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OF THE
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SALES FINANCE COMPANIES

JANUARY 1946

Retail financing.--The volume of retail financing by sales finance companies during January was larger than in the preceding month, as a result of a substantial increase in the financing of consumers' goods other than automotive, and of a gain in retail automotive paper acquired. Outstanding balances on both automotive and other retail instalment paper continued to show a gradual rise.

The increase in total retail automotive financing, shown in the table below, reflected increases in both new and used passenger car paper. New passenger car financing showed sharp gains in number and dollar volume for the third consecutive month.

The 9 per cent rise in retail financing of consumers' goods other than automotive resulted from increases in all classes of paper except furniture paper. The largest percentage gain was in paper arising from miscellaneous retail sales. Paper arising from the sale of refrigerators and other household appliances was up sharply for the fifth consecutive month.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, December 1945 to January 1946		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 5	+ 5	+ 4
Passenger cars: New	+79	+79	...
Used	+11	+10	...
Commercial cars: New	-27	-25	...
Used	- 9	- 8	...
Other consumers' goods: Total retail		+ 9	+ 5
Furniture, radios, musical instruments		- 2	...
Refrigerators and other household appliances		+11	...
Residential building repair and modernization		+ 4	...
Miscellaneous retail		+23	...

Wholesale financing.--Wholesale automotive financing during January was 8 per cent larger than a month earlier, resulting from increases in paper arising from the sale to dealers of both new and used vehicles. Wholesale financing other than automotive showed considerable expansion in January.

Ratio of paper acquired to balances outstanding.--Retail automotive paper purchased was 20 per cent and other retail consumer paper was 13 per cent of respective balances outstanding at the end of the month, or the same ratios as for the preceding month. The volume of wholesale automotive paper acquired in January amounted to 78 per cent of the corresponding amount outstanding at the end of the month, and other wholesale paper acquired was 37 per cent of the end-of-month balances. The ratio for industrial, commercial, and farm equipment paper was 22 per cent, a somewhat larger ratio than in other recent months.

Note: January data, based on returns from 164 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
1945.....	22	18	27	38	39	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
November.....	21	17	24	32	37	24
December.....	22	18	27	38	39	23
1946 - January.....	23	18	28	44	41	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 January 1946 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/}	\$106,928,062	100	\$357,276,444	100
Total loans.....	33,172,845	31	93,237,161	26
Small (personal) loans.....	9,006,755	8	48,186,943	13
Business loans.....	24,166,090	23	45,050,218	13
Total sales financing ^{a/}	73,755,217	69	264,039,283	74

^{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	1945												1946
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
RETAIL AUTOMOTIVE													
Total number of cars financed.....	24	24	32	30	31	34	34	33	36	40	41	40	42
Total volume of paper acquired.....	31	31	41	38	39	45	46	44	50	56	59	57	60
New passenger cars.....Number.....	3	2	3	2	2	2	3	3	4	3	9	18	32
Paper acquired....	4	3	4	4	4	3	4	5	6	5	11	19	34
New commercial cars.....Number.....	22	18	25	28	30	38	40	56	74	92	148	83	61
Paper acquired....	21	17	24	24	26	30	30	43	56	68	104	65	49
Used passenger cars.....Number.....	26	27	35	33	34	37	38	36	37	43	41	39	43
Paper acquired....	36	37	48	45	46	53	54	50	54	62	61	58	64
Used commercial cars.....Number.....	17	15	19	18	18	20	19	19	31	33	34	45	41
Paper acquired....	36	30	40	35	37	41	39	39	56	62	65	88	81
WHOLESALE AUTOMOTIVE (Paper acquired)													
Total volume of paper acquired.....	16	15	18	16	15	15	12	14	15	19	32	30	32
New cars (passenger and commercial).....	6	4	6	5	5	7	5	5	6	10	22	21	22
Used cars (passenger and commercial).....	71	73	80	70	68	56	47	62	56	67	71	64	71
DIVERSIFIED FINANCING (Paper acquired)													
Total diversified financing.....	44	38	49	51	51	58	53	62	63	84	82	82	93
Total retail, other consumers' goods.....	53	48	55	63	66	75	69	81	82	104	103	101	109
Furniture, radios, musical instruments.....	27	19	26	25	28	27	26	26	24	26	28	29	29
Refrigerators and other household appliances...	17	16	22	24	33	33	31	28	34	43	62	69	76
Residential building repairs and modernization.	99	94	114	129	151	172	159	173	168	210	216	197	204
Miscellaneous retail.....	172	154	143	179	137	171	143	242	312	378	311	286	352
Total wholesale, except automotive.....	13	7	10	8	9	9	11	11	10	24	26	26	34
Industrial, commercial, and farm equipment.....	54	55	206	122	53	50	39	47	43	90	57	84	164

^{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 January 1946 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during January 1946		Outstanding balances January 31, 1946 <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.....	\$29,793,963	\$29,250,153	\$146,880,160	20
Total wholesale automotive.....	34,920,807	34,762,678	44,729,875	78
Total wholesale - other than automotive...	1,109,472	1,109,472	2,969,025	37
Total retail - other consumers' goods.....	10,692,547	9,967,861	75,604,848	13
Industrial, commercial, and farm equipment	966,387	949,563	4,394,331	22
Total sales financing.....	\$77,483,176	\$76,039,727	\$274,578,239	28

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 January 1946

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	42,479	100	\$25,153,014 <u>a/</u>	100
New passenger cars.....	1,727	4	1,385,974	6
New commercial cars.....	1,314	3	1,577,142	6
Used passenger cars.....	36,899	87	20,572,697	82
Used commercial cars.....	2,559	6	1,617,201	6
Total wholesale automotive.....	39,646	100	\$30,407,973	100
New cars (passenger and commercial)..	27,594	70	20,725,941	68
Used cars (passenger and commercial)..	12,052	30	9,682,032	32

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 January 1946

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 860,531	7
Refrigerators and other household appliances.....	648,601	5
Residential building repairs and modernization.....	6,194,534	49
Miscellaneous retail.....	2,960,342	23
Total retail - other consumers' goods.....	\$10,664,008 <u>a/</u>	84
Total wholesale - other than automotive.....	1,109,472	9
Industrial, commercial, and farm equipment.....	966,387	7
Total diversified financing.....	\$12,739,867	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.