

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

G.20

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SALES FINANCE COMPANIES

DECEMBER 1955

Sales finance company holdings of instalment paper on passenger automobiles increased \$79 million during December, bringing year-end balances to an estimated \$7,939 million. This was about 43 per cent above a year earlier. The December rise compares with an average monthly increase throughout 1955 of about \$200 and increases of over \$300 per month during the mid-year period of high automobile sales. Total consumer credit held by sales finance companies at the end of 1955 amounted to an estimated \$8,938 million.

The volume of automobile credit extended by sales finance companies during December, estimated at \$722 million, was up slightly from November. This brought extensions for all of 1955 to an estimated \$9,466 million, nearly 50 per cent greater than the 1954 total. This expansion in volume reflected largely an increase in acquisitions of new car paper, although the volume of credit extended on used cars in 1955 was also higher than in 1954. Record sales of both new and used cars contributed to the rise in credit volume. In addition, credit sales of new cars were relatively more important in 1955, and the average amount of credit involved in each new car transaction, estimated at about \$2,200, was nearly \$250 more than in the preceding year.

Wholesale automotive balances increased \$275 million during December as dealer stocks of new cars rose further. Month-end balances were estimated at \$1,531 million. The other types of business credit showed slight increases.

Outstanding Credit Held by Sales Finance Companies
(In millions of dollars)

Type of credit	Dec. 31, 1955	Increase or decrease during:		
		Dec. 1955	Dec. 1954	Year ended Dec. 31, 1955
Consumer instalment credit	8,938	+113	+ 96	+2,517
Retail automotive (passenger cars)	7,939	+ 79	+ 72	+2,376
Other consumer goods paper	416	+ 13	+ 11	+ 65
Repair and modernization loans	85	+ 2	0	+ 4
Personal loans	498	+ 19	+ 13	+ 72
Business credit ^{1/}	2,422	+286	+149	+ 971
Retail automotive (commercial vehicles)	435	+ 4	- 2	+ 80
Wholesale automotive	1,531	+275	+163	+ 814
Wholesale other than automotive	60	+ 4	- 2	+ 26
Other business credit	396	+ 3	- 10	+ 51

^{1/} Excludes some credit extended to business, such as credit arising from factoring operations.

Credit Extended by Sales Finance Companies
(In millions of dollars)

Type of credit	Dec. 1955	Change from:	
		Month ago	Year ago
Consumer instalment credit	867	+ 36	+110
Retail automotive (passenger cars)	722	+ 12	+ 89
New	491	+ 15	+ 99
Used	231	- 3	- 10
Other consumer goods paper	48	+ 7	+ 3
Repair and modernization loans	6	0	+ 1
Personal loans	91	+ 17	+ 17
Business credit <u>1/</u>	1,512	+ 25	+396
Retail automotive (commercial vehicles)	41	+ 1	+ 8
New	30	0	+ 8
Used	11	+ 1	0
Wholesale automotive paper	1,354	+ 29	+371
New (passenger and commercial)	1,298	+ 27	+362
Used (passenger and commercial)	56	+ 2	+ 9
Wholesale other than automotive	29	+ 6	+ 14
Other business credit <u>1/</u>	88	- 11	+ 3

Number of Motor Vehicles Financed by Sales Finance Companies
(In thousands)

Type of vehicle	Dec. 1955	Change from:	
		Month ago	Year ago
Total financed by retail	471	- 14	+ 2
New passenger	216	+ 6	+ 26
Used passenger	223	- 19	- 26
New commercial	17	- 1	+ 2
Used commercial	15	0	0
Total financed at wholesale	556	+ 5	+109
New (passenger and commercial)	516	+ 4	+107
Used (passenger and commercial)	40	+ 1	+ 2

1/ Excludes some credit extended to business, such as credit arising from factoring operations.