

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

November 29, 1945
R&S sfc - 9

SALES FINANCE COMPANIES

OCTOBER 1945

Retail financing. The total volume of retail financing by sales finance companies during October was considerably larger than in the preceding month and end-of-month outstanding balances continued to increase gradually. The 12 per cent gain in dollar volume of retail automotive paper acquired was accompanied by a further slight rise in the amount outstanding. Outstanding balances on contracts arising from the sale of other consumers' goods increased only 6 per cent during October, although the volume of purchased paper exceeded the September figure by more than one-fourth.

The increase in total retail automotive financing, shown in the table below, was due to substantial gains in both number and dollar volume of new and used commercial cars and of used passenger cars. New passenger car financing dropped somewhat below the September volume.

Retail financing of consumers' goods other than automotive showed considerable expansion in October reflecting increases in all classes of paper. The largest gain was in repair and modernization financing but paper arising from the sale of household appliances, which is still in small volume, was up sharply for the second consecutive month.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, September 1945 to October 1945		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+11	+12	+ 4
Passenger cars: New	- 6	- 4	...
Used	+13	+14	...
Commercial cars: New	+25	+21	...
Used	+ 5	+11	...
Other consumers' goods: Total retail		+27	+ 6
Furniture, radios, musical instruments		+10	...
Refrigerators and other household appliances		+25	...
Residential building repair and modernization		+33	...
Miscellaneous retail		+21	...

Wholesale financing. Wholesale automotive paper acquired in October was nearly one-third larger than in the preceding month. Most of this increase was in the financing of new passenger and commercial vehicles, but transactions in used vehicles also were well above the September volume. Wholesale financing other than automotive increased sharply in October.

Ratio of paper acquired to balances outstanding. The ratio of paper purchased during the month to balances outstanding at the end of the month rose 4 points to 26 per cent for October. Ratios were higher for all classes of paper, but the increase for retail financing was less marked than for wholesale. Retail automotive paper purchased in October was 21 per cent and other retail consumer paper 16 per cent of the respective balances outstanding at the end of the month. The volume of wholesale automotive paper acquired amounted to nearly three-quarters of the balances outstanding on October 31.

Note: October data, based on returns from 172 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 - 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
October	19	16	18	28	35	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 October 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/}	\$91,649,575	100	\$307,997,579	100
Total loans.....	32,895,027	36	87,216,338	28
Small (personal) loans.....	9,268,535	10	44,649,279	14
Business loans.....	23,626,492	26	42,567,059	14
Total sales financing ^{a/}	58,754,548	64	220,781,241	72

^{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									
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.
<u>RETAIL AUTOMOTIVE</u>													
Total number of cars financed.....	32	29	25	24	24	32	30	31	34	34	33	36	40
Total volume of paper acquired.....	42	37	33	31	31	41	38	39	45	46	44	50	56
New passenger cars.....Number.....	4	4	3	3	2	3	2	2	2	3	3	4	3
Paper acquired.....	6	5	5	4	3	4	4	4	3	4	5	6	5
New commercial cars.....Number.....	27	22	30	22	18	25	28	30	38	40	56	74	92
Paper acquired.....	22	19	25	21	17	24	24	26	30	30	43	56	68
Used passenger cars.....Number.....	36	32	27	26	27	35	33	34	37	38	36	37	43
Paper acquired.....	51	45	37	36	37	48	45	46	53	54	50	54	62
Used commercial cars.....Number.....	16	14	22	17	15	19	18	18	20	19	19	31	33
Paper acquired.....	34	28	46	36	30	40	35	37	41	39	39	56	62
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)													
Total volume of paper acquired.....	12	12	14	16	15	18	16	15	15	12	14	15	19
New cars (passenger and commercial).....	4	4	5	6	4	6	5	5	7	5	5	6	10
Used cars (passenger and commercial).....	57	55	65	71	73	80	70	68	56	47	62	56	67
<u>DIVERSIFIED FINANCING</u> (Paper acquired)													
Total diversified financing.....	45	44	45	44	38	49	51	51	58	53	62	63	84
Total retail, other consumers' goods.....	59	58	59	53	48	55	63	66	75	69	81	82	104
Furniture, radios, musical instruments.....	29	23	24	27	19	26	25	28	27	26	26	24	26
Refrigerators and other household appliances...	17	14	14	17	16	22	24	33	33	31	28	34	43
Residential building repairs and modernization.	136	133	114	99	94	114	129	151	172	159	173	158	210
Miscellaneous retail.....	113	139	207	172	154	143	179	137	171	143	242	312	378
Total wholesale, except automotive.....	4	5	5	13	7	10	8	9	9	11	11	10	24
Industrial, commercial, and farm equipment.....	68	35	39	54	55	206	122	53	50	39	47	43	90

^{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 October 1945 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during October 1945		Outstanding balances October 31, 1945 <u>a/</u>	Ratio paper acquired to outstanding balances <u>b/</u>
	By all companies reporting	By companies reporting outstanding balances <u>a/</u>		
Total retail automotive.....	\$28,312,328	\$27,628,959	\$130,869,958	21
Total wholesale automotive.....	21,465,508	21,258,085	29,096,023	73
Total wholesale - other than automotive...	880,927	830,677	1,665,598	50
Total retail - other consumers' goods.....	10,850,198	10,076,854	64,118,730	16
Industrial, commercial, and farm equipment	461,131	458,645	4,166,976	11
Total sales financing.....	\$61,970,092	\$60,253,220	\$229,917,285	26

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 October 1945

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	40,958	100	\$24,017,403 <u>a/</u>	100
New passenger cars.....	172	<u>b/</u> 5	206,303	1
New commercial cars.....	1,832		2,099,116	9
Used passenger cars.....	36,883	90	20,345,572	84
Used commercial cars.....	2,071	5	1,366,412	6
Total wholesale automotive.....	23,330	100	\$18,822,827	100
New cars (passenger and commercial)..	12,669	54	9,541,914	51
Used cars (passenger and commercial).	10,661	46	9,280,913	49

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.

b/ Less than one-half of one per cent.

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

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 827,613	7
Refrigerators and other household appliances.....	370,583	3
Residential building repairs and modernization.....	6,366,798	52
Miscellaneous retail.....	3,251,132	27
Total retail - other consumers' goods.....	\$10,816,126 <u>a/</u>	89
Total wholesale - other than automotive.....	880,927	7
Industrial, commercial, and farm equipment.....	461,131	4
Total diversified financing.....	\$12,158,184	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.