

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

June 28, 1945  
R&S sfc - 4

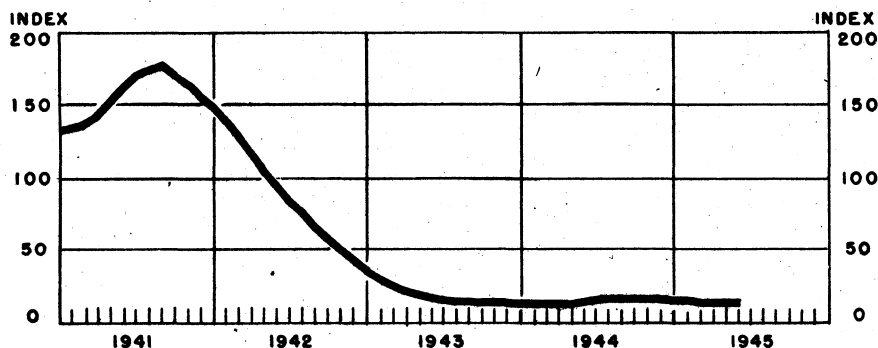
SALES FINANCE COMPANIES

MAY 1945

The number of used passenger cars financed by sales finance companies rose 2 per cent in May and the dollar volume of paper purchased showed about the same percentage gain. Although the number of new passenger cars financed increased somewhat during the month, the dollar volume of acquisitions was about the same as in April. Approximately 8 per cent more new commercial vehicles were financed in May than in the preceding month, and there was a corresponding increase in the dollar amount of paper acquired. The number of used commercial vehicles financed during May showed little change from the preceding month, but the value of paper acquired was 6 per cent larger.

Retail automotive paper held by sales finance companies at the end of May was in about the same volume as on the corresponding dates of the three preceding months and the index of outstanding balances, shown in the chart below, remained at 14.

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 showed a further slight decline in May. Paper acquired during the month, based on wholesale sales of new passenger and commercial cars, amounted to approximately 5 per cent less than in April, while the dollar volume of wholesale transactions in used passenger and commercial vehicles declined about 2 per cent.

The May volume of retail diversified financing was nearly 7 per cent larger than in the preceding month and balances outstanding were up 3 per cent. Paper arising from retail sales of furniture, radios, and musical instruments was 13 per cent above acquisitions in the preceding month, while the volume based on sales of refrigerators and other household appliances was 37 per cent above the April volume. Residential repair and modernization paper acquired in May was about one-sixth larger than in the preceding month.

Wholesale automotive paper purchased during May amounted to 40 per cent of the balances outstanding at the end of the month. Retail automotive paper purchased was 17 per cent and other retail consumer paper acquired 13 per cent of the respective balances outstanding on May 31.

Note: May data, based on returns from 183 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: December 31, 1939 = 100 <sup>a/</sup>

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 - 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
March.....	18	14	26	18	26	30
April.....	18	14	25	17	27	32
May.....	18	14	25	16	28	28

<sup>a/</sup> 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 May 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 <sup>a/</sup> .....	\$79,005,049	100	\$290,987,301	100
Total loans.....	36,974,528	47	87,075,274	30
Small (personal) loans.....	8,134,326	10	45,110,354	16
Business loans.....	28,840,202	37	41,964,920	14
Total sales financing <sup>a/</sup> .....	42,030,521	53	203,912,027	70

<sup>a/</sup> 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  
January 1942 = 100 <sup>a/</sup>

ITEM	1944								1945				
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
<u>RETAIL AUTOMOTIVE</u>													
Total number of cars financed.....	39	39	39	37	30	32	29	25	24	24	32	30	31
Total volume of paper acquired.....	49	51	51	48	40	42	37	33	31	31	41	38	39
New passenger cars.....Number.....	9	9	6	6	4	4	4	3	3	2	3	2	2
Paper acquired....	12	13	8	8	6	6	5	5	4	3	4	4	4
New commercial cars.....Number.....	14	9	15	18	30	27	22	30	22	18	25	28	30
Paper acquired....	15	13	16	20	24	22	19	25	21	17	24	24	26
Used passenger cars.....Number.....	44	45	45	42	34	36	32	27	26	27	35	33	34
Paper acquired....	60	62	64	59	48	51	45	37	36	37	48	45	46
Used commercial cars.....Number.....	12	12	11	12	16	16	14	22	17	15	19	18	18
Paper acquired....	24	26	24	23	31	34	28	46	36	30	40	35	37
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)													
Total volume of paper acquired.....	18	16	10	12	12	12	12	14	16	15	18	16	15
New cars (passenger and commercial).....	4	5	4	5	4	4	4	5	6	4	6	5	5
Used cars (passenger and commercial).....	88	74	40	51	52	57	55	65	71	73	80	70	68
<u>DIVERSIFIED FINANCING</u> (Paper acquired)													
Total diversified financing.....	35	37	35	43	42	45	44	45	44	38	49	51	51
Total retail, other consumers' goods.....	44	47	45	56	56	59	58	59	53	48	55	63	66
Furniture, radios, musical instruments.....	23	21	21	22	23	29	23	24	27	19	26	25	28
Refrigerators and other household appliances...	15	17	17	18	13	17	14	14	17	16	22	24	33
Residential building repairs and modernization.	111	129	118	142	131	136	133	114	99	94	114	129	151
Miscellaneous retail.....	66	58	61	99	115	113	139	207	172	154	143	179	137
Total wholesale, except automotive.....	3	4	3	4	3	4	5	5	13	7	10	8	9
Industrial, commercial, and farm equipment.....	74	68	63	52	48	68	35	39	54	55	206	122	53

<sup>a/</sup> 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.

## SALES FINANCE COMPANIES

Table 4.--Automotive and Diversified Financing by Sales Finance Companies  
Paper Acquired During May 1945 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during May 1945		Outstanding balances May 31, 1945 <sup>a/</sup>	Ratio paper acquired to outstanding balances <sup>b/</sup>
	By all companies reporting	By companies reporting outstanding balances <sup>a/</sup>		
Total retail automotive.....	\$20,380,061	\$19,823,809	\$116,692,497	17
Total wholesale automotive.....	16,346,131	16,235,698	40,901,473	40
Total wholesale - other than automotive...	364,608	338,526	1,038,135	33
Total retail - other consumers' goods.....	7,127,082	6,744,077	52,215,614	13
Industrial, commercial, and farm equipment	261,825	272,235	4,930,009	6
Total sales financing.....	\$44,499,707	\$43,414,345	\$215,777,728	20

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

<sup>b/</sup> 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 May 1945

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	32,477	100	\$17,728,138 <sup>a/</sup>	100
New passenger cars.....	144	<sup>b/</sup>	160,782	1
New commercial cars.....	613	2	799,237	5
Used passenger cars.....	30,531	94	15,913,129	89
Used commercial cars.....	1,189	4	854,990	5
Total wholesale automotive.....	18,468	100	\$14,069,260	100
New cars (passenger and commercial)...	6,078	33	4,531,860	32
Used cars (passenger and commercial)...	12,380	67	9,537,400	68

<sup>a/</sup> 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.

<sup>b/</sup> Less than one half of one per cent.

Table 6.--Volume of Diversified Sales Financing During May 1945

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 904,495	12
Refrigerators and other household appliances.....	347,157	4
Residential building repairs and modernization.....	4,520,771	58
Miscellaneous retail.....	1,318,022	17
Total retail - other consumers' goods.....	\$7,090,445 <sup>a/</sup>	91
Total wholesale - other than automotive.....	364,608	5
Industrial, commercial, and farm equipment.....	281,825	4
Total diversified financing.....	\$7,736,878	100

<sup>a/</sup> 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.