

Not for publication

*Loans, consumer -
installment*

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

L.4.2

February 14, 1966.

DIRECT AUTO LOANS BY COMMERCIAL BANKS

DECONTROLLED AFTER SIX MONTHS

December 1965	November 1965	Three months ending December	
		1965	1964

NEW CAR CONTRACTS

Per cent of contracts written for:

Under 36 months	38.2	36.0	36.9	40.0
36 months	61.6	63.8	62.9	59.6
Over 36 months	0.2	0.2	0.2	0.4

Contracts written for 36 months:

Most frequent loan/value ratio $\frac{1}{2}$	94	93	93	94
Per cent of contracts with ratios above 94 per cent	36.7	35.2	36.5	36.2

USED CAR CONTRACTS

Per cent of contracts written for:

Under 19 months	31.6	30.3	31.6	35.3
19-24 months	35.9	37.2	36.8	38.5
25-36 months	32.5	32.5	31.6	26.2

Contracts written for 24 months or less:

Most frequent loan/value ratio $\frac{1}{2}$	94	95	94	93
Per cent of contracts with ratios above 94 per cent	34.0	36.2	35.9	33.5

$\frac{1}{2}$ Computed mode of ratios, based on dealer-cost values for new cars and whole-sale 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)

December 1965	November 1965	Three months ending December	
		1965	1964

NEW CAR CONTRACTS

Per cent of contracts written for:

Under 36 months	21.2	21.3	20.9	21.6
36 months	77.8	78.1	78.3	77.4
Over 36 months	1.0	0.6	0.8	1.0

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	48.0	47.2	46.0	45.4

USED CAR CONTRACTS

Per cent of contracts written for:

Under 19 months	17.9	18.5	18.6	21.6
19-24 months	30.2	29.8	30.3	33.3
25-36 months	51.9	51.7	51.1	45.1

Contracts written for 24 months or less:

Median loan/value ratio	97	96	96	95
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$\frac{1}{2}$ /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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L.4.2 § AUTOMOBILE INSTALMENT LOANS AT COMMERCIAL BANKS

MATURITIES -- DECEMBER 1965 and NOVEMBER 1965

(Percentage distribution of contracts)

Maturities	Total		Purchased paper		Direct loans	
	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.
New cars						
24 months or less	21.4	21.1	16.9	17.4	31.1	29.4
25-30 months	5.2	4.8	4.3	3.9	7.1	6.6
31-36 months	72.7	73.6	77.8	78.1	61.6	63.8
Over 36 months	<u>0.7</u>	<u>0.5</u>	<u>1.0</u>	<u>0.6</u>	<u>0.2</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	12.3	11.8	9.1	9.1	18.9	17.2
13-18 months	10.1	10.6	8.8	9.4	12.7	13.1
19-24 months	32.1	32.3	30.2	29.8	35.9	37.2
Over 24 months	<u>45.5</u>	<u>45.3</u>	<u>51.9</u>	<u>51.7</u>	<u>32.5</u>	<u>32.5</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 December and November and are not intended to be estimates for all commercial banks. In December, reports covered about 44,000 contracts on new cars, 30,000 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

DECEMBER 1965 AND NOVEMBER 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	
	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.
PURCHASED PAPER										
80% or less	8.0	9.1	1.1	1.4	13.7	14.7	0.1	*	22.9	25.3
81% to 90%	2.3	2.6	0.8	0.7	16.1	15.4	0.1	0.1	19.4	18.9
91% to 100%	3.7	3.7	1.6	1.1	26.2	26.1	0.3	0.2	31.9	31.1
101% to 110%	1.5	1.4	0.9	0.6	14.7	14.0	0.1	*	17.2	16.1
Over 110%	0.7	0.5	0.2	0.2	7.7	8.0	0.1	*	8.6	8.7
Total	16.3	17.3	4.6	4.0	78.4	78.3	0.6	0.4	100.0	100.0
DIRECT LOANS										
80% or less	18.0	16.4	2.7	3.3	19.2	21.7	0.2	0.2	40.0	41.6
81% to 90%	5.1	4.1	1.2	1.5	11.7	13.2	*	0.1	17.9	18.9
91% to 100%	6.8	6.1	3.1	2.3	18.3	17.2	0.1	*	28.4	25.7
101% to 110%	1.3	1.1	0.9	0.6	6.7	8.0	*	*	9.0	9.7
Over 110%	0.5	0.5	0.3	0.1	3.9	3.5	*	0.1	4.7	4.1
Total	31.7	28.3	8.2	7.8	59.8	63.6	0.3	0.3	100.0	100.0
TOTAL										
80% or less	10.4	10.7	1.5	1.8	15.0	16.3	0.1	0.1	26.9	28.9
81% to 90%	3.0	3.0	0.9	0.9	15.1	14.9	0.1	0.1	19.0	18.9
91% to 100%	4.4	4.2	2.0	1.4	24.4	24.1	0.3	0.2	31.1	29.9
101% to 110%	1.5	1.3	0.9	0.6	12.8	12.7	0.1	*	15.3	14.7
Over 110%	0.7	0.5	0.2	0.2	6.8	7.0	*	*	7.7	7.7
Total	19.9	19.7	5.4	4.8	74.1	75.0	0.5	0.4	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 67 banks for December and November and are not intended to be estimates for all commercial banks. In December reports covered about 23,000 contracts on new cars, 17,000 purchased and 6,000 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)

DECEMBER 1965 AND NOVEMBER 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	
	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.	Dec.	Nov.
PURCHASED PAPER										
80% or less	2.8	3.0	1.6	1.9	4.4	4.2	5.7	5.4	14.5	14.6
81% to 90%	1.3	1.5	1.4	1.6	4.5	5.3	9.4	11.0	16.6	19.4
91% to 100%	2.0	1.3	1.9	1.8	7.5	6.4	12.0	11.3	23.4	20.8
101% to 110%	0.9	1.0	1.3	1.1	4.7	4.8	9.9	9.8	16.8	16.6
Over 110%	<u>1.7</u>	<u>1.6</u>	<u>2.2</u>	<u>2.6</u>	<u>9.0</u>	<u>8.9</u>	<u>15.8</u>	<u>15.5</u>	<u>28.7</u>	<u>28.6</u>
Total	8.6	8.5	8.4	9.0	30.0	29.5	52.9	53.0	100.0	100.0
DIRECT LOANS										
80% or less	13.7	11.7	6.6	5.9	12.5	12.3	7.6	7.6	40.3	37.6
81% to 90%	2.2	1.6	1.8	1.9	5.8	4.5	3.7	3.3	13.6	11.3
91% to 100%	4.2	4.7	3.2	4.3	8.2	10.4	5.3	7.7	20.9	27.1
101% to 110%	1.7	0.8	1.2	1.4	4.3	3.5	5.0	3.8	12.3	9.5
Over 110%	<u>1.8</u>	<u>1.6</u>	<u>1.9</u>	<u>1.8</u>	<u>4.5</u>	<u>5.5</u>	<u>4.8</u>	<u>5.5</u>	<u>12.9</u>	<u>14.4</u>
Total	23.6	20.4	14.6	15.3	35.4	36.2	26.3	28.0	100.0	100.0
TOTAL										
80% or less	5.9	5.6	3.0	3.1	6.7	6.6	6.3	6.1	21.8	21.3
81% to 90%	1.5	1.6	1.5	1.7	4.9	5.0	7.8	8.8	15.8	17.1
91% to 100%	2.6	2.3	2.3	2.5	7.7	7.5	10.1	10.2	22.7	22.6
101% to 110%	1.1	0.9	1.3	1.2	4.6	4.4	8.5	8.1	15.5	14.6
Over 110%	<u>1.7</u>	<u>1.6</u>	<u>2.1</u>	<u>2.4</u>	<u>7.7</u>	<u>7.9</u>	<u>12.7</u>	<u>12.6</u>	<u>24.3</u>	<u>24.5</u>
Total	12.8	11.9	10.2	10.8	31.5	31.5	45.4	45.7	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 December and November and are not intended to be estimates for all commercial banks. December reports covered about 15,000 contracts on used cars, 11,000 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.