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FEDERAL RESERVE BANK
OF RICHMOND*Joan, Consumer-
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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

L.4.2

July 14, 1965

DECONTROLLED AFTER SIX MONTHS

DIRECT AUTO LOANS BY COMMERCIAL BANKS

May 1965	April 1965	Three months ending May	
		1965	1964

NEW CAR CONTRACTS

Per cent of contracts written for:

Under 36 months	35.1	36.7	37.1	40.1
36 months	64.6	63.1	62.6	59.7
Over 36 months	0.3	0.2	0.3	0.2

Contracts written for 36 months:

Most frequent loan/value ratio $\frac{1}{2}$	95	95	95	94
Per cent of contracts with ratios above 95 per cent	37.3	38.5	36.6	32.2

USED CAR CONTRACTS

Per cent of contracts written for:

Under 19 months	32.2	32.7	32.6	35.1
19-24 months	37.7	37.7	37.6	39.6
25-36 months	30.1	29.6	29.8	25.3

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	38.7	38.0	36.7	38.9

$\frac{1}{2}$ 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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DEALER AUTO LOANS BY COMMERCIAL BANKS (PURCHASED PAPER)

May 1965	April 1965	Three months ending May	
		1965	1964

NEW CAR CONTRACTS

Per cent of contracts written for:

Under 36 months	19.4	20.6	19.9	20.5
36 months	80.0	78.8	79.5	78.5
Over 36 months	0.6	0.6	0.6	1.0

Contracts written for 36 months:

Most frequent loan/value ratio	95	95	95	95
Per cent of contracts with ratios above 95 per cent	43.2	43.6	41.4	42.6

USED CAR CONTRACTS

Percent of contracts written for:

Under 19 months	18.6	18.5	18.5	20.9
19-24 months	30.7	30.6	30.7	34.4
25-36 months	50.7	50.9	50.8	44.7

Contracts written for 24 months or less:

Median loan/value ratio	97	96	96	97
Per cent of contracts with ratios above 97 per cent	50.0	46.8	46.6	50.0

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AUTOMOBILE INSTALMENT LOANS AT COMMERCIAL BANKS

MATURITIES -- MAY 1965 AND APRIL 1965

(Percentage distribution of contracts)

Maturities	Total		Purchased paper		Direct loans	
	May	April	May	April	May	April
New cars						
24 months or less	19.6	20.8	15.4	16.6	28.7	29.9
25-30 months	4.8	4.9	4.0	4.0	6.4	6.8
31-36 months	75.1	73.8	80.0	78.8	64.6	63.1
Over 36 months	<u>0.5</u>	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>	<u>0.3</u>	<u>0.2</u>
Total	100.0	100.0	100.0	100.0	100.0	100.0
Used cars ^{1/}						
12 months or less	12.1	12.5	9.5	9.3	17.6	19.2
13-18 months	10.8	10.6	9.1	9.2	14.6	13.5
19-24 months	32.9	32.9	30.7	30.6	37.7	37.7
Over 24 months	<u>44.2</u>	<u>44.0</u>	<u>50.7</u>	<u>50.9</u>	<u>30.1</u>	<u>29.6</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 111 banks for May and April and are not intended to be estimates for all commercial banks. In May, reports covered about 49,000 contracts on new cars, 34,000 purchased and 15,000 direct and 34,000 contracts on used cars, 23,000 purchased and 11,000 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

MAY 1965 AND APRIL 1965

NEW CARS

(Percentage distribution of contracts)

Contract balance as percentage of dealer cost 1/	Maturities									
	24 months or less		25-30 months		31-36 months		Over 36 months		Total	
	May	Apr.	May	Apr.	May	Apr.	May	Apr.	May	Apr.
PURCHASED PAPER										
80% or less	9.2	9.3	1.6	1.5	16.7	16.6	0.1	0.1	27.5	27.6
81% to 90%	1.8	2.0	0.8	0.8	15.5	14.6	*	0.1	18.1	17.4
91% to 100%	2.8	3.2	1.0	1.0	27.5	27.5	0.1	0.1	31.4	31.8
101% to 110%	1.0	1.0	0.4	0.4	13.8	14.0	*	*	15.1	15.5
Over 110%	0.5	0.5	0.2	0.2	7.2	7.0	*	*	7.9	7.7
Total	15.2	16.0	3.9	3.8	80.6	79.8	0.2	0.3	100.0	100.0
DIRECT LOANS										
80% or less	17.4	17.0	3.5	3.8	20.0	19.8	0.1	0.1	41.0	40.7
81% to 90%	3.2	3.0	1.4	1.1	9.8	9.4	0.1	0.1	14.5	13.5
91% to 100%	5.1	5.2	1.9	2.4	20.4	20.9	0.1	*	27.5	28.5
101% to 110%	1.9	1.6	0.8	0.6	8.9	9.8	*	*	11.6	11.9
Over 110%	0.5	0.6	0.2	0.3	4.7	4.5	*	*	5.4	5.3
Total	28.0	27.4	7.8	8.0	63.8	64.4	0.3	0.2	100.0	100.0
TOTAL										
80% or less	10.8	10.9	2.0	2.0	17.3	17.3	0.1	0.1	30.1	30.2
81% to 90%	2.0	2.2	1.0	0.8	14.4	13.6	*	0.1	17.4	16.6
91% to 100%	3.2	3.6	1.2	1.2	26.1	26.2	0.1	0.1	30.7	31.2
101% to 110%	1.2	1.1	0.4	0.4	12.8	13.2	*	*	14.4	14.8
Over 110%	0.5	0.5	0.2	0.2	6.7	6.5	*	*	7.4	7.2
Total	17.7	18.3	4.7	4.7	77.3	76.8	0.2	0.3	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 57 banks for May and April and are not intended to be estimates for all commercial banks. In May reports covered about 23,000 contracts on new cars, 18,000 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)

MAY 1965 AND APRIL 1965

USED CARS

(Percentage distribution of contracts)

Contract balance as percentage of wholesale value 1/2/	Maturities									
	12 months or less		13-18 months		19-24 months		Over 24 months		Total	
	May	Apri.	May	Apri.	May	Apri.	May	Apri.	May	Apri.
PURCHASED PAPER										
80% or less	3.8	3.3	2.4	2.2	5.3	5.1	6.0	6.7	17.5	17.3
81% to 90%	1.0	1.2	1.3	1.2	4.8	5.1	8.6	8.6	15.6	16.1
91% to 100%	1.5	1.6	1.4	1.8	6.5	6.9	11.2	12.4	20.6	22.6
101% to 110%	1.0	0.7	1.1	1.1	4.5	4.5	8.9	8.9	15.5	15.2
Over 110%	1.9	1.7	2.4	2.4	9.5	8.9	17.0	15.7	30.8	28.7
Total	9.2	8.5	8.5	8.6	30.5	30.5	51.7	52.3	100.0	100.0
DIRECT LOANS										
80% or less	9.5	11.0	6.8	5.9	10.9	11.5	7.7	7.1	34.9	35.5
81% to 90%	2.1	2.0	2.9	2.2	6.4	5.7	4.1	5.3	15.5	15.2
91% to 100%	3.1	3.4	3.9	3.7	10.6	10.2	5.9	6.5	23.5	23.7
101% to 110%	1.5	1.9	1.4	1.3	4.5	4.2	3.4	3.3	10.8	10.6
Over 110%	2.0	1.5	2.6	2.4	6.3	6.3	4.5	4.8	15.3	15.0
Total	18.3	19.7	17.5	15.5	38.7	37.9	25.5	26.9	100.0	100.0
TOTAL										
80% or less	5.2	5.3	3.5	3.1	6.6	6.8	6.4	6.8	21.7	22.0
81% to 90%	1.2	1.4	1.7	1.5	5.2	5.3	7.5	7.7	15.6	15.9
91% to 100%	1.9	2.0	2.0	2.3	7.5	7.7	9.8	10.8	21.2	22.8
101% to 110%	1.1	1.0	1.2	1.1	4.5	4.4	7.5	7.4	14.3	14.0
Over 110%	1.9	1.7	2.4	2.4	8.7	8.2	13.9	12.9	26.9	25.1
Total	11.4	11.4	10.8	10.4	32.5	32.4	45.0	45.6	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 55 banks for May and April and are not intended to be estimates for all commercial banks. May reports covered about 17,000 contracts on used cars, 13,000 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.