



Mrs Burgess

**BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM**

G.20

December 9, 1949

SALES FINANCE COMPANIES

OCTOBER 1949

Retail financing.--Total automobile paper acquired in October by reporting sales finance companies was in larger volume than in September and balances outstanding on automobiles continued to increase. Financing of goods other than automobiles declined from the September volume and the outstanding balances showed a further drop.

Declines in financing of commercial vehicles were more than offset by a 5 per cent rise in instalment paper based on sales of new passenger cars. Financing of used passenger automobiles in October was at about the same level as in September.

Credit transactions on goods other than automobiles were down about 8 per cent from the September total but there was a sharp rise in the category of paper generally covering such items as furniture, radios, and musical instruments. It is believed that a substantial portion of the paper in this category represents sales of television sets.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, September 1949 to October 1949		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	<u>+ 1</u>	<u>+ 2</u>	<u>+ 4</u>
Passenger cars: New	+ 4	+ 5	...
Used	+ 1	0	...
Commercial cars: New	- 6	- 5	...
Used	- 5	- 6	...
Other consumer goods: Total		<u>- 8</u>	<u>- 2</u>
Furniture, radios, musical instruments		+38	...
Refrigerators and other household appliances		-20	...
Residential building repair and modernization		- 3	...
Miscellaneous retail		- 5	...

Wholesale financing.--Dealer financing by reporting companies in October of new and used vehicles was slightly above the September level and the outstanding accounts for such credit rose further. Wholesale financing of goods other than motor vehicles showed a decline in volume during the month as well as in balances outstanding.

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 1 percentage point to 29 for October.

NOTE.--October data, based on returns from 125 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-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
October.....	232	237	294	371	195	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 October 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/}	\$828,196,043	100	\$2,863,737,166	100
Total loans.....	39,817,789	5	14,821,109	5
Small (personal) loans.....	10,293,611	1	69,989,058	2
Business loans.....	29,524,178	4	78,228,051	3
Total sales financing ^{a/}	\$788,378,254	95	\$2,715,520,057	95

^{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 October 1949 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during October 1949		Outstanding balances October 31, 1949 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$277,917,585	\$276,087,952	\$1,897,923,543	15
Total wholesale automotive.....	483,641,833	482,086,062	462,239,089	104
Total wholesale - other than automotive...	11,558,753	11,549,820	28,137,809	41
Total retail - other consumers' goods.....	22,488,438	22,242,923	296,420,203	8
Industrial, commercial, and farm equipment	6,189,813	6,177,432	82,996,432	7
Total sales financing.....	\$801,796,422	\$798,144,189	\$2,767,717,076	29

^{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 October 1949

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	238,732	100	\$248,275,920 ^{a/}	100
New passenger cars.....	94,768	40	139,200,011	56
New commercial cars.....	15,171	6	20,278,953	8
Used passenger cars.....	117,987	49	81,743,351	33
Used commercial cars.....	10,806	5	7,053,605	3
Total wholesale automotive.....	296,214	100	\$453,160,376 ^{a/}	100
New cars (passenger and commercial)..	280,490	95	439,558,200	97
Used cars (passenger and commercial).	15,724	5	13,602,176	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 October 1949

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 2,847,616	7
Refrigerators and other household appliances.....	9,253,966	23
Residential building repairs and modernization.....	2,800,090	7
Miscellaneous retail.....	6,979,830	18
Total retail - other consumers' goods.....	\$21,881,502 ^{a/}	55
Total wholesale - other than automotive.....	11,558,753	29
Industrial, commercial, and farm equipment.....	6,189,813	16
Total diversified financing.....	\$39,630,068	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.