

*Loans, Consumer -
Installment*

Not for publication

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

L. 4. 2

March 17, 1965

DECONTROLLED AFTER SIX MONTHS

DIRECT-AUTO LOANS BY COMMERCIAL BANKS

RECEIVED

MAR 19 1965

January 1965	December 1964	Three months ending January	
		1965	1964

NEW CAR CONTRACTS

Per cent of contracts written for:

Under 36 months	40.4	40.3	40.4	44.6
36 months	59.3	59.1	59.2	55.1
Over 36 months	0.3	0.6	0.4	0.3

Contracts written for 36 months:

Most frequent loan/value ratio $\frac{1}{2}$	94	94	94	94
Per cent of contracts with ratios above 94 per cent	37.0	33.9	36.2	35.6

USED CAR CONTRACTS

Per cent of contracts written for:

Under 19 months	34.9	35.5	35.1	38.7
19-24 months	36.4	37.9	37.9	38.1
25-36 months	28.7	26.6	27.0	23.1

Contracts written for 24 months or less:

Most frequent loan/value ratio $\frac{1}{2}$	94	94	94	94
Per cent of contracts with ratios above 94 per cent	34.2	36.0	34.7	36.3

$\frac{1}{2}$ Computed mode of ratios, based on dealer-cost values for new cars and wholesale prices for used cars as 100 per cent. A loan of 90-95 per cent of dealer cost generally amounts to around 70-80 per cent of list price.

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I. 4. 2 DEALER AUTO LOANS BY COMMERCIAL BANKS (PURCHASED PAPER)

January 1965	December 1964	Three months ending January	
		1965	1964

NEW CAR CONTRACTS

Per cent of contracts written for:

Under 36 months	23.1	22.9	22.5	23.5
36 months	76.1	76.2	76.5	75.7
Over 36 months	0.8	0.9	1.0	0.8

Contracts written for 36 months:

Most frequent loan/value ratio <u>1/</u>	95	95	95	95
Per cent of contracts with ratios above 94 per cent	43.8	44.2	44.1	43.5

USED CAR CONTRACTS

Per cent of contracts written for:

Under 19 months	19.6	21.3	20.8	22.2
19-24 months	31.6	32.5	32.8	34.2
25-36 months	48.8	46.2	46.4	43.6

Contracts written for 24 months or less:

Most frequent loan/value ratio <u>1/</u>	95	95	95	95
Per cent of contracts with ratios above 95 per cent	51.5	53.3	52.6	51.9

1/ Computed mode of ratios, based on dealer-cost values for new cars and wholesale prices for used cars as 100 per cent. A loan of 90-95 per cent of dealer cost generally amounts to around 70-80 per cent of list price.

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AUTOMOBILE INSTALMENT LOANS AT COMMERCIAL BANKS

MATURITIES -- JANUARY 1965 AND DECEMBER 1964

(Percentage distribution of contracts)

Maturities	Total		Purchased paper		Direct loans	
	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.
New cars						
24 months or less	23.5	23.6	18.6	18.6	33.3	33.3
25-30 months	5.3	5.2	4.5	4.3	7.1	7.0
31-36 months	70.6	70.4	76.1	76.2	59.3	59.1
Over 36 months	<u>0.6</u>	<u>0.8</u>	<u>0.8</u>	<u>0.9</u>	<u>0.3</u>	<u>0.6</u>
Total	100.0	100.0	100.0	100.0	100.0	100.0
Used cars ^{1/}						
12 months or less	13.6	14.3	10.1	10.8	20.4	21.1
13-18 months	11.2	11.9	9.5	10.5	14.5	14.4
19-24 months	33.3	34.3	31.6	32.5	36.4	37.9
Over 24 months	<u>41.9</u>	<u>39.5</u>	<u>48.8</u>	<u>46.2</u>	<u>28.7</u>	<u>26.6</u>
Total	100.0	100.0	100.0	100.0	100.0	100.0

^{1/} In this report figures are predominately for late model used cars but include data from a few banks for all used cars.

NOTE: Distributions are based on tabulations of data from 116 banks for January and December and are not intended to be estimates for all commercial banks. In January, reports covered about 36,000 contracts on new cars, 24,000 purchased and 12,000 direct and 27,000 contracts on used cars, 18,000 purchased and 9,000 direct. Data are not comparable with previous releases since composition of the group of banks changes from month to month.

For distribution according to maturities and contract balances as a percentage of dealer cost see following pages.

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DEALER COST RATIOS AND MATURITIES
ON AUTOMOBILE INSTALMENT LOANS

JANUARY 1965 AND DECEMBER 1964

NEW CARS

(Percentage distribution of contracts)

Contract balance as percentage of dealer cost <u>1/</u>	Maturities									
	24 months or less		25-30 months		31-36 months		Over 36 months		Total	
	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.
PURCHASED PAPER										
80% or less	9.4	9.5	1.5	1.6	15.1	14.2	0.1	0.1	26.1	25.4
81% to 90%	2.7	2.2	1.0	0.8	15.2	15.6	0.1	*	19.0	18.7
91% to 100%	4.3	4.4	0.9	1.0	26.3	26.8	0.2	0.2	31.8	32.5
101% to 110%	1.3	1.6	0.3	0.4	13.1	13.3	0.1	*	14.7	15.3
Over 110%	0.6	0.6	0.2	0.2	7.6	7.4	*	*	8.4	8.2
Total	18.2	18.3	3.9	3.9	77.3	77.3	0.5	0.4	100.0	100.0
DIRECT LOANS										
80% or less	18.1	18.4	3.0	2.9	19.1	20.0	0.2	0.4	40.4	41.7
81% to 90%	5.1	6.3	1.1	2.0	10.4	11.6	0.1	0.1	16.7	20.0
91% to 100%	6.8	6.1	2.9	2.2	19.2	18.2	0.1	*	29.1	26.5
101% to 110%	1.7	1.6	0.3	0.6	6.6	6.5	0.1	0.1	9.0	8.7
Over 110%	0.7	0.3	0.4	0.2	3.7	2.6	*	*	4.8	3.2
Total	32.5	32.6	8.0	7.9	59.0	58.9	0.5	0.5	100.0	100.0
TOTAL										
80% or less	11.6	11.8	1.9	1.9	16.1	15.7	0.1	0.2	29.7	29.5
81% to 90%	3.3	3.2	1.0	1.1	14.0	14.6	0.1	0.1	18.4	19.0
91% to 100%	4.9	4.8	1.4	1.4	24.6	24.7	0.2	0.2	31.1	31.0
101% to 110%	1.4	1.6	0.3	0.4	11.4	11.6	0.1	0.1	13.3	13.6
Over 110%	0.6	0.5	0.3	0.2	6.6	6.2	*	*	7.5	6.9
Total	21.8	21.9	4.9	5.0	72.8	72.7	0.5	0.5	100.0	100.0

1/ Contract balance excludes finance and insurance charges.

* Less than one-tenth of one per cent.

NOTE: Distributions are based on tabulations of data from 62 banks for January and December and are not intended to be estimates for all commercial banks. In January reports covered about 18,000 contracts on new cars, 13,000 purchased and 5,000 direct. Data are not comparable with previous releases since composition of the group of banks changes from month to month.

Details may not add to totals because of rounding.

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DEALER COST RATIOS AND MATURITIES
ON AUTOMOBILE INSTALMENT LOANS (continued)

JANUARY 1965 AND DECEMBER 1964

USED CARS

(Percentage distribution of contracts)

Contract balance as percentage of wholesale value <u>1/2/</u>	Maturities									
	12 months or less		13-18 months		19-24 months		Over 24 months		Total	
	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.
PURCHASED PAPER										
80% or less	3.6	4.0	2.3	2.4	5.4	4.9	6.3	5.1	17.6	16.4
81% to 90%	1.2	1.3	1.3	1.5	5.3	5.1	7.0	6.7	14.7	14.6
91% to 100%	1.7	1.9	1.9	2.0	8.5	8.7	12.1	11.9	24.2	24.4
101% to 110%	1.2	1.0	1.0	1.3	5.0	4.8	8.7	7.8	16.0	14.9
Over 110%	<u>1.7</u>	<u>2.2</u>	<u>2.3</u>	<u>3.0</u>	<u>9.1</u>	<u>10.4</u>	<u>14.4</u>	<u>14.1</u>	<u>27.5</u>	<u>29.7</u>
Total	9.3	10.4	8.8	10.1	33.2	33.8	48.5	45.6	100.0	100.0
DIRECT LOANS										
80% or less	11.5	12.7	7.7	6.6	13.3	13.0	6.6	6.5	39.1	38.8
81% to 90%	1.8	2.0	2.4	2.0	6.3	6.8	3.7	3.6	14.2	14.4
91% to 100%	4.3	3.8	3.4	3.7	11.3	10.2	6.3	5.6	25.3	23.4
101% to 110%	1.4	1.8	1.3	1.9	3.8	4.6	3.2	2.7	9.7	11.0
Over 110%	<u>1.8</u>	<u>1.8</u>	<u>2.3</u>	<u>2.3</u>	<u>4.3</u>	<u>5.2</u>	<u>3.5</u>	<u>3.2</u>	<u>11.8</u>	<u>12.5</u>
Total	20.7	22.2	17.0	16.5	39.0	39.8	23.3	21.5	100.0	100.0
TOTAL										
80% or less	6.0	6.6	4.0	3.6	7.8	7.3	6.4	5.5	24.1	23.0
81% to 90%	1.4	1.5	1.6	1.6	5.6	5.6	6.0	5.8	14.6	14.6
91% to 100%	2.5	2.5	2.3	2.5	9.4	9.1	10.3	10.0	24.5	24.1
101% to 110%	1.2	1.2	1.1	1.5	4.7	4.8	7.0	6.3	14.1	13.7
Over 110%	<u>1.7</u>	<u>2.1</u>	<u>2.3</u>	<u>2.8</u>	<u>7.6</u>	<u>8.9</u>	<u>11.1</u>	<u>10.9</u>	<u>22.8</u>	<u>24.6</u>
Total	12.8	13.9	11.3	12.0	35.0	35.6	40.9	38.5	100.0	100.0

1/ Contract balance excludes finance and insurance charges.

2/ Wholesale value represents "average wholesale," "as is," or "buying value" as indicated by used car guides.

NOTE: Distributions are based on tabulation of data from 58 banks for January and December and are not intended to be estimates for all commercial banks. January reports covered about 13,000 contracts on used cars, 9,000 purchased and 4,000 direct. Data are not comparable with previous releases since composition of the group of banks changes from month to month.

Details may not add to totals because of rounding.