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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

SEPTEMBER 1949

Retail financing.--September purchases of automobile and other retail instalment paper were less than in August for the reporting sales finance companies. Automobile paper purchased during the month, however, exceeded repayments, and outstanding balances continued to expand. Balances based on sales of other goods declined during the month.

The 9 per cent drop in dollar volume of retail automobile paper acquired, as shown in the table below, reflected decreased instalment sales of all types of vehicles. Passenger car financing was off more sharply than that for commercial vehicles.

Consumer goods other than automobiles showed an 18 per cent drop from the volume of the preceding month. Trends by type of paper were mixed, however. Furniture, radio, and residential repair and modernization paper registered gains. Paper based on refrigerators and other household appliances and that based on miscellaneous retail sales indicated sharp declines.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, August 1949 to September 1949		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	- 9	- 9	+ 4
Passenger cars: New	- 7	- 7	...
Used	-11	-13	...
Commercial cars: New	- 5	- 4	...
Used	0	- 1	...
Other consumer goods: Total		-18	- 2
Furniture, radios, musical instruments		+34	...
Refrigerators and other household appliances		-30	...
Residential building repair and modernization		+ 2	...
Miscellaneous retail		- 9	...

Wholesale financing.--Reporting companies financed a smaller volume of new and used vehicles in September than in August, but outstanding balances based on such transactions increased. Wholesale financing of other goods also dropped below the August volume and outstanding balances continued to contract.

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 decreased 4 percentage points to 30 for September.

NOTE.--September data, based on returns from 123 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-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
September.....	225	228	279	400	199	110

^{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 September 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/}	\$813,285,019	100	\$2,733,082,484	100
Total loans.....	37,656,840	4	135,061,246	5
Small (personal) loans.....	10,239,133	1	70,990,123	3
Business loans.....	27,417,707	3	64,071,123	2
Total sales financing ^{a/}	775,628,179	96	2,598,021,238	95

^{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 September 1949 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during September 1949		Outstanding balances September 30, 1949 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$272,508,947	\$271,367,342	\$1,829,324,187	15
Total wholesale automotive.....	476,566,836	476,010,017	437,871,585	109
Total wholesale - other than automotive...	12,163,225	12,160,005	30,189,928	40
Total retail - other consumers' goods.....	22,840,097	22,572,062	278,020,784	8
Industrial, commercial, and farm equipment	6,126,168	6,122,335	82,465,042	7
Total sales financing.....	\$790,205,273	\$788,231,761	\$2,657,871,526	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 September 1949

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	235,107	100	\$243,058,644 ^{a/}	100
New passenger cars.....	90,699	39	132,777,111	55
New commercial cars.....	16,150	7	21,137,871	9
Used passenger cars.....	116,428	49	81,315,664	33
Used commercial cars.....	11,830	5	7,827,998	3
Total wholesale automotive.....	288,488	100	\$445,672,288 ^{a/}	100
New cars (passenger and commercial)..	273,253	95	432,258,970	97
Used cars (passenger and commercial)..	15,235	5	13,413,318	3

^{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 September 1949

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 2,101,870	5
Refrigerators and other household appliances.....	11,617,180	29
Residential building repairs and modernization.....	1,397,631	3
Miscellaneous retail.....	7,105,116	18
Total retail - other consumers' goods.....	\$22,221,797 ^{a/}	55
Total wholesale - other than automotive.....	12,163,225	30
Industrial, commercial, and farm equipment.....	6,126,168	15
Total diversified financing.....	\$40,511,190	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.