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SALES FINANCE COMPANIES

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Retail financing.—The volume of automotive and other retail financing continued to advance in August, and end-of-month outstanding balances on both types of paper showed a further substantial rise.

The 7 per cent increase in retail automotive financing reflected gains in all automotive transactions except those in used cars. New passenger car financing continued its sharp rise from very low wartime levels, and in August accounted for more than one-third of the total dollar volume of retail automotive paper acquired. Financing of new commercial vehicles, after declining somewhat in July, rose considerably in August.

Retail financing of consumers' goods other than automotive showed a further substantial increase in August. Sizable gains were reported for all classes of paper, with the major increase occurring in repair and modernization credit.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, July 1946 to August 1946		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 6	+ 7	+ 8
Passenger cars: New	+17	+22	...
Used	+ 2	- 2	...
Commercial cars: New	+24	+30	...
Used	+ 4	+ 5	...
Other consumers' goods: Total retail		+ 9	+10
Furniture, radios, musical instruments		+ 7	...
Refrigerators and other household appliances		+ 6	...
Residential building repair and modernization		+10	...
Miscellaneous retail		+ 8	...

Wholesale financing.—The August volume of wholesale automotive financing increased about one-fifth, and other wholesale financing rose by about one-fourth compared with the July volume. Outstanding balances on both classes of paper increased substantially during the month.

Ratio of paper acquired to balances outstanding.—The ratio of paper acquired during the month to balances outstanding at the end of the month rose 2 percentage points to 43 for August. Wholesale automotive paper purchased in August amounted to 143 per cent of the respective balances outstanding at the end of the month, indicating a continued high rate of turnover in this paper.

Note: August data, based on returns from 153 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.....	162	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 - 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
July.....	37	28	48	91	69	38
August.....	41	30	55	106	75	44

^{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 August 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/}	\$241,058,623	100	\$588,995,572	100
Total loans.....	40,138,425	17	122,293,964	21
Small (personal) loans.....	12,627,783	5	60,209,684	10
Business loans.....	27,510,642	12	62,084,270	11
Total sales financing ^{a/}	200,920,198	83	466,701,616	79

^{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
Paper Acquired During August 1946 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during August 1946		Outstanding balances August 31, 1946 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$ 54,042,039	\$ 53,401,881	\$244,237,768	22
Total wholesale automotive.....	125,440,381	125,147,892	87,616,840	143
Total wholesale - other than automotive...	3,555,245	3,503,165	7,888,080	44
Total retail - other consumers' goods.....	23,482,335	22,550,847	136,744,257	16
Industrial, commercial, and farm equipment	1,582,970	1,309,463	7,768,485	17
Total sales financing.....	\$208,102,970	\$205,915,248	\$484,255,450	45

^{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 August 1946

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	65,972	100	\$46,223,774 ^{a/}	100
New passenger cars.....	18,035	27	15,717,896	34
New commercial cars.....	5,011	8	5,777,312	12
Used passenger cars.....	40,081	61	22,581,611	49
Used commercial cars.....	2,845	4	2,146,955	5
Total wholesale automotive.....	112,331	100	\$114,287,456 ^{a/}	100
New cars (passenger and commercial)..	96,710	86	100,823,046	88
Used cars (passenger and commercial)..	15,621	14	13,464,390	12

^{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 August 1946

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,034,877	4
Refrigerators and other household appliances.....	1,186,803	4
Residential building repairs and modernization.....	14,335,223	51
Miscellaneous retail.....	6,483,062	23
Total retail - other consumers' goods.....	\$23,039,965 ^{a/}	82
Total wholesale - other than automotive.....	3,555,245	13
Industrial, commercial, and farm equipment.....	1,582,970	5
Total diversified financing.....	\$28,178,180	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.