

**BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM**

March 28, 1946
R&S sfc - 13

SALES FINANCE COMPANIES

FEBRUARY 1946

Retail financing.—The volume of automotive and other retail financing during February was less than in the preceding month, although outstanding balances on both classes of paper continued to increase.

The decline of 2 per cent in total retail automotive financing, shown in the table below, resulted in large part from a drop in the volume of used passenger car paper. Financing of used passenger cars accounted for about 80 per cent of total retail automotive financing in February. New passenger car financing, which constituted about 7 per cent of this total, showed gains in number and dollar volume for the fourth consecutive month.

The decrease in retail financing of consumers' goods other than automotive reflected declines in all classes of paper except paper arising from miscellaneous retail sales.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, January 1946 to February 1946		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	- 5	- 2	+ 4
Passenger cars: New	+18	+15	...
Used	- 9	- 6	...
Commercial cars: New	- 7	- 7	...
Used	- 4	+ 1	...
Other consumers' goods: Total retail		- 1	+ 7
Furniture, radios, musical instruments		-11	...
Refrigerators and other household appliances		- 7	...
Residential building repair and modernization		- 4	...
Miscellaneous retail		+ 9	...

Wholesale financing.—The volume of wholesale automotive financing during February was considerably above that of a month earlier, resulting principally from a sharp rise in new car paper. Wholesale financing other than automotive was also larger than the volume of the preceding month.

Ratio of paper acquired to balances outstanding.—Retail automotive paper purchased was 19 per cent and other retail consumer paper was 12 per cent of respective balances outstanding at the end of the month, or about the same ratios as for the two preceding months. The volume of wholesale automotive paper acquired in February amounted to 89 per cent of the amount outstanding at the end of the month, representing a gain of eleven percentage points over the January ratio. Other wholesale paper acquired in February was equivalent to 37 per cent of the end-of-month balances.

Note: February data, based on returns from 166 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.

SALES FINANCE COMPANIES

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 - 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
February.....	25	19	36	49	44	27

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 February 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 <u>a/</u>	\$120,437,205	100	\$383,474,923	100
Total loans.....	31,651,858	26	96,639,284	25
Small (personal) loans.....	8,620,792	7	49,101,110	13
Business loans.....	23,031,066	19	47,538,174	12
Total sales financing <u>a/</u>	88,785,347	74	286,835,639	75

SALES FINANCE COMPANIES

Table 3.--Automotive and Diversified Financing by Sales Finance Companies
January 1942 = 100 ^{a/}

ITEM	1945												1946	
	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
<u>RETAIL AUTOMOTIVE</u>														
Total number of cars financed.....	24	32	30	31	34	34	33	36	40	41	40	42	40	
Total volume of paper acquired.....	31	41	38	39	45	46	44	50	56	59	57	60	58	
New passenger cars.....Number.....	2	3	2	2	2	3	3	4	3	9	18	32	38	
Paper acquired....	3	4	4	4	3	4	5	6	5	11	19	34	39	
New commercial cars.....Number.....	18	25	28	30	38	40	56	74	92	148	83	61	57	
Paper acquired....	17	24	24	26	30	30	43	56	68	104	65	49	46	
Used passenger cars.....Number.....	27	35	33	34	37	38	36	37	43	41	39	43	39	
Paper acquired....	37	48	45	46	53	54	50	54	62	61	58	64	60	
Used commercial cars.....Number.....	15	19	18	18	20	19	19	31	33	34	45	41	40	
Paper acquired....	30	40	35	37	41	39	39	56	62	65	88	81	82	
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)														
Total volume of paper acquired.....	15	18	16	15	15	12	14	15	19	32	30	32	46	
New cars (passenger and commercial).....	4	6	5	5	7	5	5	6	10	22	21	22	35	
Used cars (passenger and commercial).....	73	80	70	68	56	47	62	56	67	71	64	71	74	
<u>DIVERSIFIED FINANCING</u> (Paper acquired)														
Total diversified financing.....	38	49	51	51	58	53	62	63	84	82	82	93	92	
Total retail, other consumers' goods.....	48	55	63	66	75	69	81	82	104	103	101	109	109	
Furniture, radios, musical instruments.....	19	26	25	28	27	26	26	24	26	28	29	29	26	
Refrigerators and other household appliances...	16	22	24	33	33	31	28	34	43	62	69	76	71	
Residential building repairs and modernization.	94	114	129	151	172	159	173	158	210	216	197	204	197	
Miscellaneous retail.....	154	143	179	137	171	143	242	312	378	311	286	352	383	
Total wholesale, except automotive.....	7	10	8	9	9	11	11	10	24	26	26	34	37	
Industrial, commercial, and farm equipment.....	55	206	122	53	50	39	47	43	90	57	84	164	129	

^{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.

SALES FINANCE COMPANIES

Table 4.--Automotive and Diversified Financing by Sales Finance Companies
Paper Acquired During February 1946 and Balances Outstanding at End of Month

Class of paper.	Volume of paper acquired during February 1946		Outstanding balances February 28, 1946 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$29,942,818	\$29,330,254	\$153,136,614	19
Total wholesale automotive.....	50,177,308	49,988,424	56,344,751	89
Total wholesale - other than automotive...	1,360,854	1,330,165	3,578,092	37
Total retail - other consumers' goods....	10,651,368	10,014,576	81,136,386	12
Industrial, commercial, and farm equipment	770,849	756,530	4,734,505	16
Total sales financing.....	\$92,903,197	\$91,419,949	\$298,930,348	31

^{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 February 1946

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	32,571	100	\$19,902,034 ^{a/}	100
New passenger cars.....	1,774	5	1,403,914	7
New commercial cars.....	959	3	1,176,946	6
Used passenger cars.....	27,912	86	15,999,912	80
Used commercial cars.....	1,926	6	1,321,262	7
Total wholesale automotive.....	50,636	100	\$43,787,981 ^{a/}	100
New cars (passenger and commercial)..	38,142	75	33,624,299	77
Used cars (passenger and commercial).	12,494	25	10,163,682	23

^{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 February 1946

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 737,543	6
Refrigerators and other household appliances.....	645,336	5
Residential building repairs and modernization.....	5,973,682	47
Miscellaneous retail.....	3,229,382	25
Total retail - other consumers' goods.....	\$10,585,943 ^{a/}	83
Total wholesale - other than automotive.....	1,360,854	11
Industrial, commercial, and farm equipment.....	770,849	6
Total diversified financing.....	\$12,717,646	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.