



Monthly Auto Loan Payments Surpass £1,000 Amid Rising Costs

Description

In the United States, many people are now taking out large auto loans, with nearly 19% of new vehicle loans having monthly payments of over \$1,000. This change has occurred recently, boosted by higher vehicle prices and a shift in production priorities among automakers.

Experian Automotive studied more than 5 million auto loans and leases in early 2023. Data shows that this percentage increased from about 17.4% last year. Melinda Zabritski, an expert in automotive finance, explained that people often assume these loans are for luxury cars, but this is not true. In fact, almost 74% of these loans are for non-luxury models, including popular trucks like the Ford F-150 and Chevrolet Silverado 1500.

Five years ago, loans with payments over \$1,000 made up only 5.4% of the market. The global chip shortage during 2021 and 2022 caused many car manufacturers to focus on producing more expensive models. This led to higher vehicle prices and greater amounts borrowed for loans.

Today, the average amount borrowed is an all-time high of £43,952, while monthly payments have climbed to an average of £770. However, some people are struggling to keep up with payments. Currently, about 2% of loans are more than 30 days overdue. Despite this increase, delinquency rates are still lower than in 2018.

Comprehension Questions

Multiple Choice

1. What percentage of new vehicle loans have monthly payments of over \$1,000?

Option: 17.4%

Option: 19%

Option: 74%

Option: 5.4%

2. Who conducted the study on auto loans and leases?

Option: TransUnion

Option: Experian Automotive

Option: Equifax

Option: NADA



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3. What is the average amount borrowed for auto loans as of early 2023?
- Option: £1,000
 - Option: £43,952
 - Option: £770
 - Option: £5,000
4. Which of the following vehicles is noted as a popular non-luxury model in the loans analysis?
- Option: BMW 3 Series
 - Option: Ford F-150
 - Option: Mercedes-Benz C-Class
 - Option: Audi A4
5. What caused the increase in vehicle prices and the amount borrowed for loans?
- Option: Economic growth
 - Option: A chip shortage
 - Option: Lower interest rates
 - Option: Increased demand for electric cars
6. What was the percentage of loans with payments over \$1,000 five years ago?
- Option: 2%
 - Option: 5.4%
 - Option: 19%
 - Option: 30%

True-False

7. Nearly 74% of loans with payments over \$1,000 are for luxury cars.
8. The average monthly payment for auto loans is currently £770.
9. Delinquency rates for auto loans have increased compared to 2018.
10. About 2% of auto loans are currently more than 30 days overdue.
11. The percentage of new loans with payments over \$1,000 decreased from last year.
12. Five years ago, loans with payments over \$1,000 were a significant part of the market.



Gap-Fill

13. The average amount borrowed for auto loans is an all-time high of £43,952, while monthly payments have climbed to an average of _____ .
14. Currently, about 2% of loans are more than _____ days overdue.
15. Five years ago, loans with payments over \$1,000 made up only _____ % of the market.
16. The data shows that the percentage of loans with payments over \$1,000 increased from about _____ last year.
17. Almost _____ % of loans with payments over \$1,000 are for non-luxury models.
18. A global chip shortage during 2021 and 2022 caused manufacturers to focus on producing _____ models.

Answer

Multiple Choice: 1. 19% 2. Experian Automotive 3. £43,952 4. Ford F-150 5. A chip shortage 6. 5.4%

True-False: 7. False 8. True 9. False 10. True 11. False 12. False

Gap-Fill: 13. £770 14. 30 15. 5.4 16. 17.4 17. 74 18. more expensive

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