

# Banking Watch

US

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Economic Analysis

US

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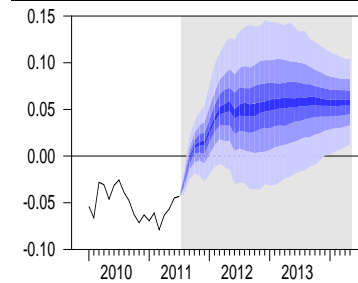
## Consumer Credit: Monthly Situation Report

- Total outstanding consumer credit increased \$12.0bn MoM in July (BBVA: \$7.0bn), while June's MoM change was revised down from \$15.5bn to \$11.3bn. Revolving credit declined by \$3.4bn after two months of growth, and nonrevolving credit increased by \$15.4bn.
- Credit from commercial banks increased but at a slower pace than in the past three months, while credit from finance companies accelerated. ABS issuer credit continued to fall, however YoY declines have lessened considerably since the beginning of 2011.

### Breakdown of the Recent Data

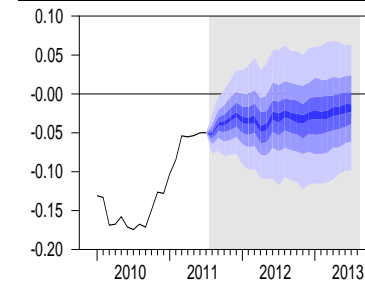
Non-seasonally-adjusted consumer credit data are arriving largely in-line with our forecasts, however some model adjustments were made to reflect downward revisions to the economic outlook. As expected, total outstanding consumer credit continues to grow on a MoM and YoY basis, even when excluding significant growth in government credit (which likely distorted our estimate for the month). Credit from commercial banks and finance companies increased again in July, while ABS issuer credit maintained a steady decline.

Chart 1  
Commercial Banks, YoY %, NSA



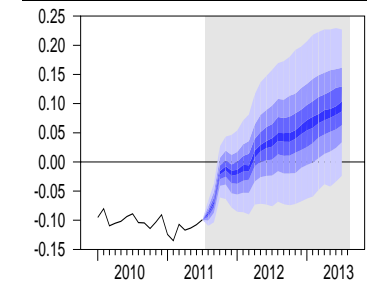
Source: BBVA Research. Note: FASB-adjusted

Chart 2  
ABS Issuers, YoY %, NSA



Source: BBVA Research. Note: FASB-adjusted

Chart 3  
Finance Companies, YoY %, NSA

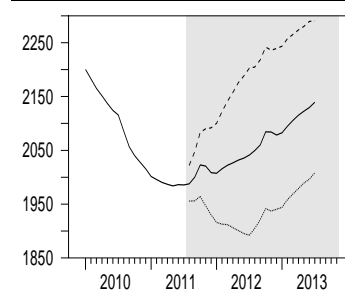


Source: BBVA Research. Note: FASB-adjusted

### On the Horizon for Consumer Credit

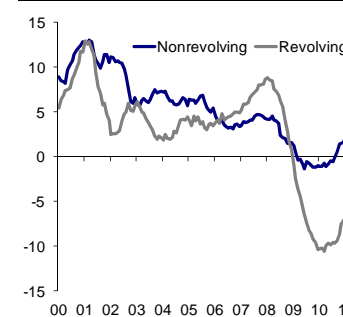
Despite two consecutive months of growth, revolving credit declined in July as consumer activity weakened. Discouraging economic data continue to suggest signs of a double-dip, and revolving credit levels are dangerously close to falling back below pre-recession lows. On the other hand, nonrevolving credit continues to surpass historical highs, up \$15.4bn from a \$8.8bn increase last month. July's mismatch in consumer credit activity furthers existing uncertainties regarding the current economic recovery.

Chart 4  
Consumer Credit Ex Gov't, In \$bn



Source: BBVA Research. Note: FASB-adjusted

Chart 5  
Credit Type Outstanding, YoY %, SA



Source: Federal Reserve

Chart 6  
Summary Table, YoY %, NSA, FASB-adj.

Category	Actual	Predicted
Banks and Thrifts	-5.05%	-3.51%
ABS Issuers	-4.99%	-5.17%
Finance Comp.	-9.92%	-10.40%
<b>Total</b>	<b>-6.14%</b>	<b>-5.47%</b>

Note: Total excludes government and nonfinancial business

Source: BBVA Research