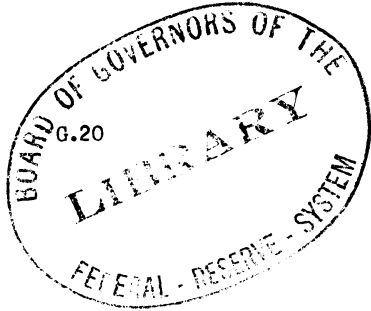


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BOARD OF GOVERNORS
OF THE
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SALES FINANCE COMPANIES

SEPTEMBER 1950

Retail financing.--The volume of retail automotive paper acquired during September by reporting sales finance companies was 6 per cent less than the August volume. This marks the second successive monthly decrease. However, September's month-to-month decline was less than the 9 per cent reported for August. All components of the automotive segment showed decreases in the volume of paper purchased.

Despite the smaller September volume, outstanding balances of retail automotive paper increased 2 per cent during the month.

Compared with the August volume of other consumer goods paper acquired, September volume was lower by 12 per cent. The only category within this segment which reflected increased purchases by sales finance companies was that of furniture, radios, and musical instruments.

Outstanding balances of other consumer goods paper were slightly higher at the end of September than at the end of August.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, August 1950 to September 1950		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	- 7	- 6	+ 2
Passenger cars: New	- 5	- 4	...
Used	- 9	- 6	...
Commercial cars: New	-15	-16	...
Used	- 8	-11	...
Other consumer goods: Total		-12	+ 2
Furniture, radios, musical instruments		+27	...
Refrigerators and other household appliances		-23	...
Residential building repair and modernization		-14	...
Miscellaneous retail		- 7	...

Wholesale financing.--September purchases of wholesale automotive paper were substantially less than those of August, according to reports from the sample of sales finance companies. However, outstanding balances again showed a moderate increase.

The amount of other wholesale paper acquired during September were much less than the August volume. Outstanding balances remained about the same.

Ratio of paper acquired to balances outstanding.--The turnover rate of receivables as measured by the ratio of paper acquired during the month to outstanding balances at the end of the month fell by 4 points to 26 per cent.

NOTE.--September 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 - 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	298	228	499	179	120
July.....	266	314	163	436	185	123
August.....	274	322	179	424	189	124
September.....	282	330	192	422	192	127

^{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 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/}	\$909,033,664	100	\$3,461,174,519	100
Total loans.....	53,411,732	6	163,304,663	5
Small (personal) loans.....	10,394,507	1	70,387,255	2
Business loans.....	43,017,225	5	92,917,408	3
Total sales financing ^{a/}	855,621,932	94	3,297,869,856	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 September 1950 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during September 1950		Outstanding balances September 30, 1950 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$323,020,720	\$320,652,749	\$2,636,998,059	12
Total wholesale automotive.....	491,972,388	489,878,263	301,054,088	163
Total wholesale - other than automotive...	15,233,993	15,132,599	31,805,148	48
Total retail - other consumers' goods.....	32,697,307	32,338,627	294,823,830	11
Industrial, commercial, and farm equipment	8,311,548	8,303,723	95,172,500	9
Total sales financing.....	\$871,235,956	\$866,305,961	\$3,359,853,625	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 September 1950

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	276,815	100	\$313,592,746 ^{a/}	100
New passenger cars.....	107,081	39	164,986,062	53
New commercial cars.....	13,459	5	18,290,672	6
Used passenger cars.....	144,427	52	122,600,202	39
Used commercial cars.....	11,848	4	7,715,810	2
Total wholesale automotive.....	313,783	100	\$484,996,882 ^{a/}	100
New cars (passenger and commercial)..	295,329	94	465,475,688	96
Used cars (passenger and commercial)..	18,454	6	19,521,194	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 September 1950

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 5,855,867	10
Refrigerators and other household appliances.....	14,821,855	27
Residential building repairs and modernization.....	3,314,821	6
Miscellaneous retail.....	7,574,474	14
Total retail - other consumers' goods.....	\$31,567,017 ^{a/}	57
Total wholesale - other than automotive.....	15,233,993	28
Industrial, commercial, and farm equipment.....	8,311,548	15
Total diversified financing.....	\$55,112,558	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.