

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

G.20

May 14, 1948

SALES FINANCE COMPANIES

MARCH 1948

Retail financing.--Sales finance companies reported sharp increases in the volume of automotive and other retail instalment paper acquired during the month of March. In the automobile sector, the substantial rise in volume was accompanied by a material expansion in outstanding balances. Amounts outstanding based on sales of other consumers' goods increased only slightly, reflecting in part the effects of diminished activity in prior months.

The 42 per cent gain in dollar volume of automobile financing, shown in the table below, resulted from considerable increases in the time sales of all types of vehicles. Along with a marked upswing in motor vehicle production in March, financing of new passenger cars rose 31 per cent, and new commercial vehicles 40 per cent above the February level. The percentage increase in used vehicle financing was even larger than for new vehicles.

The rise of 29 per cent in the financing of consumers' goods other than automobiles reflected substantial gains in all classes of paper. Paper based on sales of refrigerators and other household appliances showed the highest percentage increase.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, February 1948 to March 1948		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	<u>+44</u>	<u>+42</u>	<u>+ 9</u>
Passenger cars: New	+31	+31	...
Used	+52	+59	...
Commercial cars: New	+42	+40	...
Used	+50	+46	...
Other consumers' goods: Total		<u>+29</u>	<u>+ 1</u>
Furniture, radios, musical instruments		+35	...
Refrigerators and other household appliances		+53	...
Residential building repair and modernization		+23	...
Miscellaneous retail		+26	...

Wholesale financing.--The volume of financing of sales to dealers of automobiles and other goods was up substantially in March. Outstanding balances on both types of dealer credit increased further during the month.

Ratio of paper acquired to balances outstanding.--The ratio of paper purchased during the month to balances outstanding at the end of the month increased 9 percentage points to 39 for March.

Note.--March data, based on returns from 135 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 - 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
February.....	127	96	171	445	230	94
March.....	134	105	175	458	232	98

^{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 March 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/}	\$563,602,682	100	\$1,454,654,830	100
Total loans.....	45,598,846	8	135,870,971	8
Small (personal) loans.....	12,132,619	2	56,805,759	2
Business loans.....	33,466,227	6	79,065,212	6
Total sales financing ^{a/}	518,003,836	92	1,318,783,859	92

^{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 March 1948 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during March 1948		Outstanding balances March 31, 1948 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$151,318,004	\$148,701,912	\$ 678,926,083	22
Total wholesale automotive.....	325,606,011	323,242,794	231,166,847	140
Total wholesale - other than automotive...	15,231,120	15,225,080	34,832,120	44
Total retail - other consumers' goods.....	33,143,325	33,071,381	346,216,624	10
Industrial, commercial, and farm equipment	9,940,783	9,904,330	74,279,773	13
Total sales financing.....	\$535,239,243	\$530,145,497	\$1,365,421,447	39

^{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 March 1948

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	145,084	100	\$146,497,582 ^{a/}	100
New passenger cars.....	47,656	33	61,183,472	42
New commercial cars.....	79,693	55	63,304,114	43
Used passenger cars.....	11,462	8	16,732,180	11
Used commercial cars.....	6,273	4	5,277,816	4
Total wholesale automotive.....	231,927	100	\$321,287,674 ^{a/}	100
New cars (passenger and commercial)..	207,094	89	295,140,079	92
Used cars (passenger and commercial).	24,833	11	26,147,595	8

^{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 March 1948

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,690,956	3
Refrigerators and other household appliances.....	6,420,698	11
Residential building repairs and modernization.....	13,922,604	24
Miscellaneous retail.....	10,698,099	19
Total retail - other consumers' goods.....	\$32,732,357 ^{a/}	57
Total wholesale - other than automotive.....	15,231,120	26
Industrial, commercial, and farm equipment.....	9,940,783	17
Total diversified financing.....	\$57,904,260	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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CORRECTION

Please note the following errors on the March 1948 issue of the release for Sales Finance Companies, G.20, dated May 14, 1948.

1. On page 2, Table 2, the percentages under Outstanding balances were erroneously shown as identical to the percentages under paper acquired.
2. On page 3, Table 4, figures for new commercial vehicles were interchanged with those for used passenger cars.

Tables 2 and 4 as corrected are reproduced below.

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