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OF THE
FEDERAL RESERVE SYSTEM

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SALES FINANCE COMPANIES

DECEMBER 1952

Retail financing--Reporting sales finance companies increased their purchases of retail automobile paper in December, following a decrease in the preceding month. A gain of 11 per cent in total purchases of this type of paper reflected increases in all components, ranging from a gain of 9 per cent in the financing of new passenger cars to a gain of 14 per cent in the financing of used passenger cars. A further expansion in outstanding balances of retail automotive paper accompanied the increased purchases. Balances at the end of December were 3 per cent above those of November 30 and 25 per cent above December a year ago.

Purchases of other retail instalment paper by sales finance companies increased 27 per cent during the month, also following a decline during November. A sharp expansion, 55 per cent, occurred in purchases of furniture and television paper, while purchases of household appliance paper increased 22 per cent. Acquisitions of repair and modernization paper increased 1 per cent during the month. Outstanding balances of other retail instalment paper continued to increase during December, and at the month-end were 4 per cent above November 30. The end-of-year balances were 32 per cent above the previous year end.

Retail Financing by Sales Finance Companies

Class of retail paper	Percentage change, November 1952 to December 1952		
	Number of cars	Volume of paper acquired during month	Outstanding balances end of month
Automotive: Total retail	<u>+12</u>	<u>+11</u>	<u>+ 3</u>
Passenger cars: New	+10	+ 9	
Used	+13	+14	
Commercial cars: New	+18	+12	
Used	+ 9	+10	
Other consumer goods: Total		<u>+27</u>	<u>+ 4</u>
Furniture, radios, television sets, musical instruments		+55	
Refrigerators and other household appliances		+22	
Residential building repair and modernization		+ 1	
Miscellaneous retail		+20	

Wholesale financing--Sales finance company purchases of wholesale automotive paper during December increased 5 per cent from November. Outstanding balances of this class of paper on December 31 were about 8 per cent above the preceding month-end but slightly below the level of a year earlier.

Purchases of other wholesale paper increased about 21 per cent during December. The increase in volume was accompanied by a gain in balances outstanding of about 1 per cent from the end of November to December 31.

NOTE: December data, based on returns from 105 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
1952.....	245	310	192	111	99	206
1951-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	277	136	125	84	183
August.....	210	278	113	119	86	185
September.....	217	281	142	113	89	190
October.....	228	292	164	111	93	199
November.....	236	301	178	110	95	206
December.....	245	310	192	111	99	206

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 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>	\$1,141,518,475	100	\$4,472,080,150	100
Total loans.....	109,010,951	10	301,731,868	7
Small (personal) loans.....	41,044,317	4	171,138,942	4
Business loans.....	67,966,634	6	130,592,926	3
Total sales financing <u>a/</u>	1,032,507,524	90	4,170,348,282	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 1952 and Balances Outstanding at End of Month

Class of paper	Volume of paper acquired during December 1952		Outstanding balances December 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.....	\$ 441,886,684	\$ 439,511,911	\$3,198,758,921	14
Total wholesale automotive.....	538,532,543	537,085,463	548,502,200	98
Total wholesale - other than automotive...	12,317,668	11,926,366	33,801,830	35
Total retail - other consumers' goods.....	41,132,398	38,263,411	297,707,823	13
Industrial, commercial, and farm equipment	13,604,841	13,481,270	154,100,987	9
Total sales financing.....	\$1,047,474,134	\$1,040,268,421	\$4,232,871,761	25

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 1952

Class of paper	Number of cars		Paper acquired	
	Number	Percentage of total	Dollar volume	Percentage of total
Total retail automotive.....	291,150	100	\$378,591,222 <u>a/</u>	100
New passenger cars.....	106,383	36	190,618,769	50
New commercial cars.....	14,402	5	21,274,371	6
Used passenger cars.....	155,977	54	155,399,343	41
Used commercial cars.....	14,388	5	11,298,739	3
Total wholesale automotive.....	301,690	100	\$534,354,307 <u>a/</u>	100
New cars (passenger and commercial)..	247,477	82	479,826,048	90
Used cars (passenger and commercial)..	54,213	18	54,528,259	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 1952

Class of paper	Dollar volume of paper acquired	Percentage of total
Retail - other consumers' goods:		
Furniture, radios, pianos, and other musical instruments..	\$13,629,649	21
Refrigerators and other household appliances.....	9,606,994	15
Residential building repairs and modernization.....	5,091,250	8
Miscellaneous retail.....	9,990,760	16
Total retail - other consumers' goods.....	\$38,318,653 <u>a/</u>	60
Total wholesale - other than automotive.....	12,317,688	19
Industrial, commercial, and farm equipment.....	13,604,841	21
Total diversified financing.....	\$64,241,182	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.