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SALES FINANCE COMPANIES

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Retail financing. The volume of retail financing by sales finance companies during September was somewhat larger than a month earlier and end-of-month outstanding balances showed further slight increases. A gain of 13 per cent in retail automotive paper acquired contributed toward a more rapid rate of increase for outstanding balances than has prevailed in other recent months. Other retail instalment paper acquired during September was only 2 per cent larger than in the preceding month but the amount outstanding rose 5 per cent.

The increase in total retail automotive financing, shown in the table below, was attributable to a marked expansion in both number and dollar value of new passenger cars and of new and used commercial cars, which have been at extremely low levels for many months. Financing of used passenger cars also increased during September, but less rapidly than other classes of retail automotive paper.

The slight gain in retail financing of consumers' goods other than automotive resulted from substantial increases in paper arising from the sale of refrigerators and other household appliances and of miscellaneous retail items. These increases were offset in part by a small decline in the volume of furniture paper acquired and by a seasonal drop in repair and modernization financing.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, August 1945 to September 1945		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+10	+13	+ 4
Passenger cars: New	+18	+23	...
Used	+ 6	+ 8	...
Commercial cars: New	+32	+31	...
Used	+62	+44	...
Other consumers' goods: Total retail		+ 2	+ 5
Furniture, radios, musical instruments		- 6	...
Refrigerators and other household appliances		+21	...
Residential building repair and modernization		- 9	...
Miscellaneous retail		+29	...

Wholesale financing. Wholesale automotive financing during September was 7 per cent larger than a month earlier. Paper arising from wholesale purchases of new passenger and commercial vehicles increased sharply during the month, but transactions in used vehicles were below the August volume.

Ratio of paper acquired to balances outstanding. Retail automotive paper purchased in September was 19 per cent and other retail consumer paper 13 per cent of the respective balances outstanding at the end of the month. The volume of wholesale automotive paper acquired amounted to nearly three-fifths of the balances outstanding on September 30 while other wholesale paper acquired was equivalent to less than one-third of the end-of-month balances.

Note: September data, based on returns from 169 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 - 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
September	18	15	17	21	33	24

^{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 September 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/}	\$76,520,719	100	\$296,513,287	100
Total loans.....	28,118,517	37	85,866,818	29
Small (personal) loans.....	7,119,377	9	43,138,179	15
Business loans.....	20,999,140	28	42,728,639	14
Total sales financing ^{a/}	48,402,202	63	210,646,469	71

^{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								
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
<u>RETAIL AUTOMOTIVE</u>													
Total number of cars financed.....	30	32	29	25	24	24	32	30	31	34	34	33	36
Total volume of paper acquired.....	40	42	37	33	31	31	41	38	39	45	46	44	50
New passenger cars.....Number.....	4	4	4	3	3	2	3	2	2	2	3	3	4
Paper acquired....	6	6	5	5	4	3	4	4	4	3	4	5	6
New commercial cars.....Number.....	30	27	22	30	22	18	25	28	30	38	40	56	74
Paper acquired....	24	22	19	25	21	17	24	24	26	30	30	43	56
Used passenger cars.....Number.....	34	36	32	27	26	27	35	33	34	37	38	36	37
Paper acquired....	48	51	45	37	36	37	48	45	46	53	54	50	54
Used commercial cars.....Number.....	16	16	14	22	17	15	19	18	18	20	19	19	31
Paper acquired....	31	34	28	46	36	30	40	35	37	41	39	39	56
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)													
Total volume of paper acquired.....	12	12	12	14	16	15	18	16	15	15	12	14	15
New cars (passenger and commercial).....	4	4	4	5	6	4	6	5	5	7	5	5	6
Used cars (passenger and commercial).....	52	57	55	65	71	73	80	70	68	56	47	62	56
<u>DIVERSIFIED FINANCING</u> (Paper acquired)													
Total diversified financing.....	42	45	44	45	44	38	49	51	51	58	53	62	63
Total retail, other consumers' goods.....	56	59	58	59	53	48	55	63	66	75	69	81	82
Furniture, radios, musical instruments.....	23	29	23	24	27	19	26	25	28	27	26	26	24
Refrigerators and other household appliances...	13	17	14	14	17	16	22	24	33	33	31	28	34
Residential building repairs and modernization.	131	136	133	114	99	94	114	129	151	172	159	173	158
Miscellaneous retail.....	115	113	139	207	172	154	143	179	137	171	143	242	312
Total wholesale, except automotive.....	3	4	5	5	13	7	10	8	9	9	11	11	10
Industrial, commercial, and farm equipment.....	48	68	35	39	54	55	206	122	53	50	39	47	43

^{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 September 1945 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during September 1945		Outstanding balances September 30, 1945 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$25,286,635	\$24,596,539	\$126,524,328	19
Total wholesale automotive.....	16,667,207	16,514,322	27,962,446	59
Total wholesale - other than automotive...	385,027	369,791	1,259,598	29
Total retail - other consumers' goods.....	8,539,407	7,798,691	60,460,982	13
Industrial, commercial, and farm equipment	230,349	227,349	4,152,703	5
Total sales financing.....	\$51,108,625	\$49,506,692	\$220,360,057	22

^{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 September 1945

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	36,254	100	\$21,203,538 ^{a/}	100
New passenger cars.....	182	1	215,166	1
New commercial cars.....	1,484	4	1,775,775	8
Used passenger cars.....	32,565	90	17,941,450	85
Used commercial cars.....	2,023	6	1,271,147	6
Total wholesale automotive.....	16,918	100	\$13,953,659	100
New cars (passenger and commercial)..	7,831	46	6,129,017	44
Used cars (passenger and commercial).	9,087	54	7,824,642	56

^{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 September 1945

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 753,471	8
Refrigerators and other household appliances.....	301,668	3
Residential building repairs and modernization.....	4,774,317	52
Miscellaneous retail.....	2,684,927	30
Total retail - other consumers' goods.....	\$8,514,383 ^{a/}	93
Total wholesale - other than automotive.....	385,027	4
Industrial, commercial, and farm equipment.....	230,349	3
Total diversified financing.....	\$9,129,759	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.