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SALES FINANCE COMPANIES

JUNE 1948

Retail financing.—Sales finance companies reported a marked gain in the volume of automotive financing during June. Outstanding balances on this class of paper rose 4 per cent. Financing of other consumers' goods showed a decline for the second successive month, and outstanding balances on these goods remained at about the same level as of the preceding month.

Total retail automotive paper acquired in June was 11 per cent above that of May. Financing of all classes of vehicles increased, and in terms of the number of cars financed the largest increase was in new passenger car financing.

Retail financing of consumers' goods other than automotive declined 10 per cent from the May volume. Increases in paper based on instalment sales of furniture and appliances were more than offset by a sharp drop in credit for residential repairs and modernization.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, May 1948 to June 1948		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 5	+11	+4
Passenger cars: New	+14	+15	
Used	+ 5	+ 7	
Commercial cars: New	+ 7	+ 6	
Used	+ 9	+15	
Other consumers' goods: Total		-10	0
Furniture, radios, musical instruments		+14	
Refrigerators and other household appliances		+ 7	
Residential building repair and modernization		-26	
Miscellaneous retail		0	

Wholesale financing.—The volume of wholesale automotive financing was up substantially in June, and outstanding balances showed a comparable gain. On goods other than automotive a decrease in volume of paper acquired and in outstanding balances was reported.

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 increased by 1 percentage point to 32 for June.

Note.—June 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-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
June.....	147	123	165	462	251	121

^{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 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/}	\$577,193,221	100	\$1,789,666,156	100
Total loans.....	47,080,799	8	175,081,105	10
Small (personal) loans.....	12,952,614	2	72,263,177	4
Business loans.....	34,128,185	6	102,817,928	6
Total sales financing ^{a/}	530,112,422	92	1,614,585,051	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 June 1948 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during June 1948		Outstanding balances June 30, 1948 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$165,969,178	\$163,393,017	\$904,572,544	18
Total wholesale automotive.....	324,882,993	322,741,987	255,086,109	127
Total wholesale - other than automotive...	12,591,065	12,582,607	34,894,823	36
Total retail - other consumers' goods.....	31,347,729	31,266,337	382,578,365	8
Industrial, commercial, and farm equipment	10,064,432	10,019,603	86,892,216	12
Total sales financing.....	\$544,855,397	\$540,003,551	\$1,664,024,057	32

^{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 1948

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	135,903	100	\$142,537,907 ^{a/}	100
New passenger cars.....	36,183	27	50,093,980	35
New commercial cars.....	11,927	9	18,000,681	13
Used passenger cars.....	80,526	59	68,099,073	48
Used commercial cars.....	7,267	5	6,344,173	4
Total wholesale automotive.....	202,439	100	\$297,586,501 ^{a/}	100
New cars (passenger and commercial)..	176,954	87	267,955,267	90
Used cars (passenger and commercial)..	25,485	13	29,631,234	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 1948

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,302,830	2
Refrigerators and other household appliances.....	7,976,934	15
Residential building repairs and modernization.....	10,707,709	20
Miscellaneous retail.....	10,764,596	20
Total retail - other consumers' goods.....	\$30,752,069 ^{a/}	57
Total wholesale - other than automotive.....	12,591,065	24
Industrial, commercial, and farm equipment.....	10,064,432	19
Total diversified financing.....	\$53,407,566	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.