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SALES FINANCE COMPANIES

AUGUST 1948

Retail financing.--Sales finance companies reported a moderate gain during August in the volume of retail automotive paper acquired and outstanding balances on this class of paper also continued to rise. Other retail financing declined slightly. The amount outstanding in this category showed signs of leveling off last month and in August declined after an uninterrupted rise of more than three and one-half years.

As indicated in the table below, total automotive paper acquired in August was 5 per cent higher than in July, reflecting gains in instalment sales of all types of vehicles. Dollar volume of new car financing was up more sharply than that for used vehicles. For financing of goods other than automobiles, there was a 1 per cent drop in total volume as compared with the activity of the preceding month.

Increases in paper based on furniture, radios, musical instruments, and residential repair and modernization were more than offset by the decline in paper from miscellaneous retail sales and household appliances.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, July 1948 to August 1948		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 3	+ 5	+ 5
Passenger cars: New	+12	+14	...
Used	+ 1	+ 1	...
Commercial cars: New	+ 4	+ 4	...
Used	+ 5	+ 2	...
Other consumers' goods: Total		- 1	- 1
Furniture, radios, musical instruments		+ 7	...
Refrigerators and other household appliances		- 3	...
Residential building repair and modernization		+ 4	...
Miscellaneous retail		- 5	...

Wholesale financing.--The volume of wholesale automotive financing rose moderately in August and this was accompanied by a slight increase in outstanding balances. Other wholesale financing declined substantially in August. Outstanding balances were also reduced further, but at a more rapid rate than in the preceding month.

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 remained at the July level of 34.

Note.--August data, based on returns from 133 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-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
July.....	151	130	164	448	250	120
August.....	155	136	165	396	249	119

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 August 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 <u>a/</u>	\$650,942,847	100	\$1,908,687,942	100
Total loans.....	49,556,955	8	182,118,273	10
Small (personal) loans.....	13,030,514	2	75,602,807	4
Business loans.....	36,526,441	6	106,515,466	6
Total sales financing <u>a/</u>	601,385,892	92	1,726,569,669	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 August 1948 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during August 1948		Outstanding balances August 31, 1948 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$186,076,867	\$184,019,455	\$1,017,083,236	18
Total wholesale automotive.....	383,868,577	381,515,934	257,163,979	148
Total wholesale - other than automotive...	9,460,089	9,456,954	30,173,840	31
Total retail - other consumers' goods.....	29,658,814	29,340,798	384,013,783	8
Industrial, commercial, and farm equipment	7,324,066	7,283,295	89,411,018	8
Total sales financing.....	\$616,388,413	\$611,616,436	\$1,777,845,856	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 August 1948

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	144,902	100	\$158,554,648 ^{a/}	100
New passenger cars.....	43,927	30	62,578,170	40
New commercial cars.....	11,732	8	18,018,302	11
Used passenger cars.....	81,718	57	71,754,508	45
Used commercial cars.....	7,525	5	6,203,668	4
Total wholesale automotive.....	232,922	100	\$350,786,089 ^{a/}	100
New cars (passenger and commercial)..	206,320	89	318,061,597	91
Used cars (passenger and commercial)..	26,602	11	32,724,492	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 August 1948

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,264,684	3
Refrigerators and other household appliances.....	8,021,825	17
Residential building repairs and modernization.....	10,651,804	23
Miscellaneous retail.....	9,166,858	20
Total retail - other consumers' goods.....	\$29,105,171 ^{a/}	63
Total wholesale - other than automotive.....	9,460,089	21
Industrial, commercial, and farm equipment.....	7,324,066	16
Total diversified financing.....	\$45,889,326	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.