

THE SEASONAL BORROWING PRIVILEGE

Estimated Potential Seasonal Borrowing, 1973-1978

Report presented to the Federal Reserve Committee on Agriculture and Rural Development,  
June 4, 1979, by Emanuel Melichar, Board of Governors of the Federal Reserve System

## Estimated Potential Seasonal Borrowing, 1973-1978

Table 1. Selected banking data

	Original guidelines		Current guidelines	
	1973	1976	1976	1978
Number of banks.....	1,931	1,478	2,729	2,630
Amounts (billions of dollars):				
Deposits.....	41.1	43.3	90.2	100.5
Loans.....	22.7	24.7	53.0	61.9
Farm loans.....	2.7	2.6	4.9	5.5
As a percentage of all member banks:				
Number of banks.....	33.7	25.3	46.6	45.8
Deposits.....	9.4	7.5	15.6	15.7
Loans.....	8.1	6.4	13.5	14.1
Farm loans.....	26.6	19.2	36.0	30.9
As a percentage of all insured commercial banks:				
Number of banks.....	14.1	10.3	18.9	18.1
Deposits.....	7.4	5.8	12.0	11.6
Loans.....	6.4	5.0	10.6	10.6
Farm loans.....	14.7	10.3	19.3	16.1

## Estimated Potential Seasonal Borrowing, 1973-1978

Table 2. Potential seasonal borrowing

	Original guidelines		Current guidelines	
	1973	1976	1976	1978
<u>Annual average borrowing</u>				
Amount (millions of dollars):				
Total.....	597	506	736	710
Highest individual bank.....	17	19	19	10
Average per bank (thousands of dollars).....	309	342	269	270
As a percentage of loans at--				
Borrowing banks.....	2.63	2.05	1.41	1.14
All member banks.....	.21	.13	.19	.16
All insured commercial banks.....	.17	.10	.15	.12
<u>Peak-month borrowing<sup>1</sup></u>				
Amount (millions of dollars):				
Total.....	1,732	1,589	2,389	2,509
Highest individual bank.....	36	41	41	28
Average per bank (thousands of dollars).....	896	1,074	875	953
As a percentage of loans at--				
Borrowing banks.....	7.63	6.44	4.59	4.05
All member banks.....	.61	.41	.62	.57
All insured commercial banks.....	.49	.32	.48	.42
Duration of borrowing at individual banks (months):				
Average.....	5	5	4	4
Maximum.....	9	9	9	9
Minimum.....	2	2	1	1

<sup>1/</sup> Based on highest monthly-average borrowing at each bank.

Table 3. Potential seasonal borrowing, by month

Month	Original guidelines		Current guidelines	
	1973	1976	1976	1978
Number of banks:				
January.....	398	357	627	679
February.....	706	451	911	1,042
March.....	938	522	913	965
April.....	1,033	560	867	753
May.....	1,276	765	1,186	1,034
June.....	1,311	831	1,277	1,063
July.....	1,115	803	1,119	1,062
August.....	1,041	851	1,326	1,271
September.....	951	800	1,241	1,153
October.....	790	726	1,135	1,037
November.....	668	656	1,095	944
December.....	540	531	1,021	961
Seasonal borrowing (monthly average, millions of dollars):				
January.....	194	258	365	471
February.....	388	398	591	687
March.....	481	399	558	585
April.....	496	360	475	403
May.....	744	539	770	604
June.....	883	566	836	649
July.....	731	550	779	689
August.....	838	747	1,124	985
September.....	779	711	1,056	971
October.....	653	620	895	924
November.....	589	528	776	843
December.....	402	408	630	726
Seasonal borrowing as a percentage of loans at banks borrowing in stated month:				
January.....	4.8	4.3	3.5	3.5
February.....	5.3	4.8	3.4	3.2
March.....	5.3	4.7	3.5	3.2
April.....	5.7	4.6	3.6	3.4
May.....	6.2	5.0	4.0	3.5
June.....	6.3	4.6	4.0	3.4
July.....	5.5	4.2	3.9	3.4
August.....	6.0	4.6	4.0	3.7
September.....	6.1	4.9	4.4	3.8
October.....	6.1	5.0	4.4	4.4
November.....	5.7	4.6	3.8	4.4
December.....	5.0	4.6	3.8	3.7

Table 4. Potential seasonal borrowing, by deposit size of bank

Deposit size of bank (millions of dollars)	Original guidelines		Current guidelines	
	1973	1976	1976	1978
Number of banks.....	1,931	1,478	2,729	2,630
Under 10.....	960	516	800	551
10 to 24.....	586	513	1,014	931
25 to 49.....	201	239	471	592
50 to 99.....	106	126	275	367
100 to 249.....	78	84	140	168
250 to 499.....	-	-	24	21
500 and over.....	-	-	-	-
Seasonal borrowing (annual average, millions of dollars).....	597	506	736	710
Under 10.....	118	49	66	47
10 to 24.....	140	120	166	143
25 to 49.....	81	95	141	175
50 to 99.....	92	101	149	164
100 to 249.....	167	142	144	147
250 to 499.....	-	-	70	34
500 and over.....	-	-	-	-
Annual-average borrowing as a percentage of loans at borrowing banks/.....	2.6	2.0	1.4	1.1
Under 10.....	4.4	3.0	2.5	2.2
10 to 24.....	2.9	2.6	1.8	1.4
25 to 49.....	2.2	1.9	1.4	1.3
50 to 99.....	2.3	1.9	1.3	1.0
100 to 249.....	2.2	1.8	1.1	1.0
250 to 499.....	-	-	1.2	.8
500 and over.....	-	-	-	-
Peak-month borrowing as a percentage of loans at borrowing banks <sup>1</sup> .....	7.6	6.4	4.6	4.0
Under 10.....	11.4	8.9	7.4	6.3
10 to 24.....	8.0	7.5	5.3	4.6
25 to 49.....	6.6	6.2	4.7	4.3
50 to 99.....	7.0	5.9	4.2	3.6
100 to 249.....	6.9	5.8	3.9	3.8
250 to 499.....	-	-	4.0	3.3
500 and over.....	-	-	-	-

1/ Based on highest monthly-average borrowing at each bank.

## Estimated Potential Seasonal Borrowing, 1973-1978

Table 4 (continued). Potential seasonal borrowing, by deposit size of bank

Deposit size of bank (millions of dollars)	Original guidelines		Current guidelines	
	1973	1976	1976	1978
Borrowers as a percentage of all member banks....	34	25	47	46
Under 10.....	48	34	53	49
10 to 24.....	31	26	51	49
25 to 49.....	24	22	43	47
50 to 99.....	23	21	45	51
100 to 249.....	29	25	43	42
250 to 499.....	-	-	22	14
500 and over.....	-	-	-	-
Annual-average borrowing as a percentage of loans at all member banks.....	.21	.13	.19	.16
Under 10.....	1.90	1.02	1.35	1.06
10 to 24.....	.83	.64	.88	.70
25 to 49.....	.47	.41	.61	.61
50 to 99.....	.49	.39	.58	.50
100 to 249.....	.65	.44	.46	.38
250 to 499.....	-	-	.23	.09
500 and over.....	-	-	-	-
Peak-month borrowing as a percentage of loans at all member banks <sup>1</sup> .....	.61	.41	.62	.57
Under 10.....	4.96	3.00	3.92	3.09
10 to 24.....	2.32	1.87	2.65	2.25
25 to 49.....	1.44	1.34	2.02	2.00
50 to 99.....	1.46	1.24	1.94	1.82
100 to 249.....	2.01	1.48	1.59	1.57
250 to 499.....	-	-	.81	.43
500 and over.....	-	-	-	-

<sup>1/</sup> Based on highest monthly-average borrowing at each bank.

## Estimated Potential Seasonal Borrowing, 1973-1978

Table 5. Potential seasonal borrowing, by Federal Reserve District

Federal Reserve District	Original guidelines		Current guidelines	
	1973	1976	1976	1978
Number of banks.....	1,931	1,478	2,729	2,630
1--Boston.....	110	87	137	117
2--New York.....	71	88	152	126
3--Philadelphia.....	32	19	48	49
4--Cleveland.....	76	87	231	286
5--Richmond.....	82	41	105	172
6--Atlanta.....	184	137	274	290
7--Chicago.....	221	160	338	354
8--St. Louis.....	154	98	178	151
9--Minneapolis.....	252	262	371	370
10--Kansas City.....	421	256	480	344
11--Dallas.....	281	187	339	305
12--San Francisco.....	47	56	76	66
Seasonal borrowing (annual average, millions of dollars).....	597	506	736	710
1--Boston.....	51	26	36	32
2--New York.....	37	48	69	60
3--Philadelphia.....	16	13	16	21
4--Cleveland.....	17	14	26	68
5--Richmond.....	20	8	14	33
6--Atlanta.....	106	71	122	159
7--Chicago.....	46	40	60	49
8--St. Louis.....	44	35	46	28
9--Minneapolis.....	66	76	100	94
10--Kansas City.....	80	74	94	61
11--Dallas.....	106	69	108	82
12--San Francisco.....	11	33	45	23

## Estimated Potential Seasonal Borrowing, 1973-1978

Table 5 (continued). Potential seasonal borrowing, by Federal Reserve District

Federal Reserve District	Original guidelines		Current guidelines	
	1973	1976	1976	1978
Annual-average borrowing as a percentage of loans at borrowing banks.....	2.6	2.0	1.4	1.1
1--Boston.....	2.3	1.7	1.2	1.2
2--New York.....	2.6	2.2	1.7	1.5
3--Philadelphia.....	3.5	2.8	1.8	1.9
4--Cleveland.....	2.3	1.2	.7	1.0
5--Richmond.....	1.8	1.0	.6	.7
6--Atlanta.....	3.1	2.2	1.7	1.9
7--Chicago.....	1.5	1.4	.8	.5
8--St. Louis.....	3.5	2.4	1.6	.9
9--Minneapolis.....	2.9	2.1	1.8	1.2
10--Kansas City.....	2.5	2.2	1.4	1.1
11--Dallas.....	3.7	2.3	1.7	1.4
12--San Francisco.....	1.5	3.1	2.1	1.0
Peak-month borrowing as a percentage of loans at borrowing banks <sup>1</sup> .....	7.6	6.4	4.6	4.0
1--Boston.....	6.0	5.2	3.7	4.0
2--New York.....	7.6	6.6	5.3	5.1
3--Philadelphia.....	8.8	7.2	4.8	5.0
4--Cleveland.....	6.3	4.5	2.9	3.4
5--Richmond.....	6.7	3.8	2.6	3.0
6--Atlanta.....	8.8	7.4	5.4	6.4
7--Chicago.....	5.6	5.3	3.8	2.4
8--St. Louis.....	8.8	7.4	4.9	3.4
9--Minneapolis.....	7.8	6.0	5.1	4.0
10--Kansas City.....	7.6	6.7	4.6	4.2
11--Dallas.....	10.2	7.2	5.5	4.6
12--San Francisco.....	5.5	8.8	6.3	3.8

<sup>1</sup>/ Based on highest monthly-average borrowing at each bank.



Table 5 (continued). Potential seasonal borrowing, by Federal Reserve District

Federal Reserve District	Original guidelines		Current guidelines	
	1973	1976	1976	1978
Borrowers as a percentage of all member banks....	34	25	47	46
1--Boston.....	50	44	68	65
2--New York.....	21	24	42	42
3--Philadelphia.....	11	7	18	20
4--Cleveland.....	16	19	50	62
5--Richmond.....	23	10	26	42
6--Atlanta.....	32	21	42	46
7--Chicago.....	23	17	36	38
8--St. Louis.....	36	23	41	36
9--Minneapolis.....	51	52	73	72
10--Kansas City.....	52	31	58	42
11--Dallas.....	44	28	51	44
12--San Francisco.....	32	37	50	43
Annual-average borrowing as a percentage of loans at all member banks.....	.21	.13	.19	.16
1--Boston.....	.44	.19	.26	.24
2--New York.....	.05	.04	.07	.06
3--Philadelphia.....	.11	.07	.08	.10
4--Cleveland.....	.08	.05	.09	.22
5--Richmond.....	.12	.03	.06	.12
6--Atlanta.....	.59	.28	.48	.53
7--Chicago.....	.10	.06	.10	.07
8--St. Louis.....	.51	.30	.41	.19
9--Minneapolis.....	.85	.69	.92	.66
10--Kansas City.....	.69	.48	.62	.29
11--Dallas.....	.73	.36	.56	.31
12--San Francisco.....	.02	.05	.07	.02
Peak-month borrowing as a percentage of loans at all member banks <sup>1</sup> .....	.61	.41	.62	.57
1--Boston.....	1.17	.58	.83	.84
2--New York.....	.15	.14	.21	.20
3--Philadelphia.....	.27	.17	.22	.27
4--Cleveland.....	.23	.19	.40	.71
5--Richmond.....	.48	.15	.29	.54
6--Atlanta.....	1.67	.94	1.55	1.83
7--Chicago.....	.40	.26	.41	.35
8--St. Louis.....	1.32	.94	1.25	.74
9--Minneapolis.....	2.27	1.99	2.67	2.13
10--Kansas City.....	2.09	1.46	2.00	1.10
11--Dallas.....	2.02	1.13	1.80	1.06
12--San Francisco.....	.08	.14	.21	.11

1/ Based on highest monthly-average borrowing at each bank.

## Estimated Potential Seasonal Borrowing, 1973-1978

Table 6. Potential seasonal borrowing, by farm loan ratio of bank

Farm loans as a percentage of total loans at bank	Original guidelines		Current guidelines	
	1973	1976	1976	1978
Number of banks.....	1,931	1,478	2,729	2,630
No farm loans.....	228	204	395	377
1 to 4.....	364	341	700	818
5 to 24.....	438	330	668	693
24 to 49.....	432	302	516	443
50 and over.....	469	301	450	299
Seasonal borrowing (annual average, millions of dollars).....	597	506	736	710
No farm loans.....	121	122	164	157
1 to 4.....	202	172	270	294
5 to 24.....	117	107	160	149
24 to 49.....	80	55	77	63
50 and over.....	77	51	65	47
Annual-average borrowing as a percentage of loans at borrowing banks.....	2.6	2.0	1.4	1.1
No farm loans.....	2.6	2.4	1.6	1.5
1 to 4.....	2.2	1.8	1.2	1.1
5 to 24.....	2.3	1.8	1.2	.9
24 to 49.....	3.5	2.3	1.9	1.3
50 and over.....	4.7	3.7	2.7	2.2
Peak-month borrowing as a percentage of loans at borrowing banks <sup>1</sup> .....	7.6	6.4	4.6	4.0
No farm loans.....	7.8	7.3	5.1	4.8
1 to 4.....	6.6	5.7	4.0	4.0
5 to 24.....	7.1	5.8	4.2	3.3
24 to 49.....	9.4	7.3	5.7	4.1
50 and over.....	12.0	10.0	7.5	6.0

<sup>1/</sup> Based on highest monthly-average borrowing at each bank.

## Estimated Potential Seasonal Borrowing, 1973-1978

Table 6 (continued). Potential seasonal borrowing, by farm loan ratio of bank

Farm loans as a percentage of total loans at bank	Original guidelines		Current guidelines	
	1973	1976	1976	1978
Borrowers as a percentage of all member banks....	34	25	47	46
No farm loans.....	29	21	40	43
1 to 4.....	22	19	40	43
5 to 24.....	27	21	43	44
24 to 49.....	44	32	54	51
50 and over.....	68	50	74	56
Annual-average borrowing as a percentage of loans at all member banks.....	.21	.13	.19	.16
No farm loans.....	.36	.38	.52	.52
1 to 4.....	.09	.05	.09	.08
5 to 24.....	.36	.22	.34	.24
24 to 49.....	1.18	.62	.87	.50
50 and over.....	2.74	1.45	1.85	1.03
Peak-month borrowing as a percentage of loans at all member banks <sup>1</sup> .....	.61	.41	.62	.57
No farm loans.....	1.06	1.18	1.66	1.72
1 to 4.....	.29	.18	.31	.33
5 to 24.....	1.12	.73	1.14	.92
24 to 49.....	3.17	1.94	2.66	1.59
50 and over.....	7.06	3.92	5.06	2.87

<sup>1</sup>/ Based on highest monthly-average borrowing at each bank.

SBPREG01 SBMEMBER REGRESSION, 1978

EQUATION E006

DEPENDENT VARIABLE 1 PROBABILITY THAT AN ELIGIBLE BANK QUALIFIED FOR SEASONAL BORROWING

MEAN OF DEPENDENT VARIABLE 0.477141

VARIABLE	OBSERVATIONS	COEFFICIENT	DIFFERENCE FROM MEAN		CHARACTERISTICS AND CLASSES
			AMOUNT	PERCENTAGE	
FEDERAL RESERVE DISTRICT					
X04	172	0.1239	0.2179	45.7	DISTRICT 1
X05	231	0.0199	0.1140	23.9	DISTRICT 2
X06	223	-0.3384	-0.2443	-51.2	DISTRICT 3
X07	443	0.0820	0.1760	36.9	DISTRICT 4
X08	390	-0.1119	-0.0179	-3.8	DISTRICT 5
X09	620	-0.0859	0.0081	1.7	DISTRICT 6
X10	903	-0.1815	-0.0875	-18.3	DISTRICT 7
X11	413	-0.2073	-0.1133	-23.7	DISTRICT 8
X12	508	0.1357	0.2297	48.1	DISTRICT 9
X13	805	-0.1772	-0.0832	-17.4	DISTRICT 10
X14	681	-0.1247	-0.0306	-6.4	DISTRICT 11
	123	0.0	0.0940	19.7	DISTRICT 12
DEPOSITS OF BANK (MILLIONS OF DOLLARS)					
X17	334	0.3414	0.0051	1.1	UNDER 5
X18	770	0.3375	0.0011	0.2	5 TO 9
X19	765	0.3474	0.0110	2.3	10 TO 14
X20	1131	0.3446	0.0082	1.7	15 TO 24
X21	1252	0.3431	0.0067	1.4	25 TO 49
X22	718	0.3847	0.0463	10.1	50 TO 99
X23	396	0.3003	-0.0361	-7.0	100 TO 249
	146	0.0	-0.3364	-70.5	250 AND OVER
TOTAL FARM LOANS AS A PERCENTAGE OF TOTAL LOANS AT BANK					
X28	814	-0.1246	-0.0332	-7.0	NO FARM LOANS
X29	1732	-0.0944	-0.0029	-0.6	1 TO 4
X30	1557	-0.1220	-0.0312	-6.5	5 TO 24
X31	873	-0.0551	0.0363	7.0	25 TO 49
	536	0.0	0.0914	19.2	50 AND OVER

S922001 SUPPLEMENTARY REGRESSION, 1972

EQUATION NO. 5

DEPENDENT VARIABLE 3. POTENTIAL SEASONAL BORROWING AS A PERCENTAGE OF TOTAL LOANS AT BANK

MEAN OF DEPENDENT VARIABLE 1.724722

VARIABLE OBSERVATIONS COEFFICIENT DIFFERENCE FROM MEAN CHARACTERISTICS AND CLASSES  
 AMOUNT PERCENTAGE

					FEDERAL RESERVE DISTRICT
X04	117	-0.3771	-0.0574	-3.2	DISTRICT 1
X05	126	0.0558	0.3355	21.7	DISTRICT 2
X06	49	-0.4994	-0.1795	-10.1	DISTRICT 3
X07	286	0.3120	0.5317	35.4	DISTRICT 4
X08	172	-0.4414	-0.1215	-5.9	DISTRICT 5
X09	290	0.2505	0.5903	32.5	DISTRICT 6
X10	354	-1.0095	-0.5893	-38.7	DISTRICT 7
X11	151	-0.5423	-0.2425	-13.5	DISTRICT 8
X12	370	-0.2524	0.0673	3.8	DISTRICT 9
X13	344	-1.0752	-0.1754	-42.4	DISTRICT 10
X14	305	0.1139	0.4325	24.5	DISTRICT 11
	55	0.0	0.3149	17.9	DISTRICT 12
					DEPOSITS OF BANK (MILLIONS OF DOLLARS)
X17	146	2.7315	1.3942	105.1	UNDER 5
X18	385	1.7193	0.5924	33.2	5 TO 9
X19	330	1.1393	0.1024	5.7	10 TO 14
X20	551	0.7597	-0.2775	-15.6	15 TO 24
X21	542	0.8027	-0.2347	-13.2	25 TO 49
X22	357	0.4674	-0.5645	-31.9	50 TO 99
X23	158	0.4915	-0.5557	-31.1	100 TO 249
	21	0.0	-1.0374	-59.1	250 AND OVER
					TOTAL FARM LOANS AS A PERCENTAGE OF TOTAL LOANS AT BANK
X24	377	-0.5303	0.2739	15.3	NO FARM LOANS
X25	818	-0.4554	-0.0616	-3.5	1 TO 4
X26	523	-1.1192	-0.3151	-17.7	5 TO 24
X27	443	-0.9733	-0.1672	-9.5	25 TO 49
X28	299	0.0	0.9042	45.1	50 AND OVER