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SALES FINANCE COMPANIES

APRIL 1950

Retail financing.—The volume of retail automotive financing, as reported by a sample of sales finance companies, declined during the month of April after sharp increases during the preceding month. Outstanding balances on this class of paper, however, continued to expand. Financing of other consumer goods in total was slightly higher in April than in March and the amount outstanding for these goods remained unchanged.

The 8 per cent drop in the total dollar amount of retail automobile paper purchased, as shown in the table below, reflected decreases in the financing of all types of vehicles. Reduced output of motor vehicles in April may account for some of the decline in automobile financing.

Retail financing of goods other than automobiles was up 2 per cent in April, with all classes of paper except for refrigerators and other household appliances showing declines from the March volume.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change, March 1950 to April 1950		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	-10	- 8	+ 3
Passenger cars: New	- 9	- 9	...
Used	-13	-11	...
Commercial cars: New	- 3	- 3	...
Used	-13	-13	...
Other consumer goods: Total		+ 2	0
Furniture, radios, musical instruments		-19	...
Refrigerators and other household appliances		+13	...
Residential building repair and modernization		- 9	...
Miscellaneous retail		- 1	...

Wholesale financing.—Declines from the preceding month were reported in wholesale financing of both automobiles and other goods. Amounts outstanding, however, showed divergent trends for these two categories, with balances based on automobiles decreasing and those for other goods expanding in April.

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 2 percentage points to 26 for April.

NOTE.—April data, based on returns from 124 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
1949.....	228	249	216	332	187	107
1949-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
November.....	233	245	267	361	190	110
December.....	228	249	216	332	187	107
1950-January.....	234	252	250	329	180	110
February.....	234	258	223	398	176	109
March.....	237	265	204	485	172	111
April.....	240	274	186	537	172	112

^{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 April 1950 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/}	\$774,865,563	100	\$2,956,202,648	100
Total loans.....	42,435,432	5	145,978,540	5
Small (personal) loans.....	9,835,687	1	62,901,630	2
Business loans.....	32,599,745	4	83,076,910	3
Total sales financing ^{a/}	732,430,131	95	2,810,224,108	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 April 1950 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during April 1950		Outstanding balances April 30, 1950 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$289,782,635	\$287,452,875	\$2,186,154,650	13
Total wholesale automotive.....	402,758,203	401,596,965	290,892,378	138
Total wholesale - other than automotive...	19,469,798	19,443,440	40,483,959	48
Total retail - other consumers' goods.....	24,829,230	24,615,127	260,341,511	9
Industrial, commercial, and farm equipment	8,598,302	8,533,992	83,790,724	10
Total sales financing.....	\$745,438,168	\$741,642,399	\$2,861,663,222	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 April 1950

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	244,704	100	\$252,761,212 ^{a/}	100
New passenger cars.....	89,754	37	132,239,609	52
New commercial cars.....	14,027	6	19,003,775	8
Used passenger cars.....	130,225	53	94,402,797	37
Used commercial cars.....	10,698	4	7,115,031	3
Total wholesale automotive.....	247,425	100	\$377,747,612 ^{a/}	100
New cars (passenger and commercial)..	228,883	93	359,889,600	95
Used cars (passenger and commercial)..	18,542	7	17,858,012	5

^{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 April 1950

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 3,338,650	6
Refrigerators and other household appliances.....	12,894,927	25
Residential building repairs and modernization.....	1,976,527	4
Miscellaneous retail.....	5,993,088	11
Total retail - other consumers' goods.....	\$24,203,192 ^{a/}	46
Total wholesale - other than automotive.....	19,469,798	37
Industrial, commercial, and farm equipment.....	8,598,302	17
Total diversified financing.....	\$52,271,292	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.