

# Banking Watch

US

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Economic Analysis

US

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## Consumer Credit: Monthly Situation Report

- Total outstanding consumer credit increased by \$7.7bn MoM in October on a seasonally-adjusted basis (BBVA: \$5.7bn), reflecting growth in both revolving and nonrevolving credit. September's figures were revised down slightly, from \$7.4bn to \$6.8bn for total credit.
- ABS issuer credit increased \$2.5bn, while credit from both commercial banks and finance companies declined for the second consecutive month. In general, YoY declines have lessened significantly in the past few months and are approaching pre-recession growth rates.

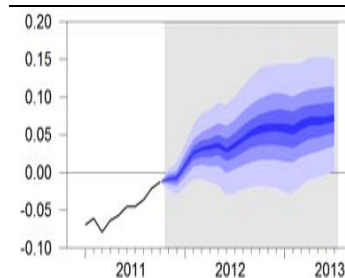
### Breakdown of the Recent Data

October's data reflect downward revisions to both revolving and nonrevolving credit in the past few months, which may have altered our forecasts. Furthermore, some model adjustments were made to reflect revisions to the economic outlook. Although seasonal adjustments due to the holiday shopping months may skew upcoming data, non-seasonally-adjusted trends appear similar. Government issued credit, which we exclude from our projections, increased again in October but at its slowest pace since December 2010.

### On the Horizon for Consumer Credit

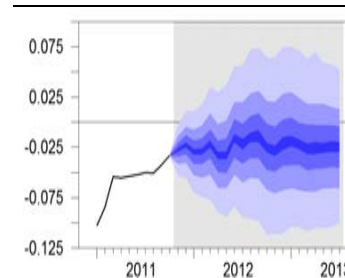
The outlook for consumer credit has improved in recent months aside gradual strengthening in the economic recovery. Revolving and nonrevolving credit each increased for the second consecutive month, and we expect trends to continue at least for the short-term. Strength in auto sales indicate that demand for auto loans will continue to grow, and rising consumer confidence levels suggest increased willingness to take on more debt.

Chart 1  
Commercial Banks, YoY %, NSA



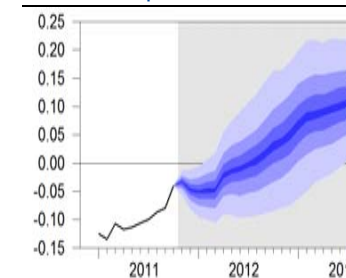
Source: BBVA Research. Note: FASB-adjusted

Chart 2  
ABS Issuers, YoY %, NSA



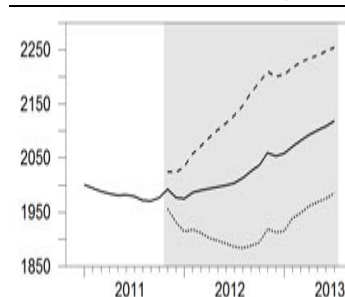
Source: BBVA Research. Note: FASB-adjusted

Chart 3  
Finance Companies, YoY %, NSA



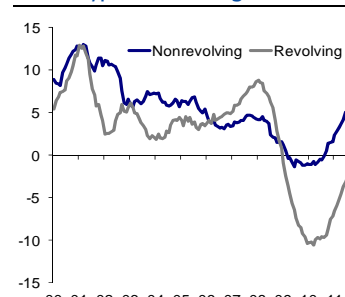
Source: BBVA Research. Note: FASB-adjusted

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	-2.81%	-0.66%
ABS Issuers	-3.32%	-3.77%
Finance Comp.	-3.97%	-3.12%
Total	-3.19%	-1.97%

Note: Total excludes government and nonfinancial business

Source: BBVA Research