

Where's the Cash? Part V (Final)

Funding Business Growth(?) in a Credit Crunch

Net New Loans/ Net New Deposits at U.S. Commercial Banks
Year over Year \$MM



At the top of the late 1990's and early 2000's economic cycle, banks were lending over \$2 for every \$1 in new deposits.

As of September, 2009 for every \$1 of new deposits, loans were decreasing by -\$1.25.

Although the economy has begun to expand, sustainable expansion and meaningful decreases in the unemployment rate will not occur until **demand** for business loans picks up and banks begin lending at less restrictive, though reasonable terms. A sign of economic stabilization will be when commercial and industrial loans pick up as businesses perceive less risk in increasing capacity.