

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

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SALES FINANCE COMPANIES

JUNE 1946

Retail financing.—The June volume of total automotive and other retail financing showed little change from May levels, but outstanding balances on both classes of paper continued to increase.

The slight drop in total retail automotive financing, shown in the table below, resulted from decreases in the volume of paper arising from the sale of used passenger cars and of new commercial vehicles. New passenger car financing continued its sharp postwar increase, and accounted for about 31 per cent of the dollar volume of automotive paper acquired in June compared with 20 per cent in May.

Retail financing of consumers' goods other than automotive was in about the same volume as in the preceding month, with some gains shown in all classes of paper except that arising from miscellaneous retail sales. The largest percentage rise was in paper based on sales of refrigerators and other household appliances, which was 12 per cent larger than the amount acquired in May.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, May 1946 to June 1946		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	-12	- 2	+ 5
Passenger cars: New	+ 9	+38	...
Used	-13	-14	...
Commercial cars: New	-78	-24	...
Used	+ 3	+ 4	...
Other consumers' goods: Total retail		+ 1	+ 8
Furniture, radios, musical instruments		+ 1	...
Refrigerators and other household appliances		+12	...
Residential building repair and modernization		+ 5	...
Miscellaneous retail		-12	...

Wholesale financing.—The volume of wholesale automobile financing in June was about one-fifth less than in May. Most of the decline was in new car paper, but transactions in used cars were also below the May volume. Balances outstanding on both wholesale paper arising from sales of cars to dealers and other wholesale paper increased further in June.

Ratio of paper acquired to balances outstanding.—Paper purchased during June was about 35 per cent of the amount outstanding at the end of the month, representing a decrease of 11 percentage points from the May ratio. All classes of paper except nonautomotive wholesale paper showed lower ratios in June than in the preceding month.

Note.—Indexes of automotive and diversified financing formerly shown as Table 3 of this report have been discontinued until they can be revised to a new base representative of postwar conditions. The base formerly used (January 1942) is unsatisfactory for measuring current trends.

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 - 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
May.....	31	24	37	71	57	36
June.....	33	26	40	81	62	38

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 June 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>	\$173,948,820	100	\$494,933,138	100
Total loans.....	38,307,317	22	111,078,738	23
Small (personal) loans.....	11,082,011	6	58,519,723	12
Business loans.....	27,225,303	16	52,559,015	11
Total sales financing <u>a/</u>	135,641,503	78	383,854,400	77

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
Paper Acquired During June 1946 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during June 1946		Outstanding balances June 30, 1946 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$43,733,937	\$43,205,042	\$209,079,337	21
Total wholesale automotive.....	73,523,572	73,322,316	63,140,329	116
Total wholesale - other than automotive...	2,681,221	2,664,135	6,115,495	44
Total retail - other consumers' goods.....	18,961,350	17,964,780	111,794,244	16
Industrial, commercial, and farm equipment	1,057,852	898,592	6,570,343	14
Total sales financing.....	\$139,957,932	\$138,054,865	\$396,699,748	35

^{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 4.--Number of Cars Financed and Volume of Paper Acquired
by Sales Finance Companies During June 1946

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	55,248	100	\$36,905,566 ^{a/}	100
New passenger cars.....	12,894	24	11,569,136	31
New commercial cars.....	1,307	2	1,676,357	5
Used passenger cars.....	38,131	69	21,405,584	58
Used commercial cars.....	2,916	5	2,254,489	6
Total wholesale automotive.....	65,429	100	\$64,628,274 ^{a/}	100
New cars (passenger and commercial)..	52,195	80	54,118,994	84
Used cars (passenger and commercial)..	13,234	20	10,509,280	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 3 due to the exclusion of some data for which breakdowns were not available.

Table 5.--Volume of Diversified Sales Financing During June 1946

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,044,390	5
Refrigerators and other household appliances.....	1,403,107	6
Residential building repairs and modernization.....	12,022,203	53
Miscellaneous retail.....	4,348,655	19
Total retail - other consumers' goods.....	\$18,818,355 ^{a/}	83
Total wholesale - other than automotive.....	2,681,221	12
Industrial, commercial, and farm equipment.....	1,057,852	5
Total diversified financing.....	\$22,557,428	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 3 due to the exclusion of some data for which breakdowns were not available.