

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

G.20

August 18, 1947

SALES FINANCE COMPANIES

JUNE 1947

Retail financing.—Sales finance companies reported little change in the volume of retail automotive financing in June but showed a further gain in diversified financing. Outstanding balances on both classes of paper continued to increase during the month.

New passenger car financing rose slightly in June after declining somewhat in May. Transactions in all other types of vehicles failed to increase over the volume of the preceding month. Commercial vehicle paper acquired in June was 12 per cent less than that in May.

The rise of 7 per cent in the volume of diversified retail paper reflected increases in all types of financing except that in furniture, radios, and musical instruments. The volume of paper arising from repair and modernization of residential dwellings and from sales of refrigerators and household appliances showed the largest percentage gains during the month.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, May 1947 to June 1947		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	- 1	+ 1	+ 6
Passenger cars: New	+ 1	+ 3	...
Used	- 2	0	...
Commercial cars: New	-11	-12	...
Used	- 3	- 1	...
Other consumers' goods: Total		+ 7	+ 9
Furniture, radios, musical instruments		-14	...
Refrigerators and other household appliances		+10	...
Residential building repair and modernization		+ 9	...
Miscellaneous retail		+ 4	...

Wholesale financing.—Paper acquired in June based on wholesale purchases of automobiles was slightly above the May volume with new car financing showing a small rise and used car financing a moderate drop. Wholesale financing other than automotive was in smaller volume in June compared with May. Balances outstanding on automotive financing increased while those based on nonautomotive financing declined during the month.

Ratio of paper acquired to balances outstanding.—The dollar volume of total sales financing during the month was about 38 per cent of the corresponding amount outstanding at the end of the month, or a decrease of 2 percentage points from the May ratio.

Note.—June data, based on returns from 149 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 - 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
June.....	87	66	111	346	157	71

^{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 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/}	\$438,873,392	100	\$1,158,987,350	100
Total loans.....	51,524,265	12	163,442,140	14
Small (personal) loans.....	15,861,929	4	84,891,682	7
Business loans.....	35,662,336	8	78,550,458	7
Total sales financing ^{a/}	387,349,127	88	995,545,210	86

^{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 1947 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during June 1947		Outstanding balances June 30, 1947 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$100,590,835	\$ 98,854,920	\$ 528,710,684	19
Total wholesale automotive.....	244,646,989	244,113,619	173,416,330	141
Total wholesale - other than automotive...	7,934,930	7,928,651	25,809,489	31
Total retail - other consumers' goods.....	42,017,364	41,401,072	285,173,856	15
Industrial, commercial, and farm equipment	1,778,990	1,548,221	11,249,126	14
Total sales financing.....	\$396,969,108	\$393,846,483	\$1,024,359,484	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 June 1947

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	102,117	100	\$ 82,177,308 ^{a/}	100
New passenger cars.....	30,294	30	32,651,224	40
New commercial cars.....	5,822	6	7,772,726	10
Used passenger cars.....	61,208	60	38,164,662	46
Used commercial cars.....	4,793	4	3,588,696	4
Total wholesale automotive.....	184,156	100	\$221,832,277 ^{a/}	100
New cars (passenger and commercial)..	161,950	88	200,068,795	90
Used cars (passenger and commercial)..	22,206	12	21,763,482	10

^{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 1947

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,591,275	3
Refrigerators and other household appliances.....	4,391,827	9
Residential building repairs and modernization.....	23,556,940	46
Miscellaneous retail.....	11,576,426	23
Total retail - other consumers' goods.....	\$41,116,468 ^{a/}	81
Total wholesale - other than automotive.....	7,934,930	16
Industrial, commercial, and farm equipment.....	1,778,990	3
Total diversified financing.....	\$50,830,388	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.