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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
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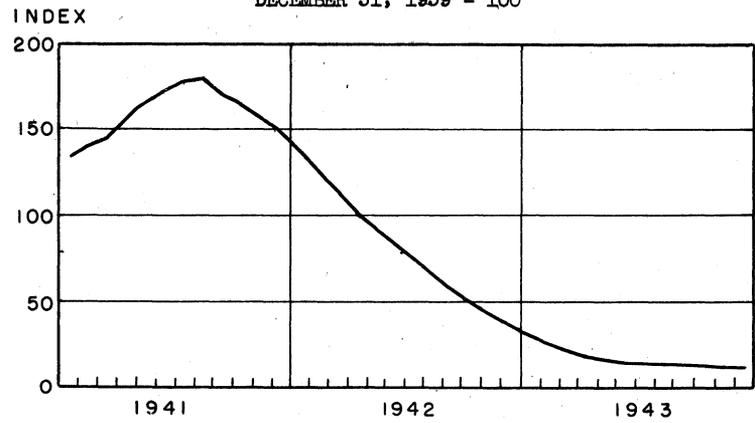
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SALES FINANCE COMPANIES
DECEMBER 1943

A decrease of 23 percent in the number of new passenger cars financed by sales finance companies was reported for December 1943 compared with the preceding month, and the dollar volume of paper acquired in this type of financing decreased 19 percent, according to an announcement released today by J. C. Capt, Director of the Census. The number of used passenger cars financed rose slightly (2%), while the volume of paper acquired showed virtually no change. New commercial vehicles financed dropped 68 percent in number and 32 percent in dollar volume of paper acquired, from November 1943. The number of used commercial cars financed during the final month of 1943 was 8 percent over the number recorded for the preceding month, and the dollar volume of paper acquired was up 25 percent. Data contained in this report are based on a sample survey conducted by the Bureau of the Census.

The volume of retail automotive outstandings held by sales finance companies on December 31, 1943 was slightly (2%) less than that reported for the end of November 1943. The index which for 3 successive months had remained at 14 was lowered to 13 for the year-end.

OUTSTANDING BALANCES
RETAIL AUTOMOTIVE FINANCING
DECEMBER 31, 1939 - 100



Of the wholesale automotive paper acquired by sales finance companies during December 1943, the volume of new passenger and commercial cars rose 11 percent from that reported for November, while the volume of used passenger and commercial cars showed an 8 percent decline. The volume of outstanding balances for this type of paper was 4 percent less on December 31 than on November 30, 1943.

In retail diversified financing, for December 1943 compared with November 1943, furniture, radios, and musical instruments registered a gain of 10 percent; while a decrease of 13 percent was noted for residential building repairs and modernization, and 40 percent for refrigerators and household appliances. Wholesale diversified paper acquired showed a substantial gain of 25 percent, but paper acquired for industrial, commercial, and farm equipment declined 66 percent.

Diversified outstanding balances held by sales finance companies at the end of December 1943 were reduced 4 percent in volume for retail financing of other consumer's goods and 22 percent for industrial, commercial, and farm equipment. Outstandings for wholesale diversified financing (other than automotive), however, increased 15 percent.

Paper acquired during December 1943 was 15 percent of the outstanding balances as of December 31, 1943 for both retail automotive and wholesale automotive, 27 percent for wholesale--other than automotive, 8 percent for retail--other consumers' goods, and 9 percent for industrial, commercial, and farm equipment.

These data on the current trends of sales financing during December 1943 were based on reports from 200 sales finance companies, and the dollar volumes should not be assumed to represent the total amount of financing by all sales finance companies in the United States. The data are published as reported, without adjustments for seasonal or price fluctuations. The figures presented in tables 4, 5, and 6 of this release are not comparable to those published for previous months, since monthly reports have not been received each month from identical sales finance companies. All indexes for December were obtained by calculating the percent changes from November to December as shown by data on reports for both months from the same sales finance companies, and by linking these percentages to the indexes previously derived for November 1943.

SALES FINANCE COMPANIES

Table 1.—Automotive and Diversified Financing
Index of Trends in Outstanding Balances by Class of Paper a/
December 31, 1939 = 100

Date	Total all sales financing	Retail automotive	Wholesale automotive	Wholesale other than automotive	Retail other consumers' goods	Industrial, commercial, and farm equipment
1939 - Dec. 31.....	100	100	100	100	100	100
1940 - Dec. 31.....	136	132	169	140	129	131
1941 - Dec. 31.....	152	149	175	250	148	147
1942 - Dec. 31.....	53	37	112	40	76	61
1943 - Jan. 31.....	48	31	107	34	70	60
- Feb. 28.....	42	27	100	30	64	55
- Mar. 31.....	37	22	91	26	58	52
- Apr. 30.....	33	20	81	24	52	49
- May 31.....	30	18	70	12	47	46
- June 30.....	27	16	63	11	44	44
- July 31.....	25	15	59	10	40	41
- Aug. 31.....	23	15	52	8	38	39
- Sept. 30.....	22	14	47	8	36	36
- Oct. 31.....	21	14	45	7	34	33
- Nov. 30.....	20	14	42	7	32	35
- Dec. 31.....	20	13	40	8	30	27

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 percent 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.

Table 2.—Relative Importance of Loans Made by Sales Finance Companies, December 1943
Volume of Paper Acquired During the Month and Outstanding Balances at the End of the Month

Class of paper	Paper acquired during month		Outstanding balances, end of month	
	Amount	Percent of total	Amount	Percent of total
Total, all classes of paper a/.....	\$58,755,875	100	\$242,617,922	100
Total loans.....	34,918,282	60	82,528,301	34
Small (personal) loans.....	6,285,143	11	38,727,856	16
Business loans.....	28,633,139	49	43,800,445	18
Total sales financing a/.....	23,837,593	40	160,089,621	66

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

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Table 3.—Automotive and Diversified Financing
Index of Trends, 1942-1943 a/
January 1942 = 100

Item	1943												
	Dec.	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<u>RETAIL AUTOMOTIVE</u>													
Total number of cars financed.....	20	18	21	33	36	35	34	33	34	33	29	28	28
Total volume of paper acquired.....	19	17	21	35	40	39	38	36	39	37	33	32	32
New passenger cars.....Number.....	10	9	11	24	33	30	23	19	18	11	11	8	6
Paper acquired.....	11	11	13	30	39	36	28	23	22	14	13	10	8
New commercial cars.....Number.....	3	4	5	10	14	11	13	9	9	25	20	17	5
Paper acquired.....	4	5	6	13	15	12	15	9	11	18	13	12	8
Used passenger cars.....Number.....	21	19	22	35	37	36	37	35	38	36	31	31	32
Paper acquired.....	22	19	23	37	41	40	42	41	44	44	38	38	38
Used commercial cars.....Number.....	12	13	15	15	22	21	10	13	13	6	14	9	10
Paper acquired.....	17	20	24	24	35	33	18	20	22	12	27	19	27
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)													
Total volume of paper acquired.....	5	5	6	9	9	7	9	10	9	9	10	9	9
New cars (passenger and commercial).....	4	3	3	5	6	4	4	3	4	3	3	2	2
Used cars (passenger and commercial).....	13	14	20	31	32	22	33	47	37	39	50	50	46
<u>DIVERSIFIED FINANCING</u> (Paper acquired)													
Total diversified financing.....	45	23	20	23	24	29	31	28	30	33	30	41	32
Total retail, other consumers' goods.....	60	30	26	28	30	38	42	39	42	47	41	49	42
Furniture, radios, pianos, etc., Total.....	53	39	34	35	27	31	33	28	28	23	27	24	26
Furniture.....	71	62	48										
Radios, pianos, other musical instruments.....	40	16	22	35	27	31	33	28	28	23	27	24	26
Refrigerators & other household appliances, Total.....	13	9	8	12	18	22	26	15	14	12	12	15	9
Refrigerators (gas and electric).....	11	7	6										
Other household appliances.....	21	14	13	12	18	22	26	15	14	12	12	15	9
Residential building repair and modernization.....	142	43	35	40	48	54	77	81	89	94	92	115	100
Miscellaneous retail.....	88	63	51	65	67	101	87	78	86	125	75	94	75
Total wholesale, except automotive.....	3	2	3	3	5	5	3	2	2	2	2	2	2
Industrial, commercial, and farm equipment.....	59	42	27	64	41	38	37	22	28	27	38	157	54

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a/ Indexes are derived by calculating the percent changes in the number of cars financed or the volume of paper acquired by sales finance companies during each month from the number of cars financed or the volume of paper acquired by the same companies during the preceding month, and by linking these percentages to the indexes for the preceding month. The indexes for "Total retail automotive," "Total wholesale automotive," and "Total retail, other consumers' goods" are based on all figures reported for these items regardless of whether or not breakdowns could be supplied.

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Table 4.—Automotive and Diversified Financing
Volume of Paper Acquired During December 1943 and Balances Outstanding December 31, 1943

Class of paper	Volume of paper acquired during December 1943		Outstanding balances December 31, 1943 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$16,560,480	\$16,186,796	\$110,138,393	15
Total wholesale automotive.....	9,697,567	9,651,748	64,559,680	15
Total wholesale - other than automotive.....	191,130	169,707	630,712	27
Total retail - other consumers' goods.....	4,896,357	4,679,837	58,106,704	8
Industrial, commercial, and farm equipment...	452,946	450,491	5,065,283	9
Total sales financings.....	\$31,798,480	\$31,138,579	\$238,500,772	13

^{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 5.—Automotive Financing
Number of Cars Financed and Volume of Paper Acquired During December 1943

Class of paper	Number of cars		Paper acquired	
	Number	Percent of total	Dollar volume	Percent of total
Total retail automotive.....	33,392	100	\$16,271,761 ^{a/}	100
New passenger cars.....	765	2	729,868	4
New commercial cars.....	125	1	408,798	3
Used passenger cars.....	31,843	95	14,529,748	89
Used commercial cars.....	659	2	603,347	4
Total wholesale automotive.....	13,257	100	\$8,202,334 ^{a/}	100
New cars (passenger and commercial).....	4,368	33	2,054,025	25
Used cars (passenger and commercial).....	8,889	67	6,148,309	75

^{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 4 due to the exclusion of some data for which breakdowns were not available.

Table 6.—Diversified Financing
Volume of Paper Acquired During December 1943

Class of paper	Dollar volume	Percent of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments....	\$700,830	13
Refrigerators and other household appliances.....	127,892	2
Residential building repair and modernization.....	2,988,754	54
Miscellaneous retail.....	1,064,203	19
Total retail - other consumers' goods.....	\$4,881,679 ^{a/}	88
Total wholesale - other than automotive.....	191,130	4
Industrial, commercial, and farm equipment.....	452,946	8
Total diversified financing.....	\$5,525,755	100

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^{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 4 due to the exclusion of some data for which breakdowns were not available.

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