BOARD OF GOVERNORS
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SALES FINANCE COMPANIES

JANUARY 1947

Retail financing.—Sales finance companies reported a decline in the volume of retail financing in January. Automotive paper acquired showed an 8 per cent decrease and diversified financing dropped 13 per cent below respective December levels. End-of-month balances on both classes of paper continued to rise, but at a slower rate than in other recent months.

The decline in passenger car paper was only partially offset by the gain in the financing of commercial vehicles. January trends in automobile production were similar though less pronounced, with passenger car output showing a small drop, and truck production registering a moderate rise.

All classes of diversified financing were below levels of a month earlier. The sharpest percentage declines were reported in furniture paper and in residential repair and modernization credit.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, December 1946 to January 1947		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	- 8	- 8	+ 7
Passenger cars: New	-19	-15	...
Used	- 4	- 5	...
Commercial cars: New	+19	+14	...
Used	+ 6	+ 5	...
Other consumers' goods: Total retail		-13	+ 5
Furniture, radios, musical instruments		-25	...
Refrigerators and other household appliances		- 6	...
Residential building repair and modernization		-18	...
Miscellaneous retail		- 2	...

Wholesale financing.—Wholesale automotive paper acquired in January was below the December volume largely as a result of a 17 per cent drop in new car paper. Wholesale financing other than automotive was about 4 per cent below the level of a month ago. Outstanding balances on both classes of paper continued to increase.

Ratio of paper acquired to balances outstanding.—The volume of paper acquired in January amounted to 33 per cent of outstanding balances at the end of the month, or a decrease of 8 percentage points compared with December. Ratios were somewhat lower for all classes of paper.

Note.—January data, based on returns from 152 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
1946.....	59	42	90	224	105	59
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
December.....	59	42	90	224	105	59
1947 - January.....	62	45	95	252	110	60

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 January 1947 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/.....	$287,607,312	100	$876,436,329	100
Total loans.....	49,909,096	17	159,632,634	18
Small (personal) loans.....	13,854,804	5	76,334,414	9
Business loans.....	36,054,292	12	83,298,220	9
Total sales financing a/.....	237,698,216	83	716,803,695	82

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 January 1947 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during January 1947		Outstanding balances January 31, 1947 a/	Ratio paper acquired to outstanding balances b/
	By all companies reporting	By companies reporting outstanding balances a/		
Total retail automotive	$ 70,907,996	$ 70,062,418	$362,839,311	19
Total wholesale automotive	142,646,488	142,202,804	150,573,986	94
Total wholesale - other than automotive	6,706,720	6,698,333	18,590,495	36
Total retail - other consumers' goods	24,119,799	23,186,792	198,940,961	12
Industrial, commercial, and farm equipment	1,458,286	1,305,382	9,657,504	14
Total sales financing	$245,839,289	$243,455,729	$740,602,257	33

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 January 1947

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive	77,604	100	$ 61,345,554 a/	100
New passenger cars	23,574	30	24,538,173	40
New commercial cars	5,162	7	7,008,935	11
Used passenger cars	45,097	58	26,983,328	44
Used commercial cars	3,771	5	2,815,118	5
Total wholesale automotive	117,136	100	$128,817,676 a/	100
New cars (passenger and commercial)	96,515	82	110,858,097	86
Used cars (passenger and commercial)	20,621	18	17,959,579	14

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 January 1947

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments	$ 1,351,145	4
Refrigerators and other household appliances	1,921,308	6
Residential building repairs and modernization	12,496,147	40
Miscellaneous retail	7,469,470	24
Total retail - other consumers' goods	$23,238,070 a/	74
Total wholesale - other than automotive	6,706,720	21
Industrial, commercial, and farm equipment	1,458,286	5
Total diversified financing	$31,403,076	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.

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