

**BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM**

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SALES FINANCE COMPANIES

JULY 1947

Retail financing.--Sales finance companies reported moderate gains in the volume of retail financing in July. Automotive paper acquired rose 4 per cent and diversified paper increased 2 per cent over respective June levels. Outstanding balances on automotive and other retail paper expanded further during the month.

The 4 per cent rise in retail automotive paper acquired, shown in the table below, reflected increases in all types of vehicles financed. The largest percentage gains were in the financing of new vehicles, with passenger car paper advancing 5 per cent and commercial vehicle paper rising 26 per cent. Used passenger car financing increased 2 per cent after showing no change in June, and continued to account for the major portion of retail automotive paper acquired by reporting firms.

Diversified financing rose 2 per cent in July reflecting increases in all classes of paper except that based upon miscellaneous retail sales. Paper arising from sales of furniture, radios, musical instruments, etc., showed the largest relative gain, but accounted for only a slight proportion of diversified financing of the reporting group. Residential repair and modernization credit continued to increase but at a somewhat slower rate than in other recent months.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, June 1947 to July 1947		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+2	+4	+5
Passenger cars: New	+2	+5	
Used	+2	+2	
Commercial cars: New	+21	+26	
Used	+2	+1	
Other consumers' goods: Total		+2	+7
Furniture, radios, musical instruments		+11	
Refrigerators and other household appliances		+2	
Residential building repair and modernization		+6	
Miscellaneous retail		-7	

Wholesale financing.--Paper based on sales of vehicles to dealers was in slightly larger volume in July compared with June. The volume of other wholesale paper declined for the second consecutive month. Balances outstanding on both classes of paper decreased during the month.

Ratio of paper acquired to balances outstanding.--The dollar volume of total sales financing during July was 38 per cent of the corresponding amount outstanding at the end of the month, or about the same ratio as in June.

Note.--July data, based on returns from 147 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 - 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
July.....	91	69	109	336	168	74

^{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 July 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/}	\$454,159,029	100	\$1,226,494,079	100
Total loans.....	47,522,736	11	164,593,921	13
Small (personal) loans.....	17,156,233	4	89,042,225	7
Business loans.....	30,366,503	7	75,551,696	6
Total sales financing ^{a/}	406,636,293	89	1,061,900,158	87

^{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 July 1947 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during July 1947		Outstanding balances July 31, 1947 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$108,082,269	\$105,882,764	\$572,165,939	19
Total wholesale automotive.....	256,753,658	255,035,283	175,094,620	146
Total wholesale - other than automotive...	7,147,758	7,143,828	25,302,417	28
Total retail - other consumers' goods.....	43,175,279	42,506,742	306,281,252	14
Industrial, commercial, and farm equipment	1,602,977	1,418,399	11,789,336	12
Total sales financing.....	\$416,761,941	\$411,987,016	\$1,090,633,564	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 July 1947

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	111,336	100	\$91,659,991 ^{a/}	100
New passenger cars.....	31,419	28	35,054,213	38
New commercial cars.....	7,072	6	9,855,243	11
Used passenger cars.....	67,771	61	42,979,586	47
Used commercial cars.....	5,074	5	3,770,949	4
Total wholesale automotive.....	190,024	100	\$235,441,797 ^{a/}	100
New cars (passenger and commercial)..	162,894	86	208,053,406	88
Used cars (passenger and commercial)..	27,130	14	27,388,391	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 July 1947

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$1,768,173	3
Refrigerators and other household appliances.....	4,461,430	9
Residential building repairs and modernization.....	24,972,027	49
Miscellaneous retail.....	11,126,387	22
Total retail - other consumers' goods.....	42,328,017 ^{a/}	83
Total wholesale - other than automotive.....	7,147,758	14
Industrial, commercial, and farm equipment.....	1,602,977	3
Total diversified financing.....	51,078,752	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.