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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

G.20

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SALES FINANCE COMPANIES

DECEMBER 1951

Retail financing--The volume of retail automotive paper purchased by sales finance companies in December was substantially smaller than the volume acquired during November. This decline reflected decreases in purchases of paper on all types of vehicles. Declines ranged from 5 per cent for new passenger car paper to 15 per cent and 17 per cent, respectively, for new and used commercial paper.

Outstanding balances of retail automotive paper at the end of December declined slightly for the third consecutive month.

Retail financing of other consumer goods was up 2 per cent in December after having declined somewhat in November. Decreases in purchases of paper on furniture, radios, television sets and residential repair and modernization were more than offset by the sharp gain in purchases of paper on household appliances.

Outstanding balances of paper on other consumer goods increases 1 per cent during December.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, November 1951 to December 1951		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	- 9	- 8	- 1
Passenger cars: New	- 6	- 5	
Used	-10	- 8	
Commercial cars: New	-17	-17	
Used	-17	-15	
Other consumer goods: Total		+ 2	+ 1
Furniture, radios, television sets, musical instruments		-20	
Refrigerators and other household appliances		+38	
Residential building repair and modernization		-15	
Miscellaneous retail		+ 2	

Wholesale financing--Purchases of wholesale automotive paper during December were down considerably from November while outstanding balances at the end of the month on this class of paper increased slightly.

Purchases of wholesale paper other than automotive during the month also declined from November. This decline was reflected in a further decrease in outstanding balances of this class of paper.

NOTE---December data, based on returns from 107 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
1951.....	297	325	360	490	151	151
1950-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
December.....	297	325	360	490	151	151

^{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 December 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/}	\$834,371,748	100	\$3,681,608,108	100
Total loans.....	88,742,677	11	255,315,871	7
Small (personal) loans.....	36,709,085	5	143,194,309	4
Business loans.....	52,033,592	6	112,121,562	3
Total sales financing ^{a/}	745,629,071	89	3,426,292,237	93

^{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 December 1951 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during December 1951		Outstanding balances December 31, 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.....	\$295,246,247	\$293,564,623	\$2,543,331,130	12
Total wholesale automotive.....	408,466,221	407,239,509	562,608,856	72
Total wholesale - other than automotive...	9,035,299	8,418,996	36,669,359	23
Total retail - other consumers' goods.....	29,217,320	26,637,740	224,391,789	12
Industrial, commercial, and farm equipment	13,948,660	13,822,501	112,954,534	12
Total sales financing.....	\$755,913,747	\$749,683,369	\$3,479,955,668	22

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 December 1951

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	233,967	100	\$253,977,876 <u>a/</u>	100
New passenger cars.....	77,241	33	115,475,107	45
New commercial cars.....	10,552	5	16,290,356	6
Used passenger cars.....	134,127	57	113,010,099	45
Used commercial cars.....	12,047	5	9,202,314	4
Total wholesale automotive.....	241,805	100	\$403,898,245 <u>a/</u>	100
New cars (passenger and commercial)...	199,841	83	363,835,007	90
Used cars (passenger and commercial)...	41,964	17	40,063,238	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 December 1951

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 7,134,707	14
Refrigerators and other household appliances.....	10,151,411	20
Residential building repairs and modernization.....	3,340,711	7
Miscellaneous retail.....	7,010,917	14
Total retail - other consumers' goods.....	\$27,637,746 <u>a/</u>	55
Total wholesale - other than automotive.....	9,035,299	18
Industrial, commercial, and farm equipment.....	13,948,660	27
Total diversified financing.....	\$50,621,705	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.