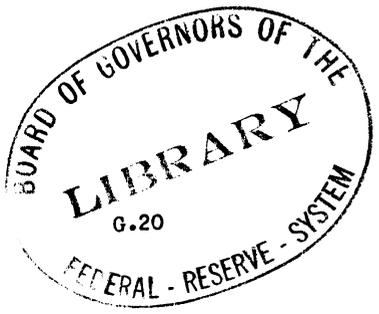


Mrs. Burgess



BOARD OF GOVERNORS  
OF THE  
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SALES FINANCE COMPANIES

AUGUST 1949

Retail financing.--In August the reporting sales finance companies purchased a larger volume of retail instalment paper than in July. A sharp increase in automobile transactions during the month was accompanied by a further expansion in outstanding balances. Financing of commodities other than automobiles was also up from the July level but balances outstanding on these goods showed a slight decline during the month.

The 17 per cent gain in automobile paper acquired reflected increased instalment sales of all types of vehicles. The largest percentage rise was reported in the dollar volume of new passenger car financing.

Paper arising from sales of other consumer goods rose 3 per cent above the July volume. The only class of paper which failed to increase was that based on sales of refrigerators and other household appliances.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, July 1949 to August 1949		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	+15	+17	+ 6
Passenger cars: New	+24	+24	...
Used	+ 9	+ 8	...
Commercial cars: New	+20	+21	...
Used	+24	+22	...
Other consumer goods: Total		+ 3	- 1
Furniture, radios, musical instruments		+20	...
Refrigerators and other household appliances		- 2	...
Residential building repair and modernization		+18	...
Miscellaneous retail		+ 8	...

Wholesale financing.--New and used vehicles financed on a wholesale basis were in much larger volume in August than during the preceding month; and the outstanding balances in this category increased. The volume of wholesale paper for other goods was also above the July amount but outstanding balances continued to decline.

Ratio of paper acquired to balances outstanding.--The turnover rate of receivables as measured by the ratio of paper purchased during the month to outstanding balances at the end of the month increased 4 percentage points to 34 for August.

NOTE.--August data, based on returns from 120 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 <sup>a/</sup>

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-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
July.....	203	206	227	430	203	111
August.....	214	219	242	417	202	111

<sup>a/</sup> 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 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 <sup>a/</sup> .....	\$884,950,460	100	\$2,647,443,844	100
Total loans.....	40,359,128	4	150,565,164	6
Small (personal) loans.....	10,221,190	1	71,854,601	3
Business loans.....	30,137,938	3	78,710,563	3
Total sales financing <sup>a/</sup> .....	844,591,332	96	2,496,878,680	94

<sup>a/</sup> 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 August 1949 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during August 1949		Outstanding balances August 31, 1949 <sup>a/</sup>	Ratio paper acquired to outstanding balances <sup>b/</sup>
	By all companies reporting	By companies reporting outstanding balances <sup>a/</sup>		
Total retail automotive.....	\$296,959,644	\$295,438,949	\$1,742,765,684	17
Total wholesale automotive.....	509,967,492	508,373,420	378,653,359	134
Total wholesale - other than automotive...	14,924,564	14,918,599	31,605,028	47
Total retail - other consumers' goods....	29,494,063	29,124,458	306,363,118	10
Industrial, commercial, and farm equipment	5,434,177	5,402,488	83,213,174	6
Total sales financing.....	\$856,779,940	\$853,257,914	\$2,542,600,363	34

<sup>a/</sup> Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

<sup>b/</sup> 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 1949

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	254,906	100	\$264,640,768 <sup>a/</sup>	100
New passenger cars.....	96,949	38	142,738,192	54
New commercial cars.....	16,893	7	22,012,595	8
Used passenger cars.....	129,311	51	92,050,433	35
Used commercial cars.....	11,753	4	7,839,548	3
Total wholesale automotive.....	312,527	100	\$480,904,561 <sup>a/</sup>	100
New cars (passenger and commercial)..	296,479	95	466,191,802	97
Used cars (passenger and commercial)..	16,048	5	14,712,759	3

<sup>a/</sup> 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 1949

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 1,495,834	3
Refrigerators and other household appliances.....	16,443,833	34
Residential building repairs and modernization.....	2,976,700	6
Miscellaneous retail.....	7,253,599	16
Total retail - other consumers' goods.....	\$28,869,966 <sup>a/</sup>	59
Total wholesale - other than automotive.....	14,924,564	30
Industrial, commercial, and farm equipment.....	5,434,177	11
Total diversified financing.....	\$49,228,707	100

<sup>a/</sup> 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.