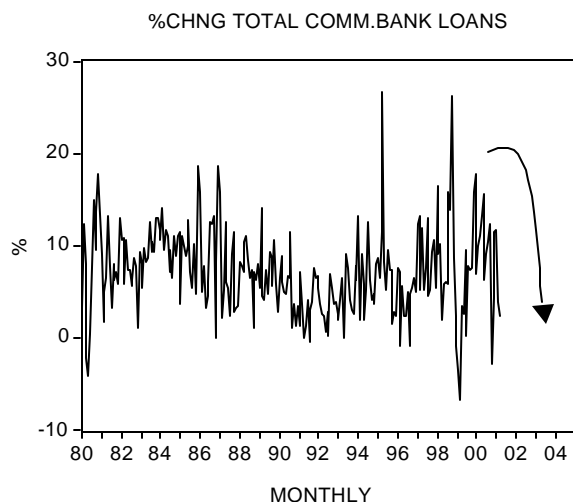
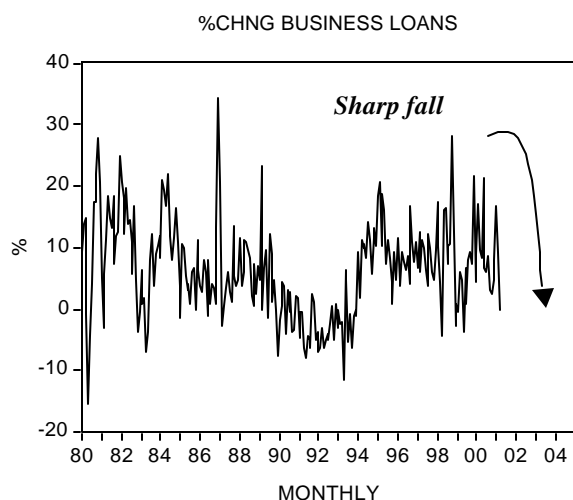


## US commercial bank loans display weakness

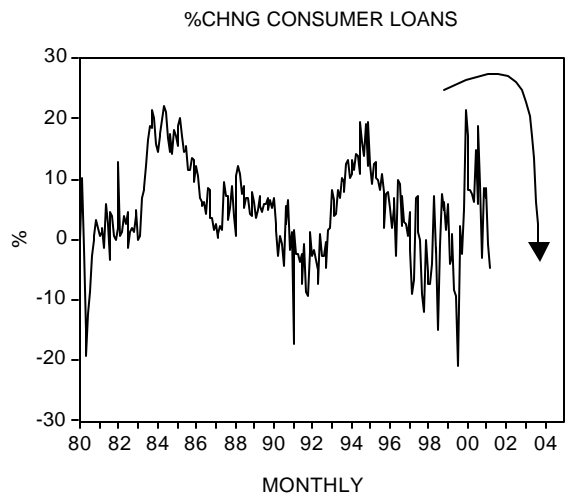
Seasonally adjusted commercial bank loans increased by an annualised **2.4%** in the week ending March 21 after rising by **4%** in February and **11.8%** in January (see chart). Year-on-year the rate of increase in loans eased to **8.5%** from **9.3%** in February.



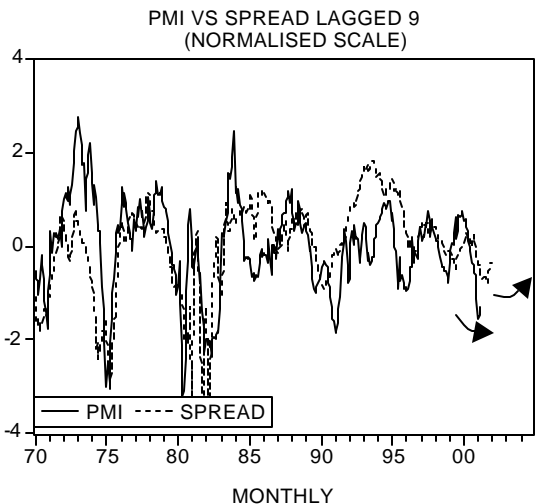
Furthermore, business loans fell by an annualised **0.2%** in the week ending March 21 after rising by **9.3%** in February and **16.7%** in January (see chart).



Also consumer loans display weakness. At an annualised rate these loans fell by **4.9%** in the week ending March 21 after a fall of **0.9%** in February (see chart). Year-on-year the rate of increase in consumer loans fell to **6.6%** from **7.8%** in February and **8.6%** in January. The future direction of bank lending will be crucial in determining the state of the real pool of funding. A prolonged fall in lending will raise the likelihood that the pool of real funding is in trouble.



In the meantime the purchasing managers index (PMI) rose to **43.1** in March from **41.9** in the previous month. A flattening in the differential between the yield on the 30-year T-bond and the federal funds rate points to the possible softening in the rate of decline of the PMI, provided the real pool of funding is still holding (see chart).



### Financial News

- Australian retail sales s/adj up **1.2%** in Feb.
- The BOJ's Tankan fell to **-5** in Q1 from **+10** in O4.
- The UK PMI fell to **49.7** in March from **52.2** in Feb.
- The EU PMI fell to **51.2** in March from **52.3** in Feb.

### Thought for today

A nickel goes a long way now. You can carry it around for days without finding a thing to buy.

**Anonymous**