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FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

JUNE 1949

Retail financing.--Reporting sales finance companies acquired a slightly smaller volume of automobile paper in June than in May. These purchases, however, exceeded repayments on existing automobile receivables, and as a result outstanding balances rose during the month. Purchases of other retail paper in June were above the May level and for the first time in 12 months outstanding balances showed an increase.

The 2 per cent decline in dollar volume of automobile financing, as shown in the table below, reflected decreased purchases of paper based on sales of all types of vehicles except new trucks.

Financing of goods other than automobiles rose 9 per cent above the May volume, as a result of marked increases in nearly all classes of paper. Only a moderate increase was reported in the volume of furniture paper.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, May 1949 to June 1949		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	-1	-2	+5
Passenger cars: New	-1	-1	...
Used	-1	-3	...
Commercial cars: New	+2	+1	...
Used	+5	0	...
Other consumer goods: Total		+9	+1
Furniture, radios, musical instruments		+2	...
Refrigerators and other household appliances		+9	...
Residential building repair and modernization		+11	...
Miscellaneous retail		+9	...

Wholesale financing.--Reporting companies financed a slightly higher volume of motor vehicles at wholesale in June than in May and outstanding balances in this category also rose. Wholesale financing of other goods was somewhat less than that of a month earlier, and outstanding balances continued to decline.

Ratio of paper acquired to balances outstanding.--The ratio of paper purchased during the month to outstanding balances at the end of the month declined one percentage point to 31 in June.

NOTE.--June data, based on returns from 129 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.

SALES FINANCE COMPANIES

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-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	152	273	484	221	118
February.....	180	155	289	561	214	117
March.....	184	164	281	571	207	111
April.....	188	175	260	551	203	112
May.....	191	188	219	515	202	112
June.....	198	197	225	479	203	111

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 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 <u>a/</u>	\$755,369,942	100	\$2,474,262,144	100
Total loans.....	38,998,201	5	157,112,519	6
Small (personal) loans.....	10,686,826	1	76,841,706	3
Business loans.....	28,311,375	4	80,270,813	3
Total sales financing <u>a/</u>	716,371,741	95	2,317,149,625	94

a/ Included in this classification are only those firms which, in addition to their sales financing operations, reported loan activities.

SALES FINANCE COMPANIES

Table 3.--Automotive and Diversified Financing by Sales Finance Companies
Paper Acquired During June 1949 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during June 1949		Outstanding balances June 30, 1949 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$262,446,786	\$260,890,678	\$1,585,385,595	16
Total wholesale automotive.....	414,569,819	413,351,857	353,760,174	117
Total wholesale - other than automotive...	14,573,468	14,545,408	36,347,817	40
Total retail - other consumers' goods.....	31,936,493	31,634,175	315,784,408	10
Industrial, commercial, and farm equipment	6,408,823	6,379,107	83,405,075	8
Total sales financing.....	\$729,935,389	\$726,801,225	\$2,374,683,069	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 June 1949

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	231,983	100	\$232,893,116 ^{a/}	100
New passenger cars.....	74,384	32	109,231,443	47
New commercial cars.....	14,732	6	19,702,030	8
Used passenger cars.....	132,300	57	96,624,129	42
Used commercial cars.....	10,567	5	7,335,514	3
Total wholesale automotive.....	251,182	100	\$388,342,389 ^{a/}	100
New cars (passenger and commercial)...	233,103	93	371,967,615	96
Used cars (passenger and commercial)...	18,079	7	16,374,774	4

^{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 1949

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,751,473	3
Refrigerators and other household appliances.....	17,510,135	34
Residential building repairs and modernization.....	3,438,264	7
Miscellaneous retail.....	8,561,369	16
Total retail - other consumers' goods.....	\$31,261,241 ^{a/}	60
Total wholesale - other than automotive.....	14,573,468	28
Industrial, commercial, and farm equipment.....	6,408,823	12
Total diversified financing.....	\$52,243,532	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.