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FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

JUNE 1952

Retail financing--Retail automotive paper acquired by sales finance companies increased further during June, following a sharp increase in the preceding month. Purchases of new passenger car paper continued to show the largest gain, increasing 13 per cent over May, while purchases of used passenger car paper rose 5 per cent. The record volume of paper acquired in June was reflected in a 6 per cent increase in retail automotive balances outstanding. At the month-end, these balances were about 10 per cent above a year ago and approximately 5 per cent above the previous high reached in September of last year.

Purchases of other retail instalment paper by sales finance companies in June increased 18 per cent over May. The volume of household appliance paper acquired rose 32 per cent, and purchases of repair and modernization paper increased 24 per cent. Acquisitions of furniture and television paper, however, decreased 2 per cent from May to June. Reflecting the overall expansion in retail financing other than automotive, outstanding balances of other retail instalment paper increased 7 per cent during June.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, May 1952 to June 1952		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	+ 7	+ 8	+ 6
Passenger cars: New	+ 7	+13	
Used	+ 1	+ 5	
Commercial cars: New	+ 3	+ 2	
Used	- 1	- 1	
Other consumer goods: Total		+18	+ 7
Furniture, radios, television sets, musical instruments		- 2	
Refrigerators and other household appliances		+32	
Residential building repair and modernization		+24	
Miscellaneous retail		+ 7	

Wholesale financing--Purchases of wholesale automotive paper in June were about 4 per cent below those of the preceding month. Outstanding balances decreased for the second month, and at the end of June were down about 18 per cent from a year ago.

Acquisitions of wholesale paper on other consumer goods increased about 14 per cent during June, but outstanding balances continued to decline. At the month-end, balances outstanding were about 9 per cent below May 31, and about 36 per cent below a year ago.

NOTE.--June 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: 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-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
April.....	200	r240	208	152	r71	168
May.....	206	r253	197	144	r74	170
June.....	213	269	181	130	78	175

^{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.

r---Revised.

Table 2.--Relative Importance of Loans Made by Sales Finance Companies
During June 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/}	\$1,144,952,539	100	\$3,860,123,929	100
Total loans.....	90,195,653	7	271,337,964	8
Small (personal) loans.....	34,624,232	4	150,097,211	3
Business loans.....	55,571,421	3	121,240,753	5
Total sales financing ^{a/}	1,054,756,886	93	3,588,785,965	92

^{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 June 1952 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during June 1952		Outstanding balances June 30, 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.....	\$ 491,782,502	\$ 485,184,550	\$2,732,716,726	18
Total wholesale automotive.....	500,589,985	498,328,092	508,286,061	98
Total wholesale - other than automotive...	14,712,073	14,350,266	39,678,698	36
Total retail - other consumers' goods.....	41,433,828	38,863,567	234,450,640	17
Industrial, commercial, and farm equipment	20,995,054	20,427,548	131,119,588	16
Total sales financing.....	\$1,069,513,442	\$1,057,154,023	\$3,646,251,713	29

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 June 1952

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	332,451	100	\$415,204,321 <u>a/</u>	100
New passenger cars.....	102,243	31	184,391,491	44
New commercial cars.....	13,494	4	21,281,107	5
Used passenger cars.....	201,145	60	196,996,936	48
Used commercial cars.....	15,569	5	12,534,787	3
Total wholesale automotive.....	276,035	100	\$493,562,906 <u>a/</u>	100
New cars (passenger and commercial)..	227,120	80	436,176,242	88
Used cars (passenger and commercial)..	55,915	20	57,386,664	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 June 1952

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 5,404,650	7
Refrigerators and other household appliances.....	18,039,745	24
Residential building repairs and modernization.....	5,491,656	7
Miscellaneous retail.....	10,553,223	14
Total retail - other consumers' goods.....	\$39,489,274 <u>a/</u>	52
Total wholesale - other than automotive.....	14,712,073	20
Industrial, commercial, and farm equipment.....	20,995,054	28
Total diversified financing.....	\$75,196,401	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.