

Not for publicationBOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

L.4.2

January 13, 1966

DECONTROLLED AFTER SIX MONTHS DIRECT AUTO LOANS BY COMMERCIAL BANKS

November 1965	October 1965	Three months ending November	
		1965	1964

NEW CAR CONTRACTS

Per cent of contracts written for:

Under 36 months	36.0	36.6	35.1	38.9
36 months	63.8	63.3	64.7	60.8
Over 36 months	0.2	0.1	0.2	0.3

Contracts written for 36 months:

Most frequent loan/value ratio <u>1</u> /	93	94	94	94
Per cent of contracts with ratios above 93 per cent	37.8	38.8	39.6	39.1

USED CAR CONTRACTS

Per cent of contracts written for:

Under 19 months	30.3	32.9	31.8	35.8
19-24 months	37.4	37.2	37.8	38.8
25-36 months	32.3	29.9	30.4	25.4

Contracts written for 24 months or less:

Most frequent loan/value ratio <u>1</u> /	94	94	94	93
Per cent of contracts with ratios above 94 per cent	35.2	33.4	37.9	32.8

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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L.4.2 DEALER AUTO LOANS BY COMMERCIAL BANKS (PURCHASED PAPER)

November 1965	October 1965	Three months ending November	
		1965	1964

NEW CAR CONTRACTS

Per cent of contracts written for:

Under 36 months	21.4	19.9	19.7	20.3
36 months	77.9	79.5	79.6	79.0
Over 36 months	0.7	0.6	0.7	0.7

Contracts written for 36 months:

Most frequent loan/value ratio ¹ / ₁	95	94	95	95
Per cent of contracts with ratios above 95 per cent	45.3	44.8	45.0	45.2

USED CAR CONTRACTS

Per cent of contracts written for:

Under 19 months	18.4	19.7	19.6	22.1
19-24 months	30.0	30.9	31.1	34.0
25-36 months	51.6	49.4	49.3	43.9

Contracts written for 24 months or less:

Median loan/value ratio	95	95	96	95
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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 -- NOVEMBER 1965 and OCTOBER 1965

(Percentage distribution of contracts)

Maturities	Total		Purchased paper		Direct loans	
	Nov.	Oct.	Nov.	Oct.	Nov.	Oct.
New cars						
24 months or less	21.2	19.9	17.4	15.8	29.4	30.2
25-30 months	4.8	4.8	4.0	4.1	6.6	6.4
31-36 months	73.5	74.8	77.9	79.5	63.8	63.3
Over 36 months	<u>0.5</u>	<u>0.5</u>	<u>0.7</u>	<u>0.6</u>	<u>0.2</u>	<u>0.1</u>
Total	100.0	100.0	100.0	100.0	100.0	100.0
Used cars <u>1/</u>						
12 months or less	11.9	13.1	9.1	10.0	17.2	19.2
13-18 months	10.6	11.0	9.3	9.7	13.1	13.7
19-24 months	32.5	33.1	30.0	30.9	37.4	37.2
Over 24 months	<u>45.0</u>	<u>42.8</u>	<u>51.6</u>	<u>49.4</u>	<u>32.3</u>	<u>29.9</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 115 banks for November and October and are not intended to be estimates for all commercial banks. In November, reports covered about 45,000 contracts on new cars, 31,000 purchased and 14,000 direct and 29,000 contracts on used cars, 19,000 purchased and 10,000 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

NOVEMBER 1965 AND OCTOBER 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	
	Nov.	Oct.	Nov.	Oct.	Nov.	Oct.	Nov.	Oct.	Nov.	Oct.
PURCHASED PAPER										
80% or less	8.9	8.2	1.4	1.5	14.4	14.1	*	0.1	24.7	23.8
81% to 90%	2.8	2.3	0.8	0.9	15.8	16.6	0.1	0.1	19.5	19.9
91% to 100%	3.7	2.9	1.2	1.2	26.7	27.6	0.2	0.2	31.8	31.9
101% to 110%	1.4	1.3	0.7	0.9	14.1	14.0	*	*	16.2	16.2
Over 110%	<u>0.5</u>	<u>0.5</u>	<u>0.2</u>	<u>0.1</u>	<u>7.1</u>	<u>7.5</u>	<u>*</u>	<u>*</u>	<u>7.8</u>	<u>8.1</u>
Total	17.2	15.1	4.2	4.6	78.2	79.8	0.4	0.4	100.0	100.0
DIRECT LOANS										
80% or less	16.2	16.9	3.1	2.3	20.8	21.3	0.2	*	40.3	40.6
81% to 90%	4.2	4.9	1.5	1.0	13.7	11.1	0.1	*	19.5	17.0
91% to 100%	6.1	6.7	2.4	2.8	17.6	18.5	*	*	26.2	28.1
101% to 110%	1.1	1.4	0.6	1.0	8.1	7.0	*	*	9.8	9.4
Over 110%	<u>0.5</u>	<u>0.5</u>	<u>0.1</u>	<u>0.3</u>	<u>3.5</u>	<u>4.1</u>	<u>0.1</u>	<u>*</u>	<u>4.1</u>	<u>4.9</u>
Total	28.1	30.5	7.8	7.4	63.7	62.0	0.3	0.1	100.0	100.0
TOTAL										
80% or less	10.5	10.0	1.8	1.6	15.8	15.5	0.1	0.1	28.2	27.2
81% to 90%	3.1	2.8	1.0	0.9	15.3	15.5	0.1	0.1	19.5	19.4
91% to 100%	4.2	3.7	1.4	1.6	24.7	25.8	0.2	0.2	30.6	31.2
101% to 110%	1.3	1.3	0.7	0.9	12.8	12.6	*	*	14.8	14.9
Over 110%	0.5	0.5	0.2	0.1	6.3	6.8	*	*	7.0	7.4
Total	19.7	18.2	5.0	5.2	74.9	76.2	0.4	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 66 banks for November and October and are not intended to be estimates for all commercial banks. In November reports covered about 22,000 contracts on new cars, 17,000 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)

NOVEMBER 1965 AND OCTOBER 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	
	Nov.	Oct.	Nov.	Oct.	Nov.	Oct.	Nov.	Oct.	Nov.	Oct.
PURCHASED PAPER										
80% or less	3.0	3.1	1.8	1.9	4.1	4.4	5.2	5.6	14.0	15.1
81% to 90%	1.6	1.6	1.8	1.7	5.9	5.8	12.3	11.7	21.5	20.9
91% to 100%	1.4	1.7	1.9	2.2	6.9	7.3	12.1	11.3	22.3	22.5
101% to 110%	1.0	1.1	1.1	1.2	5.1	5.3	10.1	9.3	17.4	16.8
Over 110%	<u>1.3</u>	<u>1.8</u>	<u>2.3</u>	<u>2.3</u>	<u>7.9</u>	<u>8.1</u>	<u>13.2</u>	<u>12.5</u>	<u>24.8</u>	<u>24.7</u>
Total	8.3	9.3	8.9	9.3	30.0	30.9	52.9	50.4	100.0	100.0
DIRECT LOANS										
80% or less	11.7	13.5	5.8	5.7	12.1	12.6	6.6	7.1	36.2	38.9
81% to 90%	1.7	1.5	2.0	2.4	4.9	5.9	3.8	4.0	12.4	13.7
91% to 100%	4.7	4.1	4.4	3.8	10.7	8.5	7.7	6.5	27.5	22.9
101% to 110%	0.8	1.2	1.5	1.7	3.6	3.2	3.7	3.6	9.6	9.6
Over 110%	<u>1.6</u>	<u>1.8</u>	<u>1.8</u>	<u>2.4</u>	<u>5.4</u>	<u>6.1</u>	<u>5.5</u>	<u>4.6</u>	<u>14.3</u>	<u>14.9</u>
Total	20.5	22.0	15.4	15.9	36.7	36.3	27.3	25.7	100.0	100.0
TOTAL										
80% or less	5.7	6.2	3.0	3.0	6.5	6.8	5.6	6.1	20.7	22.1
81% to 90%	1.6	1.6	1.8	1.9	5.6	5.9	9.7	9.4	18.8	18.8
91% to 100%	2.3	2.4	2.7	2.6	8.1	7.7	10.8	9.8	23.9	22.6
101% to 110%	0.9	1.1	1.2	1.4	4.7	4.6	8.2	7.6	15.0	14.6
Over 110%	<u>1.4</u>	<u>1.8</u>	<u>2.2</u>	<u>2.3</u>	<u>7.1</u>	<u>7.5</u>	<u>10.9</u>	<u>10.1</u>	<u>21.6</u>	<u>21.7</u>
Total	12.0	13.1	10.9	11.2	31.9	32.5	45.2	43.0	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 tabulations of data from 63 banks for November and October and are not intended to be estimates for all commercial banks. November reports covered about 14,000 contracts on used cars, 10,000 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.