# BOARD OF GOVERNORS OF THE <br> federal reserve system 

## SALES FINANCE COMPANIES

OCTOBER 1951

Retail financing--Purchases of retail automotive paper by sales finance companies in October remained almost unchanged from the previous month. The one per cent gain in total dollar volume reflected increases in commercial and used-car paper that were almost entirely offset by a decline in purchases of new passenger car paper.

Outstanding balances of retail automotive paper at the end of October were one per cent below the end of September, first month-to-month decline since March.

Retail financing of other consumer goods increased by 8 per cent in October after having declined somewhat in the previous month. A $l_{4}$ per cent decline in refrigerator and other household appliance paper was more than offset by the sharp gains in other types of financing.

Outstanding balances of paper on consumer goods other than automobiles were practically unchanged from the preceding month.

## Retail Financing by Sales Finance Companies



Wholesale financing--Wholesale automotive paper acquired by sales finance companies increased sharply from September and outstanding balances of this paper at the month-end were 5 per cent above the level of the previous month.

Wholesale financing of goods other than automobiles also rose but balances outstanding on this class of paper declined.

NOTE.-October data, based on returns from 109 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.

Table l.--Automotive and Diversified Financing by Sales Finance Companies Indexes of Outstanding Balances: December 31, $1939=100 \mathrm{a} /$

| End of month and year | ```Total all sales financing``` | Retail automotive | Wholesale automotive | Wholesale <br> other <br> than <br> automotive | Retail other consumers' goods | Industrial, <br> commercial, <br> and farm <br> equipment |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1939.................. | 100 | 100 | 100 |  |  |  |
| 1940................... | 136 | 132 | 169 | 100 | 100 | 100 |
| 1941................... | 152 | 132 | 175 | 140 | 129 | 131 |
| 1942.................... | - 53 | +37 | 112 | 40 | 148 | 147 61 |
| 1943. . . . . . . . . . . . . . . | 20 | 13 | 40 | 8 | 30 | 61 27 |
| 1944. . . . . . . . . . . . . . . . | 18 | 15 | 24 | 11 | 26 | 26 |
| 1945.... . . . . . . . . . . . . | 22 | 18 | 27 | 38 | - 39 | 23 |
| 1946. . . . . . . . . . . . . . . | 59 | 42 | 90 | 224 | 39 105 | 23 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-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 | 317 | 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 |
| October........... | 299 | 332 | 341 | 568 | 150 | 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 October 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/........ | \$952,587,851 | 100 | \$3,699,925,669 | 100 |
| Total loans........................... | 87,433,352 | 9 | 246,782,632 | 7 |
| Small (personal) loans............. | 23,317,465 | 2 | $129,823,280$ | 4 |
| Business loans..................... | 64,115,887 | 7 | 116,959,352 | 3 |
| Total sales financing a/............ | 865,154,499 | 91 | 3,453,143,037 | 93 |
| a/ Included in this classification are operations, reported loan activiti | only those fi | which, in | on to their | financing |

Table 3.--Automotive and Diversified Financing by Sales Finance Companies Paper Acquired During October 1951 and Balances Outstanding at End of Month

| Class of paper | Volume of paper acquired during October 1951 |  | $\begin{aligned} & \text { Outstanding } \\ & \text { balances } \\ & \text { October 31, } \\ & 1951 \text { a/ } \end{aligned}$ | Ratio paper ocquired to outstanding balences b/ |
| :---: | :---: | :---: | :---: | :---: |
|  | By all companies reporting | By companies <br> reporting outstanding balances a/ |  |  |
| Total retail automotive.................... | \$348,792,057 | \$348,118,625 | \$2,600,153,273 | 13 |
| Total wholesale automoti ve | 477,674,190 | 477,523,257 | 531,575,639 | 90 |
| Total wholesale - other than automotive... | 13,702,121 | 13,679,374 | 42,400,771 | 32 |
| Total retail - other consumers' goods..... | 28,898,022 | 28,672,951 | 222,501,199 | 13 |
| Industrial, commercial, and farm equipment | 8,802,133 | 8,794,452 | 111,102,997 | 8 |
| Total sates financing............ | \$877,868,523 | \$876,788,659 | \$3,507,733,879 | 25 |
| a/ Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances. <br> 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 October 1951

| Class of paper | Number of cars |  | Paper acquired |  |
| :---: | :---: | :---: | :---: | :---: |
|  | Number | Percentage of total | Dollar volume | Percentage of totel |
| Total retail automotive.................. | 287,214 | 100 | \$299,965,373 a/ | 100 |
| New passenger cars..................... | 84,062 | 29 | 125,020,887 | 42 |
| New commercial cars............................. | 15,795 | 6 | 23,623,109 | 8 |
| Used passenger cars. | 170,461 | 59 | 138,886,040 | 46 |
| Used commercial cars..................... | 16,896 | 6 | 12,435,337 | 4 |
| Total wholesale automotive.............. | 282,017 | 100 | \$ $471,856,454 \mathrm{a} /$ | 100 |
| New cars (pascenger and commercial).. | 239,768 | 85 | $429,730,908$ | 91 |
| Used cars (passenger and commercial). | 42,249 | 15 | $42,125,546$ | 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 October 1951

| Class of paper | Dollar volune of paper acquired | Percentage of total |
| :---: | :---: | :---: |
| Retail - other consumers' goods: <br> Furniture, radios, pianos, and other musical instruments.. Refrigerators and other household appliances.................. Residential building repairs and modernization............... Miscellaneous retail....................................................... | $\begin{array}{r} \$ 7,460,755 \\ 8,236,556 \\ 4,264,519 \\ 7,432,608 \\ \hline \end{array}$ | $\begin{array}{r} 15 \\ 16 \\ 9 \\ 15 \end{array}$ |
| Total retail - other consumers' goods.. Total wholesale - other than automotive Industrial, comercial, and farm equipment | $\begin{gathered} \$ 27,394,438 \mathrm{a} / \\ 13,702,121 \\ 8,802,133 \end{gathered}$ | $\begin{aligned} & 55 \\ & 27 \\ & 18 \end{aligned}$ |
| Total diversified financing...................... | \$49,898,692 | 100 |

Data are based on reports from eales 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.
$\qquad$

