15, 1974 *

Loan demand was reported to be weaker or unchanged from three months earlier at the large majority of respondents to the Quarterly Survey of Changes in Bank Lending Practices taken November 15. Only 8 of the 124 responding banks predicted that loan demand would be stronger in the coming three months, while 53 banks were predicting moderation in loan demand. The weakening in demand that was being experienced and is expected for the coming quarter contrasts with the two previous surveys in which most banks had reported that credit demands from business customers were stronger and expected to intensify. The strengthening of loan demand anticipated in the May survey was borne out by subsequent loan growth, but following the August survey, growth of business loans has slackened sharply relative to the pace earlier in the year.

The moderation in the intense pressure for credit led to some easing in their practices relating to interest rates charged at one-third of the respondents. Much of the easing occurred at the smaller banks (under \$1 billion in deposits) on the panel, with 40 per cent of such banks reporting easing of rates. Three-quarters of the large banks on the panel indicated firmer or unchanged interest rate policies. Since the prime rate at major banks fell well over 100 basis points between the survey taken in September and the most recent survey, the unchanged or firmer policies reported must be interpreted relative to other short-term rates, particularly the commercial paper rate, which fell much more than the prime rate in the interval between surveys. Apparently, the banks reporting firmer interest rate policies--25 in all--are not lowering their rates as rapidly as market rates have dropped.

In the nonprice terms of business lending, there was essentially no easing, and in some indicators of nonprice terms, further tightening had occurred at many of the respondents. Such tightening was reported by over 30 per cent of the respondents on compensating balance requirements, over 40 per cent on standards of credit worthiness in the evaluation of loan applications, and more than half on policies regarding use of the proceeds of the loan, particularly with respect to loans for speculative and "non-productive" uses. The tightening of the terms of lending follow severe tightening indicated in the May and August surveys.

Nonprice terms of lending to financial businesses also have become more firm in the last three months. The tightening was most obvious in policies concerning new or larger commitments, with more than 40 per cent of the respondents reporting firmer policies in this area.

There was virtually no easing in the restrictive policies toward mortgages adopted earlier in the year, and a substantial minority of the banks became more restrictive in limiting mortgages in their portfolios.

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

TABLE 1 (CONTINUED)

	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	124	100.0	15	12.1	28	22.6	81	65.3	0	0.0	0	0.0
INTENDED USE OF THE LOAN	124	100.0	24	19.4	37	29.8	61	49.2	2	1.6	0	0.0
LENDING TO "NONCAPTIVE" FINANCE COMPANIES												
TERMS AND CONDITIONS:												
INTEREST RATES CHARGED	124	100.0	2	1.6	16	12.9	85	68.6	21	16.9	0	0.0
COMPENSATING OR SUPPORTING BALANCES	124	100.0	6	4.8	16	12.9	102	82.3	0	0.0	0	0.0
ENFORCEMENT OF BALANCE REQUIREMENTS	124	100.0	13	10.5	21	16.9	90	72.6	0	0.0	0	0.0
ESTABLISHING NEW OR LARGER CREDIT LINES	124	100.0	26	21.0	28	22.6	67	54.0	3	2.4	0	0.0
- B4 -												
	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	124	100.0	15	12.1	21	16.9	86	69.4	2	1.6	0	0.0
CONSUMER INSTALMENT LOANS	123	100.0	5	4.1	20	16.3	93	75.5	4	3.3	1	0.8
SINGLE FAMILY MORTGAGE LOANS	121	100.0	19	15.7	20	16.5	80	66.1	2	1.7	0	0.0
MULTI-FAMILY MORTGAGE LOANS	120	100.0	26	21.7	20	16.7	74	61.6	0	0.0	0	0.0
ALL OTHER MORTGAGE LOANS	122	100.0	23	18.9	26	21.3	73	59.8	0	0.0	0	0.0
PARTICIPATION LOANS WITH CORRESPONDENT BANKS	123	100.0	10	8.1	14	11.4	90	73.2	9	7.3	0	0.0
LOANS TO BROKERS	123	100.0	10	8.1	16	13.0	95	77.3	2	1.6	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.

SUPPLEMENTARY APPENDIX C
MONTHLY LOAN COMMITMENT SURVEY
OCTOBER 31, 1974 *

The most recent Monthly Loan Commitment Survey taken at 137 large banks at the end of October indicates that total unused commitments increased substantially during October, but not enough to compensate for the decline in September; in October unused commitments remained below the year's peak reached in August. However, it is apparent from the twelve months of data now available in the monthly commitments survey that unused commitments, while large, have not been growing as rapidly as loans made under commitments.

Total unused commitments to commercial and industrial firms, nonbank financial institutions, and for mortgages grew at a not seasonally adjusted annual rate of 3.7 per cent between November 1973 and October 1974, while loans made under commitments in such categories grew 20.5 per cent. Commitments to nonbank financial institutions at the 137 responding banks were essentially unchanged in the period, and commitments for mortgages fell at almost a 30 per cent annual rate. Thus, the 8.2 per cent growth of C&I unused commitments accounted for all the growth in unused commitments. With the relatively slow growth of unused commitments, the utilization ratios (the proportion of loans outstanding under commitment to total commitments) have risen steadily in nearly all categories of loans reported on the survey. However, with a current ratio of 50 per cent, the potential for takedowns at these banks is substantial.

Though not keeping pace with loans made under commitments, the stock of unused commitments at major banks continues to be very large--despite the evidence from the Lending Practices Surveys and discussions with bankers that commitments policies became extremely restrictive in the spring and remain so. In the present atmosphere in financial markets, corporate borrowers place a high value on formal commitments for credit from major banks, and the banks are reported to be raising fees for commitments in response to the demand. However, the data thus far available do not provide an adequate basis for evaluating the effectiveness of these policies. The weakening in economic activity that is expected to continue for some time will likely act as a brake on the pace of takedowns in the short-term, but as economic activity picks up, the stock of unused commitments will likely again place a heavy burden on banks to meet the credit needs of their business customers.

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

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MONTHLY SURVEY OF BANK LOAN COMMITMENTS
AT SELECTED LARGE U.S. BANKS 1/
(AS OF OCT. 31, 1974)

TABLE 1 - UNUSED COMMITMENTS

(DOLLAR AMOUNTS IN BILLIONS)

	(1) C & I FIRMS TOTAL		(2) C & I TERM LOANS		(3) C & I REVOLVING CREDITS		(4) C & I TERM LOANS & REV. CREDITS		(5) C & I CONFIRMED LINES		(6) C & I OTHER COMMITMENTS		(7) NON-BANK FINANCIAL INSTITUTIONS		(8) REAL ESTATE MORTGAGES		(9) TOTAL COMMITMENTS	
	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG
NOVEMBER 30	83.8	0.0	5.3	0.0	18.9	0.0	24.3	0.0	55.0	0.0	4.5	0.0	27.8	0.0	8.9	0.0	120.4	0.0
DECEMBER 31	83.2	-0.7	5.5	3.7	18.5	-2.3	24.0	-1.0	54.7	-0.5	4.5	-1.7	27.1	-2.7	8.9	0.4	119.1	-1.0
JANUARY 31	85.2	2.5	5.3	-4.6	18.2	-1.3	23.5	-2.1	56.9	4.1	4.8	7.1	28.1	3.9	8.7	-2.4	122.0	2.4
FEBRUARY 28	86.0	0.9	5.5	4.9	18.5	1.3	24.0	2.1	57.1	0.3	4.9	1.7	28.4	1.1	8.6	-0.8	123.0	0.8
MARCH 31	85.4	-0.7	5.8	4.5	18.4	-0.4	24.2	0.7	56.2	-1.6	5.0	2.5	28.1	-1.3	8.3	-3.7	121.7	-1.0
APRIL 30	85.4	0.1	6.4	10.6	18.6	1.1	25.0	3.4	55.4	-1.3	5.0	-0.2	27.0	-3.9	8.3	0.3	120.7	-0.8
MAY 31	86.8	1.6	6.3	-2.3	18.8	1.1	25.1	0.2	56.9	2.7	4.8	-4.1	27.0	0.3	8.2	-1.2	122.0	1.0
JUNE 30	86.7	-0.1	6.9	10.3	19.2	1.8	26.1	3.9	56.2	-1.3	4.5	-6.4	26.1	-3.3	8.1	-1.9	120.9	-0.9
JULY 31	88.3	1.8	6.3	-8.2	20.3	6.2	26.7	2.4	56.9	1.2	4.7	5.7	26.4	0.8	7.9	-2.6	122.5	1.2
AUGUST 31	90.8	2.9	6.7	5.9	21.2	4.1	27.9	4.5	58.3	2.4	4.7	-0.8	27.1	2.8	7.2	-8.3	125.1	2.1
SEPTEMBER 30	88.6	-2.5	6.4	-4.5	21.6	2.0	28.0	0.4	56.1	-3.7	4.5	-4.1	26.5	-2.3	6.8	-5.6	121.8	-2.6
OCTOBER 31	90.7	2.4	5.7	-10.4	23.3	7.8	29.0	3.6	57.4	2.3	4.3	-4.3	27.4	3.4	6.5	-4.8	124.5	2.2
NOV 73 - OCT 74 AVERAGE	86.7	0.7	6.0	0.9	19.6	1.9	25.6	1.7	56.4	0.4	4.7	-0.4	27.2	-0.1	8.0	-2.8	122.0	0.3

NUMBER OF BANKS 137

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. **

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MONTHLY SURVEY OF BANK LOAN COMMITMENTS
AT SELECTED LARGE U.S. BANKS 1/
(AS OF OCT. 31, 1974)

TABLE 2 - LOANS UNDER COMMITMENTS 2/

(DOLLAR AMOUNTS IN BILLIONS)

	(1) C & I FIRMS TOTAL		(2) C & I TERM LOANS		(3) C & I REVOLVING CREDITS		(4) C & I TERM LOANS & REV. CREDITS		(5) C & I CONFIRMED LINES		(6) C & I OTHER COMMITMENTS		(7) NON-BANK FINANCIAL INSTITUTIONS		(8) REAL ESTATE MORTGAGES		(9) TOTAL COMMITMENTS	
	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG
NOVEMBER 30	70.3	0.0	18.5	0.0	19.5	0.0	38.0	0.0	25.8	0.0	6.5	0.0	18.1	0.0	18.0	0.0	106.4	0.0
DECEMBER 31	71.9	2.3	19.0	2.8	19.5	-0.1	38.5	1.3	26.6	3.4	6.7	3.0	19.8	9.7	18.2	1.3	109.9	3.3
JANUARY 31	70.8	-1.4	18.9	-0.5	19.6	0.5	38.4	-0.3	25.5	-4.2	6.8	1.4	18.4	-7.1	18.2	0.0	107.5	-2.2
FEBRUARY 28	72.3	2.1	19.1	1.2	20.1	2.5	39.2	2.1	26.5	3.7	6.6	-2.8	18.3	-0.4	18.3	0.2	108.9	1.3
MARCH 31	77.0	6.5	19.4	1.3	21.0	4.7	40.4	3.0	29.8	12.5	6.8	3.5	19.3	5.6	18.4	0.6	114.8	5.3
APRIL 30	79.2	2.8	20.5	5.6	21.3	1.0	41.7	3.2	30.9	3.7	6.6	-3.1	20.6	6.5	18.4	-0.2	118.2	2.9
MAY 31	79.8	0.8	20.6	0.9	21.6	1.8	42.3	1.4	30.4	-1.5	7.2	7.9	20.5	-0.6	18.4	0.0	118.7	0.4
JUNE 30	82.1	2.9	20.9	1.0	22.1	2.3	43.0	1.7	32.1	5.5	7.1	-1.3	22.2	8.7	18.3	-0.2	122.7	3.4
JULY 31	83.7	1.9	21.5	3.1	23.0	3.7	44.5	3.4	32.2	0.4	7.0	-0.3	22.4	0.8	19.5	6.2	125.6	2.3
AUGUST 31	84.6	1.1	22.0	2.2	23.3	1.5	45.3	1.8	32.2	0.0	7.1	0.7	22.0	-1.9	19.0	-2.5	125.6	0.0
SEPTEMBER 30	86.9	2.7	22.4	1.8	24.6	5.4	47.0	3.7	32.9	2.2	7.0	-1.0	22.5	2.1	19.1	0.6	128.4	2.2
OCTOBER 31	85.0	-2.1	21.5	-4.0	24.8	0.9	46.3	-1.4	31.6	-3.7	7.1	0.9	22.1	-1.8	19.3	1.1	126.4	-1.5
NOV 73 - OCT 74 AVERAGE	79.4	1.8	20.5	1.4	21.9	2.2	42.4	1.8	30.0	2.0	6.9	0.8	20.7	2.0	18.6	0.7	118.8	1.6

NUMBER OF BANKS 137

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 US BANKS AND LOAN SALES.

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MONTHLY SURVEY OF BANK LOAN COMMITMENTS
AT SELECTED LARGE U.S. BANKS 1/
(AS OF OCT. 31, 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) SHORT -TERM TOTAL ^{3/}
NOVEMBER 30	45.6	77.6	50.8	61.0	31.9	59.0	39.4	67.7	47.0	39.7
DECEMBER 31	46.4	77.4	51.4	61.6	32.8	60.1	42.3	67.2	48.0	41.0
JANUARY 31	45.4	78.2	51.8	61.9	31.0	58.8	39.6	67.7	46.8	39.4
FEBRUARY 28	45.7	77.6	52.1	62.0	31.7	57.7	39.2	68.0	47.0	39.6
MARCH 31	47.4	77.0	53.3	62.6	34.6	57.9	40.8	68.9	48.5	41.7
APRIL 30	48.1	76.2	53.3	62.5	35.8	57.2	43.3	68.8	49.5	42.8
MAY 31	47.9	76.8	53.5	62.8	34.8	60.1	43.1	69.0	49.3	42.5
JUNE 30	48.6	75.2	53.6	62.3	36.3	61.3	46.0	69.4	50.4	44.1
JULY 31	48.7	77.3	53.0	62.5	36.1	59.9	46.0	71.2	50.6	43.9
AUGUST 31	48.2	76.6	52.4	61.9	35.6	60.3	44.8	72.5	50.1	43.2
SEPTEMBER 30	49.5	77.8	53.2	62.7	37.0	61.0	45.9	73.7	51.3	44.5
OCTOBER 31	48.4	79.0	51.6	61.5	35.5	62.3	44.7	74.9	50.4	43.3
NOV 73 - OCT 74 AVERAGE	47.5	77.2	52.5	62.1	34.4	59.6	42.9	69.9	49.1	42.1

NUMBER OF BANKS 137

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.

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MONTHLY SURVEY OF BANK LOAN COMMITMENTS
AT SELECTED LARGE U.S. BANKS 1/
(AS OF OCT. 31, 1974)

TABLE 4 - NEW COMMITMENTS

(DOLLAR AMOUNTS IN BILLIONS)

	(1) C & I FIRMS TOTAL		(2) C & I TERM LOANS		(3) C & I REVOLVING CREDITS		(4) C & I TERM LOANS & REV. CREDITS		(5) C & I CONFIRMED LINES		(6) C & I OTHER COMMITMENTS		(7) NON-BANK FINANCIAL INSTITUTIONS		(8) REAL ESTATE MORTGAGES		(9) TOTAL COMMITMENTS	
	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG	AMT	% CHG
NOVEMBER 30	4.9	0.0	1.1	0.0	1.2	0.0	2.3	0.0	1.8	0.0	0.8	0.0	0.9	0.0	0.8	0.0	6.6	0.0
DECEMBER 31	5.0	1.1	1.3	22.6	1.1	-5.8	2.4	8.0	1.8	-0.9	0.7	-13.3	1.1	22.1	1.0	34.3	7.1	7.7
JANUARY 31	4.8	-3.0	0.8	-39.6	0.9	-21.9	1.7	-31.7	2.1	22.1	0.8	22.6	0.9	-11.1	0.9	-13.2	6.7	-5.6
FEBRUARY 28	4.5	-6.4	0.8	2.4	0.9	5.9	1.7	3.9	2.1	-3.0	0.6	-30.2	0.7	-24.3	0.8	-8.2	6.1	-9.1
MARCH 31	6.2	38.1	1.3	59.7	1.3	41.3	2.6	50.4	2.7	31.2	0.6	10.6	0.9	27.7	0.9	11.4	8.1	33.2
APRIL 30	6.9	11.0	1.2	-8.8	1.6	28.5	2.8	9.1	3.0	8.4	0.6	-0.5	1.1	18.7	0.9	1.7	8.9	10.7
MAY 31	6.6	-4.3	1.3	6.2	1.5	-5.9	2.8	-0.4	2.8	-5.4	0.7	9.7	1.4	27.4	0.9	-1.7	8.9	-0.2
JUNE 30	6.2	-5.8	1.2	-5.7	1.6	5.5	2.8	0.3	2.6	-5.9	0.6	-8.3	1.2	-12.2	0.9	-4.1	8.3	-6.6
JULY 31	7.2	15.8	1.2	0.8	2.6	58.1	3.8	33.5	2.7	0.9	0.6	-2.7	1.1	-6.3	0.7	-22.0	9.0	8.6
AUGUST 31	6.6	-9.1	1.0	-15.8	2.4	-5.3	3.5	-8.5	2.4	-9.4	0.5	-13.9	1.2	9.1	0.7	4.8	8.5	-5.6
SEPTEMBER 30	6.3	-4.5	1.0	-5.7	2.3	-5.0	3.3	-5.2	2.4	-1.5	0.6	11.5	0.8	-34.2	0.5	-24.1	7.7	-9.4
OCTOBER 31	6.1	-2.7	0.8	-13.4	2.2	-5.9	3.0	-8.1	2.4	-0.9	0.7	19.9	1.1	29.7	0.5	-6.4	7.7	0.5
NOV 73 - OCT 74 AVERAGE	6.0	2.7	1.1	0.2	1.6	8.1	2.7	4.7	2.4	3.2	0.7	0.5	1.0	4.2	0.8	-2.5	7.8	2.2

NUMBER OF BANKS 137

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 D
GERMAN POLICY ANNOUNCEMENT OF DECEMBER 12, 1974*

Following two days of Cabinet deliberations, on December 12 the German government announced measures to restimulate the faltering domestic economy. In a joint press conference of the Ministers of Economics, Finance and Labor the government presented a package which includes substantial investment incentives, increased assistance to the unemployed, and use of part of the countercyclical funds held on deposit with the Bundesbank. As described by the Ministers, the main features of the new program are summarized below:

1) Investment Incentives. A bonus of 7.5 per cent will be paid to enterprises ordering investment goods or commencing projects for the seven months between December 1, 1974 and June 30, 1975. In order to assure swift impact on the economy, goods so ordered must be delivered by July 1, 1976, and qualifying construction projects must be completed by July 1, 1977. An exception will apply to delivery of goods on major energy projects, where delivery will be permitted as late as July 1, 1978. The investment bonus method is reported to have been chosen in preference to tax credits, since the latter might have little incentive effect for enterprises currently losing money and having little if any tax liability. This measure will require special legislation.

2) Government Investment. The Federal Government, using a portion of the countercyclical funds to be drawn from special deposits held with the Bundesbank, will spend DM 1.13 billion in priority sectors such as construction and energy. Projects will be chosen for their immediate impact and low followup costs. This portion of the program will supplement the DM 950 million in sectoral assistance, primarily to construction, announced in September.

3) Labor Assistance. A further DM 600 million will be spent by the Federal Labor Office to combat rapidly rising unemployment, which in November reached almost 800,000 out of a labor force of 23 million. Seasonally adjusted, the German unemployment rate has climbed steadily this year, from 1.6 per cent in January to a level of 3.8 per cent in November; and the number of workers on short-time reached 461,000 in the same month. Under the new program, employers who hire the unemployed prior to May 1, 1975, will receive special incentive payments over a six month period. In addition, the Federal Labor Office will provide relocation incentives to unemployed workers and make available supplementary benefits to workers on short-time for a period of two years, as against the one year period presently in effect.

* Prepared by John F. Wilson, Economist, World Payments and Economic Activity Section, Division of International Finance.

The estimated cost during 1975 of the programs outlined above is DM 1.73 billion, which will be met by the government's drawing DM 3.5 billion of the countercyclical funds raised through the now-expired temporary stability surcharges on investment expenditures and on personal income taxes. The drawing represents about one-third of the DM 10 billion in such funds. The difference between the drawing and cost of the December 12 program will reportedly be applied to the budget deficit for 1975, which for the Federal and State Governments is now estimated to total some DM 50 billion.

With the measures announced on December 12, overall German policy has clearly shifted toward combating the recessionary influences which have deepened throughout 1974. The stimulus provided by the package is meant to take effect quickly, and will supplement previously announced tax reform measures going into effect in January, 1975, and the recent easing of monetary policy, as described in the December 11 Greenbook. In early December the Bundesbank Central Council also announced, for the first time, a target of 8 per cent growth for the monetary base during 1975.