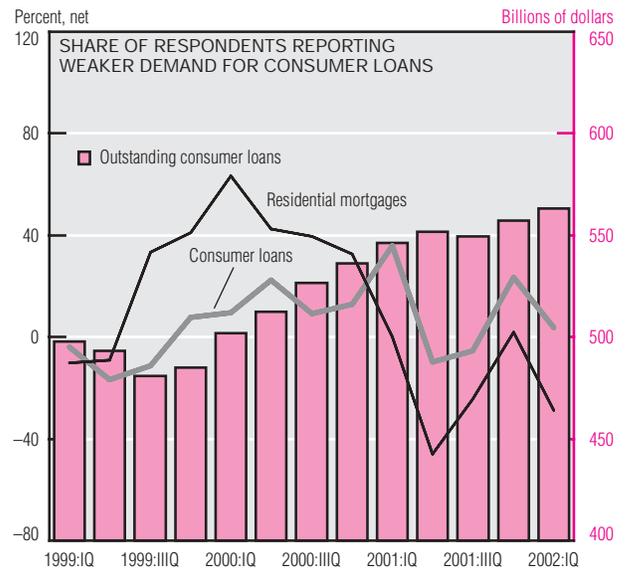
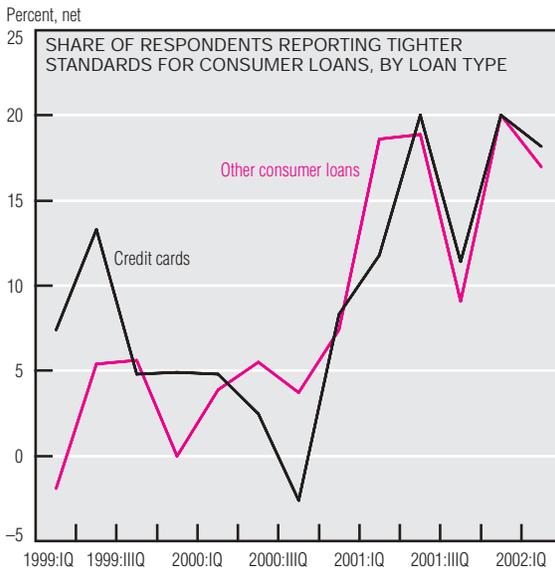
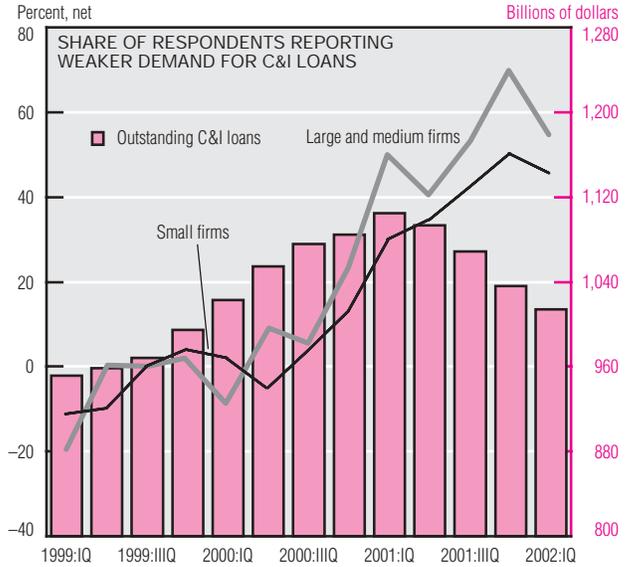
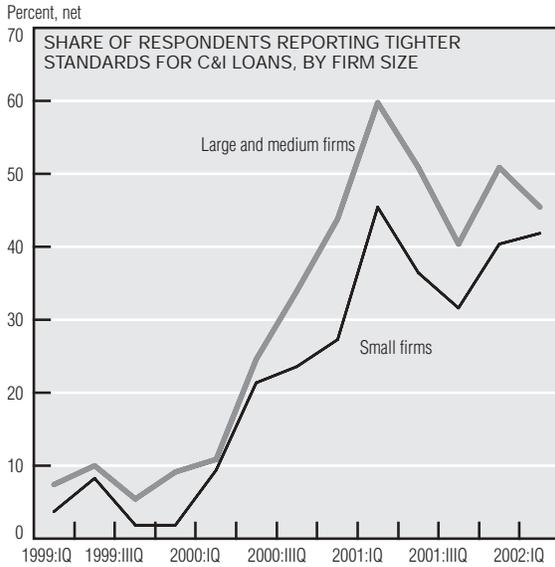


Bank Loan Demand and Lending Standards



NOTE: All data as of January 2002.
 SOURCE: Board of Governors of the Federal Reserve System, *Federal Reserve Surveys and Reports*, "Senior Loan Officer Opinion Survey on Banking Lending Practices," January 2002.

In January 2002, the net share of senior loan officers reporting tighter standards for commercial and industrial (C&I) loans dropped to 45.4% for large and medium firms but rose to 41.8% for small ones. The uncertain economic outlook was cited as the most important reason for the tighter lending standards. The tightening, which began after 2001:IIIQ, does not seem close to ending.

Demand for C&I loans is also declining. As of January 2002, the net

share of senior loan officers reporting weaker demand for these loans stood at 54.5% for large and medium firms and 45.4% for small ones. The decline in plant and equipment investments is the most important reason for this weakness. Outstanding C&I loans continued their year-long decline, falling approximately 10% and rapidly approaching the \$1 trillion mark.

The picture looks brighter on the consumer lending side. Only 18.2% of

senior loan officers reported tightening lending standards for credit card loans; for other types of consumer loans, the figure is 17.0%. Consumer lending seems to have held its ground in 2001: Loan demand was strong throughout the year, while the amount of outstanding loans has fluctuated above \$560 billion since the beginning of 2001. Bankers attribute the increased demand for consumer loans to a combination of new loans and refinancing activity.