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SALES FINANCE COMPANIES

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Retail financing.—The volume of retail automobile financing for sales finance companies expanded further in December and outstanding balances on this class of paper continued to rise. A slight decline in the financing of other consumers' goods was accompanied by a further reduction in the outstanding balances.

Retail automotive financing was 4 per cent higher than in the preceding month. The largest gain registered for any class of paper, as is indicated by the table below, is the 9 per cent increase in new passenger car financing. Used passenger car activity showed no change from the November level.

Retail financing of other consumers' goods was only fractionally below the November volume. Paper acquired from sales of residential repair and modernization continued to decrease while paper based on sales of furniture, radios and musical instruments showed a sharp increase. The latter type of paper accounts for only a small proportion of business of the reporting group.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, November 1948 to December 1948		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+ 3	+ 4	+ 3
Passenger cars: New	+ 8	+ 9	...
Used	0	0	...
Commercial cars: New	- 2	- 2	...
Used	0	+ 2	...
Other consumers' goods: Total		- 1	- 3
Furniture, radios, musical instruments		+57	...
Refrigerators and other household appliances		+13	...
Residential building repair and modernization		-19	...
Miscellaneous retail		+ 6	...

Wholesale financing.—Both automotive and nonautomotive wholesale paper showed substantial gains in volume in December and outstanding balances on these two types of financing were up sharply.

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 1 percentage point to 31.

NOTE.—December 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
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
December.....	174	151	252	454	232	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 December 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/}	\$684,617,759	100	\$2,185,696,126	100
Total loans.....	49,495,380	7	168,879,140	8
Small (personal) loans.....	17,897,333	2	81,810,329	4
Business loans.....	31,598,047	5	87,068,811	4
Total sales financing ^{a/}	635,122,379	93	2,016,816,986	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 December 1948 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during December 1948		Outstanding balances December 31, 1948 <u>a/</u>	Ratio paper acquired to outstanding balances <u>b/</u>
	By all companies reporting	By companies reporting outstanding balances <u>a/</u>		
Total retail automotive.....	\$169,697,334	\$167,968,950	\$1,203,276,145	14
Total wholesale automotive.....	429,915,665	427,497,371	393,204,189	109
Total wholesale - other than automotive...	15,212,374	15,191,612	34,637,406	44
Total retail - other consumers' goods.....	22,287,124	22,179,113	353,117,954	6
Industrial, commercial, and farm equipment	9,745,480	9,733,963	82,961,563	12
Total sales financing.....	\$646,857,977	\$642,571,009	\$2,067,197,257	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 December 1948

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	138,471	100	\$146,515,408 <u>a/</u>	100
New passenger cars.....	48,318	35	68,607,186	47
New commercial cars.....	10,091	7	15,538,102	10
Used passenger cars.....	73,303	53	56,854,101	39
Used commercial cars.....	6,759	5	5,516,019	4
Total wholesale automotive.....	246,703	100	\$394,814,004 <u>a/</u>	100
New cars (passenger and commercial)...	224,567	91	371,220,112	94
Used cars (passenger and commercial)...	22,136	9	23,593,892	6

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 December 1948

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,178,399	2
Refrigerators and other household appliances.....	5,125,525	11
Residential building repairs and modernization.....	7,571,468	16
Miscellaneous retail.....	7,824,704	17
Total retail - other consumers' goods.....	\$21,700,096 <u>a/</u>	46
Total wholesale - other than automotive.....	15,212,374	33
Industrial, commercial, and farm equipment.....	9,745,480	21
Total diversified financing.....	\$46,657,950	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.