

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

NOVEMBER 1948

Retail financing.—Automobile finance volume increased in November, and outstanding balances on this class of paper continued to rise. Financing of other consumers goods declined for the second consecutive month, resulting in a further reduction of outstanding balances.

The increase of 12 per cent in retail automobile paper acquired, shown in the table below, was in contrast to a drop in activity reported during October. New passenger car volume rose about one-fifth in November, which more than compensated for the decline of a month earlier. Transactions in used passenger cars, after a drop of 30 per cent in October, rose 9 per cent in November.

Paper purchased on other consumers goods was down 4 per cent from the October volume, largely because of the marked decrease in the financing of residential repair and modernization activity. Paper based on sales of furniture, radios, and appliances was in larger volume in November, after showing a considerable decline during the preceding month.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, October 1948 to November 1948		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	<u>+11</u>	<u>+12</u>	<u>+ 2</u>
Passenger cars: New	+21	+22	...
Used	+10	+ 9	...
Commercial cars: New	+ 1	+ 2	...
Used	+ 1	- 2	...
Other consumers' goods: Total		<u>- 4</u>	<u>- 2</u>
Furniture, radios, musical instruments		+13	...
Refrigerators and other household appliances		- 1	...
Residential building repair and modernization		-12	...
Miscellaneous retail		+ 1	...

Wholesale financing.—Financing of factory sales of cars to dealers continued to increase in November after a considerable rise reported in October. Outstanding accounts in this category expanded further during the month. Wholesale financing of other goods also rose above the October volume, and outstanding balances showed a gain.

Ratio of paper acquired to balances outstanding.—Total retail and wholesale paper purchased in November amounted to 30 per cent of the aggregate balances outstanding at the end of the month. In October this ratio was 29 per cent.

NOTE.—November 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-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
September.....	157	142	154	362	247	119
October.....	163	145	191	389	243	118
November.....	167	148	211	418	238	116

^{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 November 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/}	\$638,703,768	100	\$2,110,055,896	100
Total loans.....	44,706,863	7	166,323,143	8
Small (personal) loans.....	13,333,167	2	77,343,991	4
Business loans.....	31,373,696	5	88,979,152	4
Total sales financing ^{a/}	593,996,905	93	1,943,732,753	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 November 1948 and Balances Outstanding at End of Month

Class of paper	Volums of paper acquired during November 1948		Outstanding balances November 30, 1948 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$163,910,738	\$162,408,693	\$1,182,398,441	14
Total wholesale automotive.....	400,325,365	398,546,582	331,873,326	120
Total wholesale - other than automotive...	13,192,021	13,159,396	31,740,184	41
Total retail - other consumers' goods.....	23,357,505	23,289,951	366,417,727	6
Industrial, commercial, and farm equipment	6,420,263	6,380,968	86,591,621	7
Total sales financing.....	\$607,205,892	\$603,785,590	\$1,999,021,299	30

^{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 November 1948

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	135,478	100	\$141,566,920 ^{a/}	100
New passenger cars.....	44,859	33	63,444,535	45
New commercial cars.....	10,237	8	15,860,723	11
Used passenger cars.....	73,686	54	56,951,174	40
Used commercial cars.....	6,696	5	5,340,488	4
Total wholesale automotive.....	235,017	100	\$368,227,301 ^{a/}	100
New cars (passenger and commercial)..	213,072	91	343,902,689	93
Used cars (passenger and commercial)..	21,945	9	24,324,612	7

^{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 November 1948

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,034,360	2
Refrigerators and other household appliances.....	4,625,179	11
Residential building repairs and modernization.....	9,338,676	22
Miscellaneous retail.....	7,868,427	19
Total retail - other consumers' goods.....	\$22,866,642 ^{a/}	54
Total wholesale - other than automotive.....	13,192,021	31
Industrial, commercial, and farm equipment.....	6,420,263	15
Total diversified financing.....	\$42,478,926	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.