

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

G.20

September 13, 1951

SALES FINANCE COMPANIES

JULY 1951

Retail financing--Purchases of retail automotive instalment paper during July were 2 per cent below the volume of the preceding month, according to reports from a sample of sales finance companies. A decrease in the financing of used passenger cars was of major importance in the overall decrease in retail automotive volume. The financing of new passenger cars was unchanged from the previous month.

Outstanding balances of retail automotive paper showed a small increase during July, and at the month-end were 1 per cent above the level of June 30.

The total volume of other consumer goods paper acquired decreased 4 per cent in July. This change reflected declines in the purchases of all classes of other consumer goods paper excepting refrigerators and other household appliances, financing of which was unchanged from June.

A decrease of 2 per cent in outstanding balances of other consumer goods paper continued a steady downward movement which has been uninterrupted since September of last year.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, June 1951 to July 1951		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	<u>- 3</u>	<u>- 2</u>	<u>+ 1</u>
Passenger cars: New	- 1	0	
Used	- 3	- 3	
Commercial cars: New	- 2	- 3	
Used	+ 4	+ 3	
Other consumer goods: Total		<u>- 4</u>	<u>- 2</u>
Furniture, radios, television sets, musical instruments		-15	
Refrigerators and other household appliances		0	
Residential building repair and modernisation		- 8	
Miscellaneous retail		- 1	

Wholesale financing--Purchases of wholesale automotive paper during July were moderately below those of the preceding month. Wholesale automotive balances outstanding at the end of July were about 8 per cent below the level of June 30, whereas a gradual expansion of such balances had taken place in recent months.

The volume of wholesale financing of goods other than automobiles during July was relatively unchanged from the level of such activity reported in June. However, there was a further moderate decline in outstanding balances of nonautomotive wholesale paper in July.

NOTE.--July data, based on returns from 111 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-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	r321	405	824	r150	140
July.....	298	324	372	737	146	143

r--Revised.

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 July 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/.....	\$886,246,236	100	\$3,692,129,739	100
Total loans.....	77,796,544	9	227,498,026	6
Small (personal) loans.....	25,298,319	3	116,240,404	3
Business loans.....	52,498,225	6	111,257,622	3
Total sales financing a/.....	808,449,692	91	3,464,631,713	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 July 1951 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during July 1951		Outstanding balances July 31, 1951 a/	Ratio paper acquired to outstanding balances b/
	By all companies reporting	By companies reporting outstanding balances a/		
Total retail automotive.....	\$337,732,375	\$334,618,903	\$2,567,522,377	13
Total wholesale automotive.....	441,461,596	438,705,455	581,604,155	75
Total wholesale - other than automotive...	11,529,476	11,157,539	54,790,717	20
Total retail - other consumers' goods.....	22,925,852	20,549,558	217,198,468	9
Industrial, commercial, and farm equipment	9,437,128	9,191,382	101,248,705	9
Total sales financing.....	\$823,086,427	\$814,222,837	\$3,522,364,422	23

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 July 1951

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	340,602	100	\$328,954,489 a/	100
New passenger cars.....	94,004	27	129,535,573	39
New commercial cars.....	16,460	5	22,972,628	7
Used passenger cars.....	213,434	63	164,426,310	50
Used commercial cars.....	16,704	5	12,019,978	4
Total wholesale automotive.....	273,991	100	\$436,348,068 a/	100
New cars (passenger and commercial)..	234,869	86	397,922,624	91
Used cars (passenger and commercial)..	39,122	14	38,425,444	9

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 July 1951

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 3,081,722	7
Refrigerators and other household appliances.....	8,336,280	20
Residential building repairs and modernization.....	3,582,910	8
Miscellaneous retail.....	6,817,362	16
Total retail - other consumers' goods.....	\$21,818,274 a/	51
Total wholesale - other than automotive.....	11,529,476	27
Industrial, commercial, and farm equipment.....	9,437,128	22
Total diversified financing.....	\$42,784,878	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.