

## Banking Watch US

## 8 March 2012 **Economic Analysis**

## Consumer Credit: Monthly Situation Report

- Seasonally-adjusted (SA) consumer credit grew \$17.8bn in January following greater-than-expected increases of \$20.0bn and \$16.3bn in November and December, respectively. Nonrevolving credit jumped \$20.7bn, offsetting a \$2.9bn decline on the revolving side.
- Credit from commercial banks and finance companies both declined for the first time in three months (-\$11.6bn and -\$1.3bn, respectively), and ABS issuer credit fell \$1.1bn. Government credit continues to drive nonrevolving credit, iumping \$27.9bn in January.

## **Kim Fraser** kim.fraser@bbvacompass.com

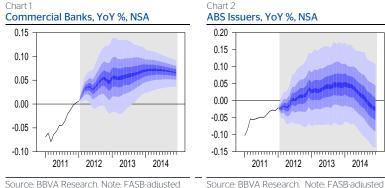
US

Breakdown of the Recent Data

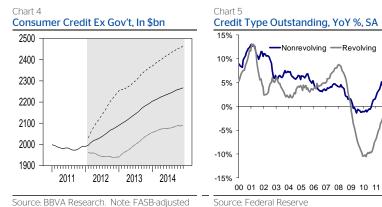
Total outstanding consumer credit surpassed expectations in January for the third consecutive month. However, our suspicions of seasonal effects are becoming clearer as we see bigger discrepancies between SA and NSA data. NSA nonrevolving credit growth was more than 50% higher compared to the SA data, while NSA revolving credit declines were nearly six times larger. Excluding government, NSA nonrevolving credit has increased only \$3.0bn since March 2011, furthering our concerns that the consumer credit situation is not vet out of the woods.

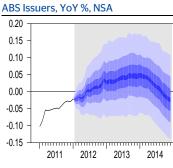


Gradual improvements in labor market conditions, gains in consumer confidence, and strong auto demand are helping to boost consumer lending. Despite the monthly drop in revolving credit, YoY growth has accelerated slightly into positive territory. We expect that this modest trend will continue throughout 2012, an encouraging sign for consumer activity. Nonrevolving credit growth has reached the highest YoY rate since September 2005, yet we remain cautious of the strong government influences.



Source: BBVA Research. Note: FASB-adjusted





Nonrevolving ----Revolving

Finance Companies, YoY %, NSA 0.25 0.15 0.05 -0.05 -0.15 2011 2012 2013 2014

Chart 3

Chart G

Source: BBVA Research. Note: FASB-adjusted

Summary Table, YoY %, NSA, FASB-adj.		
Category	Actual	Predicted
Banks and Thrifts	1.14%	1.76%
ABS Issuers	-2.15%	-2.99%
Finance Comp.	-2.41%	-2.73%
Total	-0.45%	-0.40%

Note: Total excludes government and nonfinancial business

Source: BBVA Research

Source: Federal Reserve This document has been prepared by Banco Bilbao Vizcaya Argentaria's BBVA Research Department on its own account and is provided for information purposes only. The information, opinions, estimates and forecasts contained herein refer to the specific date and are subject to changes without notice due to market fluctuations. The information, opinions, estimates and forecasts contained in this document have been gathered or obtained from public sources, believed to be correct by the Company concerning their accuracy, completeness, and/or correctness. This document is not an offer to sell or a solicitation to acquire or dispose of an interest in securities.