

# Banking Watch

US

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Economic Analysis

US

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## Consumer Credit: Monthly Situation Report

- Total outstanding consumer credit declined by \$9.5bn MoM in August on a seasonally-adjusted basis following a \$11.9bn increase in July. Nonrevolving credit fell \$7.3bn for the first decline in more than a year, while revolving credit declined by \$2.2bn.
- In terms of major holders, credit from commercial banks grew for the fifth straight month despite large YoY declines. Credit from finance companies increased at the same pace as last month, while ABS issuer credit continued to fall.

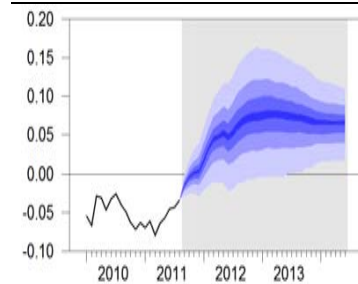
### Breakdown of the Recent Data

Seasonally-adjusted consumer credit declined for the first time in eleven months, reflecting a surprising drop in nonrevolving credit. While this may suggest a troublesome situation for consumer credit, much of the decline reflects a fixed seasonal adjustment and it is unclear whether a trend will emerge. Non-seasonally-adjusted data continue to suggest strength in both revolving and nonrevolving credit, at \$3.8bn and \$9.1bn, respectively.

### On the Horizon for Consumer Credit

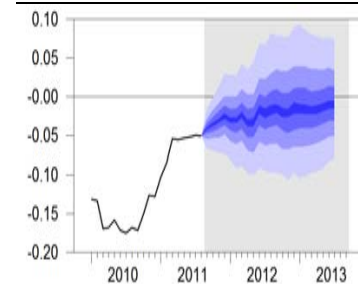
While we do not include government credit in our forecasts, it is important to note that issuance grew at a much slower pace than in the previous month and may have contributed to the decline in nonrevolving credit. In the coming months, we expect to see nonrevolving credit revert back to trend as the seasonality affects become less intense. Although the outlook for consumer activity has improved slightly, revolving credit continues to hover near pre-recession lows.

Chart 1  
Commercial Banks, YoY %, NSA



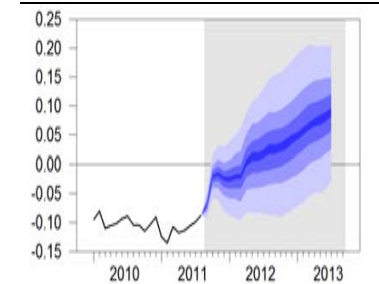
Source: BBVA Research. Note: FASB-adjusted

Chart 2  
ABS Issuers, YoY %, NSA



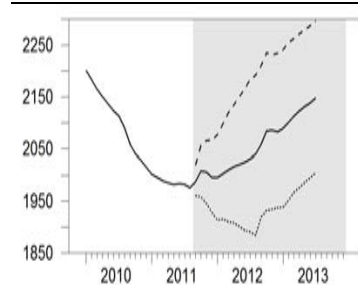
Source: BBVA Research. Note: FASB-adjusted

Chart 3  
Finance Companies, YoY %, NSA



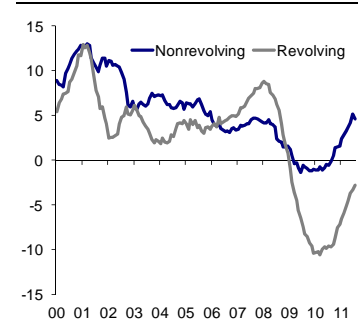
Source: BBVA Research. Note: FASB-adjusted

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	-4.21%	-2.62%
ABS Issuers	-5.03%	-5.21%
Finance Comp.	-6.99%	-8.80%
<b>Total</b>	<b>-5.42%</b>	<b>-4.64%</b>

Note: Total excludes government and nonfinancial business

Source: BBVA Research