

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

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SALES FINANCE COMPANIES

APRIL 1946

Retail financing.—Continuing a rise from the low wartime levels reached in the early spring of 1945, the volume of automotive and of other retail financing by sales finance companies increased further in April. By the end of the month, the amounts outstanding on both classes of paper were about a tenth higher than those of a month earlier.

The increase of 16 per cent in total automotive financing, shown in the table below, reflected gains in the volume of all classes of retail automotive paper acquired. The largest percentage gains were shown in the acquisition of new commercial and new passenger car paper. New passenger car financing constituted approximately 16 per cent of the volume of paper acquired in April compared with 12 per cent in the preceding month.

The rise of 32 per cent in retail financing of consumers' goods other than automotive resulted from substantial increases in all classes of paper.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, March 1946 to April 1946		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 12	+16	+10
Passenger cars: New	+ 53	+49	...
Used	+ 5	+ 8	...
Commercial cars: New	+106	+96	...
Used	+ 5	+ 7	...
Other consumers' goods: Total retail		+32	+11
Furniture, radios, musical instruments		+48	...
Refrigerators and other household appliances		+23	...
Residential building repair and modernization		+23	...
Miscellaneous retail		+15	...

Wholesale financing.—An increase of nearly one-third in wholesale automotive financing during April was accompanied by a decline in the amount outstanding at the end of the month, indicating a rapid rate of liquidation for this type of credit.

Ratio of paper acquired to balances outstanding.—With reference to total sales financing, the rise in April from 35 to 40 per cent in the ratio of paper acquired during the month to balances outstanding at the end of the month reflected the increasing rapidity of debt liquidation for all classes of paper except that arising from the sale of industrial, commercial, and farm equipment. As a consequence of the rapid rate of turnover the volume of wholesale automotive financing during the month averaged about 130 per cent of the corresponding amount outstanding at the end of the month.

Note: April data, based on returns from 168 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 - 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
March.....	26	20	36	56	46	32
April.....	29	22	35	68	51	35

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 April 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>	\$172,960,583	100	\$435,237,404	100
Total loans.....	37,596,488	22	105,289,785	24
Small (personal) loans.....	11,028,168	7	53,786,123	12
Business loans.....	26,568,320	15	51,503,662	12
Total sales financing <u>a/</u>	135,364,365	78	329,947,619	76

a/ Included in this classification are only those firms which, in addition to their sales financing operations, reported loan activities.

SALES FINANCE COMPANIES

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

ITEM	1945									1946			
	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
<u>RETAIL AUTOMOTIVE</u>													
Total number of cars financed.....	30	31	34	34	33	36	40	41	40	42	40	54	60
Total volume of paper acquired.....	38	39	45	46	44	50	56	59	57	60	58	76	88
New passenger cars.....Number.....	2	2	2	3	3	4	3	9	18	32	38	90	137
Paper acquired....	4	4	3	4	5	6	5	11	19	34	39	93	139
New commercial cars.....Number.....	28	30	38	40	56	74	92	148	83	61	57	62	127
Paper acquired....	24	26	30	30	43	56	68	104	65	49	46	51	100
Used passenger cars.....Number.....	33	34	37	38	36	37	43	41	39	43	39	50	53
Paper acquired....	45	46	53	54	50	54	62	61	58	64	60	73	79
*Used commercial cars.....Number.....	18	18	20	19	19	31	33	34	45	41	40	42	44
Paper acquired....	35	37	41	39	39	56	62	65	88	81	82	100	94
<u>WHOLESALE AUTOMOTIVE</u> (Paper acquired)													
Total volume of paper acquired.....	16	15	15	12	14	15	19	32	30	32	46	52	67
New cars (passenger and commercial).....	5	5	7	5	5	6	10	22	21	22	35	40	58
Used cars (passenger and commercial).....	70	68	56	47	62	56	67	71	64	71	74	90	81
<u>DIVERSIFIED FINANCING</u> (Paper acquired)													
Total diversified financing.....	51	51	58	53	62	63	84	82	82	93	92	117	151
Total retail, other consumers' goods.....	63	66	75	69	81	82	104	103	101	109	109	134	177
Furniture, radios, musical instruments.....	25	28	27	26	26	24	26	28	29	29	26	30	44
Refrigerators and other household appliances...	24	33	33	31	28	34	43	62	69	76	71	98	121
Residential building repairs and modernization.	129	151	172	159	173	158	210	216	197	204	197	271	334
Miscellaneous retail.....	179	137	171	143	242	312	378	311	286	352	383	368	570
Total wholesale, except automotive.....	8	9	9	11	11	10	24	26	26	34	37	50	65
Industrial, commercial, and farm equipment.....	122	53	50	39	47	43	90	57	84	164	129	216	209

^{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 April 1946 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during April 1946		Outstanding balances April 30, 1946 a/	Ratio paper acquired to outstanding balances b/
	By all companies reporting	By companies reporting outstanding balances a/		
Total retail automotive.....	\$ 45,666,271	\$ 44,567,541	\$ 181,268,139	25
Total wholesale automotive.....	73,578,606	73,212,714	56,327,962	130
Total wholesale - other than automotive...	2,316,611	2,271,115	5,061,344	45
Total retail - other consumers' goods.....	17,631,821	16,655,056	94,547,027	18
Industrial, commercial, and farm equipment	1,162,185	1,126,502	6,351,056	18
Total sales financing.....	\$140,355,494	\$137,832,928	\$343,555,528	40

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 April 1946

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	59,686	100	\$38,025,829	100
New passenger cars.....	7,625	13	5,937,751	16
New commercial cars.....	2,991	5	3,581,702	9
Used passenger cars.....	46,365	78	26,597,723	70
Used commercial cars.....	2,705	4	1,908,653	5
Total wholesale automotive.....	72,820	100	\$66,056,964	100
New cars (passenger and commercial)..	59,788	82	55,222,933	84
Used cars (passenger and commercial).	13,032	18	10,834,031	16

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 April 1946

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,330,078	7
Refrigerators and other household appliances.....	1,324,145	6
Residential building repairs and modernization.....	10,133,504	48
Miscellaneous retail.....	4,844,094	23
Total retail - other consumers' goods.....	\$17,631,821 a/	84
Total wholesale - other than automotive.....	2,316,611	11
Industrial, commercial, and farm equipment.....	1,162,185	5
Total diversified financing.....	\$21,110,617	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.