

Banking Watch

US

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Economic Analysis

US

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Consumer Credit: Monthly Situation Report

- February's seasonally-adjusted consumer credit gain of \$18.1bn is a bit misleading given that nonrevolving credit (mostly student loans) surged \$17.6bn. Revolving credit increased a modest \$0.5bn, reflecting only a small willingness to take on more credit card debt.
- In terms of major holders, credit issued by commercial banks declined by \$10.9bn, while that from finance companies fell \$4.2bn, both down for the second consecutive month. Government-issued credit rose by \$4.2bn after a large rise the month before.

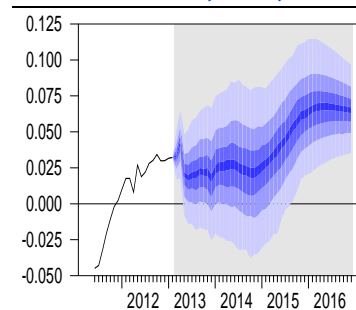
Breakdown of the Recent Data

Total outstanding consumer credit continued to climb at a quick pace of \$18.1bn in February. However, on a non seasonally-adjusted (NSA) basis, consumer credit actually declined \$13.1bn. NSA revolving credit fell \$15.6bn while nonrevolving rose only \$2.5bn. Discrepancies between the two series are common during this time of year, so the data should be taken with a grain of salt. Still, it is clear that consumer credit is flat outside of the government-issued student loans.

Consumer Credit Outlook

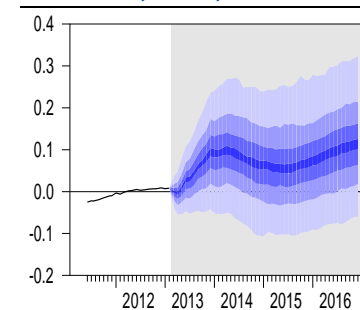
The deceleration in revolving credit may point toward the lagged effect from the payroll tax although the impact has not been seen yet in other consumption figures. We don't expect consumer credit demand to increase in the short-term as economic data shows slowing momentum moving into 2Q13. Nonrevolving credit should continue to increase at its current pace.

Chart 1
Commercial Banks, YoY%, NSA



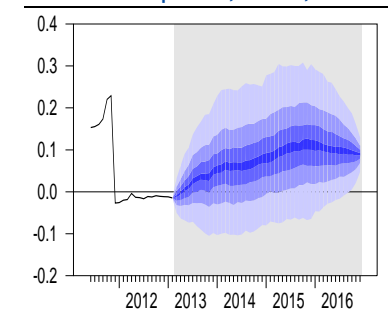
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



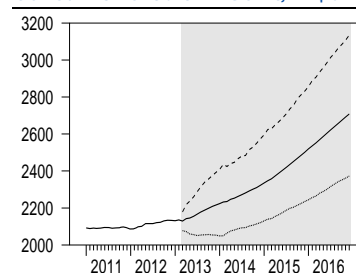
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



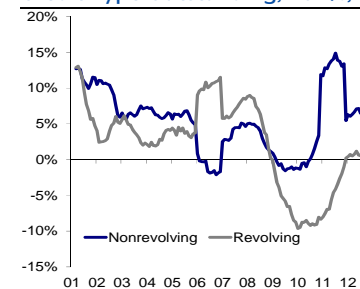
Source: BBVA Research. Note: FASB-adjusted

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



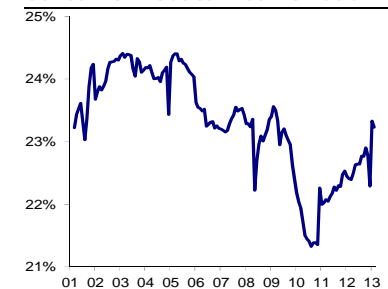
Source: BBVA Research. Note: FASB-adjusted

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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