

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

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R&S sfc - 5

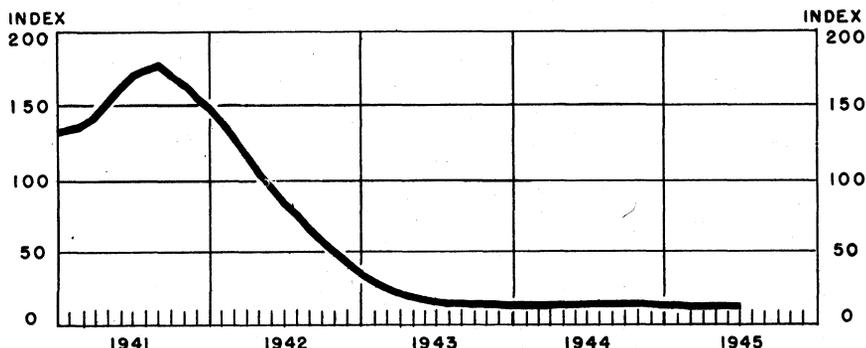
SALES FINANCE COMPANIES

JUNE 1945

The number of used passenger cars financed by sales finance companies was 10 per cent larger in June than in the preceding month while the dollar volume of paper purchased rose 14 per cent. The 11 per cent decline in number of new passenger cars financed during June was accompanied by a small decrease in dollar amount of paper acquired. Financing of new commercial vehicles in June was substantially above that in May, with gains of 26 per cent in number and 16 per cent in dollar volume of acquisitions. The number of used commercial vehicles financed rose 15 per cent during June and the value of paper acquired increased 8 per cent.

Retail automotive paper outstanding at sales finance companies on June 30 was 2 per cent larger than at the end of the preceding month but the index, shown in the chart below, remained unchanged 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 declined further during June and at the end of the month were 4 per cent below the amount held on May 31. Acquisitions of paper arising from wholesale sales of new passenger and commercial vehicles in June were 38 per cent larger than in the preceding month, while the dollar volume of wholesale transactions in used passenger and commercial vehicles decreased 18 per cent.

The volume of retail diversified financing in June was 13 per cent above that in the preceding month and balances outstanding were up 5 per cent. Paper arising from retail sales of furniture, radios, and musical instruments amounted to 6 per cent less than acquisitions in May, while the volume based on sales of refrigerators and other household appliances declined nearly 14 per cent during the month. Residential repair and modernization paper acquired in June showed an increase of 14 per cent over the preceding month.

Wholesale automotive paper acquired during June amounted to about 42 per cent of the balances outstanding at the end of the month. Retail automotive paper purchased was 19 per cent and other retail consumer paper acquired 14 per cent of the respective balances outstanding on June 30. The volume of industrial, commercial, and farm equipment paper acquired was equivalent to only 5 per cent of the balances outstanding at the end of June.

**Note:** June data, based on returns from 176 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.

*Revised  
to by  
WT  
CEP*

## 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	16	24	11	26	26
1944 - 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
June.....	18	14	24	16	29	27

<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 June 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> .....	\$82,564,695	100	\$295,954,054	100
Total loans.....	38,013,647	46	90,804,568	31
Small (personal) loans.....	8,366,036	10	45,975,148	16
Business loans.....	29,647,611	36	44,829,420	15
Total sales financing <sup>a/</sup> .....	44,551,048	54	205,149,486	69

<sup>a/</sup> 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 <sup>a/</sup>

ITEM	1944							1945					
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
<u>RETAIL AUTOMOTIVE</u>													
Total number of cars financed.....	39	39	37	30	32	29	25	24	24	32	30	31	34
Total volume of paper acquired.....	51	51	48	40	42	37	33	31	31	41	38	39	45
New passenger cars.....Number.....	9	6	6	4	4	4	3	3	2	3	2	2	2
Paper acquired....	13	8	8	6	6	5	5	4	3	4	4	4	3
New commercial cars.....Number.....	9	15	18	30	27	22	30	22	18	25	28	30	38
Paper acquired....	13	16	20	24	22	19	25	21	17	24	24	26	30
Used passenger cars.....Number.....	45	45	42	34	36	32	27	26	27	35	33	34	37
Paper acquired....	62	64	59	48	51	45	37	36	37	48	45	46	53
Used commercial cars.....Number.....	12	11	12	16	16	14	22	17	15	19	18	18	20
Paper acquired....	26	24	23	31	34	28	46	36	30	40	35	37	41
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)													
Total volume of paper acquired.....	16	10	12	12	12	12	14	16	15	18	16	15	15
New cars (passenger and commercial).....	5	4	5	4	4	4	5	6	4	6	5	5	7
Used cars (passenger and commercial).....	74	40	51	52	57	55	65	71	73	80	70	68	56
<u>DIVERSIFIED FINANCING</u> (Paper acquired)													
Total diversified financing.....	37	35	43	42	45	44	45	44	38	49	51	51	58
Total retail, other consumers' goods.....	47	45	56	56	59	58	59	53	48	55	63	66	75
Furniture, radios, musical instruments.....	21	21	22	23	29	23	24	27	19	26	25	28	27
Refrigerators and other household appliances...	17	17	18	13	17	14	14	17	16	22	24	33	28
Residential building repairs and modernization.	129	118	142	131	136	133	114	99	94	114	129	151	172
Miscellaneous retail.....	58	61	99	115	113	139	207	172	154	143	179	137	171
Total wholesale, except automotive.....	4	3	4	3	4	5	5	13	7	10	8	9	9
Industrial, commercial, and farm equipment.....	68	63	52	48	68	35	39	54	55	206	122	53	50

<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.

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

Class of paper	Volume of paper acquired during June 1945		Outstanding balances June 30, 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.....	\$22,708,633	\$22,205,504	\$117,078,840	19
Total wholesale automotive.....	15,977,590	15,945,070	38,085,404	42
Total wholesale - other than automotive...	380,699	346,802	1,011,994	34
Total retail - other consumers' goods.....	8,060,571	7,673,019	55,200,938	14
Industrial, commercial, and farm equipment	261,819	253,104	4,840,608	5
Total sales financing.....	\$47,387,312	\$46,423,499	\$216,217,784	21

<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 June 1945

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	34,604	100	\$19,520,248 <sup>a/</sup>	100
New passenger cars.....	126	<sup>b/</sup>	161,158	1
New commercial cars.....	767	<sup>2</sup>	922,807	5
Used passenger cars.....	32,452	94	17,615,614	90
Used commercial cars.....	1,259	4	830,869	4
Total wholesale automotive.....	19,092	100	\$13,682,479	100
New cars (passenger and commercial)..	9,370	49	6,248,295	46
Used cars (passenger and commercial)..	9,722	51	7,434,184	54

<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 June 1945

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 848,310	10
Refrigerators and other household appliances.....	295,484	4
Residential building repairs and modernization.....	5,150,900	60
Miscellaneous retail.....	1,652,011	19
Total retail - other consumers' goods.....	\$7,946,705 <sup>a/</sup>	93
Total wholesale - other than automotive.....	380,699	4
Industrial, commercial, and farm equipment.....	261,819	3
Total diversified financing.....	\$8,589,223	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.