

Banking Watch

US

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Economic Analysis

US

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Consumer Credit: Monthly Situation Report

- December's seasonally-adjusted consumer credit increase of \$14.6B MoM hints at more debt for consumers, although not as much on their credit cards as revolving credit declined by \$3.6B, the first monthly drop since September
- On the nonrevolving side, particularly credit issued from the government, continues to increase at a steady and strong pace as students require more loans while vehicle sales continue to grow. Credit from commercial banks jumped significantly for the month, up \$21.0B.

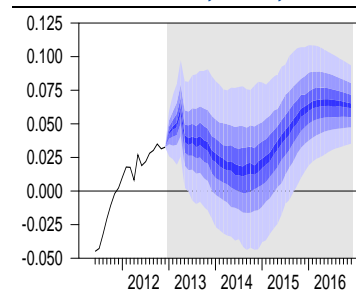
Breakdown of the Recent Data

Outstanding consumer credit rose again in December, though at a slower pace than in November but still very strong for the post-recession period. Revolving credit actually declined this month as less credit was logged by consumer credit cards, despite it being the height of holiday shopping season. Strong vehicle sales and continuing demand for student loans push up nonrevolving credit.

Consumer Credit Outlook

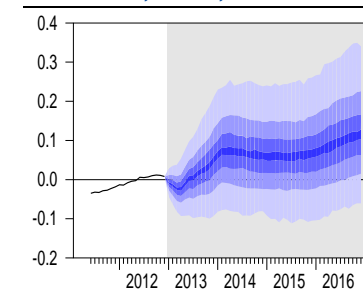
Due to the payroll tax expiration we do not expect an upward reversal in revolving credit within the coming month, though there is room for expansion as political uncertainty withers. Steady gains in consumer credit will mostly come from the growing vehicle market and ever growing student loan demand that has really had an impact on consumer credit over the past year.

Chart 1
Commercial Banks, YoY%, NSA



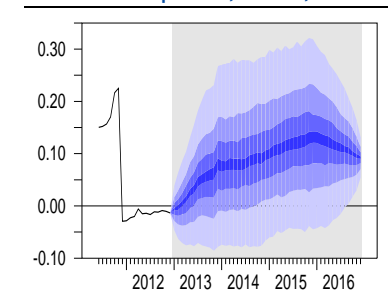
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



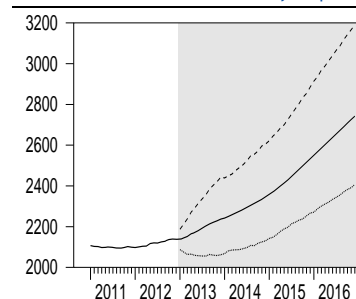
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



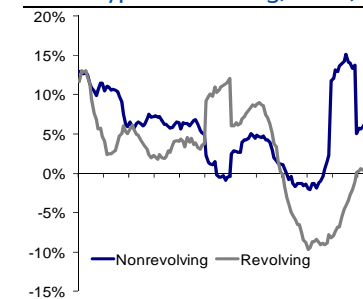
Source: BBVA Research. Note: FASB-adjusted

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



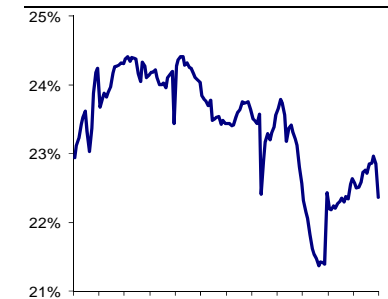
Source: BBVA Research. Note: FASB-adjusted

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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