

Miss Burgess

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

February 1951

Retail financing--Automobile and other retail instalment paper acquired in February was somewhat lower in volume than in January, according to the reporting sales finance companies. Outstanding balances held by these companies continued to decline for both classes of paper.

The 11 per cent decrease in the automobile sector, as shown in the table below, reflected declines in the financing of all types of vehicles, the largest drop being in the financing of new passenger cars.

Retail financing of goods other than automotive was down 12 per cent from the January level. Reduced volume was reported in all classes of paper purchased during the month.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, January 1951 to February 1951		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	-10	-11	- 2
Passenger cars: New	-20	-18	
Used	- 7	- 5	
Commercial cars: New	-20	-16	
Used	-11	-13	
Other consumer goods: Total		-12	- 3
Furniture, radios, musical instruments		- 8	
Refrigerators and other household appliances		- 8	
Residential building repair and modernization		-25	
Miscellaneous retail		-11	

Wholesale financing--Wholesale automobile paper purchased in February declined moderately during the month, reflecting primarily declines in the wholesale financing of new vehicles. Outstanding balances of wholesale automotive paper rose by a small percentage.

Wholesale financing of goods other than automobiles was also down for February, and outstanding balances on this class of paper continued to rise at a substantial rate.

NOTE.--February 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.

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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
1950.....	291	325	296	516	177	130
1950-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
1951-January.....	287	320	291	648	171	132
February.....	286	315	306	759	166	134

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 February 1951 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>	\$765,197,226	100	\$3,477,179,873	100
Total loans.....	66,936,390	9	187,745,313	5
Small (personal) loans.....	17,481,372	2	87,966,811	2
Business loans.....	49,455,018	7	99,778,502	3
Total sales financing <u>a/</u>	698,260,836	91	3,289,434,560	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 February 1951 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during February 1951		Outstanding balances February 28, 1951 ^{a/}	Ratio paper acquired to outstanding balances ^{b/}
	By all companies reporting	By companies reporting outstanding balances ^{a/}		
Total retail automotive.....	\$210,248,299	\$208,916,812	\$2,459,041,153	9
Total wholesale automotive.....	447,551,992	446,033,188	471,516,589	95
Total wholesale - other than automotive...	22,292,026	21,200,530	56,611,679	37
Total retail - other consumers' goods....	18,782,169	17,362,575	251,284,417	7
Industrial, commercial, and farm equipment	8,958,286	8,824,264	99,848,153	9
Total sales financing.....	\$707,832,772	\$702,337,369	\$3,338,301,991	21

^{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 February 1951

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	212,958	100	\$202,681,234 ^{a/}	100
New passenger cars.....	65,934	31	88,946,865	44
New commercial cars.....	9,557	4	14,130,271	7
Used passenger cars.....	127,658	60	92,574,913	46
Used commercial cars.....	9,809	5	7,029,185	3
Total wholesale automotive.....	277,788	100	\$440,887,268 ^{a/}	100
New cars (passenger and commercial)..	245,806	88	407,922,744	93
Used cars (passenger and commercial)..	31,982	12	32,964,524	7

^{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 February 1951

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 5,498,390	11
Refrigerators and other household appliances.....	4,988,613	10
Residential building repairs and modernization.....	1,645,723	3
Miscellaneous retail.....	5,570,393	12
Total retail - other consumers' goods.....	\$17,703,119 ^{a/}	36
Total wholesale - other than automotive.....	22,292,026	46
Industrial, commercial, and farm equipment.....	8,958,286	18
Total diversified financing.....	\$48,953,431	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.