More than Half of Americans (56%) Say Their Monthly Lease and Car Payments are Enough of a Burden to Prevent Them From Making Other Big Ticket Purchases

More than half of Americans (56%) say their monthly lease and car payments are enough of a burden to prevent them from making other big ticket purchases, according to the Cambridge Consumer Credit Index. 17% of those with car loan payments say these loans are a major burden, up from 11% who felt so in 2003. 39% now say the loans are a minor burden, down from 44% a year ago.

Islandia, NY (PRWEB) November 5, 2004 -- One reason that the level of burden has increased on many consumers is that average car payments have risen because of higher car prices. 17% of those with car payments are spending between \$500 and \$700 a month, up from 10% who paid that amount in 2003. 43% (down from 50% a year ago) are paying between \$300 and \$500 a month, while 32% (unchanged from a year ago) are paying less than \$300 a month.
The level of pent-up demand for new vehicle purchases in the next six months remains similar to a year ago, with 8% of Americans very likely to buy a car (up from 6% in 2003) and 8% somewhat likely to purchase a new vehicle (down from 11% a year ago).
Â The results of the Cambridge Consumer Index wildcard question show that car loans and leases are becoming a greater burden on AmericansÂ budgets, since the price of cars has been rising, resulting in larger monthly car payments for many. These larger payments are becoming an increasing burden on consumers, restraining them from purchasing other large ticket items that they would like to buy,Â says Jordan Goodman, spokesperson/financial analyst for the Cambridge Consumer Credit Index.
"Consumers should be aware that their FICO score and debt-to-income ratio can directly affect what interest rate they will be paying when financing or leasing a car. We educate our clients to budget themselves properly, to pay their bills on time, and to pay down their debt. Following these steps should eventually improve a consumer's credit history, which is taken into consideration when applying for a car loan or lease." said Chris Viale, Acting President & C.E.O. of Cambridge Credit Counseling Corp.

For a detailed comparison see table below:

Do you or does anyone is your household currently make payments on an existing car loan or car lease

2004 2003

-No

57%

54%

-Yes

43% 46%

What is your monthly car loan or lease payment?

-Less that $300 32% 32%
-$300 but less than $500 43%

50%
-$500 but less than $700

17%

10%

-$700 or more

8%

8%

How much do these existing car payments prevent you from buying or spending money other things in life (i.e. house, apartment or something else)?

-A major burden	17%	11%
-A minor burden	39%	44%
-No burden at all		

44%

45%

When thinking about future or additional purchases. How likely are you to buy or lease a new car or truck in the next six months? Are youÂ

-Very likely

8%

6%
-Somewhat likely

8%

11%
-Not likely

84% 83%

Source: Cambridge Consumer Credit Index

These findings are the result of monthly nationwide telephone poll of 800+ adults conducted by ICR/International Communications Research in the past week, sponsored by the Debt Relief Clearinghouse. The overall Cambridge Consumer Credit Index rose by one point in October to 62. The Index rose on the question of taking on debt in the next month, but dropped in past month and next six months questions. The Â□Reality Gap,Â□ which is the difference between the amount of debt consumers say they will pay off in the next month versus the amount of debt they actually paid off a month later, narrowed by 2 percentage point from October to 9 points. A month ago, 78% of Americans planned to pay off debt, while a month later only 69% actually did so.
The Cambridge Consumer Credit Index is a forward looking economic indicator gauging consumer spending and debt. It is released on the fifth business day of every month to coincide with the Federal Reserve Board's G19 release of consumer credit outstanding data.

In conjunction with the Index, the Cambridge Credit Counseling Corp. is releasing its monthly survey of people who have called in for credit counseling services over the past month. Cambridge representatives ask callers for the primary reason that they found it necessary to get help with their debts now. Of the 432 people who answered, this was the order of their responses:
1. I am frustrated with high bank rates and fees (32.4%)
2. My income has been reduced from a lower salary, less overtime or layoff (30.1%)
3. I want to improve my ability to achieve future financial goals like buying a house or saving for retirement (13.2%)
4. I got into too much debt by overspending (7.6%)
5. Other (5.8%)
6. My lack of financial education caused me to take on too much debt (5.3%)
7. Large medical expenses forced me to take on huge debts (3.5%)
8. Recently divorced or widowed (2.1%)

For more information on the survey see
http://www.cambridgeconsumerindex.com/index.asp?content=client_survey

The Cambridge Consumer Credit Index number is a composite of these three questions:

1. In the past month, have you taken on more debt or paid off debt?
The Index reads 62 on this question, a drop of four points from October.

In November, 31% of Americans say they have taken on more debt, with 19% taking on a little and 12% taking on a lot more debt. Conversely, 69% of Americans have paid off debt, with 53% paying off a little and 16% paying off a lot.

2. In the next month, do you anticipate taking on more debt or paying off debt?
The Index reads 48 on this question, up by eight points from November.

In November, 24% plan to take on more debt, with 3% planning to take on a lot and 21% planning to take on a little debt. Conversely, 76% plan to pay off debt, with 66% paying off a little and 10% paying off a lot. In October, 20% planned to take on debt and 80% planned to pay off debt.

3. In the next six months, do you expect to take on debt because you are thinking of making a major purchase such as a car, education, appliance, medical procedure, furniture or carpeting?
The Index reads 76 on this question, down by two points in November.

In November, 38% of Americans plan to take on more debt to make such purchases, with 14% taking on a lot of debt and 24% taking on a little more debt. In contrast, 62% of Americans plan to pay off debt in the next six months, with 48% expecting to pay off a little and 14% expecting to pay off a lot. In October, 39% of Americans planned to take on more debt, while 61% planned to pay off debt.

Â□The results of the Cambridge Consumer Credit Index show that while consumers have been cutting back on their use of debt in the last month, and are also cautious about going into debt to make major purchases over the next six months, they anticipate taking on a great deal of new debt in November. Part of that is surely related to holiday gift buying, but it is also a sign of near-term consumer confidence,Â□ says Jordan Goodman, spokesperson/financial analyst for the index.

The Index survey is conducted by ICR (International Communications Research) of Media, Pennsylvania over five days in the week before the Index is released. Over 800 households are polled based on random-digit dialing, with all demographic and regional groups in America fairly represented. The Index has a margin of error of plus or minus three and a half percentage points.

For more information about the Cambridge Consumer Credit Index, contact media relations representative Paramjit Mahli at mailto:pmahli@cambridgeconsumerindex.com or 631-786-6450 or the Index website at http://www.cambridgeconsumerindex.com/.

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