

Economics Group

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Lending Standards Continued to Lessen

Demand for C&I loans showed improvement, but given the uncertainty of the economic recovery banks are still hesitant to lend. October's Senior Loan Officer's report is consistent with a sluggish economic recovery.

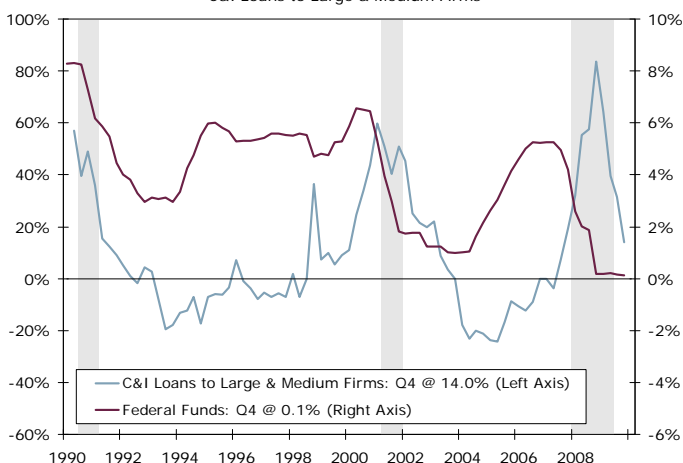
Improving Economic Conditions Loosen Standards

- The latest reading of the Fed's Senior Officer Loan Survey showed that fewer banks reported tightening lending standards to all sized firms in October as compared to the July report.
- While not as apparent in this particular release, small businesses report conditions are still very difficult in obtaining credit. The NFIB's "harder to get" credit index is still near historic highs suggesting banks are reluctant to lend.

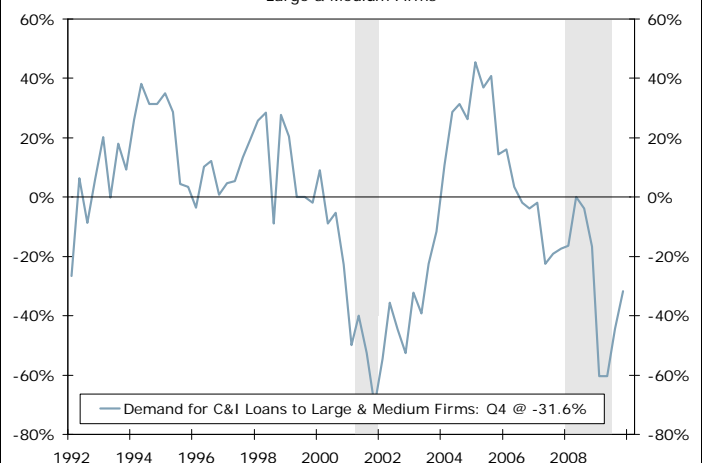
Demand for Consumer Loans Remains Weak

- Corroborated by last week's consumer credit outstanding report, which declined for the eighth straight month, demand for consumer loans remains low. Given job and income security issues, consumers have pulled back on discretionary spending. Demand for mortgages, however, improved further over the past three months as declining home prices coupled with lower mortgage rates have made home purchases attractive again.

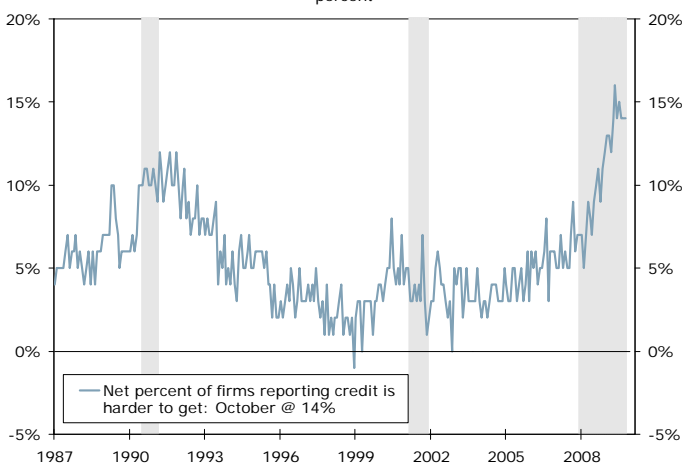
Net Percentage of Banks Tightening Standards
C&I Loans to Large & Medium Firms



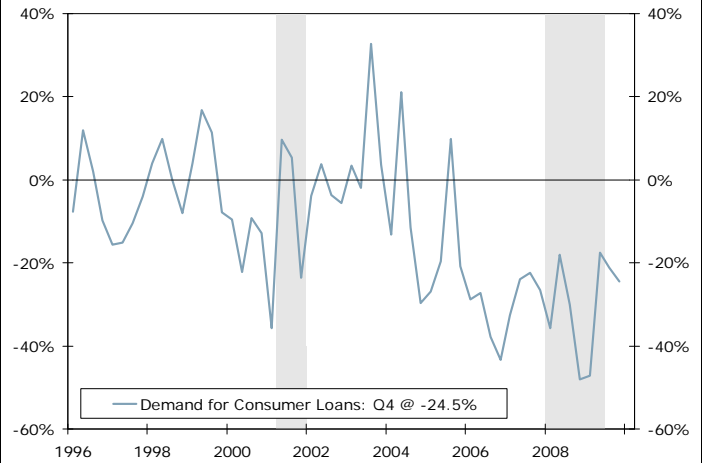
Net Percent of Banks Reporting Stronger Demand
Large & Medium Firms



Firms Reporting Credit "Harder to Get"
percent



Net Percent of Banks Reporting Stronger Demand
Consumer Loans



Source: Federal Reserve Board, NFIB and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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