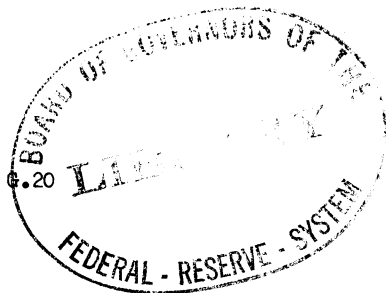


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BOARD OF GOVERNORS
OF THE
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SALES FINANCE COMPANIES

AUGUST 1952

Retail financing--The volume of retail automotive paper purchased by sales finance companies in August dropped 26 per cent from the volume of the preceding month. The sharp reduction in total retail automotive paper acquired reflected decreases in all types of automotive paper. The largest decline, 39 per cent, was reported in new passenger car paper, while used passenger car paper decreased 20 per cent. In the financing of commercial vehicles, new car paper acquired dropped 30 per cent, while purchases of used car paper declined 10 per cent. Despite the sharp reduction in the volume of retail automotive financing during August, outstanding balances of retail automotive paper were unchanged from the end of July to August 31.

Purchases of other retail instalment paper declined 14 per cent in August, the first month-to-month decline since February. Acquisitions of household appliance paper dropped 22 per cent, while acquisitions of repair and modernization paper decreased 8 per cent. In contrast, purchases of furniture and television paper increased 4 per cent. The drop in total purchases of other retail instalment paper from July's large volume, however, was not sufficient to interrupt the increase in outstanding balances of recent months. An additional increase of 3 per cent during August brought outstanding balances at the month-end to a level about 18 per cent above a year ago.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, July 1952 to August 1952		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	-24	-26	0
Passenger cars: New	-41	-39	
Used	-19	-20	
Commercial cars: New	-34	-30	
Used	-9	-10	
Other consumer goods: Total		-14	+3
Furniture, radios, television sets, musical instruments		+4	
Refrigerators and other household appliances		-22	
Residential building repair and modernization		-8	
Miscellaneous retail		-11	

Wholesale financing--Purchases of wholesale automotive paper decreased about 44 per cent from July to August. Outstanding balances also decreased during August, and at the month-end were about 17 per cent below the level of July 31.

Other wholesale paper acquired during August decreased about 26 per cent. The drop in volume was accompanied by a decline of approximately 5 per cent in outstanding balances.

NOTE:--August data, based on returns from 105 sales finance companies, are compiled in the same manner as those shown in earlier reports. Aggregates represent only the totals for the reporting companies and, since the reporting sample is not identical from month to month, they are not comparable with totals of preceding months.

SALES FINANCE COMPANIES

Table 1.--Automotive and Diversified Financing by Sales Finance Companies
Indexes of Outstanding Balances: 1947-1949 average = 100 a/

End of month and year	Total all sales financing	Retail automotive	Wholesale automotive	Wholesale other than automotive	Retail other consumers' goods	Industrial, commercial, and farm equipment
1939.....	68	76	55	24	49	100
1940.....	92	101	92	34	64	131
1941.....	103	114	96	61	73	147
1942.....	36	28	61	10	38	61
1943.....	14	10	22	2	15	27
1944.....	12	11	13	3	13	23
1945.....	15	14	15	9	19	23
1946.....	40	32	49	55	52	59
1947.....	81	67	89	97	112	89
1948.....	118	115	138	111	114	116
1949.....	155	190	118	81	92	107
1950.....	198	248	162	126	87	130
1951.....	202	248	197	120	75	151
1951-August.....	203	253	185	156	73	146
September.....	203	256	178	147	74	149
October.....	203	254	186	139	74	149
November.....	203	251	196	130	74	150
December.....	202	248	197	120	75	151
1952-January.....	196	243	181	116	73	156
February.....	196	240	189	136	72	160
March.....	196	238	199	151	71	163
April.....	200	240	208	152	71	168
May.....	206	253	197	144	74	170
June.....	213	269	181	130	78	175
July.....	212	r277	136	125	r84	183
August.....	210	278	113	119	86	185

a/ Indexes as of December 31 for the years of 1939, 1940, and 1941 are based on figures reported by sales finance companies on a supplementary report form which accompanied the regular monthly report form for January 1942. Succeeding indexes are derived by calculating the percentage changes of the outstanding balances reported by sales finance companies for each month from those reported by the same companies for the preceding month, and by linking these percentages to the indexes for the preceding month.

r---Revised.

Table 2.--Relative Importance of Loans Made by Sales Finance Companies
During August 1952 and Outstanding Balances at End of Month

Class of paper	Paper acquired during month		Outstanding balances, end of month	
	Amount	Percentage of total	Amount	Percentage of total
Total, all classes of paper a/.....	\$668,300,862	100	\$3,777,832,226	100
Total loans.....	92,840,863	14	282,178,485	7
Small (personal) loans.....	28,044,611	4	154,060,518	4
Business loans.....	64,796,252	10	128,117,967	3
Total sales financing a/.....	575,459,999	86	3,495,653,741	93

a/ Included in this classification are only those firms which, in addition to their sales financing operations, reported loan activities.

SALES FINANCE COMPANIES

Table 3.--Automotive and Diversified Financing by Sales Finance Companies
Paper Acquired During August 1952 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during August 1952		Outstanding balances August 31, 1952 <u>a/</u>	Ratio paper acquired to outstanding balances <u>b/</u>
	By all companies reporting	By companies reporting outstanding balances <u>a/</u>		
Total retail automotive.....	\$313,535,264	\$310,567,978	\$2,805,489,821	11
Total wholesale automotive.....	208,642,615	207,751,519	316,061,736	66
Total wholesale - other than automotive...	13,542,297	13,239,232	36,333,691	36
Total retail - other consumers' goods.....	37,828,951	35,698,657	258,537,702	14
Industrial, commercial, and farm equipment	12,834,979	12,633,782	138,954,383	9
Total sales financing.....	\$586,384,106	\$579,891,168	\$3,555,377,333	16

a/ Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

b/ Ratios obtained by dividing paper acquired (column 2) by outstanding balances (column 3).

Table 4.--Number of Cars Financed and Volume of Paper Acquired
by Sales Finance Companies During August 1952

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	215,371	100	\$257,031,143 <u>a/</u>	100
New passenger cars.....	47,774	22	91,827,633	36
New commercial cars.....	8,205	4	13,673,648	5
Used passenger cars.....	144,668	67	139,851,357	54
Used commercial cars.....	14,724	7	11,678,505	5
Total wholesale automotive.....	118,999	100	\$204,382,359 <u>a/</u>	100
New cars (passenger and commercial)..	79,756	67	164,112,502	80
Used cars (passenger and commercial)..	39,243	33	40,269,857	20

a/ Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. These amounts are less than those reported in table 3 due to the exclusion of some data for which breakdowns were not available.

Table 5.--Volume of Diversified Sales Financing During August 1952

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 5,433,464	9
Refrigerators and other household appliances.....	15,003,388	24
Residential building repairs and modernization.....	5,474,764	9
Miscellaneous retail.....	10,113,729	16
Total retail - other consumers' goods.....	\$36,025,345 <u>a/</u>	58
Total wholesale - other than automotive.....	13,542,297	22
Industrial, commercial, and farm equipment.....	12,834,979	20
Total diversified financing.....	\$62,402,621	100

a/ Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. This amount is less than that reported in table 3 due to the exclusion of some data for which breakdowns were not available.