

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

G.20

July 13, 1948

SALES FINANCE COMPANIES

MAY 1948

Retail financing.--Sales finance companies reported a smaller volume of automotive and other retail instalment paper acquired in May than in April. Outstanding balances on both classes of paper, however, continued to increase during the month.

The 16 per cent drop in automobile paper, shown in the table below, resulted from a reduction in volume of financing of all types of vehicles. New vehicle credit fell off more sharply than for used vehicles, probably reflecting in part the fact that motor vehicle production in May was at its lowest level for the year.

Retail financing in May of goods other than automotive was 7 per cent less than in April. Reduced volume was reported in all types of paper except that based on sales of refrigerators and household appliances.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, April 1948 to May 1948		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	-14	-16	+ 5
Passenger cars: New	-24	-21	...
Used	-12	-12	...
Commercial cars: New	-12	-10	...
Used	- 2	- 4	...
Other consumers' goods: Total		- 7	+ 4
Furniture, radios, musical instruments		- 2	...
Refrigerators and other household appliances		+ 3	...
Residential building repair and modernization		-14	...
Miscellaneous retail		- 7	...

Wholesale financing.--The volume of wholesale automotive financing was down in May and outstanding balances registered a further decline during the month. Diminished activity in May was also reported in the wholesale financing of nonautomotive goods.

Ratio of paper acquired to balances outstanding.--The turnover rate of total retail and wholesale paper, as indicated by the ratio of paper purchased during the month to balances outstanding at the end of the month decreased by 8 percentage points to 31 for May.

Note.--May data, based on returns from 131 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
1947.....	119	88	163	394	226	89
1947-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
April.....	139	113	159	517	240	111
May.....	141	119	143	495	250	118

^{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 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/}	\$509,396,445	100	\$1,634,649,678	100
Total loans.....	44,322,090	9	155,479,919	10
Small (personal) loans.....	11,189,437	2	65,325,095	4
Business loans.....	33,132,653	7	90,154,824	6
Total sales financing ^{a/}	465,074,355	91	1,479,169,759	90

^{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 1948 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during May 1948		Outstanding balances May 31, 1948 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$150,371,860	\$148,078,438	\$ 872,052,036	17
Total wholesale automotive.....	286,188,312	284,366,930	222,839,435	128
Total wholesale - other than automotive...	13,031,799	13,026,604	36,842,753	35
Total retail - other consumers' goods.....	31,298,569	31,170,426	347,209,444	9
Industrial, commercial, and farm equipment	12,276,316	12,231,087	89,306,763	14
Total sales financing.....	\$493,166,856	\$488,873,485	\$1,568,250,431	31

^{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 1948

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	127,709	100	\$131,396,146 ^{a/}	100
New passenger cars.....	32,026	25	43,775,432	33
New commercial cars.....	11,124	9	16,978,472	13
Used passenger cars.....	77,885	61	65,103,797	50
Used commercial cars.....	6,674	5	5,538,445	4
Total wholesale automotive.....	178,507	100	\$260,535,199 ^{a/}	100
New cars (passenger and commercial)..	148,861	83	225,072,674	86
Used cars (passenger and commercial).	29,646	17	35,462,525	14

^{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 1948

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,573,221	3
Refrigerators and other household appliances.....	7,848,929	14
Residential building repairs and modernization.....	11,775,352	21
Miscellaneous retail.....	9,356,291	17
Total retail - other consumers' goods.....	\$30,553,793 ^{a/}	55
Total wholesale - other than automotive.....	13,031,799	23
Industrial, commercial, and farm equipment.....	12,276,316	22
Total diversified financing.....	\$55,861,908	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.