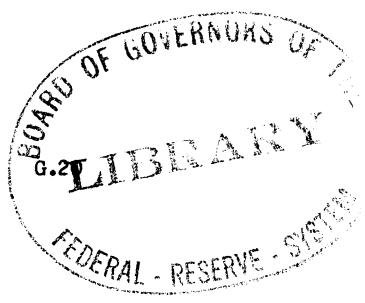


Miss Burger



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

JULY 1950

Retail financing.--Total automotive retail instalment paper acquired by sales finance companies reporting on their operations for July was slightly higher than in June. The 3 per cent rise in the total figure was not noticeably influenced by the marked rise in the volume of new commercial car paper acquired, since the latter type of financing represents only a relatively small part of sales finance company operations.

A 9 per cent increase was reported in the financing of other consumer goods. However, as is shown in the table below, the rise in the total is entirely accounted for by the 17 per cent increase in the financing of refrigerators and other household appliances, which more than offset the decreases in the other classes of paper in this category.

Outstanding balances of both classes of retail instalment paper were somewhat higher at the end of July than on June 30.

Retail Financing by Sales Finance Companies

Class of retail instalment paper	Percentage change June 1950 to July 1950		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	<u>0</u>	<u>+ 3</u>	<u>+ 5</u>
Passenger cars: New	- 1	+ 1	...
Used	+ 1	+ 5	...
Commercial cars: New	+16	+15	...
Used	- 1	0	...
Other consumer goods: Total		<u>+ 9</u>	<u>+ 3</u>
Furniture, radios, musical instruments		- 4	...
Refrigerators and other household appliances		+17	...
Residential building repair and modernization		- 3	...
Miscellaneous retail		- 3	...

Wholesale financing.--The volume of wholesale automotive paper purchased by sales finance companies declined moderately in July, while a large decrease in outstanding balances of such paper was reported.

Other wholesale paper acquired by sales finance companies showed a moderate increase during the month, but outstanding balances were substantially lower at the end of July.

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 fell by 2 percentage points to 30 in July.

NOTE.--July data, based on returns from 121 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 - 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
May.....	250	284	202	537	174	117
June.....	263	r298	228	499	r179	120
July.....	266	314	163	436	185	123

r - Revised.

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 July 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 <u>a/</u>	\$990,129,572	100	\$3,259,066,929	100
Total loans.....	46,885,966	5	154,252,538	5
Small (personal) loans.....	10,320,455	1	66,262,386	2
Business loans.....	36,565,511	4	87,990,152	3
Total sales financing <u>a/</u>	943,243,606	95	3,104,814,391	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 July 1950 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during July 1950		Outstanding balances July 31, 1950 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$372,522,562	\$370,821,564	\$2,502,151,557	15
Total wholesale automotive.....	524,559,270	523,960,616	254,915,284	206
Total wholesale - other than automotive...	19,020,352	18,977,127	32,795,207	58
Total retail - other consumers' goods.....	36,251,437	35,912,349	285,634,182	13
Industrial, commercial, and farm equipment	7,090,407	7,074,330	92,050,557	8
Total sales financing.....	\$959,444,028	\$956,745,986	\$3,167,546,787	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 July 1950

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	294,911	100	\$323,909,036 ^{a/}	100
New passenger cars.....	112,224	38	171,708,930	53
New commercial cars.....	19,977	7	25,889,978	8
Used passenger cars.....	149,662	51	117,545,025	36
Used commercial cars.....	13,048	4	8,765,103	3
Total wholesale automotive.....	318,951	100	\$489,583,211 ^{a/}	100
New cars (passenger and commercial)..	299,894	94	470,204,881	96
Used cars (passenger and commercial)..	19,057	6	19,378,330	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 July 1950

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 2,526,779	4
Refrigerators and other household appliances.....	22,190,211	36
Residential building repairs and modernization.....	3,331,853	6
Miscellaneous retail.....	7,346,134	12
Total retail - other consumers' goods.....	\$35,394,977 ^{a/}	58
Total wholesale - other than automotive.....	19,020,352	31
Industrial, commercial, and farm equipment.....	7,090,407	11
Total diversified financing.....	\$61,505,736	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.