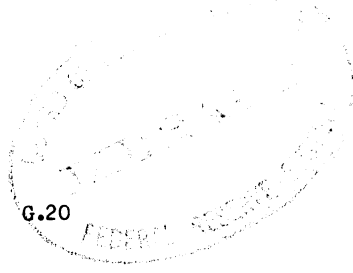


Mrs Burgess



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

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February 12, 1951

SALES FINANCE COMPANIES

December 1950

Retail financing--The volume of retail automotive financing declined during the month of December as reported by a sample of Sales Finance Companies. There was a 5 per cent drop in the total dollar amount of paper acquired, as shown in the table below. The slight gain of 1 per cent in the volume of new passenger car paper acquired was offset by substantial declines in the volume of used passenger car and commercial vehicle paper acquired.

Outstanding balances of retail automotive paper held at the end of December declined 1 per cent from the level of a month earlier.

Total retail financing of goods other than automobiles rose considerably during the month. The 11 per cent decline in credit for residential building repair and modernization paper was more than offset by a sharp rise in the paper covering such items as refrigerators, household appliances, furniture, radios, and musical instruments.

Outstanding balances for goods other than automobiles were 3 per cent below that reported at the end of November.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, November 1950 to December 1950		
	Number of cars	Volume of paper acquired during month	Outstanding balances, end of month
Automotive: Total retail	-10	-5	-1
Passenger cars: New	-3	+1	
Used	-12	-7	
Commercial cars: New	-20	-19	
Used	-19	-16	
Other consumer goods: Total		+6	-3
Furniture, radios, musical instruments		+12	
Refrigerators and other household appliances		+9	
Residential building repair and modernization		-11	
Miscellaneous retail		+3	

Wholesale financing--The total dealer financing of new and used vehicles declined during December, while outstanding balances based on these transactions continued to rise.

The dollar volume of other wholesale financing rose 1 per cent during December and outstanding balances were 8 per cent higher than at the November month-end.

NOTE.--December data, based on returns from 116 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
1949.....	228	249	216	332	187	107
1950.....	291	325	296	516	177	130
1949-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
November.....	291	328	280	478	182	132
December.....	291	325	296	516	177	130

^{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 December 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/}	\$811,996,299	100	\$3,574,615,659	100
Total loans.....	66,043,906	8	171,783,240	5
Small (personal) loans.....	18,722,374	2	76,748,899	2
Business loans.....	47,321,532	6	95,034,341	3
Total sales financing ^{a/}	745,952,393	92	3,402,832,419	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 December 1950 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during December 1950		Outstanding balances December 31, 1950 <u>a/</u>	Ratio paper acquired to outstanding balances <u>b/</u>
	By all companies reporting	By companies reporting outstanding balances <u>a/</u>		
Total retail automotive.....	\$221,042,774	\$219,663,298	\$2,583,010,524	9
Total wholesale automotive.....	491,513,493	490,214,992	462,468,471	106
Total wholesale - other than automotive...	13,824,897	13,202,831	38,691,281	34
Total retail - other consumers' goods.....	19,258,263	17,437,250	269,012,477	6
Industrial, commercial, and farm equipment	8,909,765	8,819,957	97,373,144	9
Total sales financing.....	\$754,549,192	\$749,338,328	\$3,450,555,897	22

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 December 1950

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	221,504	100	\$214,193,816 <u>a/</u>	100
New passenger cars.....	81,908	37	108,865,192	51
New commercial cars.....	10,423	5	14,212,862	7
Used passenger cars.....	119,392	54	84,321,803	39
Used commercial cars.....	9,781	4	6,793,959	3
Total wholesale automotive.....	305,282	100	\$485,521,111 <u>a/</u>	100
New cars (passenger and commercial)..	277,574	91	458,155,652	94
Used cars (passenger and commercial)..	27,708	9	27,365,459	6

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 December 1950

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 6,027,910	15
Refrigerators and other household appliances.....	4,530,641	11
Residential building repairs and modernization.....	2,288,719	5
Miscellaneous retail.....	5,429,211	13
Total retail - other consumers' goods.....	\$18,276,481 <u>a/</u>	44
Total wholesale - other than automotive.....	13,824,897	34
Industrial, commercial, and farm equipment.....	8,909,765	22
Total diversified financing.....	\$41,011,143	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.