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SALES FINANCE COMPANIES

AUGUST 1945

Retail financing. Retail financing by sales finance companies during August was in about the same volume as in July. A 17 per cent increase in financing of consumers' goods other than automotive was offset, in large part, by a 4 per cent decline in retail automotive paper acquired. Outstanding balances on automotive as well as other retail instalment paper continued to show a gradual rise.

The decline in total retail automotive financing, shown in the table below, was due largely to the reduction in both number and dollar value for used passenger cars. New passenger car paper acquired in August was somewhat above the July volume although the number financed showed a decline. Financing of new commercial cars rose sharply in August both in number and in paper acquired, while financing of used commercial vehicles remained at the July level.

Retail financing of consumers' goods other than automotive showed considerable expansion in August which was attributable to a sharp increase in miscellaneous retail paper acquired and to a less marked gain in residential building repair and modernization financing. Paper arising from the sale of furniture, radios and musical instruments and of refrigerators and other household appliances was below the July volume.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, July 1945 to August 1945		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	- 4	- 4	+ 1
Passenger cars: New	- 5	+ 5	...
Used	- 6	- 8	...
Commercial cars: New	+39	+45	...
Used	0	0	...
Other consumers' goods: Total retail		+17	+ 5
Furniture, radios, musical instruments		- 3	...
Refrigerators and other household appliances		- 8	...
Residential building repair and modernization		+ 8	...
Miscellaneous retail		+69	...

Wholesale financing. Wholesale automotive financing in August was approximately one-fifth above the July volume. Most of the increase was in paper arising from wholesale transactions in used passenger and commercial vehicles, but transactions in new vehicles were also larger than in the preceding month.

Ratio of paper acquired to balances outstanding. Retail automotive paper purchased in August was 18 per cent and other retail consumer paper 14 per cent of the respective balances outstanding at the end of the month. The volume of wholesale automotive paper acquired amounted to more than one-half the balances outstanding at the end of August and other wholesale paper acquired was equivalent to about one-third of the end-of-month balances. The ratio for industrial, commercial, and farm equipment paper was only 6 per cent.

Note.—August data, based on returns from 180 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.

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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 - 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
July	18	15	20	16	30	27
August	18	15	18	19	31	25

^{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 August 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/}	\$75,396,613	100.	\$295,217,994	100
Total loans.....	30,878,041	41	89,356,957	31
Small (personal) loans.....	7,641,981	10	46,054,073	16
Business loans.....	23,236,060	31	43,302,884	15
Total sales financing ^{a/}	44,518,572	59	205,861,037	69

^{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							
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
<u>RETAIL AUTOMOTIVE</u>													
Total number of cars financed.....	37	30	32	29	25	24	24	32	30	31	34	34	33
Total volume of paper acquired.....	48	40	42	37	33	31	31	41	38	39	45	46	44
New passenger cars.....Number.....	6	4	4	4	3	3	2	3	2	2	2	3	3
Paper acquired....	8	6	6	5	5	4	3	4	4	4	3	4	5
New commercial cars.....Number.....	18	30	27	22	30	22	18	25	28	30	38	40	56
Paper acquired....	20	24	22	19	25	21	17	24	24	26	30	30	43
Used passenger cars.....Number.....	42	34	36	32	27	26	27	35	33	34	37	38	36
Paper acquired....	59	48	51	45	37	36	37	48	45	46	53	54	50
Used commercial cars.....Number.....	12	16	16	14	22	17	15	19	18	18	20	19	19
Paper acquired....	23	31	34	28	46	36	30	40	35	37	41	39	39
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)													
Total volume of paper acquired.....	12	12	12	12	14	16	15	18	16	15	15	12	14
New cars (passenger and commercial).....	5	4	4	4	5	6	4	6	5	5	7	5	5
Used cars (passenger and commercial).....	51	52	57	55	65	71	73	80	70	68	56	47	62
<u>DIVERSIFIED FINANCING</u> (Paper acquired)													
Total diversified financing.....	43	42	45	44	45	44	38	49	51	51	58	53	62
Total retail, other consumers' goods.....	56	56	59	58	59	53	48	55	63	66	75	69	81
Furniture, radios, musical instruments.....	22	23	29	23	24	27	19	26	25	28	27	26	26
Refrigerators and other household appliances...	18	13	17	14	14	17	16	22	24	33	33	31	28
Residential building repairs and modernization.	142	131	136	133	114	99	94	114	129	151	172	159	173
Miscellaneous retail.....	99	115	113	139	207	172	154	143	179	137	171	143	242
Total wholesale, except automotive.....	4	3	4	5	5	13	7	10	8	9	9	11	11
Industrial, commercial, and farm equipment.....	52	48	68	35	39	54	55	206	122	53	50	39	47

^{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 August 1945 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during August 1945		Outstanding balances August 31, 1945 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$22,653,646	\$22,135,486	\$123,175,161	18
Total wholesale automotive.....	15,572,360	15,534,882	29,795,538	52
Total wholesale - other than automotive...	475,017	404,734	1,262,364	32
Total retail - other consumers' goods.....	8,606,177	7,927,141	57,984,939	14
Industrial, commercial, and farm equipment	255,548	237,133	4,230,966	6
Total sales financing.....	\$47,561,738	\$46,239,376	\$216,448,968	21

^{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 August 1945

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	33,758	100	\$19,148,005 ^{a/}	100
New passenger cars.....	170	1	186,366	1
New commercial cars.....	1,127	3	1,362,981	7
Used passenger cars.....	31,232	92	16,793,901	88
Used commercial cars.....	1,229	4	804,757	4
Total wholesale automotive.....	17,187	100	\$13,187,050	100
New cars (passenger and commercial)..	7,931	46	4,650,222	35
Used cars (passenger and commercial)..	9,256	54	8,536,828	65

^{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 August 1945

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 808,791	9
Refrigerators and other household appliances.....	250,322	3
Residential building repairs and modernization.....	5,221,823	56
Miscellaneous retail.....	2,282,139	24
Total retail - other consumers' goods.....	\$8,563,075 ^{a/}	92
Total wholesale - other than automotive.....	475,017	5
Industrial, commercial, and farm equipment.....	255,548	3
Total diversified financing.....	\$9,293,640	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.