

Banking Watch

US

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Economic Analysis

US
Kim Fraser
kim.fraser@bbvacompass.com

Consumer Credit: Monthly Situation Report

- Seasonally-adjusted consumer credit jumped \$21.3bn in March, reflecting the largest monthly gain in more than a decade. Nonrevolving credit increased for the seventh consecutive month, up \$16.2bn, while revolving credit recovered from two prior months of declines.
- Credit from commercial banks and finance companies declined for the third consecutive month but were more than offset by an increase in government issuance. Non seasonally-adjusted (NSA) credit grew only \$4.4bn in March after falling significantly in February.

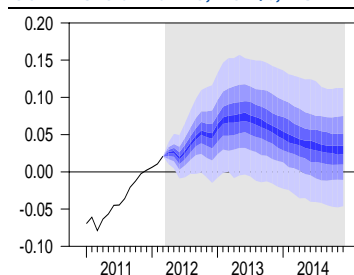
Breakdown of the Recent Data

Total outstanding consumer credit surprised to the upside in March despite expectations for further deterioration in revolving credit. However, NSA data increased only \$4.4bn and reflected a \$4.5bn decline on the revolving side. In fact, revolving credit remains near recovery lows. On the nonrevolving side, issuance from the federal government has kept total NSA consumer credit afloat throughout the past three months, mostly due to increasing student loans.

Consumer Credit Outlook

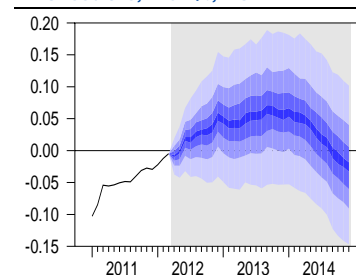
Consumer credit has nearly approached the pre-recession peak, yet excluding the government component, levels have barely recovered from post-crisis lows. The recent surge in auto demand may help boost nonrevolving credit outside of government, however, it is clear that conditions are still fragile. Revolving credit continues to drag on the headline figure, and the latest weakness in employment data should limit a significant rebound in 2Q12.

Chart 1
Commercial Banks, YoY%, NSA



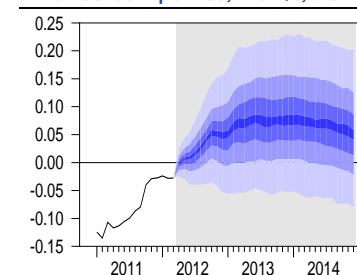
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



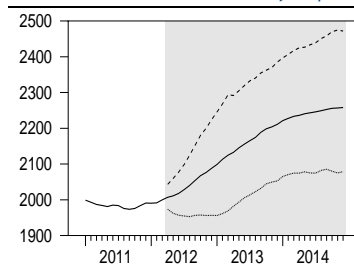
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



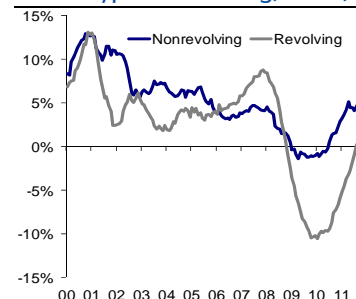
Source: BBVA Research. Note: FASB-adjusted

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	2.74%	2.27%
ABS Issuers	-0.49%	-0.58%
Finance Comp.	-2.76%	-2.08%
Total	0.72%	0.59%

Note: Total excludes government and nonfinancial business

Source: BBVA Research. Note: FASB-adjusted

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