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OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

JANUARY 1948

Retail financing.--The volume of automotive and other retail financing dropped in January after showing strong gains in the preceding month. The declines in volume from the December levels of activity were largely seasonal, and were accompanied by further increases in balances outstanding.

The drop of 5 per cent in total automotive paper acquired shown in the table below reflected a reduced volume of financing for all types of vehicles. Financing of used vehicles registered the largest percentage decline. The decrease in the financing of new vehicles was much less pronounced than the fall in motor vehicle output in January.

Financing of consumers' goods other than automotive also showed declines in all classes of paper and the total was down 26 per cent. Repair and modernization financing continued to fall off, reflecting in part a reduction in activity of this type during the winter months. Other classes of non-automotive financing declined sharply in January following considerable increases in volume in December.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, December 1947 to January 1948		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	-7	-5	+5
Passenger cars: New	-3	-2	..
Used	-8	-7	..
Commercial cars: New	-9	-5	..
Used	-9	-12	..
Other consumers' goods: Total		-26	+1
Furniture, radios, musical instruments		-34	..
Refrigerators and other household appliances		-25	..
Residential building repair and modernization		-34	..
Miscellaneous retail		-6	..

Wholesale financing.--The January volume of wholesale automotive financing was less than in December as a result of a substantial drop in sales to dealers of new vehicles. Sales to dealers of used vehicles, however, increased somewhat over the volume of the preceding month. Non-automotive wholesale financing also declined in January. Despite the drops in paper acquired during the month, balances outstanding on both automotive and non-automotive wholesale credit continued to rise.

Ratio of paper acquired to balances outstanding.--The ratio of paper purchased during the month to balances outstanding at the end of the month decreased 4 percentage points to 34 for January.

Note.--January data, based on returns from 136 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
1947.....	119	88	163	394	226	89
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
August.....	94	72	103	333	180	87
September.....	100	75	122	321	192	86
October.....	105	79	124	310	206	92
November.....	111	83	138	359	218	89
December.....	119	88	163	394	226	89
1948-January.....	123	92	167	426	229	92

^{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 1948 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/}	\$479,651,901	100	\$1,422,354,267	100
Total loans.....	43,688,673	9	145,991,324	10
Small (personal) loans.....	14,212,094	3	78,723,277	5
Business loans.....	29,476,579	6	67,268,047	5
Total sales financing ^{a/}	435,963,228	91	1,276,362,943	90

^{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 1948 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during January 1948		Outstanding balances January 31, 1948 <u>a/</u>	Ratio paper acquired to outstanding balances <u>b/</u>
	By all companies reporting	By companies reporting outstanding balances <u>a/</u>		
Total retail automotive.....	\$115,701,194	\$114,048,514	\$ 649,093,611	18
Total wholesale automotive.....	287,255,322	285,899,025	233,361,288	123
Total wholesale - other than automotive...	10,131,719	10,121,638	32,033,368	32
Total retail - other consumers' goods.....	30,331,374	30,191,652	340,838,514	9
Industrial, commercial, and farm equipment	8,402,023	8,278,831	69,991,922	12
Total sales financing.....	\$451,821,632	\$448,539,660	\$1,325,318,703	34

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 1948

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	108,547	100	\$111,431,751 <u>a/</u>	100
New passenger cars.....	41,644	38	54,396,545	49
New commercial cars.....	7,680	7	11,648,895	11
Used passenger cars.....	54,883	51	41,617,795	37
Used commercial cars.....	4,340	4	3,768,516	3
Total wholesale automotive.....	202,136	100	\$282,347,735 <u>a/</u>	100
New cars (passenger and commercial)...	177,747	88	255,940,014	91
Used cars (passenger and commercial)...	24,389	12	26,407,721	9

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 1948

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,432,314	3
Refrigerators and other household appliances.....	4,116,202	9
Residential building repairs and modernization.....	14,346,294	30
Miscellaneous retail.....	9,829,702	20
Total retail - other consumers' goods.....	\$29,724,512 <u>a/</u>	62
Total wholesale - other than automotive.....	10,131,719	21
Industrial, commercial, and farm equipment.....	8,402,023	17
Total diversified financing.....	\$48,258,254	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.