

# Banking Watch US

### 5 August 2011 **Economic Analysis**

US

## Consumer Credit: Monthly Situation Report

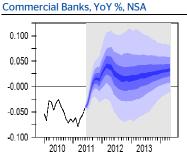
Chart 1

- Total outstanding consumer credit surpassed expectations and increased \$15.5bn MoM in June (BBVA: \$5.0bn), reflecting continued growth in both revolving and nonrevolving credit which increased by \$5.2bn and \$10.3bn, respectively.
- Credit from finance companies increased following 5 months of decline, while ABS issuer credit continued to fall. Commercial bank credit increased for the third consecutive month, despite large YoY declines.

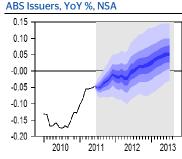
Chart 2

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Breakdown of the Recent Data Total outstanding consumer credit surpassed consensus expectations and 0.100 tripled last month's growth, expanding for the third month YoY. Credit from 0.050 finance companies rebounded from negative growth, while commercial -0.000 bank and government credit continued to expand. Despite lasting declines in -0.050 ABS issuer credit, we expect that trends will revert back to positive -0 100 growth once consumer spending habits rebound.



Source: BBVA Research. Note: FASB-adjusted



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2011 Source: BBVA Research. Note: FASB-adjusted

2010

2012

2013

Finance Companies, YoY %, NSA

Chart 3

0.25

0.20

0.15

0.10

0.05

0.00

-0.05

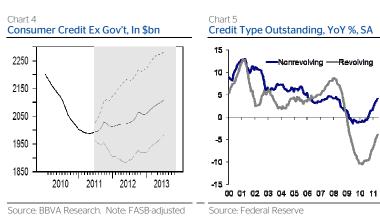
-0.10

-0.15

Chart G

#### On the Horizon for Consumer Credit

Nonrevolving credit grew substantially in June, up \$10.3bn from a \$1.7bn increase last month, and continues to surpass historical highs. It appears that revolving credit has rebounded from 5vear lows as growth accelerates for the second consecutive month. Although YoY growth is still negative, MoM expansion in revolving credit could signal returns to pre-recession spending levels. Despite reduced personal consumption and weak confidence in recent months, June's consumer credit data indicate that consumers may be willing to take on more debt in 2H11.



Summary Table, YoY %, NSA, FASB-adj.		
Category	Actual	Predicted
Banks and Thrifts	-5.18%	-5.39%
ABS Issuers	-4.66%	-3.79%
Finance Comp.	-10.67%	-11.08%
Total	-6.29%	-6.28%

Note: Total excludes government and nonfinancial business

Source: BBVA Research

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