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OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

NOVEMBER 1946

Retail financing.—The volume of automotive and other retail financing during November was less than in the preceding month, although outstanding balances on both classes of paper continued to increase. Declines of 3 per cent in automotive paper and of 8 per cent in diversified retail paper acquired were accompanied by increases of 8 per cent in respective end-of-month outstanding balances.

The decline in total retail automotive financing, shown in the table below, reflected decreases in all types of cars financed except used commercial vehicles. The reduction of new car financing parallels the November decline in automobile production.

The decrease in diversified financing resulted from a seasonal decline in residential repair and modernization paper, and a sharp reduction in the volume of miscellaneous retail paper. Furniture paper and paper based on sales of refrigerators and other household appliances showed gains compared with the October volume.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, October 1946 to November 1946		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	- 5	- 3	+ 8
Passenger cars: New	- 5	- 4	...
Used	- 7	- 5	...
Commercial cars: New	- 4	- 1	...
Used	- 2	+ 1	...
Other consumers' goods: Total retail		- 8	+ 8
Furniture, radios, musical instruments		+ 7	...
Refrigerators and other household appliances		+ 4	...
Residential building repair and modernization		- 5	...
Miscellaneous retail		-21	...

Wholesale financing.—The November volume of wholesale automotive financing was somewhat less than that of October reflecting a 4 per cent drop in the financing of new vehicles. Other wholesale paper acquired rose about 14 per cent above the October volume. Outstanding balances on both classes of paper continued to increase during the month.

Ratio of paper acquired to balances outstanding.—Paper purchased during November averaged about 38 per cent of balances outstanding at the end of the month. In October this ratio was equal to about 42 per cent.

Note.—November data, based on returns from 158 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 - 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
September.....	44	33	57	125	82	46
October.....	49	36	66	146	90	49
November.....	53	38	78	177	97	57

^{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 November 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/}	\$286,258,913	100	\$761,803,157	100
Total loans.....	53,078,493	19	149,468,277	20
Small (personal) loans.....	14,037,945	5	74,761,519	10
Business loans.....	39,040,548	14	74,706,758	10
Total sales financing ^{a/}	233,180,420	81	612,334,880	80

^{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 November 1946 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during November 1946		Outstanding balances November 30, 1946 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$ 62,834,359	\$ 62,114,469	\$311,590,478	20
Total wholesale automotive.....	144,488,548	144,123,503	123,325,861	117
Total wholesale - other than automotive...	5,511,138	5,475,876	13,006,345	42
Total retail - other consumers' goods.....	25,994,965	24,958,923	176,276,214	14
Industrial, commercial, and farm equipment	1,921,191	1,829,996	9,253,712	20
Total sales financing.....	\$240,750,201	\$238,502,767	\$633,452,610	38

^{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 November 1946

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	71,484	100	\$ 53,739,695 ^{a/}	100
New passenger cars.....	22,434	31	21,018,706	39
New commercial cars.....	5,706	8	7,091,229	13
Used passenger cars.....	40,086	56	23,230,895	43
Used commercial cars.....	3,258	5	2,398,865	5
Total wholesale automotive.....	123,854	100	\$130,418,824 ^{a/}	100
New cars (passenger and commercial)..	104,789	85	113,457,574	87
Used cars (passenger and commercial)..	19,065	15	16,961,250	13

^{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 November 1946

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,328,551	4
Refrigerators and other household appliances.....	1,634,043	5
Residential building repairs and modernization.....	15,348,705	47
Miscellaneous retail.....	6,811,894	21
Total retail - other consumers' goods.....	\$25,123,193 ^{a/}	77
Total wholesale - other than automotive.....	5,511,138	17
Industrial, commercial, and farm equipment.....	1,921,191	6
Total diversified financing.....	\$32,555,522	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.