

Banking Watch

US

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Economic Analysis

US
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Consumer Credit: Monthly Situation Report

- Consumer credit increased \$8.7bn on a seasonally-adjusted basis in February, a much slower pace compared to the average \$18.0bn increase in the prior three months. Nonrevolving credit grew \$11.0bn, while revolving declined \$2.2bn for the second consecutive month.
- Credit from most major holders declined, with issuance from commercial banks and finance companies dropping \$12.8bn and \$5.9bn, respectively. Consumer credit from ABS issuers increased for the first time in three months, while gains in government credit decelerated.

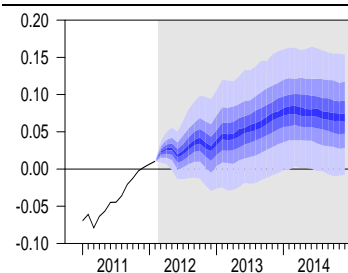
Breakdown of the Recent Data

Seasonally-adjusted data suggest continued growth in consumer activity, though at a slowing pace. However, non seasonally-adjusted (NSA) consumer credit actually declined, down \$17.9bn in February. NSA declines are common this time of year, which is why the strong increase in January (\$15.5bn) was somewhat abnormal. Government credit, which usually boosts the NSA nonrevolving figure, grew only \$0.3bn, the smallest MoM gain in almost four years.

Consumer Credit Outlook

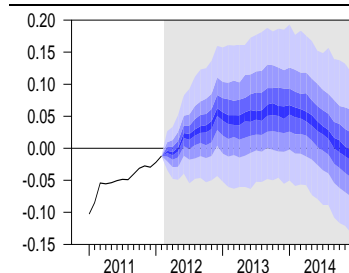
Gains in nonrevolving credit are beginning to dwindle, an expected trend given rising gas prices and the related drop in auto demand. On the revolving side, consumers may hold back on additional debt until personal finances rally. Upward revisions to real personal consumption expenditures for 1Q12 suggest that consumer spending is less conservative, however, slowing improvements in the job market may put a stop to this activity.

Chart 1
Commercial Banks, YoY%, NSA



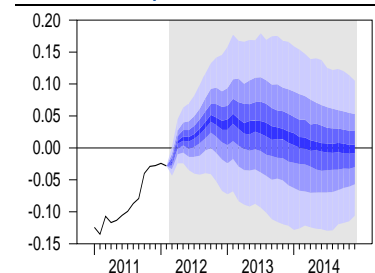
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



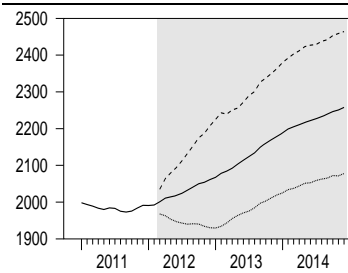
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



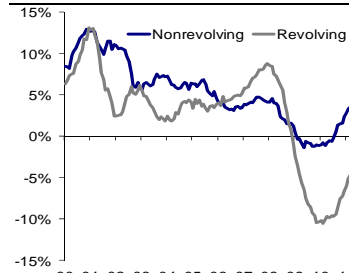
Source: BBVA Research. Note: FASB-adjusted

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 & BBVA Research

Chart 6
Summary Table, YoY%, NSA

Category	Actual	Predicted
Banks and Thrifts	1.66%	1.89%
ABS Issuers	-1.21%	-2.25%
Finance Comp.	-2.82%	-1.84%
Total	-0.04%	0.03%

Note: Total excludes government and nonfinancial business

Source: BBVA Research. Note: FASB-adjusted

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