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SALES FINANCE COMPANIES

JANUARY 1949

Retail financing.--The January volume of paper acquired by reporting sales finance companies was considerably less than in December for all categories of instalment financing. Outstanding balances on automobile transactions increased only slightly during the month while balances based on other goods declined.

Automobile paper acquired in January was 15 per cent less than the volume of the preceding month. Financing of all types of vehicles decreased and the largest percentage drop was reported in the financing of new passenger cars. The decline in new passenger car transactions paralleled the January decrease in automobile production.

Retail financing of other consumers goods was down sharply for all classes of paper. Reported declines ranged from 25 per cent in the miscellaneous category to 38 per cent in paper based on residential repair and modernization.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, December 1948 to January 1949		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	-14	-15	+ 1
Passenger cars: New	-19	-16	...
Used	-12	-14	...
Commercial cars: New	-13	-15	...
Used	-10	-10	...
Other consumers goods: Total		-32	- 5
Furniture, radios, musical instruments		-29	...
Refrigerators and other household appliances		-31	...
Residential building repair and modernization		-38	...
Miscellaneous retail		-25	...

Wholesale financing.--Decreases in new wholesale paper acquired in January were indicated for both automobiles and other goods. Outstanding balances on both classes of goods, however, increased during the month.

Ratio of paper acquired to balances outstanding.--The ratio of paper purchased during the month to balances outstanding at the end of the month dropped by 5 percentage points to 26 for January. This drop resulted from a slowing down of the turnover rate of all types of wholesale and retail paper, particularly wholesale automobile paper.

NOTE.--January data, based on returns from 135 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.....	174	151	252	454	232	116
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
1949-January.....	177	153	273	484	221	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 January 1949 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/}	\$575,514,422	100	\$2,218,023,390	100
Total loans.....	39,291,207	7	166,415,121	8
Small (personal) loans.....	11,577,267	2	77,268,008	4
Business loans.....	27,713,940	5	89,147,113	4
Total sales financing ^{a/}	536,223,215	93	2,051,608,269	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 January 1949 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during January 1949		Outstanding balances January 31, 1949 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$145,243,132	\$143,384,906	\$1,224,959,482	12
Total wholesale automotive.....	371,592,836	369,008,540	430,589,622	86
Total wholesale - other than automotive...	13,688,124	13,682,630	37,128,556	37
Total retail - other consumers' goods.....	15,721,671	15,592,759	340,165,394	5
Industrial, commercial, and farm equipment	5,573,542	5,510,268	88,921,758	6
Total sales financing.....	\$551,819,305	\$547,179,103	\$2,121,764,812	26

^{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 January 1949

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	119,326	100	\$125,270,108 ^{a/}	100
New passenger cars.....	39,373	33	57,814,431	46
New commercial cars.....	8,759	7	13,216,975	11
Used passenger cars.....	65,045	55	49,263,447	39
Used commercial cars.....	6,149	5	4,975,255	4
Total wholesale automotive.....	211,959	100	\$342,425,002 ^{a/}	100
New cars (passenger and commercial)...	190,308	90	320,166,475	93
Used cars (passenger and commercial)...	21,651	10	22,258,527	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 January 1949

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,254,358	4
Refrigerators and other household appliances.....	3,588,903	10
Residential building repairs and modernization.....	4,595,669	13
Miscellaneous retail.....	5,990,683	17
Total retail - other consumers' goods.....	\$15,429,613 ^{a/}	44
Total wholesale - other than automotive.....	13,688,124	40
Industrial, commercial, and farm equipment.....	5,573,542	16
Total diversified financing.....	\$34,691,279	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.