

# Banking Watch

## US

Houston, August 7, 2012  
Economic Analysis

US  
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## Consumer Credit: Monthly Situation Report

- Seasonally-adjusted consumer credit increased \$6.5bn in June, less than half of May's gain, mostly due to a \$3.7bn decline in revolving credit. Nonrevolving credit growth remained relatively steady, up \$10.2bn for the month.
- In terms of major holders, credit from ABS issuers and finance companies rebounded \$2.4bn and \$0.9bn, respectively, after declining in the previous month. Government credit, mostly in the form of student loans, increased at the slowest pace in four months.

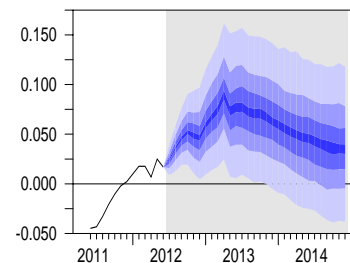
### Breakdown of the Recent Data

Total outstanding consumer credit grew at a slower than expected pace in June, but the deceleration is more in line with other weakening indicators on consumer activity. The decline in revolving credit better reflected the latest retail sales report and consumers' hesitation to spend. As in prior months, student loans remain the driving force behind nonrevolving credit growth. Excluding government, total consumer credit is only slightly higher than its post-recession low.

### Consumer Credit Outlook

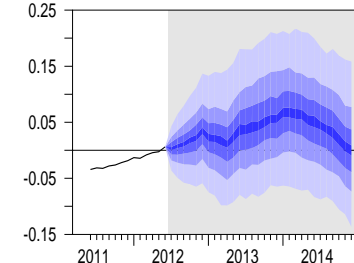
The increasingly uncertain economic outlook appears to be weighing on consumers, with many forgoing usual spending routines despite rising personal income. Household debt levels are nowhere near dangerous but could become worrisome if economic growth continues to slow. Weak economic conditions, the looming fiscal cliff, and financial uncertainty stemming from Europe should keep consumer confidence subdued throughout 2H12.

Chart 1  
Commercial Banks, YoY%, NSA



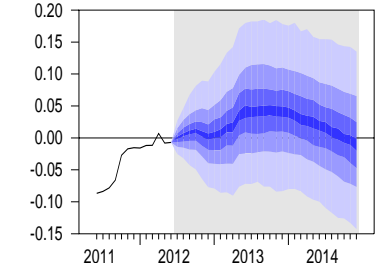
Source: BBVA Research. Note: FASB-adjusted

Chart 2  
ABS Issuers, YoY%, NSA



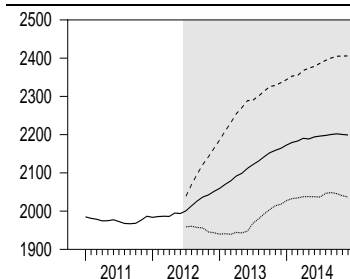
Source: BBVA Research. Note: FASB-adjusted

Chart 3  
Finance Companies, YoY%, NSA



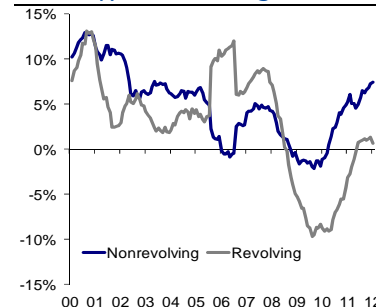
Source: BBVA Research. Note: FASB-adjusted

Chart 4  
Consumer Credit Ex Gov't, in \$bn



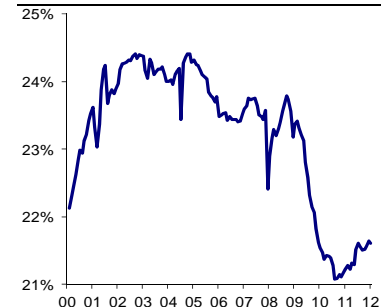
Source: BBVA Research. Note: FASB-adjusted

Chart 5  
Credit Type Outstanding, YoY%, SA



Source: Federal Reserve & BBVA Research

Chart 6  
Consumer Debt-to-Income Ratio



Source: BEA, Federal Reserve, BBVA Research

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