

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

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SALES FINANCE COMPANIES

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Retail financing--The volume of retail automotive paper acquired during February was 3 per cent below the preceding month's volume, according to sales finance company reports on February operations. A 10 per cent drop in purchases of new passenger car paper continued a decline in monthly acquisitions of this type of paper which has been uninterrupted since last August. Purchases of used passenger car paper, however, increased 4 per cent during the month. In the commercial car segment, the financing of new vehicles decreased 3 per cent in February, while used car financing was unchanged. Outstanding balances of retail automotive paper continued the rather steady downward movement of the previous four months, and at the end of February were 1 per cent below the level of January 31.

The financing of other consumer goods by sales finance companies also declined during February. A decrease of 9 per cent in total purchases of paper of these goods reflected declines in all segments of this class of paper. Outstanding balances on this type of paper declined 2 per cent during February, about the same rate as in the preceding month.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, January 1952 to February 1952		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	- 3	- 3	- 1
Passenger cars: New	-13	-10	
Used	+ 2	+ 4	
Commercial cars: New	- 5	- 3	
Used	- 2	0	
Other consumer goods: Total		- 9	- 2
Furniture, radios, television sets, musical instruments		-19	
Refrigerators and other household appliances		- 3	
Residential building repair and modernization		- 8	
Miscellaneous retail		- 5	

Wholesale financing--Wholesale automotive paper acquired during February was substantially above the volume of the preceding month. Wholesale automotive balances outstanding increased moderately during the month.

Purchases of wholesale paper other than automotive increased very sharply during February. The rise in volume was accompanied by a large increase in outstanding balances of this type of paper.

NOTE---February data, based on returns from 108 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: 1947-1949 average = 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.....	68	76	55	24	49	100
1940.....	92	101	92	34	64	131
1941.....	103	114	96	61	73	147
1942.....	36	28	61	10	38	61
1943.....	14	10	22	2	15	27
1944.....	12	11	13	3	13	r 23
1945.....	15	14	15	9	19	23
1946.....	40	32	49	55	52	59
1947.....	81	67	89	r 97	112	89
1948.....	118	115	138	111	r114	116
1949.....	155	190	118	81	92	107
1950.....	198	248	162	126	87	130
1951.....	202	248	197	120	75	151
1951-February.....	194	241	167	186	82	134
March.....	197	238	195	222	79	125
April.....	200	238	209	231	77	136
May.....	202	241	219	220	76	138
June.....	205	245	221	202	74	140
July.....	202	248	203	181	72	143
August.....	203	253	185	156	73	146
September.....	203	256	178	147	74	149
October.....	203	254	186	139	74	149
November.....	203	251	196	130	74	150
December.....	202	248	197	120	75	151
1952-January.....	196	243	r181	116	73	156
February.....	196	240	189	136	72	160

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. Indexes have been converted to a 1947-1949 base from the December 31, 1939 base previously used. Back figures by months are available upon request.

r--Revised.

Table 2.--Relative Importance of Loans Made by Sales Finance Companies
During February 1952 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>	\$846,921,719	100	\$3,625,264,937	100
Total loans.....	81,988,929	10	266,520,333	7
Small (personal) loans.....	27,316,596	3	150,323,986	4
Business loans.....	54,672,333	7	116,196,347	3
Total sales financing <u>a/</u>	764,932,790	90	3,358,744,604	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 February 1952 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during February 1952		Outstanding balances February 29, 1952 <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.....	\$298,107,052	\$295,550,803	\$2,489,444,945	12
Total wholesale automotive.....	425,117,648	422,524,662	544,613,957	78
Total wholesale - other than automotive...	16,905,410	16,374,323	41,469,417	39
Total retail - other consumers' goods.....	23,739,506	21,899,106	217,666,688	10
Industrial, commercial, and farm equipment	12,987,354	12,767,684	119,338,293	11
Total sales financing.....	\$776,856,970	\$769,116,578	\$3,412,533,300	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 February 1952

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	239,245	100	\$254,797,775 <u>a/</u>	100
New passenger cars.....	67,919	28	103,243,833	41
New commercial cars.....	10,038	4	15,961,475	6
Used passenger cars.....	148,247	62	125,402,688	49
Used commercial cars.....	13,041	6	10,189,779	4
Total wholesale automotive.....	243,248	100	\$419,279,725 <u>a/</u>	100
New cars (passenger and commercial)...	189,165	78	366,658,699	87
Used cars (passenger and commercial)...	54,083	22	52,621,026	13

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 February 1952

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 6,403,789	12
Refrigerators and other household appliances.....	6,449,741	13
Residential building repairs and modernization.....	2,712,464	5
Miscellaneous retail.....	6,898,243	13
Total retail - other consumers' goods.....	\$22,464,237 <u>a/</u>	43
Total wholesale - other than automotive.....	16,905,410	32
Industrial, commercial, and farm equipment.....	12,987,354	25
Total diversified financing.....	\$52,357,001	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.