

Miss Burgess

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

G.20

January 14, 1952

SALES FINANCE COMPANIES

NOVEMBER 1951

Retail financing--Sales finance companies purchased a smaller amount of retail instalment paper in November than in the previous month. A 9 per cent decrease in purchases of automotive paper, as shown in the table below, reflected declines in paper purchased for all types of vehicles. Paper arising from purchases of new commercial cars showed the greatest decline while that for new passenger cars dropped moderately.

Outstanding balances of retail automotive paper at the end of November showed a decline of 1 per cent for the second consecutive month.

Retail financing of other consumer goods was also somewhat lower during the month after a moderate gain a month earlier. Decreases were reported in purchases of paper arising from all types of consumer goods with the largest decline of 17 per cent in refrigerators and household appliances.

Outstanding balances of paper on consumer goods, other than automobiles, remained unchanged despite the decline in acquisitions of new paper.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, October 1951 to November 1951		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	-10	- 9	- 1
Passenger cars: New	- 3	- 3	
Used	-14	-12	
Commercial cars: New	-20	-17	
Used	-15	-13	
Other consumer goods: Total		- 8	0
Furniture, radios, television sets, musical instruments		- 1	
Refrigerators and other household appliances		-17	
Residential building repair and modernization		-12	
Miscellaneous retail		- 8	

Wholesale financing--Purchases of wholesale automotive paper were reduced during November, although outstanding balances of this class of paper were 5 per cent above the previous month-end.

The amount of wholesale paper other than automotive purchased was down considerably and outstanding balances on this class of paper continued to decline.

NOTE.--November data, based on returns from 106 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-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
October.....	299	332	341	568	150	149
November.....	299	329	358	529	150	150

^{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 November 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/}	\$892,834,024	100	\$3,714,267,709	100
Total loans.....	84,449,667	9	238,294,759	7
Small (personal) loans.....	30,298,737	3	134,863,758	4
Business loans.....	54,150,930	6	103,431,001	3
Total sales financing ^{a/}	808,384,357	91	3,475,972,950	93

^{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 November 1951 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during November 1951		Outstanding balances November 30, 1951 a/	Ratio paper acquired to outstanding balances b/
	By all companies reporting	By companies reporting outstanding balances a/		
Total retail automotive.....	\$322,819,531	\$320,711,345	\$2,595,644,830	12
Total wholesale automotive.....	448,795,704	447,325,195	561,166,676	80
Total wholesale - other than automotive....	9,846,187	9,315,418	39,550,540	24
Total retail - other consumers' goods.....	28,761,932	26,453,122	223,275,594	12
Industrial, commercial, and farm equipment	9,713,883	9,587,571	111,636,636	9
Total sales financing.....	\$819,937,237	\$813,392,651	\$3,531,274,276	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 November 1951

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	261,344	100	\$279,089,350 a/	100
New passenger cars.....	82,436	31	122,721,460	44
New commercial cars.....	12,762	5	19,620,027	7
Used passenger cars.....	151,625	58	125,756,559	45
Used commercial cars.....	14,521	6	10,991,304	4
Total wholesale automotive.....	262,240	100	\$443,748,292 a/	100
New cars (passenger and commercial)..	219,645	84	402,981,944	91
Used cars (passenger and commercial)..	42,595	16	40,766,348	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 November 1951

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 8,911,833	19
Refrigerators and other household appliances.....	7,301,381	16
Residential building repairs and modernization.....	4,014,643	8
Miscellaneous retail.....	6,896,357	15
Total retail - other consumers' goods.....	\$27,124,214 a/	58
Total wholesale - other than automotive.....	9,846,187	21
Industrial, commercial, and farm equipment.....	9,713,883	21
Total diversified financing.....	\$46,684,284	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.