

Banking Watch

US

Houston, March 7, 2013
Economic Analysis

US

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Consumer Credit: Monthly Situation Report

- January's seasonally-adjusted consumer credit gain of \$16.1bn suggests that consumers are continuing to pile on more credit and at an accelerated rate as revolving credit shows a minor reversal of the prior month's downturn, with nonrevolving up another \$16.0bn.
- In terms of major holders, credit issued by commercial banks declined drastically to start 2013, while that from finance companies fell a more moderate \$3.7bn. Government-issued credit rose \$25.9bn in line with the usual spikes seen in January every year.

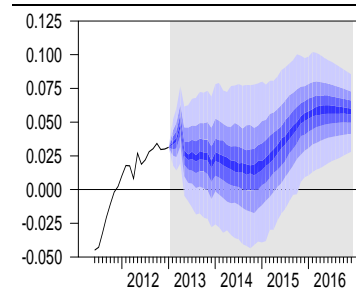
Breakdown of the Recent Data

Total outstanding consumer credit continued its increase in January, climbing \$16.1B after December's figure was revised upward to \$15.1B. Revolving credit reversed its decline from December and grew by \$0.1bn on growing credit card demand. Nonrevolving credit, which decelerated in January but still holds at high growth, continues to set a strong pace for credit from student loans and auto demand.

Consumer Credit Outlook

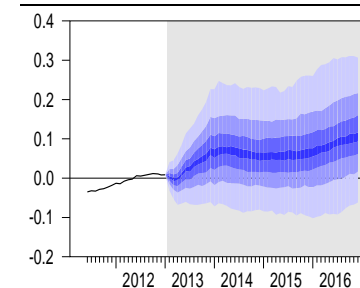
Despite the payroll tax expiration, consumers demand for credit did not waver. In the coming months, we could see a lagged impact from the income adjustment as well as the failing sequester talks in Congress. However, with the wealth effect from equities bolstering retail sales and consumer activity holding mostly steady throughout 1Q13 thus far, we expect that revolving credit could pick up the pace by mid-year.

Chart 1
Commercial Banks, YoY%, NSA



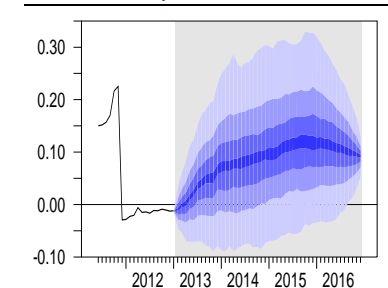
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



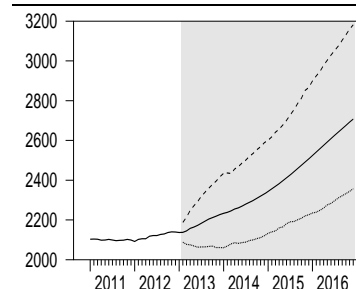
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



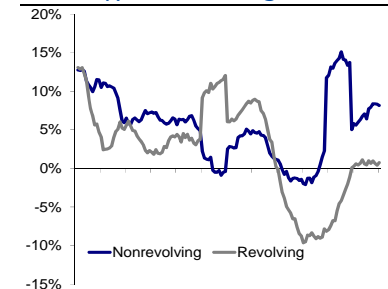
Source: BBVA Research. Note: FASB-adjusted

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



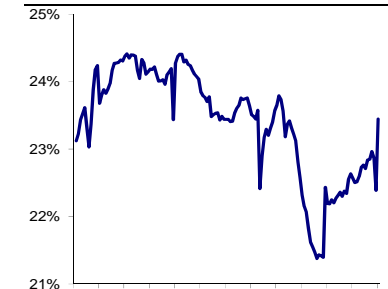
Source: BBVA Research. Note: FASB-adjusted

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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