

Banking Watch

US

Houston, June 7, 2012
Economic Analysis

US
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Consumer Credit: Monthly Situation Report

- Seasonally-adjusted consumer credit increased \$6.5bn in April, a significantly slower pace compared to the previous few months. Nonrevolving credit growth accelerated slightly to \$10bn, while revolving declined \$3.4bn for the first time in three months.
- In terms of major holders, credit from ABS issuers increased for the second consecutive month and is slowly approaching the border of positive YoY growth. Issuance from commercial banks declined while credit from finance companies was unchanged.

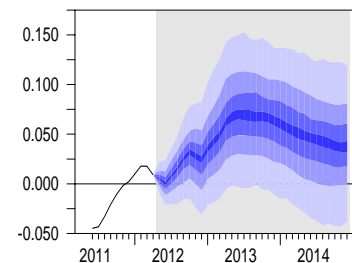
Breakdown of the Recent Data

Total outstanding consumer credit grew at a slower than expected pace in April. Benchmark revisions dragged down data for March, from \$21.4bn to \$12.4bn, mostly on the nonrevolving side. Strength in student loans continues to drive the headline figure, with government credit up \$6.1bn on a non-seasonally adjusted (NSA) basis. Most of the decline in revolving credit was due to seasonal adjustments, with the NSA component up \$0.3bn.

Consumer Credit Outlook

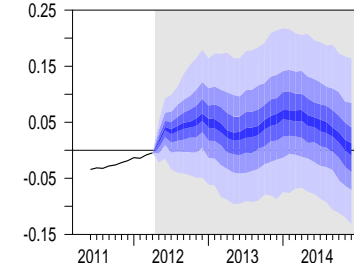
There are no signs that government credit is slowing, yet outside of this component, nonrevolving credit has been flat throughout the recovery period. Increased demand for auto loans has boosted the figure in recent months, but the chances of this being a constant driver are unlikely. Given the most recent weakness in economic news, particularly as it relates to the consumer, we expect that revolving credit growth will remain anemic at least in the short term.

Chart 1
Commercial Banks, YoY%, NSA



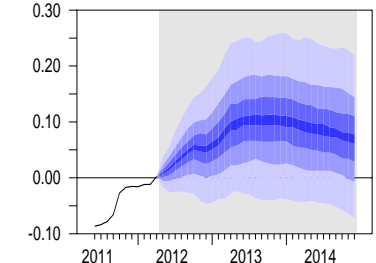
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



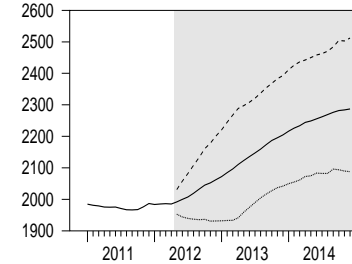
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



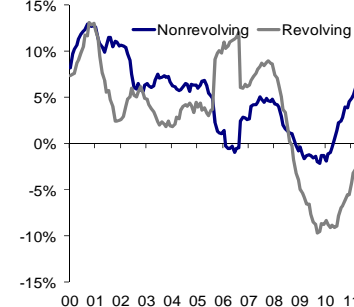
Source: BBVA Research. Note: FASB-adjusted

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 | 0.91% | 2.55% |
| ABS Issuers | -0.47% | -0.79% |
| Finance Comp. | 0.27% | -0.02% |
| Total | 0.45% | 1.16% |

Note: Total excludes government and nonfinancial business

Source: BBVA Research. Note: FASB-adjusted

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