

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

SEPTEMBER 1951

Retail financing--Retail automotive instalment paper acquired by sales finance companies dropped 14 per cent in September, following a sharp increase in the preceding month. Declines occurred in all types of automobile paper. New-car financing activity in September was also considerably less than in the corresponding month a year ago. However, used-car financing was still much above that of the previous September.

Outstanding balances of retail automotive instalment paper increased 1 per cent during the month, a gain which brought these balances to a new high on September 30.

Purchases of other consumer goods paper were down 8 per cent in September. The three classes of nonautomotive paper accounting for the decline had decreases ranging from 5 per cent for repair and modernization to 21 per cent for the appliance group. Contrasting with the overall decline was the 24 per cent increase in the financing of furniture, radios, television sets, and musical instruments.

Outstanding balances of other consumer goods paper expanded in September by 1 per cent, about the same rate as in the preceding month.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, August 1951 to September 1951		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	-16	-14	+ 1
Passenger cars: New	-13	-12	
Used	-18	-17	
Commercial cars: New	-15	-14	
Used	-20	-20	
Other consumer goods: Total		- 8	+ 1
Furniture, radios, television sets, musical instruments		+24	
Refrigerators and other household appliances		-21	
Residential building repair and modernization		- 5	
Miscellaneous retail		- 9	

Wholesale financing--Purchases of wholesale automotive paper were reduced somewhat during the month. Wholesale automotive balances outstanding at the end of September were about 4 per cent below the level of August 31.

The volume of wholesale financing of nonautomotive goods was substantially above the preceding month's volume. Nevertheless, outstanding balances continued to decline, although at a slower rate.

NOTE.--September data, based on returns from 110 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
1950-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	321	405	824	150	140
July.....	298	324	372	737	146	143
August.....	299	331	339	638	148	146
September.....	299	335	325	599	149	149

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 September 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>	\$904,754,124	100	\$3,733,034,803	100
Total loans.....	83,441,105	9	245,755,636	6
Small (personal) loans.....	27,634,321	3	127,085,309	3
Business loans.....	55,806,784	6	118,670,327	3
Total sales financing <u>a/</u>	821,313,019	91	3,487,279,167	94

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 September 1951 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during September 1951		Outstanding balances September 30, 1951 a/	Ratio paper acquired to outstanding balances b/
	By all companies reporting	By companies reporting outstanding balances a/		
Total retail automotive.....	\$352,247,559	\$349,950,228	\$2,652,781,564	13
Total wholesale automotive.....	427,891,330	426,318,606	510,816,971	83
Total wholesale - other than automotive...	13,440,563	12,923,598	44,823,243	29
Total retail - other consumers' goods.....	30,116,422	26,904,615	224,704,818	12
Industrial, commercial, and farm equipment	10,985,775	10,806,553	111,401,618	10
Total sales financing.....	\$834,681,649	\$826,903,600	\$3,544,528,214	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 September 1951

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	287,524	100	\$301,429,184 a/	100
New passenger cars.....	89,426	31	130,942,459	43
New commercial cars.....	14,991	5	21,720,287	7
Used passenger cars.....	168,147	59	137,810,184	46
Used commercial cars.....	14,960	5	10,956,254	4
Total wholesale automotive.....	260,181	100	\$422,426,977 a/	100
New cars (passenger and commercial)..	216,481	83	379,057,990	90
Used cars (passenger and commercial)..	43,700	17	43,368,987	10

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 September 1951

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 7,100,588	14
Refrigerators and other household appliances.....	10,260,034	19
Residential building repairs and modernization.....	4,231,105	8
Miscellaneous retail.....	7,063,022	13
Total retail - other consumers' goods.....	\$28,654,749 a/	54
Total wholesale - other than automotive.....	13,440,563	25
Industrial, commercial, and farm equipment.....	10,985,775	21
Total diversified financing.....	\$53,081,087	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.