

Banking Watch

US

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Economic Analysis

US

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Consumer Credit: Monthly Situation Report

- Seasonally-adjusted total outstanding consumer credit increased by \$7.4bn MoM in September (BBVA: \$5.7bn) following a surprising \$9.7bn decline in August. Revolving credit fell slightly by \$0.6bn while nonrevolving credit jumped \$8.0bn.
- Credit from commercial banks and finance companies fell for the first time in months, although YoY declines are lessening. ABS issuer credit rebounded from two years of declines with a \$2.7bn increase, most of which is concentrated on the nonrevolving side.

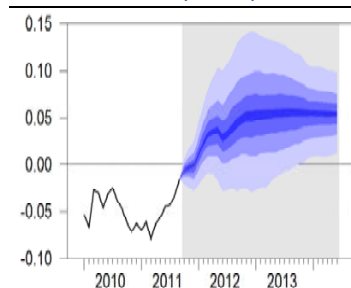
Breakdown of the Recent Data

On a non-seasonally-adjusted basis, total outstanding consumer credit held strong in September due to continued gains in nonrevolving credit. Seasonally-adjusted credit appears to have rebounded following a surprising drop in the previous month, much of which may be attributed to fixed seasonality factors. The upcoming holiday shopping months often trigger a seasonal adjustment that may skew the data. Although we exclude government credit from our forecasts, issuance more than doubled and likely distorted our estimate.

On the Horizon for Consumer Credit

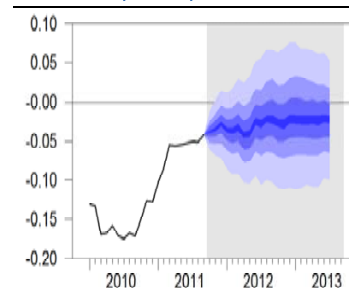
Modest declines in revolving credit may reflect continued uncertainties among consumers and businesses. However, seasonally-adjusted declines have become smaller over the past few months and we expect a similar trend to continue as economic prospects improve. Aside from the minor dip in August, nonrevolving credit continues to surpass historical highs. While this seems to be a positive trend for consumer credit, we will continue to monitor closely since most recent gains in nonrevolving loans have been government issued.

Chart 1
Commercial Banks, YoY %, NSA



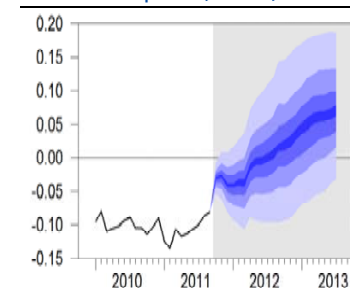
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY %, NSA



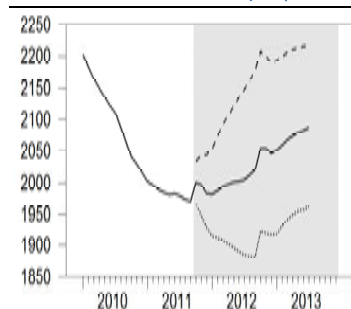
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY %, NSA



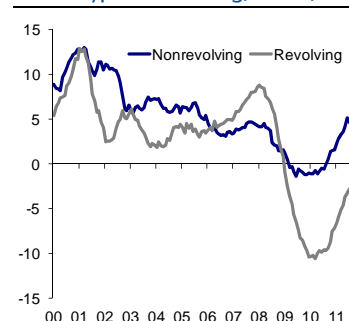
Source: BBVA Research. Note: FASB-adjusted

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	-3.07%	-1.59%
ABS Issuers	-4.19%	-4.04%
Finance Comp.	-8.04%	-6.99%
Total	-4.46%	-3.40%

Note: Total excludes government and nonfinancial business

Source: BBVA Research