



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

OCTOBER 1950

Retail financing.--The volume of retail automotive paper acquired during October by reporting sales finance companies was substantially less than the volume acquired during September, as shown by the table below. The October decline of 13 per cent is the largest of three successive month-to-month decreases reported for purchases of retail automotive paper. In the automotive segment, only purchases of used commercial car paper, which make up a relatively small part of total retail automotive purchases, showed an increase over September 1950.

Outstanding balances of retail automotive paper at the end of October 1950 remained about the same as at the end of the preceding month.

Purchases of other consumer goods paper were 29 per cent below the September volume. The very large decline shown by the appliance component, 55 per cent, was the major factor in the overall decrease in the volume of purchases of other consumer goods paper.

Outstanding balances of other consumer goods paper were slightly lower at the end of October than at the end of September.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, September 1950 to October 1950		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	- 4	-13	0
Passenger cars: New	- 4	-13	
Used	- 5	-17	
Commercial cars: New	- 3	- 3	
Used	+ 6	+ 4	
Other consumer goods: Total		-29	- 2
Furniture, radios, musical instruments		+ 6	
Refrigerators and other household appliances		-55	
Residential building repair and modernization		0	
Miscellaneous retail		-18	

Wholesale financing.--According to reports from the sales finance company sample, October purchases of wholesale automotive paper were considerably larger than those of September. Outstanding balances at the end of October showed a large increase over the previous month-end. This increase probably reflects larger dealer inventories of new cars.

The amount of other wholesale paper acquired during October was substantially less than the September volume. Outstanding balances were slightly higher.

Ratio of paper acquired to balances outstanding.--The turnover rate of total sales finance receivables as measured by the ratio of paper acquired during the month to outstanding balances at the end of the month fell by 1 point to 25 per cent.

NOTE.--October data, based on returns from 119 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-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
October.....	288	331	240	435	188	128

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 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/.....	\$910,455,512	100	\$3,520,507,968	100
Total loans.....	55,287,286	6	162,529,922	5
Small (personal) loans.....	9,145,151	1	68,600,756	2
Business loans.....	46,142,135	5	93,929,166	3
Total sales financing a/.....	855,168,226	94	3,357,978,046	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 October 1950 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during October 1950		Outstanding balances October 31, 1950 a/	Ratio paper acquired to outstanding balances b/
	By all companies reporting	By companies reporting outstanding balances a/		
Total retail automotive.....	\$275,896,091	\$274,781,834	\$2,622,134,025	10
Total wholesale automotive.....	546,263,634	545,515,624	373,258,805	146
Total wholesale - other than automotive...	13,670,926	13,628,346	32,631,631	42
Total retail - other consumers' goods.....	23,194,636	22,803,326	288,973,495	8
Industrial, commercial, and farm equipment	7,795,834	7,790,102	96,304,651	8
Total sales financing.....	\$866,821,121	\$864,519,232	\$3,413,302,607	25

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 1950

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	264,155	100	\$270,761,565a/	100
New passenger cars.....	102,122	39	143,258,637	53
New commercial cars.....	13,081	5	17,862,413	7
Used passenger cars.....	136,827	52	101,574,315	37
Used commercial cars.....	12,125	4	8,066,200	3
Total wholesale automotive.....	346,945	100	\$541,652,369a/	100
New cars (passenger and commercial)..	329,736	95	524,272,207	97
Used cars (passenger and commercial)..	17,209	5	17,380,162	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 1950

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 6,210,665	14
Refrigerators and other household appliances.....	6,653,391	15
Residential building repairs and modernization.....	3,407,308	8
Miscellaneous retail.....	6,157,075	14
Total retail - other consumers' goods.....	\$22,428,439 a/	51
Total wholesale - other than automotive.....	13,670,926	31
Industrial, commercial, and farm equipment.....	7,795,834	18
Total diversified financing.....	\$43,895,199	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.