

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

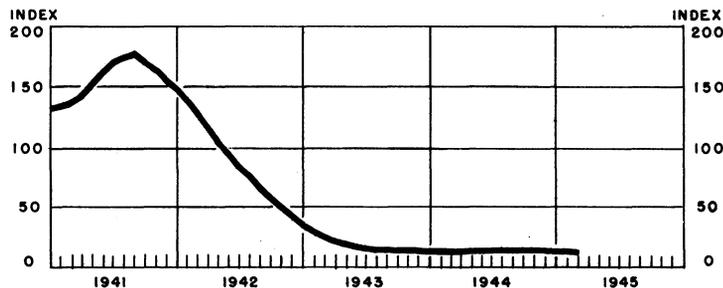
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SALES FINANCE COMPANIES
FEBRUARY 1945

The number of used passenger cars financed by sales finance companies increased 2 per cent during February and the dollar volume of paper purchased showed about the same percentage gain. New passenger car financing declined 18 per cent during the month both in number and the amount of paper acquired. Approximately 17 per cent fewer new commercial vehicles were financed in February than in the preceding month and the dollar volume of such paper dropped 19 per cent. Used commercial vehicles financed during the month were 9 per cent less than the number in January, while the value of paper acquired was down nearly 18 per cent.

The volume of retail automotive outstandings held by sales finance companies at the end of February was about 3 per cent less than a month ago. The index for these outstanding balances, as shown on the chart below, was 14 in February, compared with 15 for the two preceding months.

Retail Automotive Financing by Sales Finance Companies
Outstanding Balances at End of Month, December 31, 1939 = 100



Wholesale automotive outstandings held by sales finance companies were 4 per cent higher than at the end of January. Paper arising from wholesale sales of new passenger and commercial cars acquired during February was nearly one-fourth less than in the preceding month, but the volume from wholesale transactions in used cars showed a small increase over January.

The February volume of retail diversified financing was approximately 10 per cent less than the preceding month but there was little change in the balances outstanding. Paper arising from retail sales of furniture, radios and musical instruments was 30 per cent less than last month, while the volume of repair and modernization paper acquired declined 5 per cent.

Wholesale automotive paper acquired during February was 40 per cent of the balance outstanding at the end of the month. Retail automotive paper purchased was 13 per cent and other retail consumer paper acquired was 10 per cent of the respective balances outstanding at the end of February.

Note.--Collection of statistics from sales finance companies was transferred to the Board of Governors of the Federal Reserve System, effective with the February 1945 report. These data were formerly compiled by the Bureau of the Census, United States Department of Commerce. The purpose of this transfer was to centralize in a single agency the collection of statistics in the instalment sales financing and consumer loan fields, thus facilitating more orderly coverage and avoiding unnecessary overlapping of reporting groups.

February data, based on returns from 182 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 for preceding months.

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Table 1.--Automotive and Diversified Financing by Sales Finance Companies
Indexes of Outstanding Balances: December 31, 1939 = 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.....	100	100	100	100	100	100
1940.....	136	132	169	140	129	131
1941.....	152	149	175	250	148	147
1942.....	53	37	112	40	76	61
1943.....	20	13	40	8	30	27
1944.....	18	15	24	11	26	26
1944 - February.....	18	13	37	10	27	31
March.....	18	13	37	12	26	30
April.....	18	13	37	11	25	31
May.....	19	14	36	11	24	32
June.....	19	15	34	11	24	32
July.....	19	16	29	10	24	33
August.....	19	16	26	10	24	27
September.....	19	16	25	12	25	27
October.....	19	16	24	10	25	27
November.....	18	16	23	10	26	25
December.....	18	15	24	11	26	23
1945 - January.....	18	15	25	14	26	27
February.....	18	14	26	15	26	26

^{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.

Table 2.--Relative Importance of Loans Made by Sales Finance Companies
During February 1945 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/}	\$63,026,198	100	\$249,472,488	100
Total loans.....	32,492,134	51	82,224,664	33
Small (personal) loans.....	5,878,083	48 9	42,038,103	17
Business loans.....	26,614,051	→ 42	40,186,561	16
Total sales financing ^{a/}	30,534,064	49	167,247,824	67

^{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 by Sales Finance Companies
January 1942 = 100 ^{a/}

ITEM	1944												1945	
	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
<u>RETAIL AUTOMOTIVE</u>														
Total number of cars financed.....	26	32	31	39	39	39	37	30	32	29	25	24	24	
Total volume of paper acquired.....	31	38	38	49	51	51	48	40	42	37	33	31	31	
New passenger cars.....Number.....	6	6	6	9	9	6	6	4	4	4	3	3	2	
Paper acquired....	8	9	8	12	13	8	8	6	6	5	5	4	3	
New commercial cars.....Number.....	12	7	10	14	9	15	18	30	27	22	30	22	18	
Paper acquired....	12	13	11	15	13	16	20	24	22	19	25	21	17	
Used passenger cars.....Number.....	29	36	35	44	45	45	42	34	36	32	27	26	27	
Paper acquired....	38	47	47	60	62	64	59	48	51	45	37	36	37	
Used commercial cars.....Number.....	8	10	9	12	12	11	12	16	16	14	22	17	15	
Paper acquired....	18	19	17	24	26	24	23	31	34	28	46	36	30	
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)														
Total volume of paper acquired.....	12	15	17	18	16	10	12	12	12	12	14	16	15	
New cars (passenger and commercial).....	3	3	6	4	5	4	5	4	4	4	5	6	4	
Used cars (passenger and commercial).....	64	77	79	88	74	40	51	52	57	55	65	71	73	
<u>DIVERSIFIED FINANCING</u> (Paper acquired)														
Total diversified financing.....	34	27	29	35	37	35	43	42	45	44	45	44	38	
Total retail, other consumers' goods.....	36	34	35	44	47	45	56	56	59	58	59	53	48	
Furniture, radios, musical instruments.....	21	21	20	23	21	21	22	23	29	23	24	27	19	
Refrigerators and other household appliances...	9	11	16	15	17	17	18	13	17	14	14	17	16	
Residential building repairs and modernization.	73	74	77	111	129	118	142	131	136	133	114	99	94	
Miscellaneous retail.....	88	64	65	66	58	61	99	115	113	139	207	172	154	
Total wholesale, except automotive.....	4	4	3	3	4	3	4	3	4	5	5	13	7	
Industrial, commercial, and farm equipment.....	194	70	89	74	68	63	52	48	68	35	39	54	55	

^{a/} Indexes are derived by calculating the percentage 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 by Sales Finance Companies
Paper Acquired During February 1945 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during February 1945		Outstanding balances February 28, 1945 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$15,769,192	\$15,299,016	\$117,975,794	13
Total wholesale automotive.....	16,746,517	16,539,476	41,542,452	40
Total wholesale - other than automotive....	332,183	315,855	957,051	33
Total retail - other consumers' goods.....	5,132,218	4,719,095	48,810,284	10
Industrial, commercial, and farm equipment	254,891	245,517	4,323,791	6
Total sales financing.....	\$38,235,001	\$37,118,959	\$213,609,372	17

^{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.--Number of Cars Financed and Volume of Paper Acquired
by Sales Finance Companies During February 1945

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	28,824	100	\$15,562,313 ^{a/}	100
New passenger cars.....	291	1	310,993	2
New commercial cars.....	446	2	581,004	4
Used passenger cars.....	26,910	93	13,965,985	90
Used commercial cars.....	1,177	4	704,331	4
Total wholesale automotive.....	19,379	100	\$14,269,313 ^{a/}	100
New cars (passenger and commercial)..	5,153	27	4,130,640	29
Used cars (passenger and commercial)..	14,226	73	10,138,673	71

^{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.--Volume of Diversified Sales Financing During February 1945

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 598,407	10
Refrigerators and other household appliances.....	211,262	4
Residential building repairs and modernization.....	2,821,105	50
Miscellaneous retail.....	1,480,306	26
Total retail - other consumers' goods.....	\$5,111,080 ^{a/}	90
Total wholesale - other than automotive.....	332,183	6
Industrial, commercial, and farm equipment.....	254,891	4
Total diversified financing.....	\$5,698,154	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 4 due to the exclusion of some data for which breakdowns were not available.