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SALES FINANCE COMPANIES

March 1951

Retail financing—Sales finance companies reported increased purchases of retail automotive paper in March. The large increases in paper acquired reported for all types of motor vehicles follow the rather general month-to-month declines in volume which have continued since the peak financing period of last summer. Such a pick-up in retail financing is usual for this time of year and accompanies the seasonal upswing in automobile sales. The largest increase in auto financing, 29 per cent, was reported for used passenger cars. The overall increase, as shown by the table below, was 25 per cent.

Retail automotive outstanding balances continued to show a slight decline in March. Large repayments on the heavy volume of paper acquired last summer and accelerated repayments resulting from credit restrictions probably explain why outstandings continue to decline. Since present volume is much below the levels of last summer, repayments continue to exceed new acquisitions of retail automotive paper, with resultant decreases in outstanding balances.

Retail financing of other consumer goods was up 20 per cent in March, after having declined substantially in the preceding month. Increased volume was reported for all classes of other retail paper, the largest relative increase, 51 per cent, being reported for residential building repair and modernization. More moderate increases were reported for the other classes of paper.

Despite these increases in paper acquired, outstanding balances of other retail consumer goods paper continued a decline which began last October. The decrease in March was 3 per cent.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, February 1951 to March 1951		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	+26	+25	- 1
Passenger cars: New	+22	+20	
Used	+29	+29	
Commercial cars: New	+19	+27	
Used	+25	+25	
Other consumer goods: Total		+20	- 3
Furniture, radios, musical instruments		+12	
Refrigerators and other household appliances		+30	
Residential building repair and modernization		+51	
Miscellaneous retail		+ 9	

Wholesale financing—Wholesale automotive paper purchased showed a large increase in March, a month during which a substantial increase is usual. Wholesale automotive outstanding balances increased substantially during the month. This increase in outstandings accompanied a reported increase in stocks of new and used cars.

Wholesale financing of goods other than automobiles rose substantially in March. The rise in volume was accompanied by a continued sharp increase in outstanding balances of this class of paper.

The increases noted for automotive and other wholesale paper outstanding were more than sufficient to offset the decreases which were reported for retail outstandings. This is shown by the index of all sales financing activities in Table 1, which increased from 286 at the end of February to 290 at the end of March.

NOTE.—March data, based on returns from 117 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-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
March.....	290	312	356	906	161	125

^{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 March 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 ^{a/}	\$1,009,794,147	100	\$3,602,187,999	100
Total loans.....	87,927,226	9	207,978,487	6
Small (personal) loans.....	25,228,394	3	100,206,296	3
Business loans.....	62,698,832	6	107,772,191	3
Total sales financing ^{a/}	921,866,921	91	3,394,209,512	94

^{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 March 1951 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during March 1951		Outstanding balances March 31, 1951 <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.....	\$265,872,289	\$263,828,263	\$2,489,891,573	11
Total wholesale automotive.....	609,880,952	607,634,357	560,130,750	108
Total wholesale - other than automotive....	28,606,526	27,342,359	67,786,562	40
Total retail - other consumers' goods.....	22,162,435	19,899,215	241,806,863	8
Industrial, commercial, and farm equipment	10,109,516	9,877,882	93,262,880	11
Total sales financing.....	\$936,631,718	\$928,582,076	\$3,452,878,628	27

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 March 1951

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	274,564	100	\$258,400,445 <u>a/</u>	100
New passenger cars.....	81,400	30	108,627,980	42
New commercial cars.....	11,378	4	17,977,457	7
Used passenger cars.....	169,472	62	122,939,623	48
Used commercial cars.....	12,314	4	8,855,385	3
Total wholesale automotive.....	372,227	100	\$602,393,500 <u>a/</u>	100
New cars (passenger and commercial)..	330,392	89	559,862,295	93
Used cars (passenger and commercial)..	41,835	11	42,531,205	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 March 1951

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 6,112,315	10
Refrigerators and other household appliances.....	6,489,393	11
Residential building repairs and modernization.....	2,345,451	4
Miscellaneous retail.....	5,940,361	10
Total retail - other consumers' goods.....	\$20,887,520 <u>a/</u>	35
Total wholesale - other than automotive.....	28,606,526	48
Industrial, commercial, and farm equipment.....	10,109,516	17
Total diversified financing.....	\$59,603,562	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.