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FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

JULY 1952

Retail financing--Purchases of retail automotive paper by sales finance companies in July decreased 13 per cent from the preceding month. This was the first month-to-month decrease in acquisitions reported since last February, and reflected declines in all types of automotive paper except that for used commercial vehicles. The largest decline, 18 per cent, was in purchases of paper arising from sales of new passenger automobiles. Despite the drop in paper acquired, outstanding balances of retail automotive paper continued to increase in July, although at a slower rate than in the two preceding months. On July 31, outstanding balances were 4 per cent above the June level and about 12 per cent above the level of July a year ago.

Other retail instalment paper acquired by sales finance companies in July increased 6 per cent, continuing at a more moderate rate the gains reported each month since February. The volume of household appliance paper acquired increased 7 per cent, while purchases of repair and modernization paper rose 8 per cent. Furniture and television paper, however, decreased 4 per cent. Outstanding balances of instalment paper arising from sales of consumer durable goods other than automotive increased 4 per cent, and at the end of July were about 12 per cent above the year-ago level.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, June 1952 to July 1952		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	-11	-13	+ 4
Passenger cars: New	-20	-18	
Used	- 8	- 9	
Commercial cars: New	- 8	- 8	
Used	+ 4	+ 4	
Other consumer goods: Total		+ 6	+ 4
Furniture, radios, television sets, musical instruments		- 4	
Refrigerators and other household appliances		+ 7	
Residential building repair and modernization		+ 8	
Miscellaneous retail		+ 8	

Wholesale financing--Wholesale automotive paper acquired by sales finance companies in July dropped about 25 per cent below the volume of June. The drop in acquisitions was reflected in an equally sharp decrease in outstanding balances of wholesale automotive paper. Month-end balances were off 25 per cent from a month ago and about 33 per cent from a year ago.

Other wholesale paper acquired during July increased about 25 per cent over the preceding month's volume, but outstanding balances continued to decline. On July 31, outstanding balances were about 4 per cent below the June level and about 31 per cent below the level of a year ago.

NOTE:--July data, based on returns from 109 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-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	240	208	152	71	168
May.....	206	253	197	144	74	170
June.....	213	269	181	130	78	175
July.....	212	278	136	125	81	183

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 July 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>	\$973,705,755	100	\$3,910,843,019	100
Total loans.....	89,030,808	9	288,047,537	7
Small (personal) loans.....	32,731,729	3	167,142,698	4
Business loans.....	56,299,079	6	120,904,839	3
Total sales financing <u>a/</u>	884,674,947	91	3,622,795,482	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 July 1952 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during July 1952		Outstanding balances July 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.....	\$438,044,622	\$432,155,165	\$2,872,415,163	15
Total wholesale automotive.....	381,787,631	380,210,414	388,346,412	98
Total wholesale - other than automotive...	18,344,556	17,937,602	38,072,299	47
Total retail - other consumers' goods.....	44,038,012	41,478,061	244,895,970	17
Industrial, commercial, and farm equipment	14,823,401	14,569,526	136,749,031	11
Total sales financing.....	\$897,038,222	\$886,350,768	\$3,680,478,875	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 July 1952

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	299,619	100	\$369,245,955 <u>a/</u>	100
New passenger cars.....	82,565	28	152,062,032	41
New commercial cars.....	12,527	4	19,638,685	5
Used passenger cars.....	188,221	63	184,402,698	50
Used commercial cars.....	16,306	5	13,142,540	4
Total wholesale automotive.....	213,908	100	\$376,241,606 <u>a/</u>	100
New cars (passenger and commercial)..	159,230	74	320,458,854	85
Used cars (passenger and commercial)..	54,678	26	55,782,752	15

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 July 1952

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$ 5,249,346	7
Refrigerators and other household appliances.....	19,297,548	26
Residential building repairs and modernization.....	5,955,164	8
Miscellaneous retail.....	11,439,303	15
Total retail - other consumers' goods.....	\$41,941,361 <u>a/</u>	56
Total wholesale - other than automotive.....	18,344,556	24
Industrial, commercial, and farm equipment.....	14,823,401	20
Total diversified financing.....	\$75,109,318	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.