

Miss Burgess

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

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SALES FINANCE COMPANIES

June 1951

Retail financing--The total volume of automotive retail instalment paper acquired by sales finance companies during June was 3 per cent higher than in May. This increase, which was much lower than the rise of 22 per cent of a month earlier, reflected gains in the financing of all types of motor vehicles except used commercial cars. As in other recent months, the volume of used passenger car financing exceeded that for new passenger cars.

Retail automotive balances outstanding on June 30, were 2 per cent above those of the preceding month-end, continuing the slight rise which began in May.

Retail financing of other consumer goods was down 1 per cent in June after having increased sharply during the previous month. A 17 per cent decline in the financing of furniture, radios, television sets, and musical instruments offset moderate increases in other types of retail financing.

Outstanding balances of other consumer goods paper continued to decline during June. At the month-end such balances were 5 per cent below the level of a month earlier.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, May 1951 to June 1951		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	+2	+ 3	+2
Passenger cars: New	+5	+ 5	
Used	0	+ 2	
Commercial cars: New	+8	+ 5	
Used	-1	- 1	
Other consumer goods: Total		- 1	-5
Furniture, radios, television sets, musical instruments		-17	
Refrigerators and other household appliances		+ 4	
Residential building repair and modernization		+ 4	
Miscellaneous retail		+ 2	

Wholesale financing--Wholesale automotive paper purchased showed a marked decrease in June, compared with a 4 per cent gain during May. Outstanding balances on such paper, however, continued to rise, indicating a decline in repayments during the month.

Wholesale financing of goods other than automobiles continued to decline sharply during the month. Outstanding balances on this class of paper also declined further in June.

NOTE--June data, based on returns from 114 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-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
April.....	294	311	382	943	156	136
May.....	298	316	401	899	153	138
June.....	302	322	405	824	145	140

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 June 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>	\$962,143,248	100	\$3,756,041,028	100
Total loans.....	89,400,820	9	228,513,329	6
Small (personal) loans.....	25,823,814	3	112,159,073	3
Business loans.....	63,577,006	6	116,354,256	3
Total sales financing <u>a/</u>	872,742,428	91	3,527,527,699	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 June 1951 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during June 1951		Outstanding balances June 30, 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.....	\$345,551,816	\$342,001,942	\$2,556,410,406	13
Total wholesale automotive.....	491,098,954	488,519,577	633,470,482	77
Total wholesale - other than automotive...	11,783,214	11,353,950	61,602,001	18
Total retail - other consumers' goods.....	24,141,168	21,464,764	217,680,887	10
Industrial, commercial, and farm equipment	10,726,764	10,349,466	104,573,263	10
Total sales financing.....	\$883,301,916	\$873,689,699	\$3,573,737,039	24

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 June 1951

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	349,365	100	\$336,143,457 <u>a/</u>	100
New passenger cars.....	96,023	27	131,195,666	39
New commercial cars.....	16,702	5	23,610,891	7
Used passenger cars.....	220,573	63	169,677,203	50
Used commercial cars.....	16,067	5	11,659,697	4
Total wholesale automotive.....	303,093	100	\$484,557,081 <u>a/</u>	100
New cars (passenger and commercial)..	262,544	87	443,903,427	92
Used cars (passenger and commercial)..	40,549	13	40,653,654	8

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 June 1951

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 3,821,955	8
Refrigerators and other household appliances.....	8,328,849	18
Residential building repairs and modernization.....	3,873,155	9
Miscellaneous retail.....	6,917,830	15
Total retail - other consumers' goods.....	\$22,941,789 <u>a/</u>	50
Total wholesale - other than automotive.....	11,783,214	26
Industrial, commercial, and farm equipment.....	10,726,764	24
Total diversified financing.....	\$45,451,767	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.