

Mass Budget

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

G.20

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SALES FINANCE COMPANIES

MARCH 1952

Retail financing--Purchases of retail automotive paper by sales finance companies increased 4 per cent from February to March, reflecting increases in each of the automotive segments except new passenger cars. Purchases of instalment paper arising from the sale of new automobiles continued to decline despite a seasonal increase in sales. Although total acquisitions of retail automotive paper increased in March, outstanding balances continued to decline slightly during the month. This decline brought month-end balances to about the same level as a year ago.

Retail financing of other consumer goods by sales finance companies rose 9 per cent in March. Although the furniture and television segment declined slightly, the three other segments showed increases of 8 to 21 per cent. In spite of the overall expansion in purchases of other consumer goods paper, outstanding balances continued to decline, and on March 31 were 1 per cent below those of the preceding month-end.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, February 1952 to March 1952		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	+ 4	+ 4	- 1
Passenger cars: New	- 5	- 3	
Used	+ 5	+ 7	
Commercial cars: New	+ 5	+ 9	
Used	+ 6	+ 7	
Other consumer goods: Total		+ 9	- 1
Furniture, radios, television sets, musical instruments		- 1	
Refrigerators and other household appliances		+21	
Residential building repair and modernization		+11	
Miscellaneous retail		+ 8	

Wholesale financing--Purchases of wholesale automotive paper increased moderately in March, a month during which increases usually occur. Outstanding balances of wholesale automotive paper increased about 5 per cent during the month, bringing the index in Table 1 to a level slightly above that of March last year.

Purchases of wholesale paper on other consumer goods showed a small increase in March. Outstanding balances of this type of paper increased moderately during the month, but at the month-end were more than 25 per cent below a year ago.

NOTE--March data, based on returns from 111 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	23
1945.....	15	14	15	9	19	23
1946.....	40	32	49	55	52	59
1947.....	81	67	89	97	112	89
1948.....	118	115	138	111	114	116
1949.....	155	190	118	81	92	107
1950.....	198	248	162	126	87	130
1951.....	202	248	197	120	75	151
1951-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	181	116	73	156
February.....	196	240	189	136	72	160
March.....	196	238	199	151	71	163

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 March 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 a/.....	\$903,179,917	100	\$3,639,006,460	100
Total loans.....	84,656,413	9	272,851,951	7
Small (personal) loans.....	26,764,273	3	153,386,520	4
Business loans.....	57,892,140	6	119,465,431	3
Total sales financing a/.....	818,523,504	91	3,366,154,509	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 March 1952 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during March 1952		Outstanding balances March 31, 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.....	\$309,101,459	\$307,446,498	\$2,464,782,127	12
Total wholesale automotive.....	473,412,338	471,750,575	573,531,881	82
Total wholesale - other than automotive...	16,770,113	16,735,616	46,144,352	36
Total retail - other consumers' goods.....	24,263,450	23,994,303	214,866,943	11
Industrial, commercial, and farm equipment	10,599,040	10,597,134	121,638,469	9
Total sales financing.....	\$834,146,400	\$830,524,126	\$3,420,963,772	24

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 March 1952

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	244,288	100	\$262,251,308 <u>a/</u>	100
New passenger cars.....	64,469	26	100,175,870	38
New commercial cars.....	10,510	4	17,324,253	7
Used passenger cars.....	155,458	64	133,860,254	51
Used commercial cars.....	13,851	6	10,890,931	4
Total wholesale automotive.....	266,949	100	\$466,747,869 <u>a/</u>	100
New cars (passenger and commercial)..	209,820	79	409,257,272	88
Used cars (passenger and commercial)..	57,129	21	57,490,597	12

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 March 1952

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 5,258,005	10
Refrigerators and other household appliances.....	7,299,615	15
Residential building repairs and modernization.....	2,962,049	6
Miscellaneous retail.....	7,337,794	15
Total retail - other consumers' goods.....	\$22,857,463 <u>a/</u>	46
Total wholesale - other than automotive.....	16,770,113	33
Industrial, commercial, and farm equipment.....	10,599,040	21
Total diversified financing.....	\$50,226,616	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.