



Economic Insights: Conversations with the Dallas Fed

January 28, 2011



Are Banks Being Stingy? A Historical Perspective

Ken Robinson

The views expressed are those of the speaker and should not necessarily be attributed to the Federal Reserve Bank of Dallas or the Federal Reserve System.



Overview

- Is lending low for a recovery?
- Is lending low relative to demand?
- Are loan interest rates unusually high?

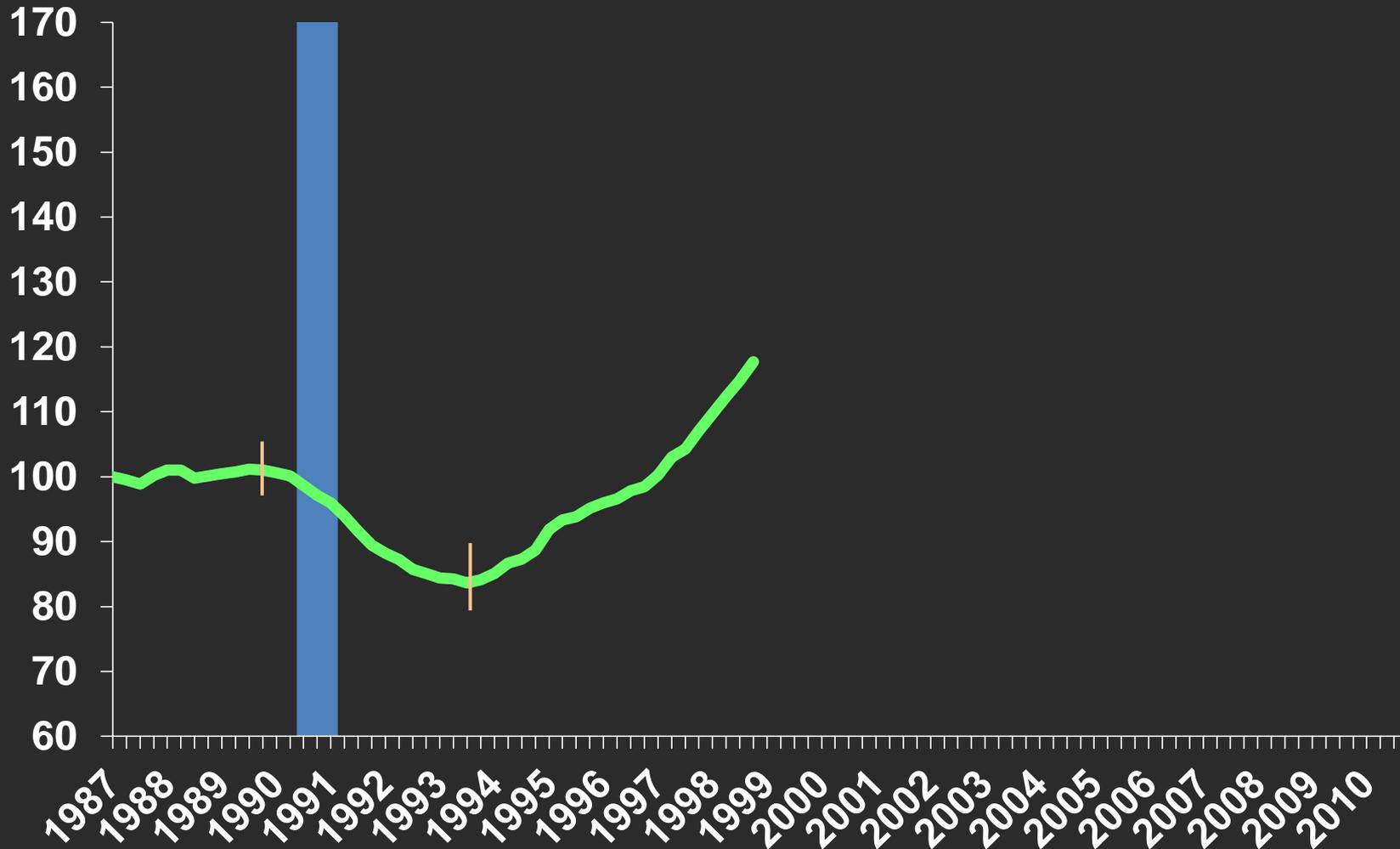


Is Lending Low for a Recovery?

Bank Lending to Business

1987=100

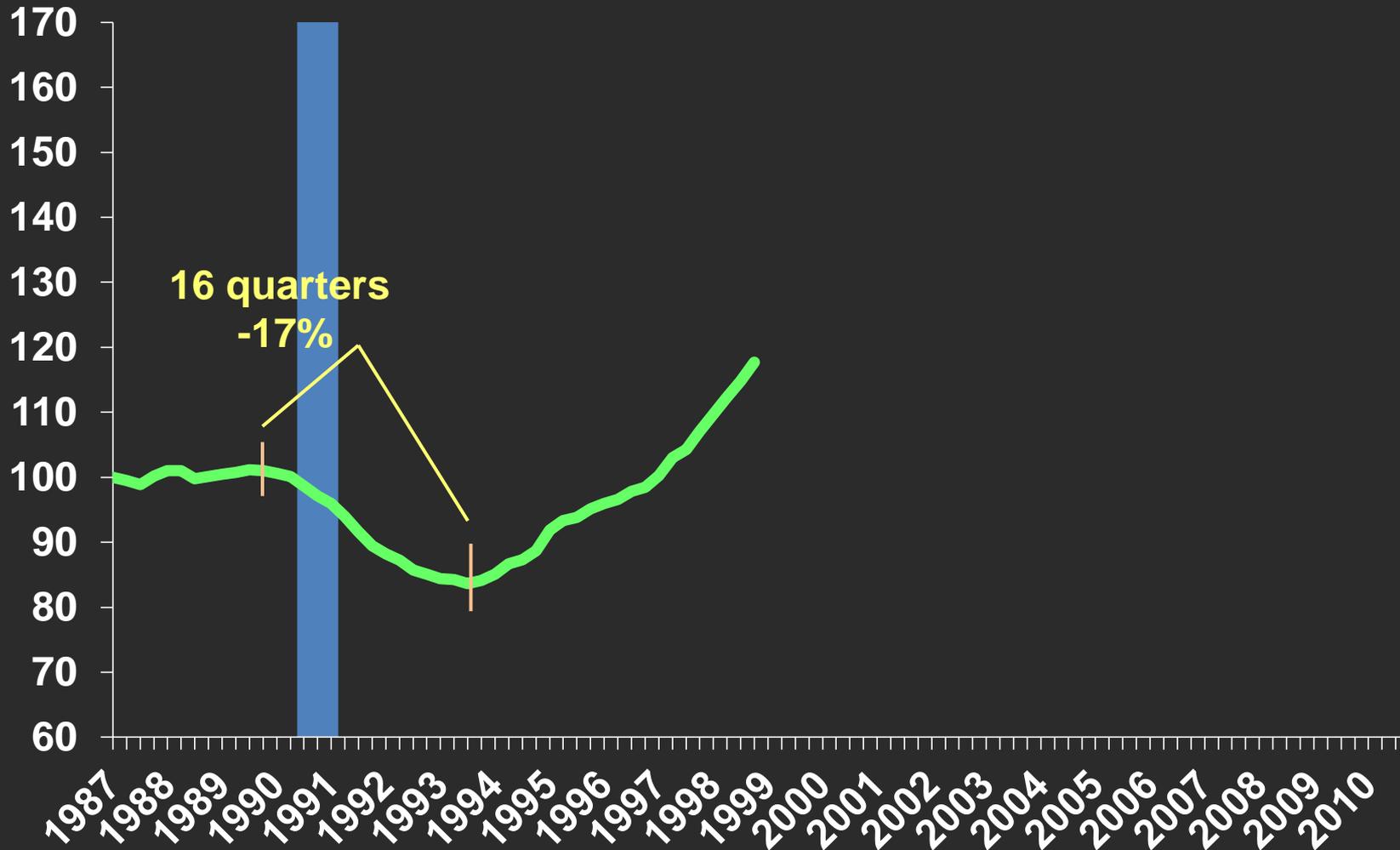
— Total Business Loans



Bank Lending to Business

1987=100

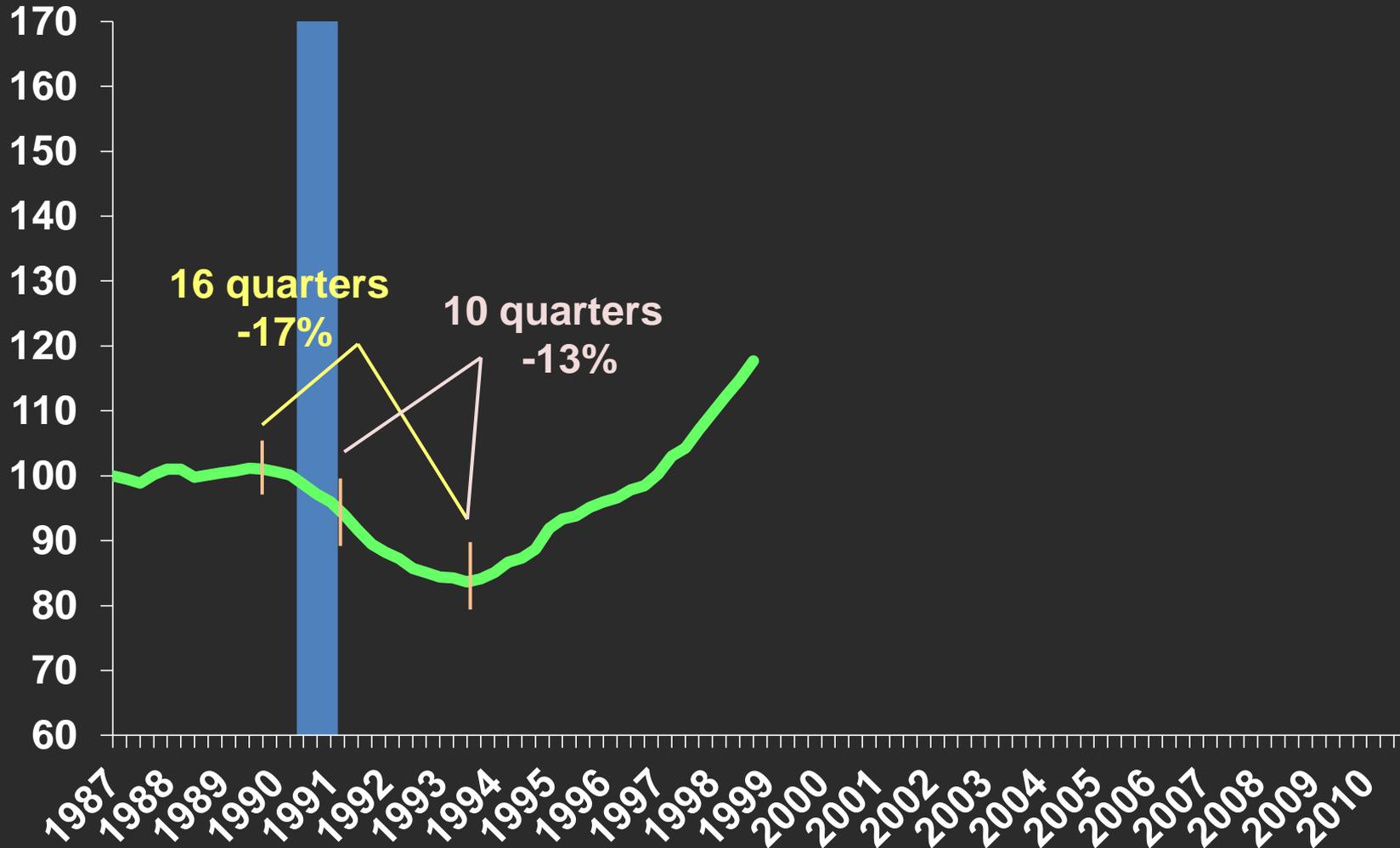
— Total Business Loans



Bank Lending to Business

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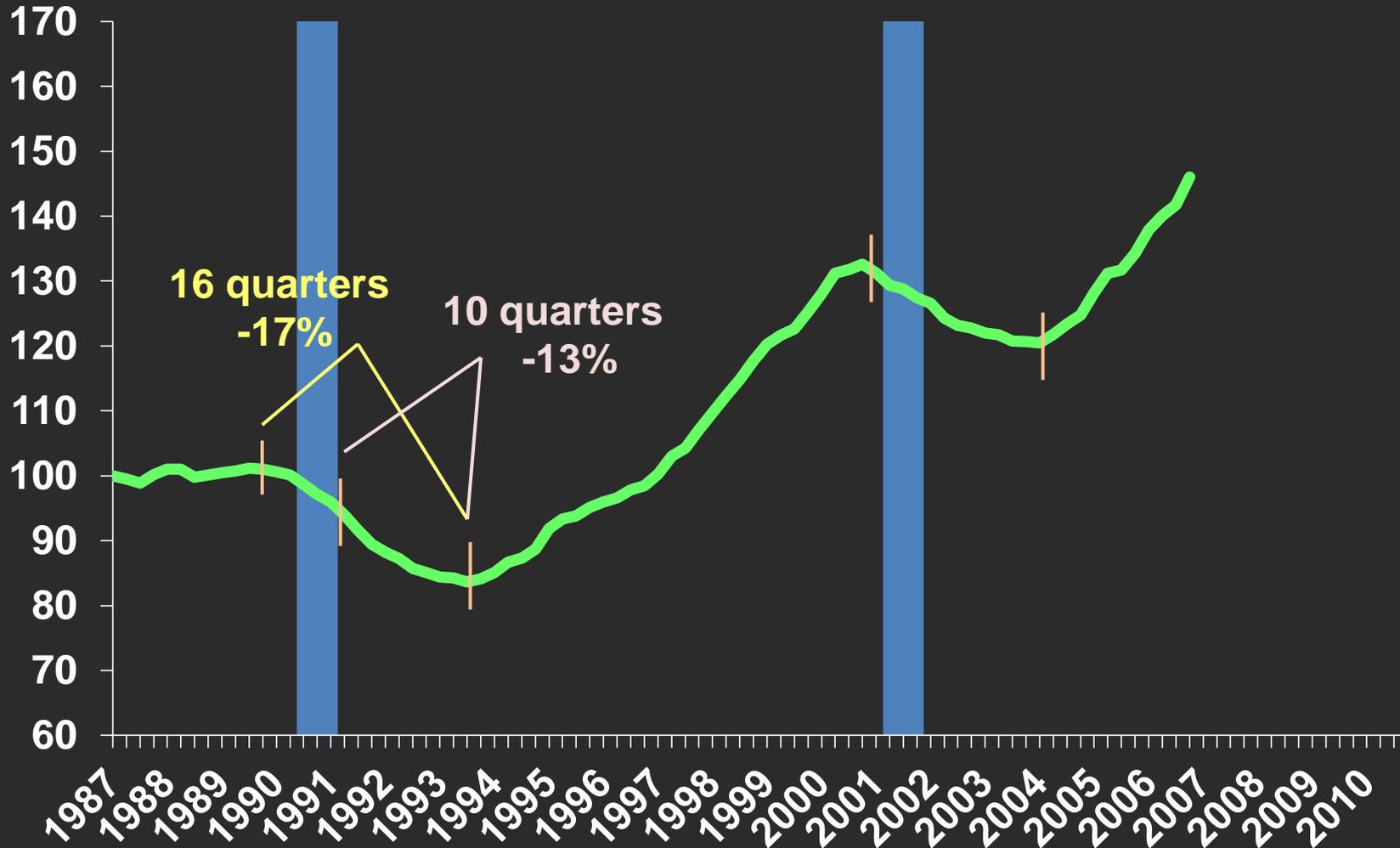
— Total Business Loans



Bank Lending to Business

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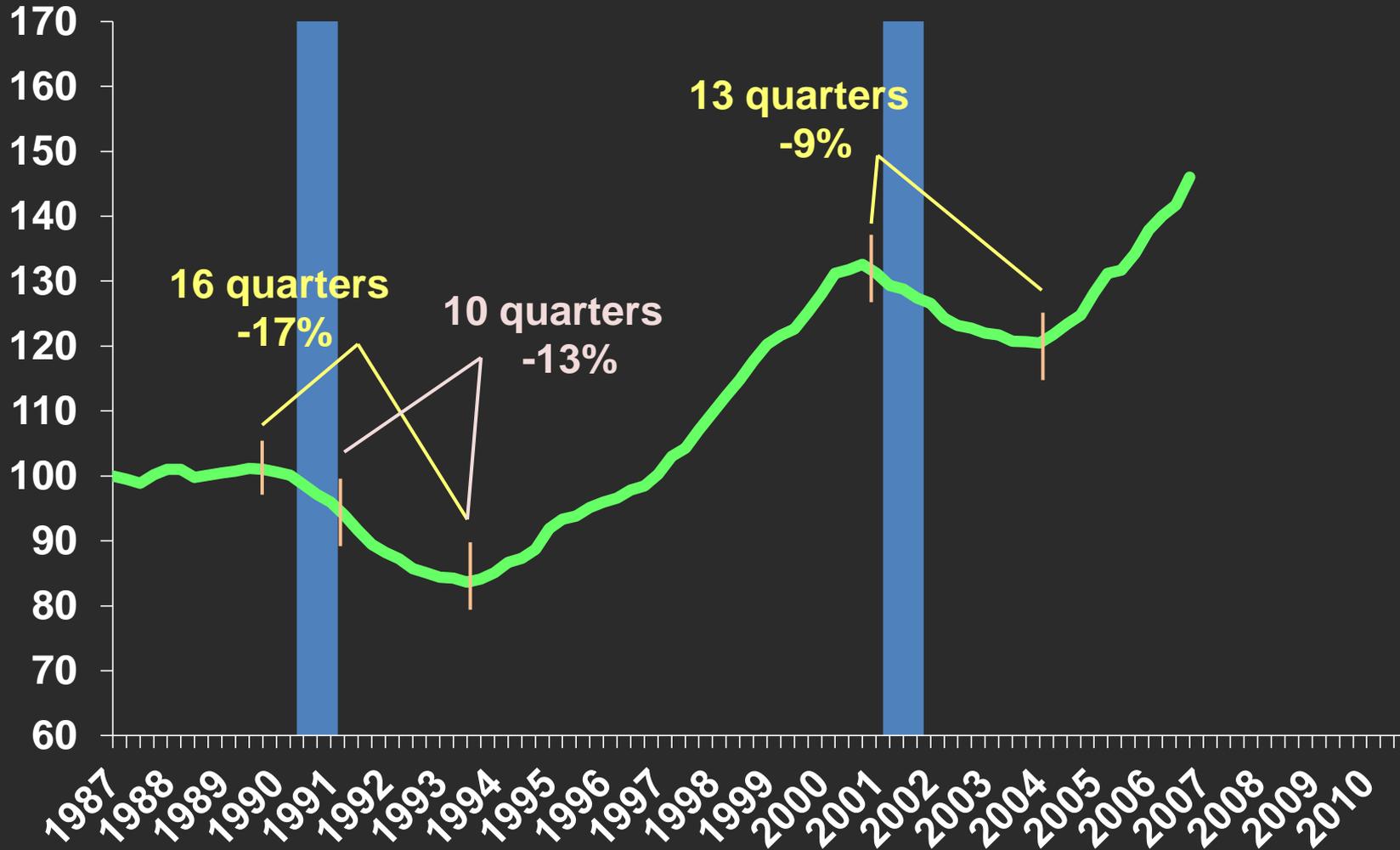
— Total Business Loans



Bank Lending to Business

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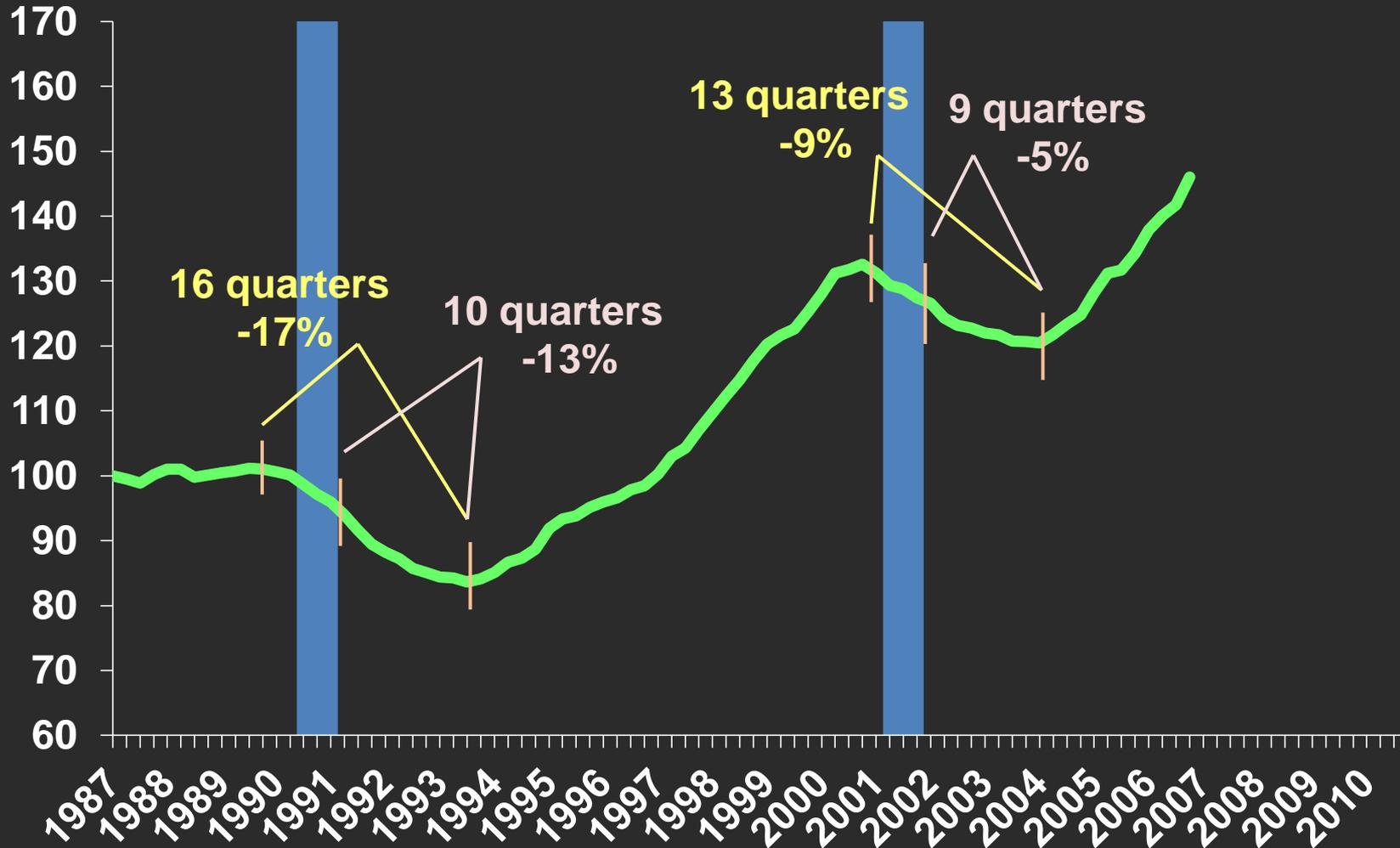
— Total Business Loans



Bank Lending to Business

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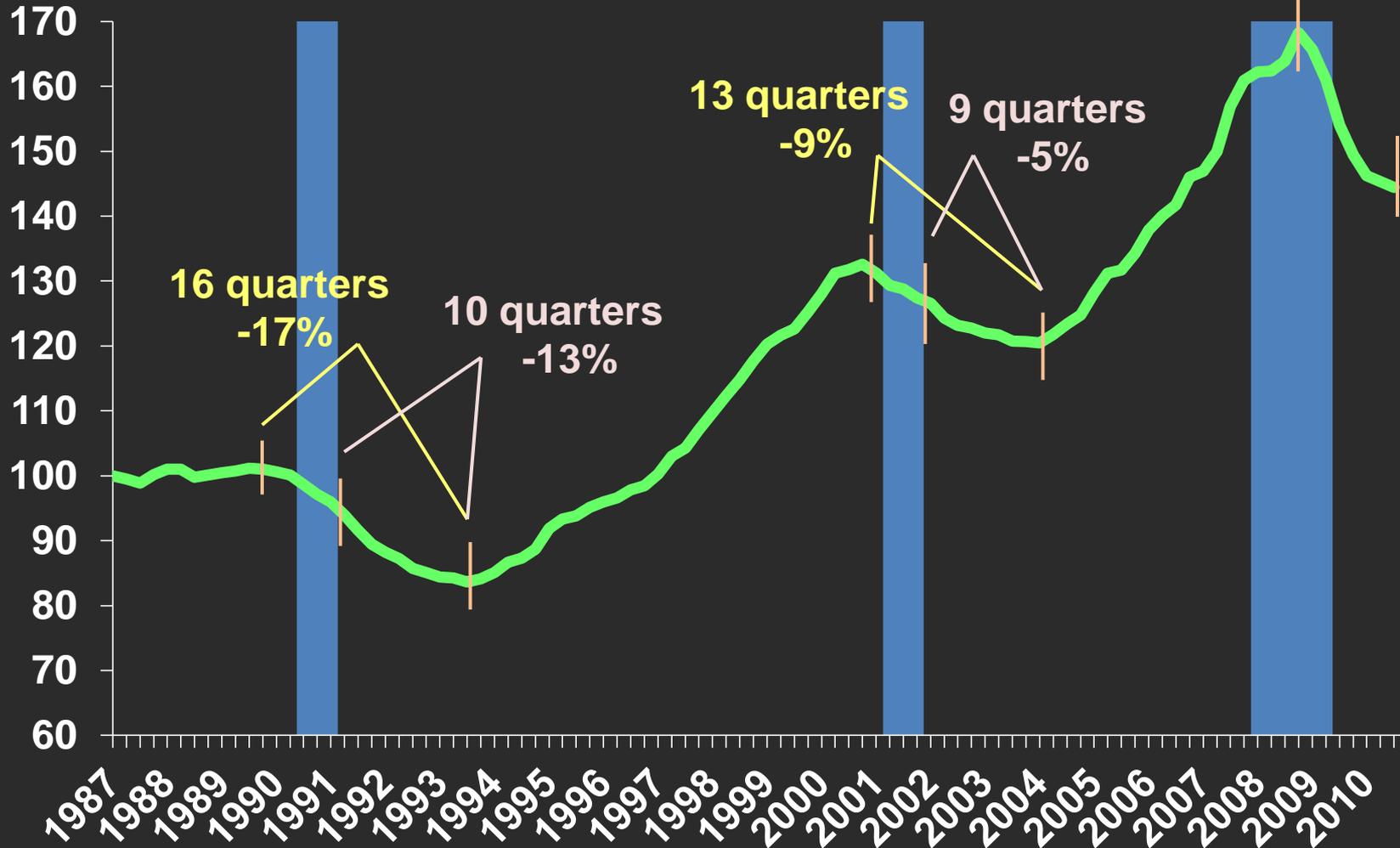
— Total Business Loans



Bank Lending to Business

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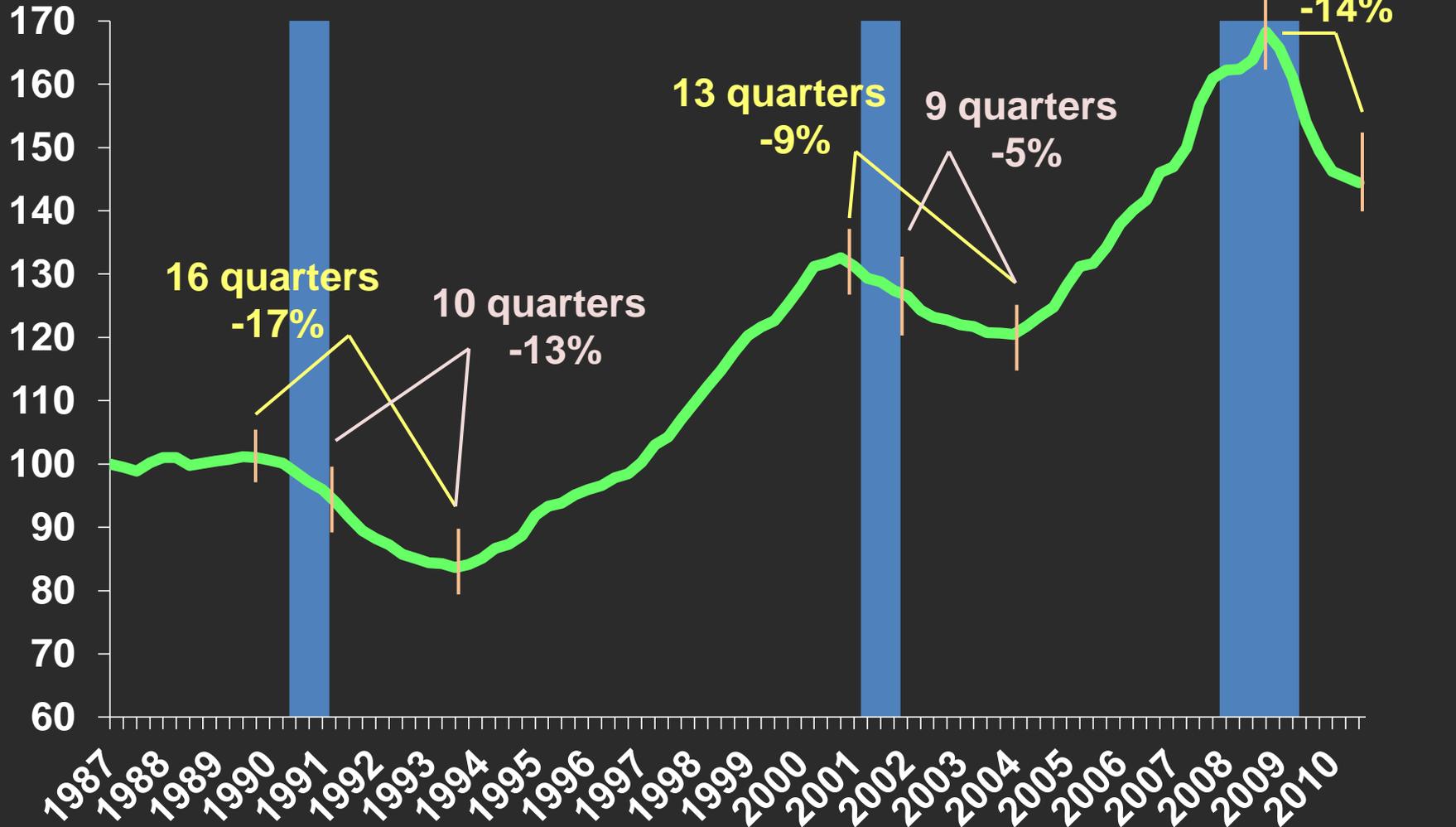
— Total Business Loans



Bank Lending to Business

1987=100

— Total Business Loans



Cumulative Decline in Business Loans

Percent

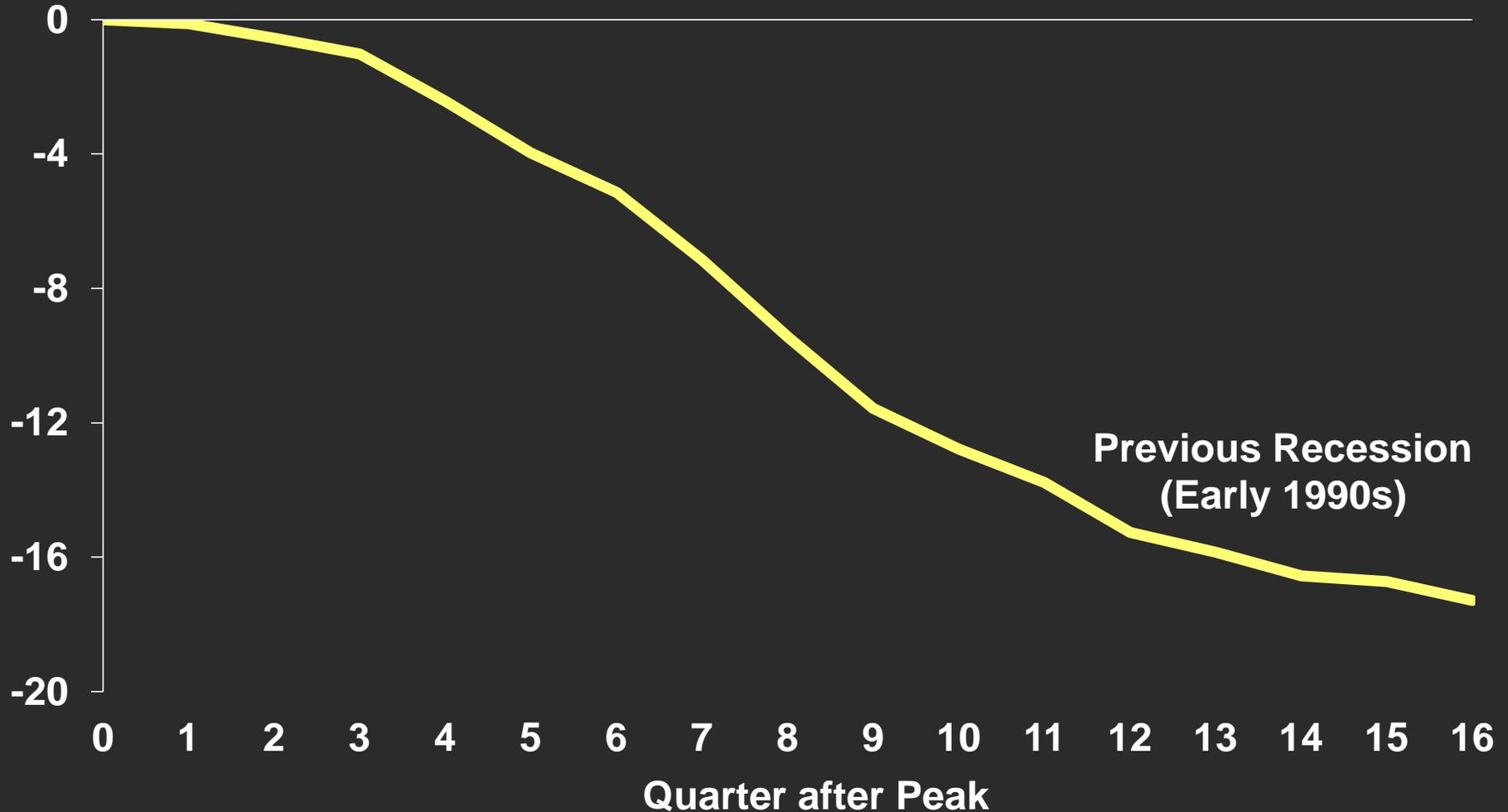


Quarter after Peak

hosted by FIRM (Financial Institution Relationship Management)

Cumulative Decline in Business Loans

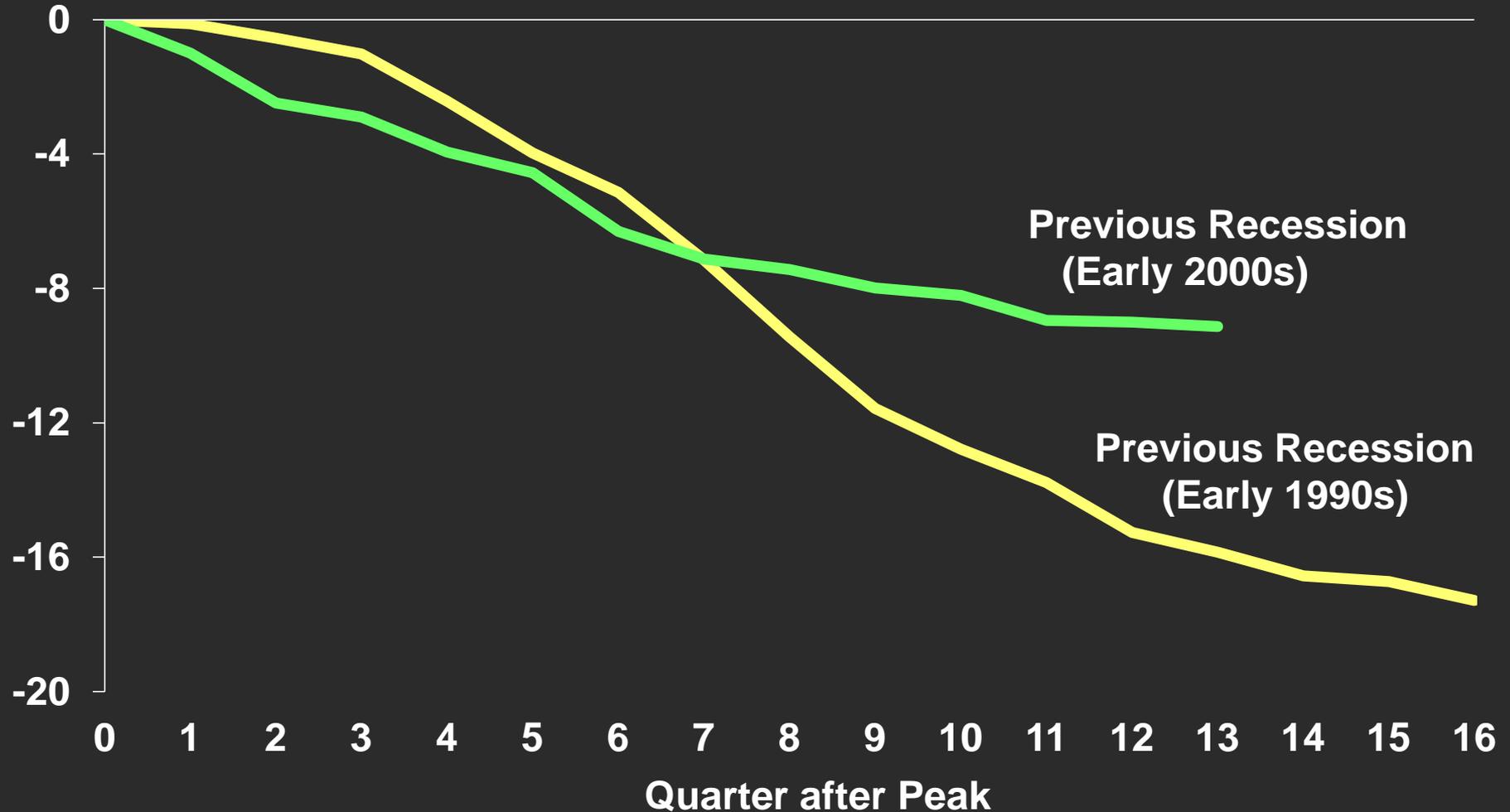
Percent



hosted by FIRM (Financial Institution Relationship Management)

Cumulative Decline in Business Loans

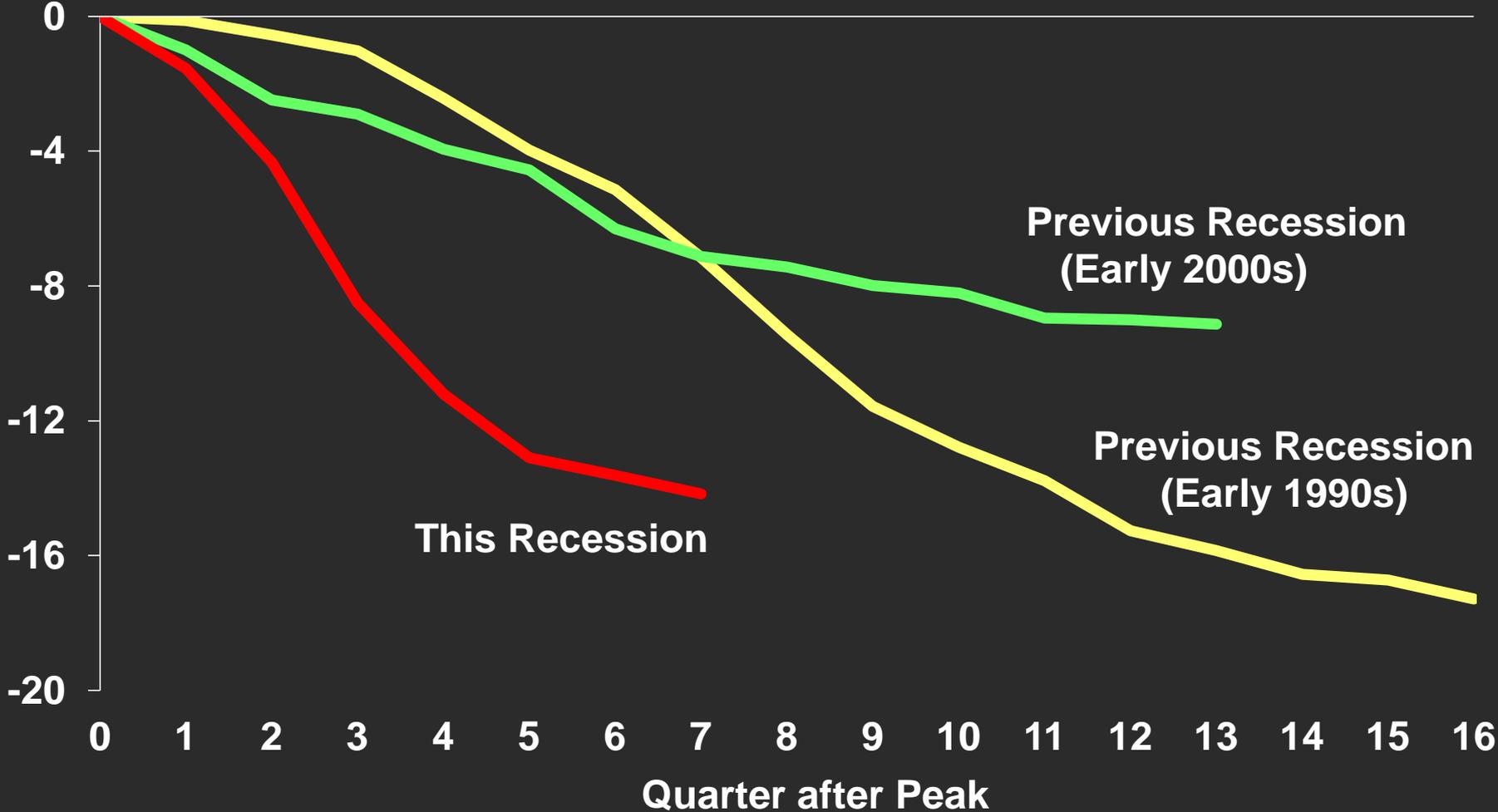
Percent



hosted by FIRM (Financial Institution Relationship Management)

Cumulative Decline in Business Loans

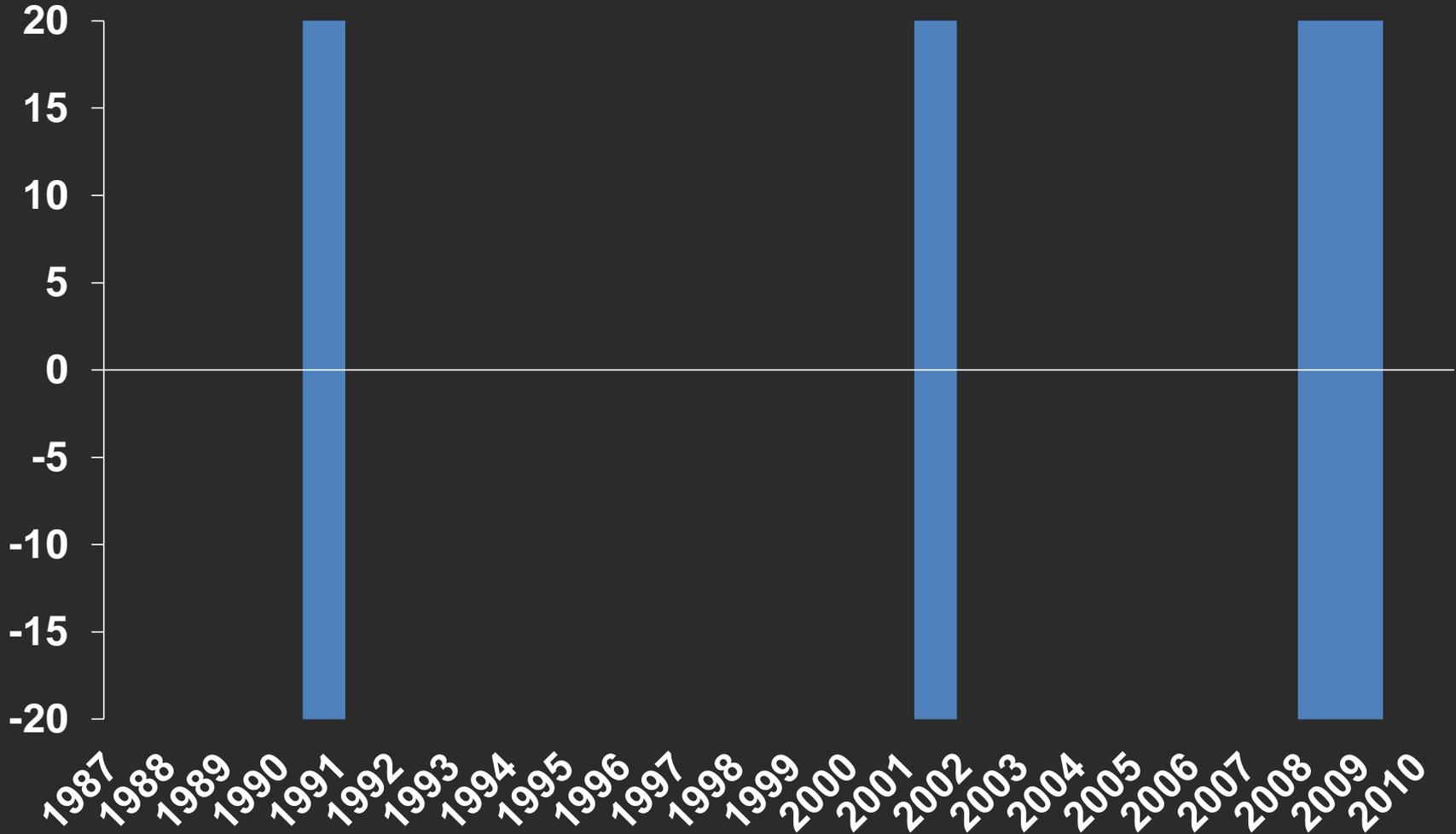
Percent



hosted by FIRM (Financial Institution Relationship Management)

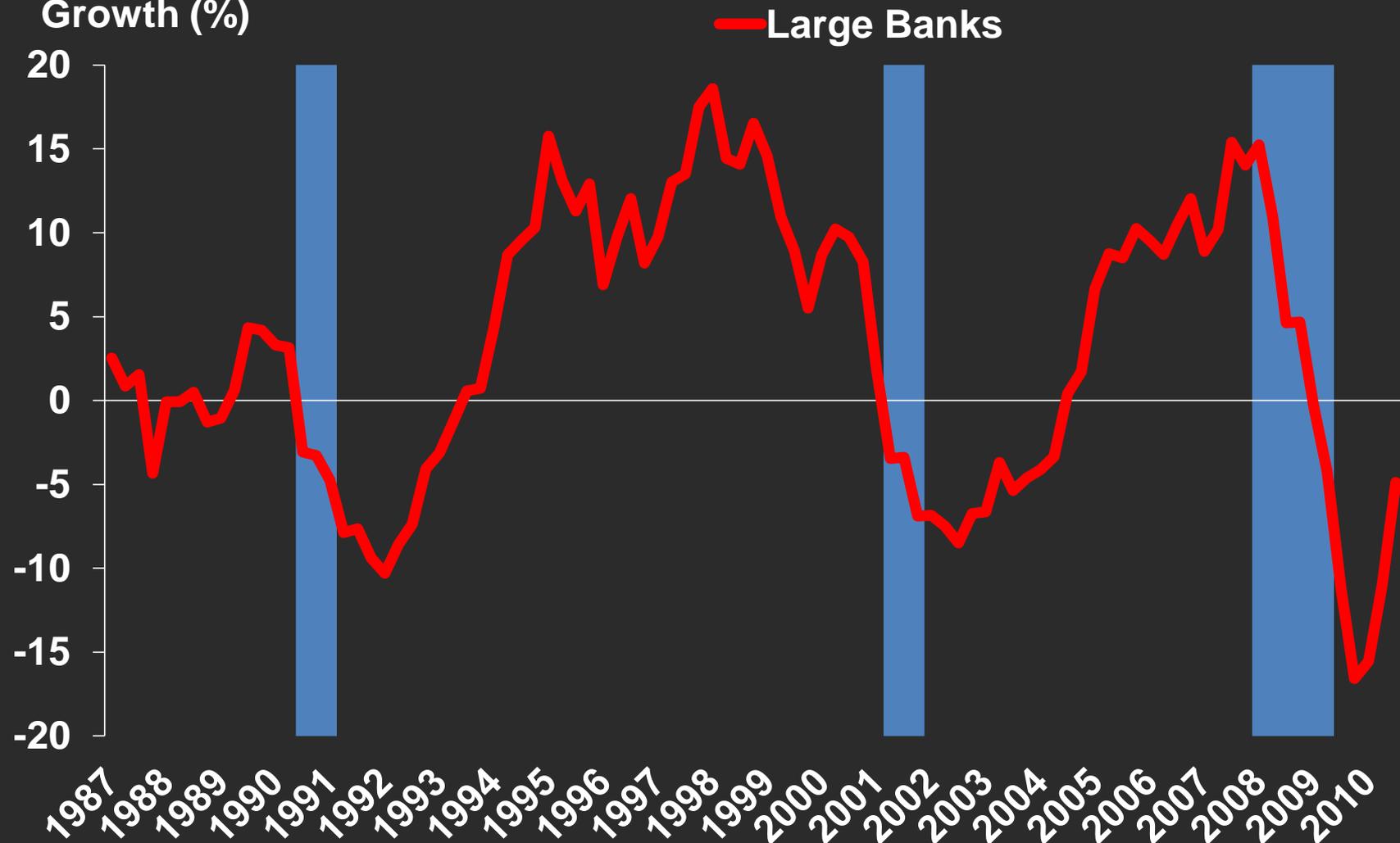
Business Loan Growth

Year-over-Year
Growth (%)



Business Loan Growth

Year-over-Year
Growth (%)

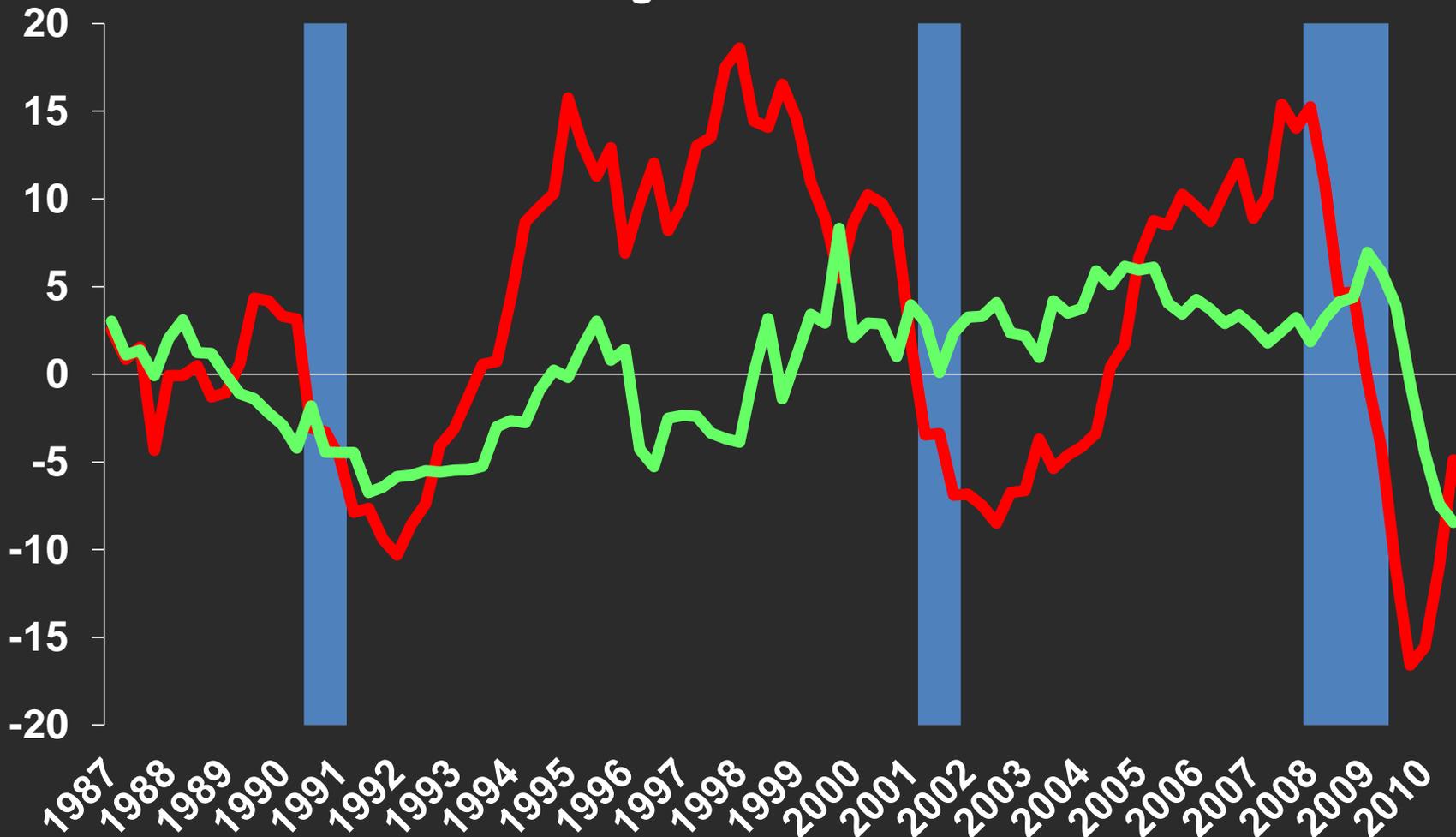


Business Loan Growth

Year-over-Year
Growth (%)

— Large Banks

— Small Banks





Is Lending Low for a Recovery?

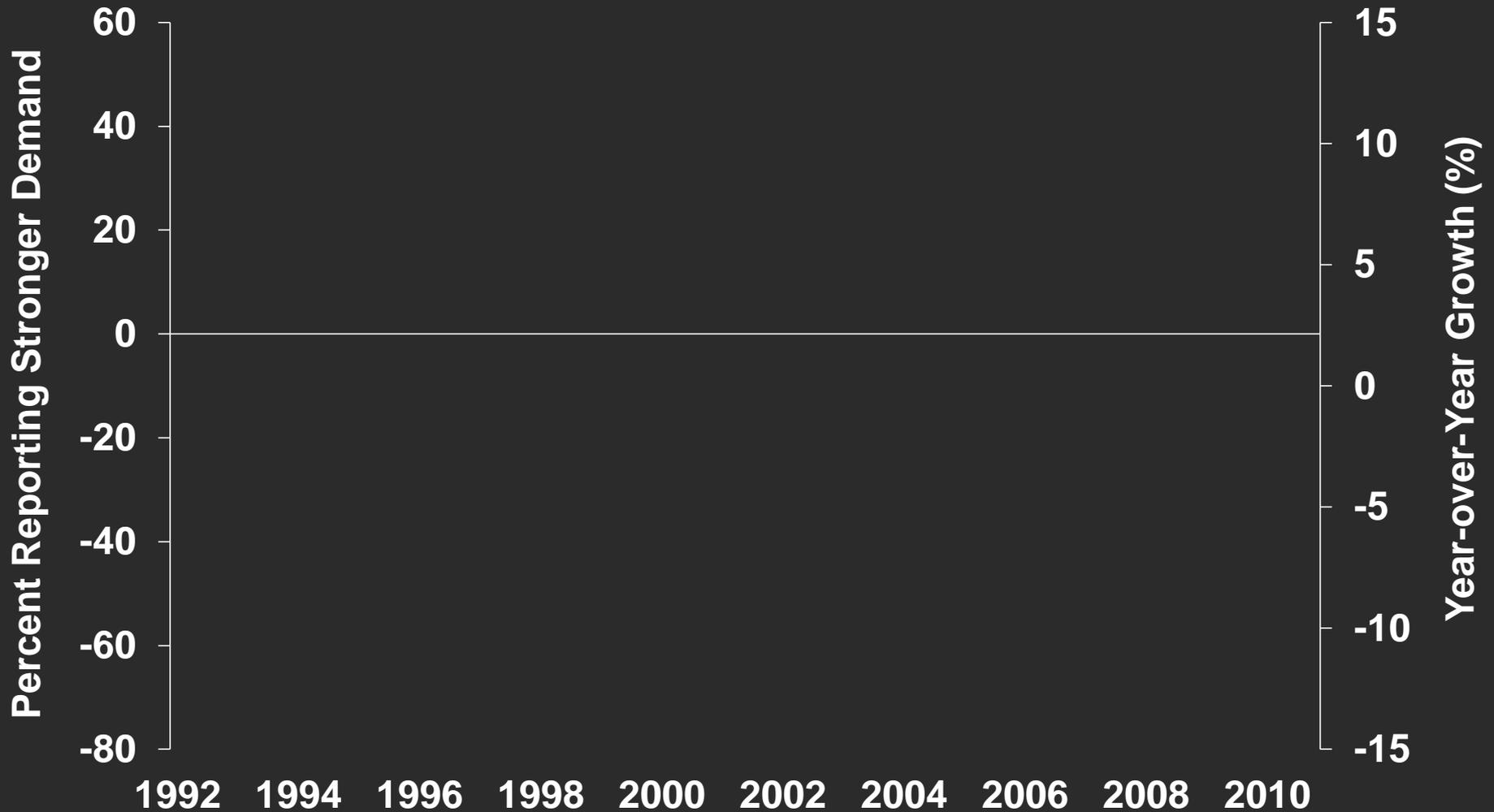
Lending decline steep . . .
But not unusually long



Is Lending Low Relative to Demand?

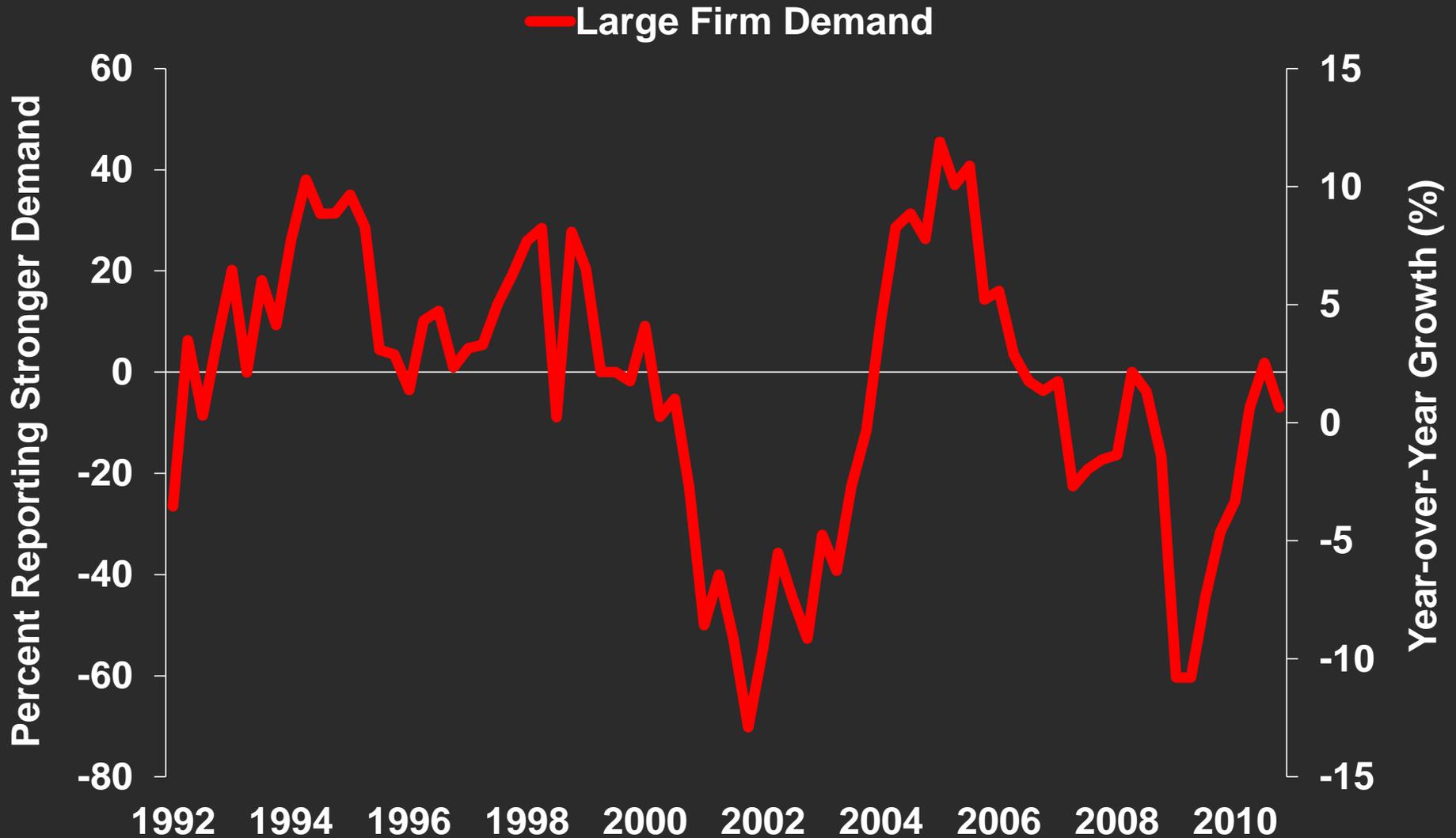
Business Loans

Demand and Growth



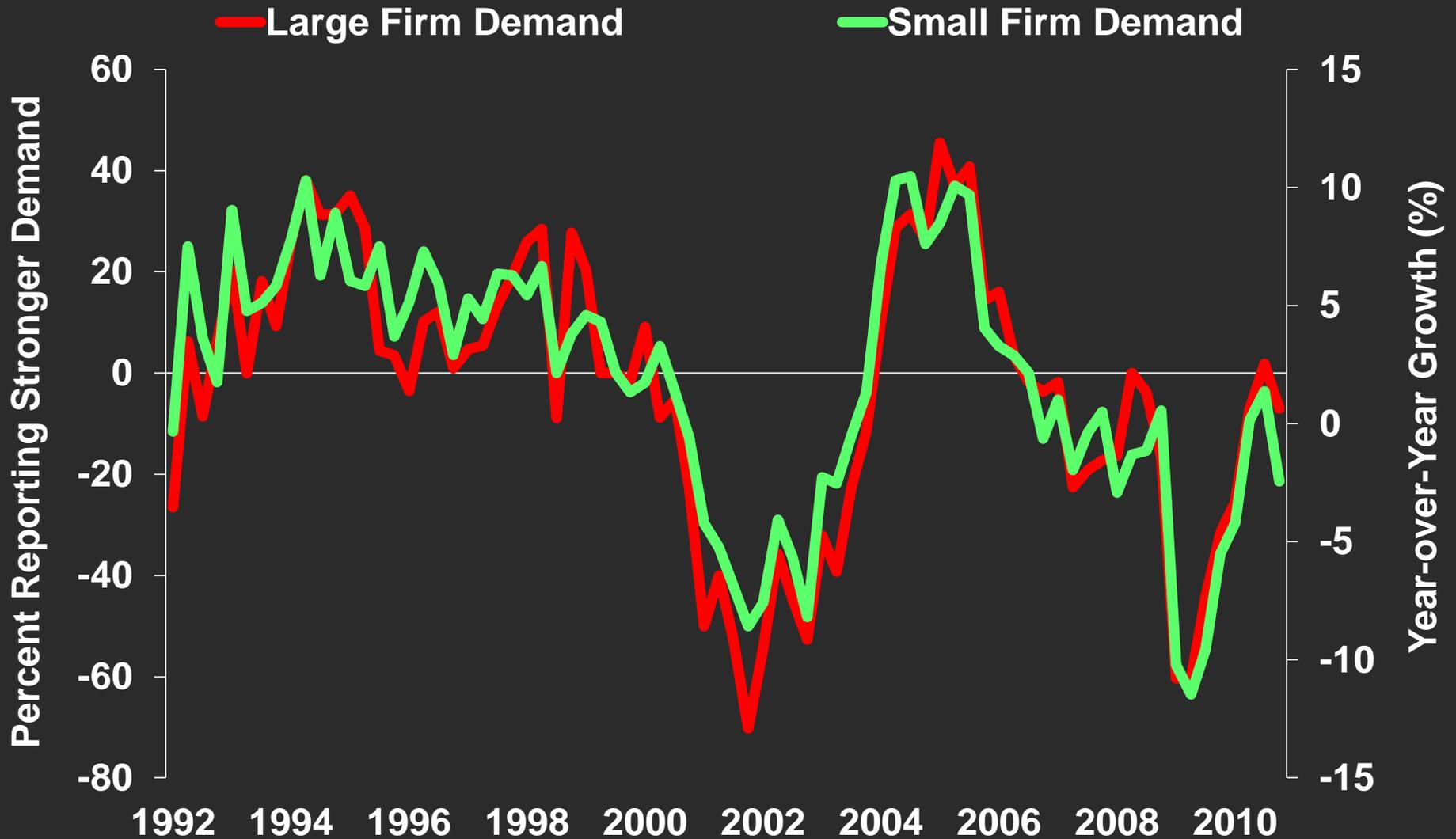
Business Loans

Demand and Growth



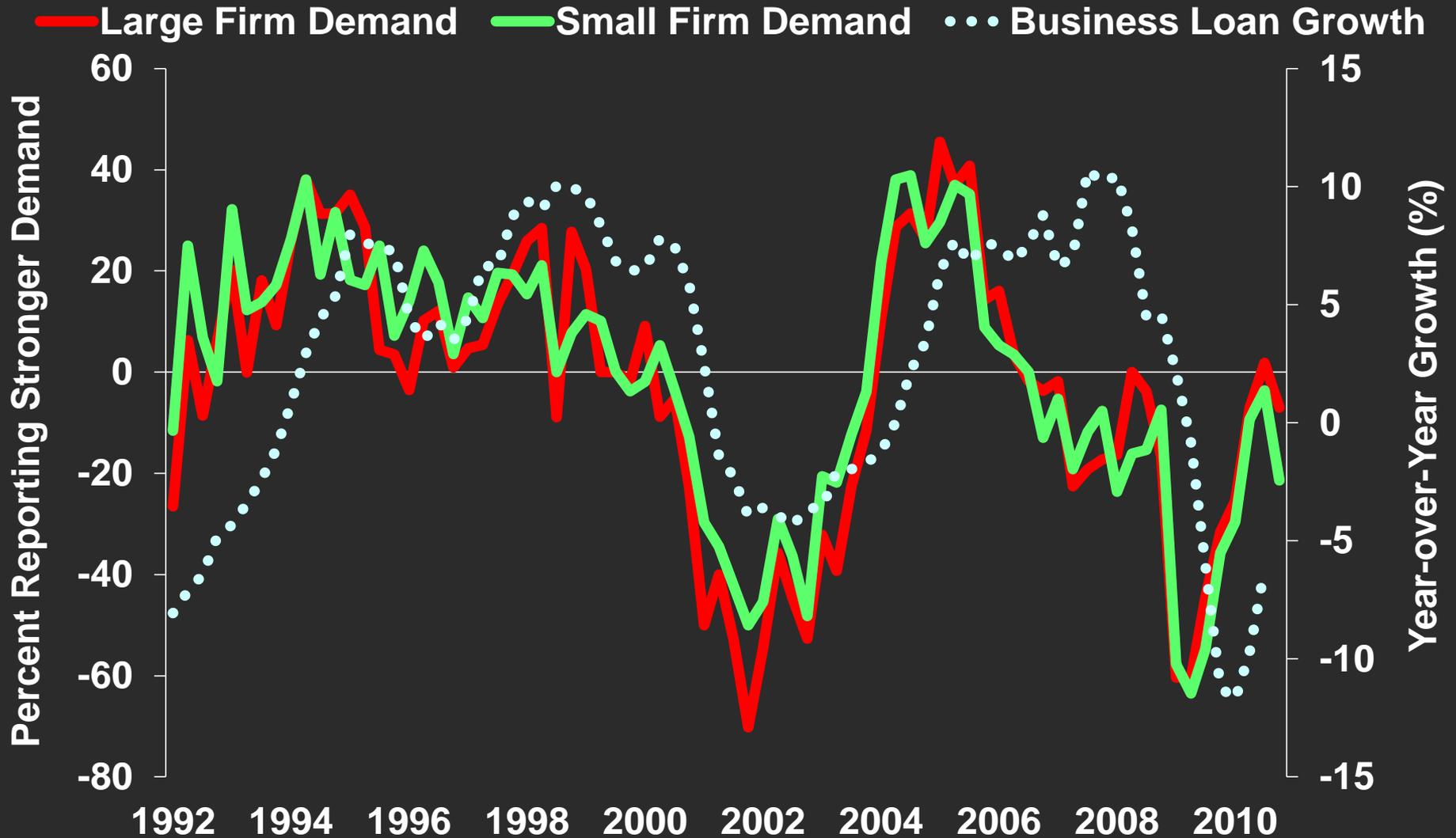
Business Loans

Demand and Growth



Business Loans

Demand and Growth





Is Lending Low Relative to Demand?

Lending stubbornly low . . .
But loan growth lags demand



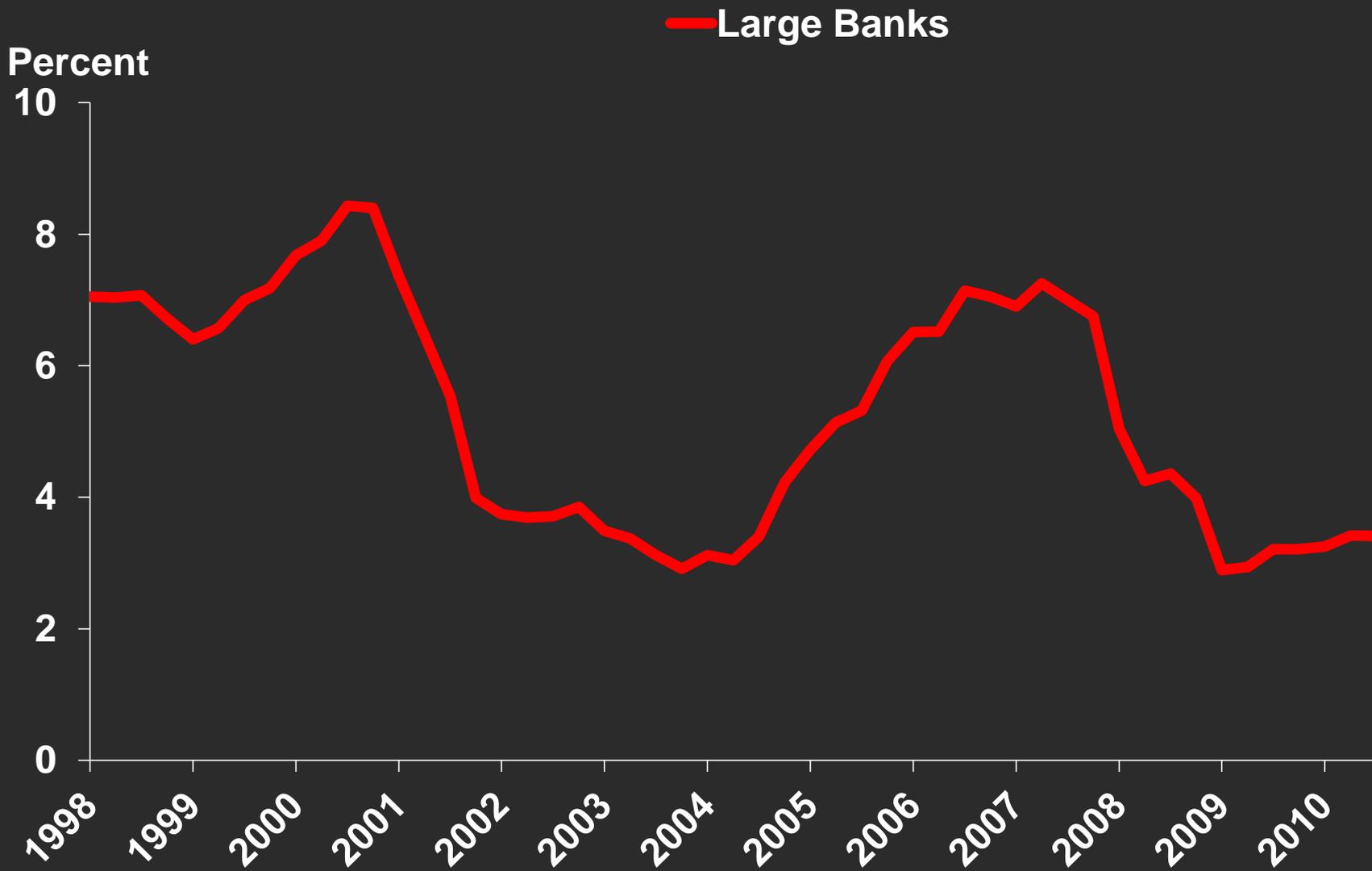
Are Loan Interest Rates Unusually High?

C&I Loan Rates

Percent



C&I Loan Rates

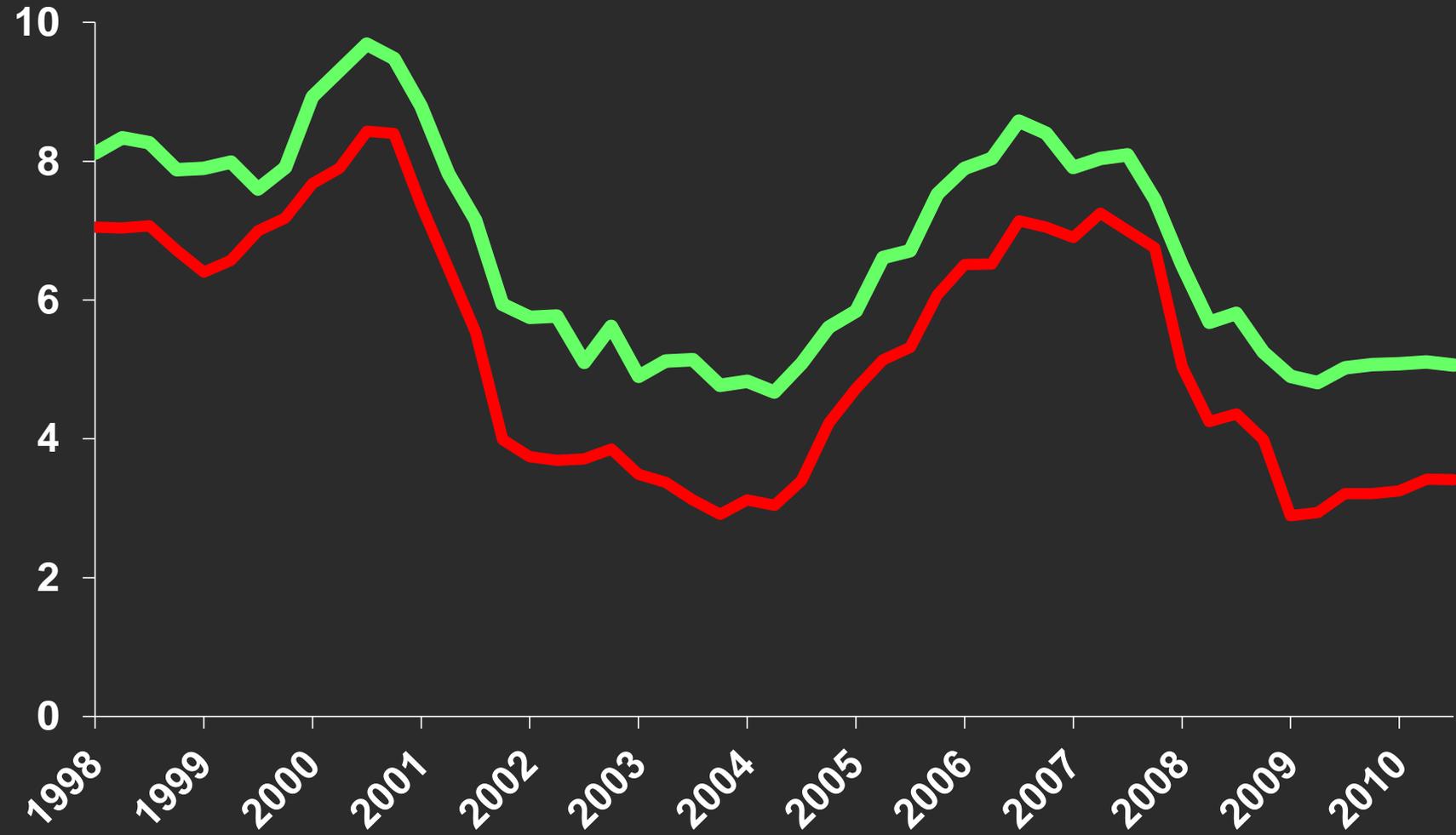


C&I Loan Rates

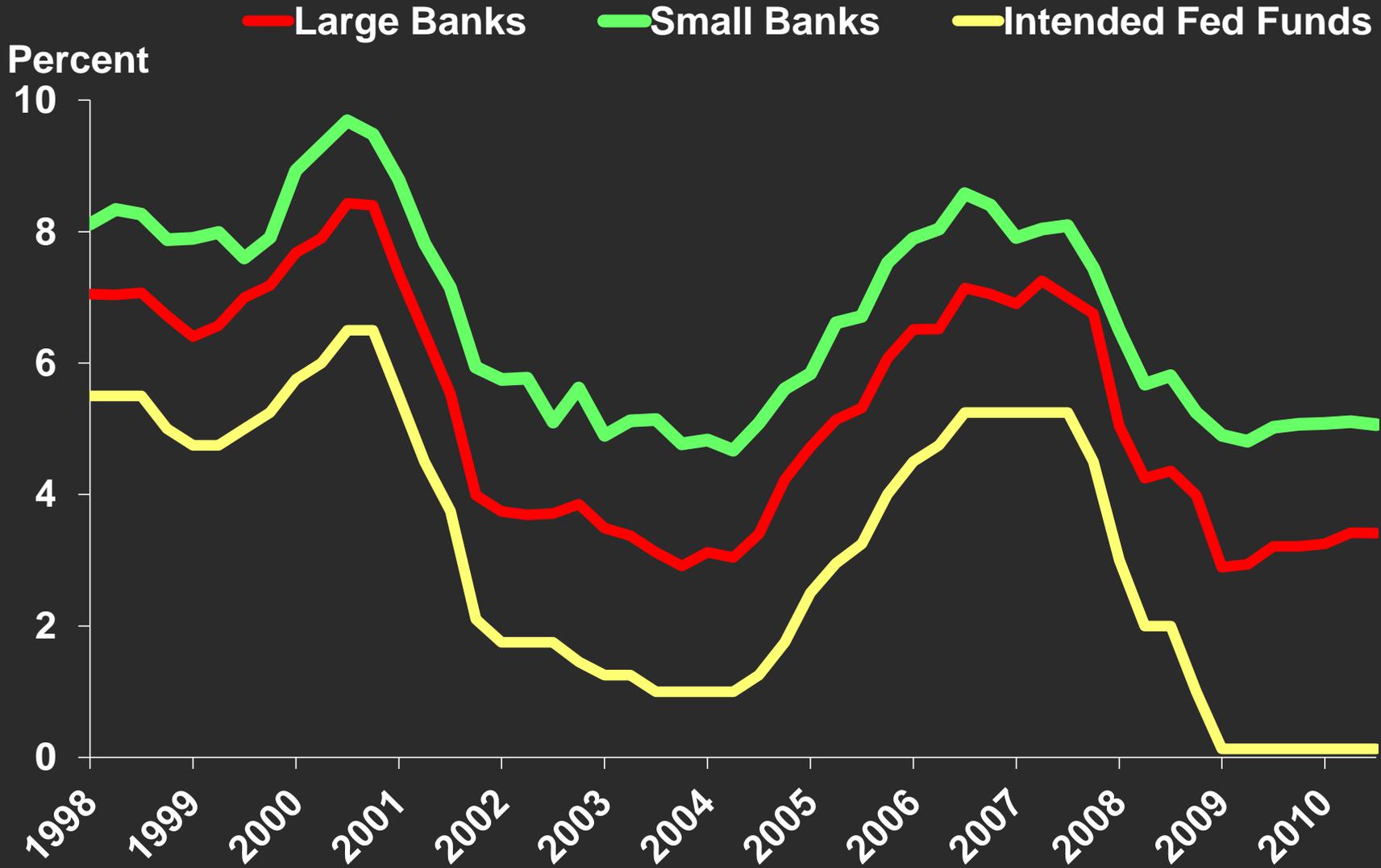
Large Banks

Small Banks

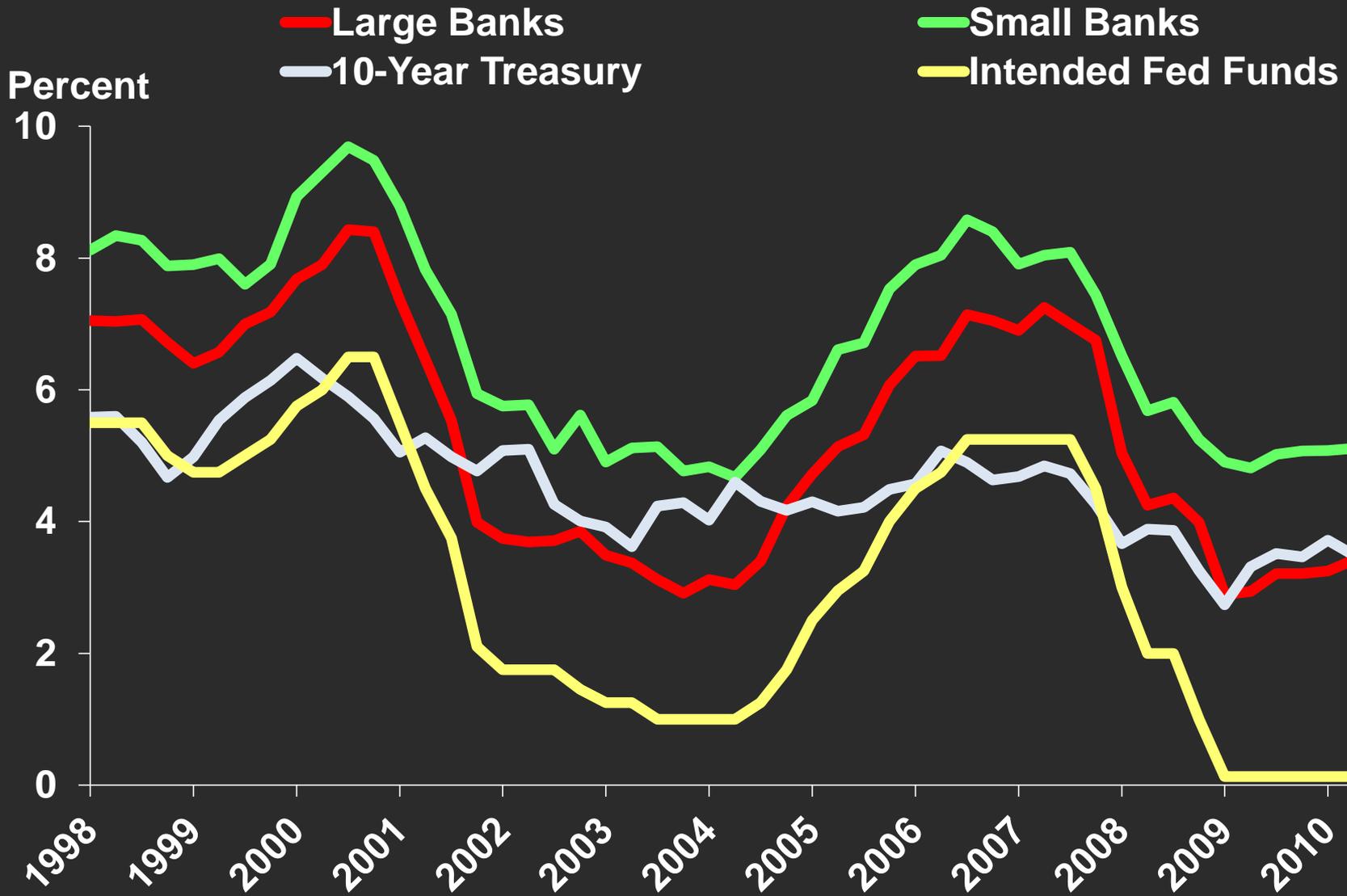
Percent



C&I Loan Rates



C&I Loan Rates



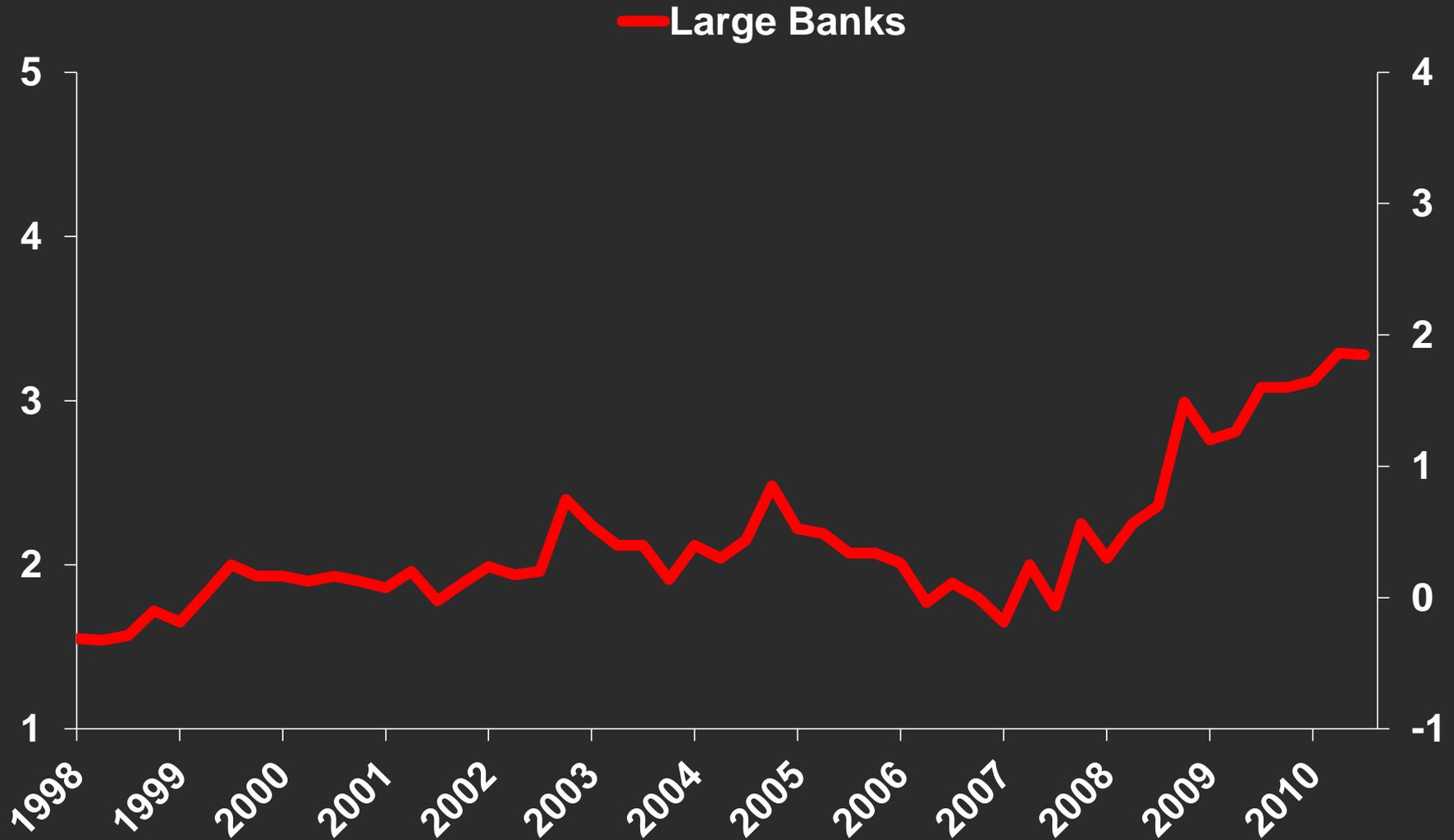
Rate Spreads

(Rate Minus Intended Fed Funds)



Rate Spreads

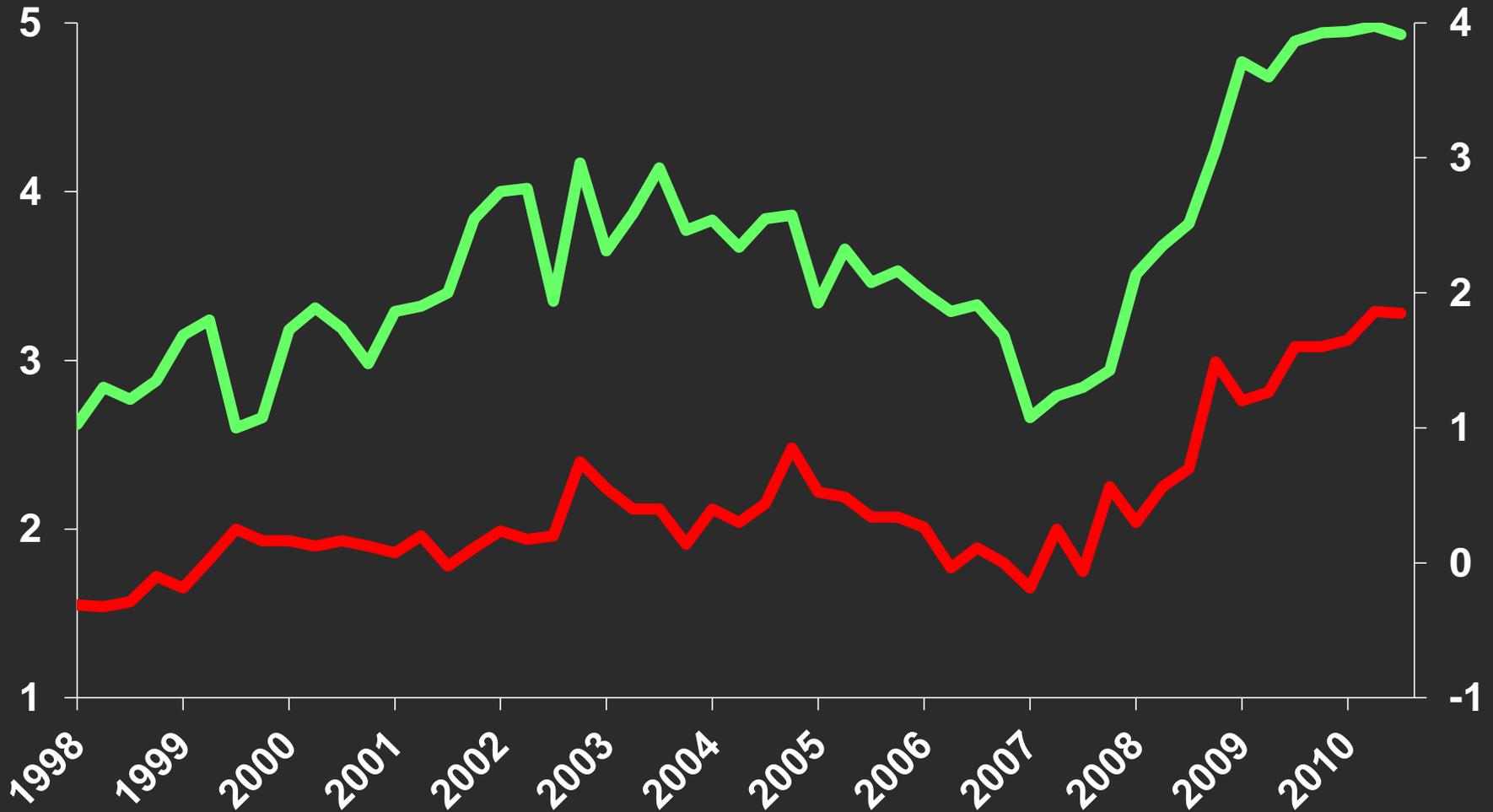
(Rate Minus Intended Fed Funds)



Rate Spreads

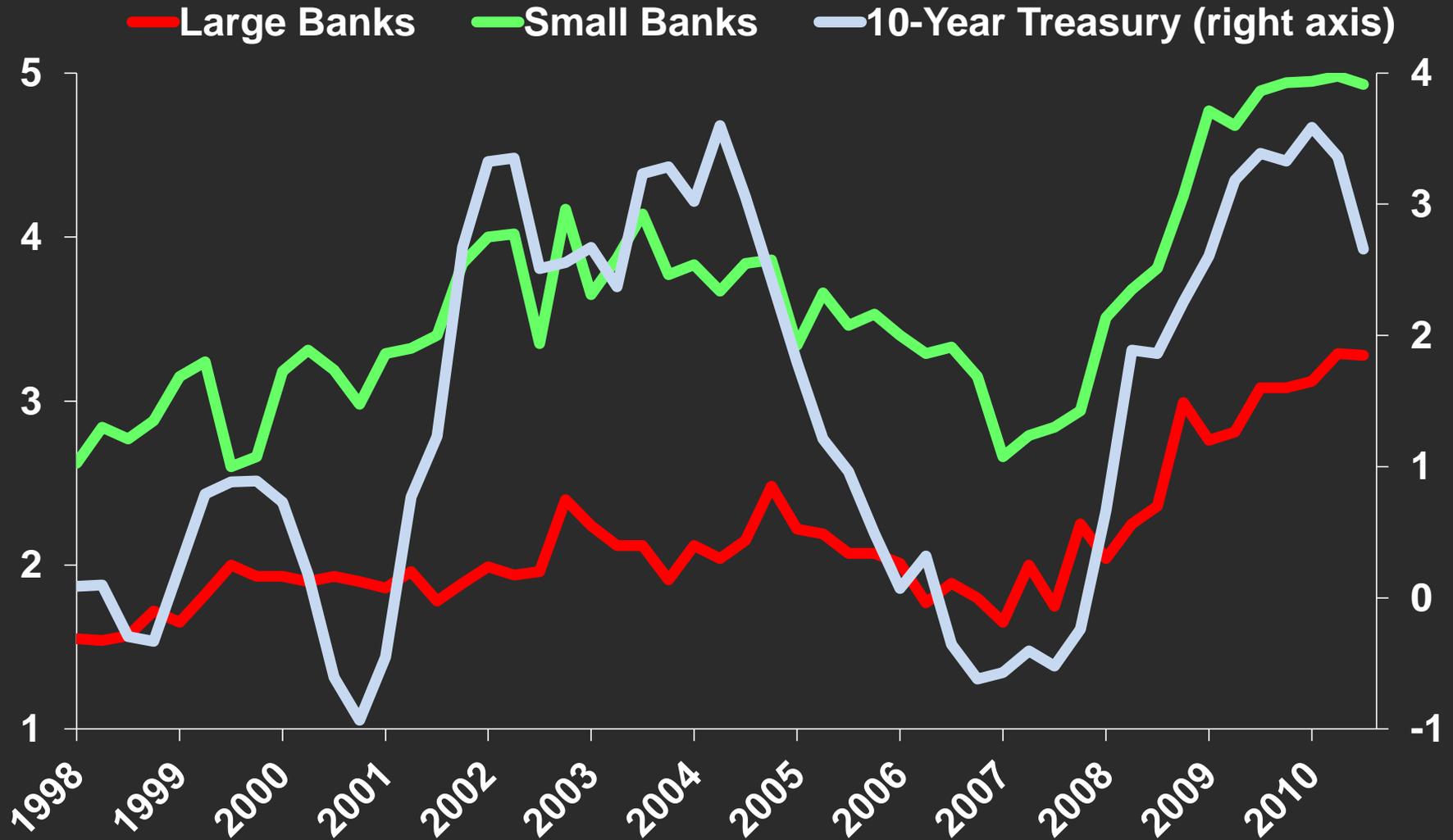
(Rate Minus Intended Fed Funds)

Large Banks Small Banks



Rate Spreads

(Rate Minus Intended Fed Funds)





Are Loan Interest Rates Unusually High?

Spreads high . . .



Are Loan Interest Rates Unusually High?

Spreads high . . .
But so is the yield curve



Conclusion

Lending patterns frustrating . . .



Conclusion

Lending patterns frustrating . . .
But make sense



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