

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

MAY 1947

Retail financing.—Sales finance companies reported a slight drop in the volume of retail automotive financing in May, but continued to show sizable gains in diversified financing. Outstanding balances on both classes of paper rose further during the month.

Declines in automotive financing occurred in all types of cars financed except used passenger cars. Used passenger car financing continued to increase and accounted for about 62 per cent of the number of cars financed and nearly half of the dollar volume of retail automotive paper acquired by reporting companies. The number of new passenger cars financed was down 7 per cent and of new commercial cars 11 per cent, but the production of cars and trucks in May declined even more sharply.

The rise of 10 per cent in retail financing of consumers' goods other than automotive reflected marked gains in all classes of paper except furniture paper which showed only a slight increase.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, April 1947 to May 1947		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	- 1	- 1	+ 8
Passenger cars: New	- 7	- 5	...
Used	0	+ 2	...
Commercial cars: New	-11	-11	...
Used	- 4	- 3	...
Other consumers' goods: Total		+10	+ 7
Furniture, radios, musical instruments		+ 1	...
Refrigerators and other household appliances		+11	...
Residential building repair and modernization		+10	...
Miscellaneous retail		+10	...

Wholesale financing.—The volume of wholesale automotive financing in May was 2 per cent below that of April, as a result of decreases in the financing of both new and used vehicles. Outstanding balances declined for the second successive month. Wholesale financing other than automotive rose 2 per cent above the volume of the preceding month, and outstanding balances showed a further increase during the month.

Ratio of paper acquired to balances outstanding.—The dollar volume of total sales financing during the month was about 40 per cent of the corresponding amount outstanding at the end of the month, or a decrease of 2 percentage points over the April ratio.

Note.—May data, based on returns from 146 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
1946.....	59	42	90	224	105	59
1946 - 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
February.....	68	48	105	287	116	61
March.....	73	53	111	325	124	68
April.....	78	58	110	341	136	67
May.....	82	62	106	351	145	70

^{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 May 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/}	\$438,568,573	100	\$1,125,396,649	100
Total loans.....	47,744,379	11	165,557,810	15
Small (personal) loans.....	16,009,962	4	85,666,269	8
Business loans.....	31,734,417	7	79,891,541	7
Total sales financing ^{a/}	390,824,194	89	959,838,839	85

^{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 May 1947 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during May 1947		Outstanding balances May 31, 1947 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$103,710,267	\$101,942,275	\$517,392,201	20
Total wholesale automotive.....	248,682,996	247,452,939	173,214,581	143
Total wholesale - other than automotive...	8,295,224	8,289,274	26,287,813	32
Total retail - other consumers' goods.....	39,257,332	38,504,810	263,113,950	15
Industrial, commercial, and farm equipment	1,551,978	1,397,897	11,279,715	12
Total sales financing.....	\$401,497,797	\$397,587,195	\$991,288,260	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 4.--Number of Cars Financed and Volume of Paper Acquired
by Sales Finance Companies During May 1947

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	111,759	100	\$ 87,965,207 ^{a/}	100
New passenger cars.....	30,942	28	32,739,327	37
New commercial cars.....	6,604	6	8,945,777	10
Used passenger cars.....	69,177	62	42,640,904	49
Used commercial cars.....	5,036	4	3,639,199	4
Total wholesale automotive.....	190,841	100	\$227,021,451 ^{a/}	100
New cars (passenger and commercial)..	162,628	85	199,491,472	88
Used cars (passenger and commercial)..	28,213	15	27,529,979	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 May 1947

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,850,732	4
Refrigerators and other household appliances.....	3,997,100	8
Residential building repairs and modernization.....	21,549,211	45
Miscellaneous retail.....	11,143,901	23
Total retail - other consumers' goods.....	\$38,540,944 ^{a/}	80
Total wholesale - other than automotive.....	8,295,224	17
Industrial, commercial, and farm equipment.....	1,551,978	3
Total diversified financing.....	\$48,388,146	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.