

Banking Watch

US

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Economic Analysis

US

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Consumer Credit: Monthly Situation Report

- March's seasonally-adjusted consumer credit gain of \$8.0bn suggests that consumers are not piling on as much credit as expected, with revolving credit falling \$1.7bn. The total figure was pulled upward by a \$9.7bn rise in nonrevolving credit, the smallest gain since July.
- In terms of major holders, credit issued by depository institutions continued to decline, down \$3.5bn. Consumer credit issued by finance companies also declined for the third straight month, down \$0.5bn. Government-issued credit continued to increase, up \$3.9bn in March.

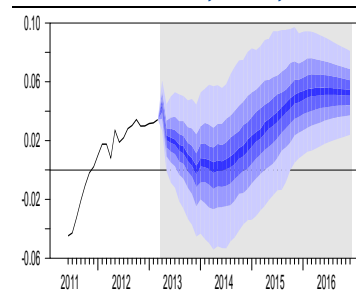
Breakdown of the Recent Data

Total outstanding consumer credit continued to increase but at a much slower pace in March. Up only \$8.0bn, this marks the slowest monthly increase since last July, with revolving credit down for the first time in three months. This is due, in part, to consumer hesitation with regard to credit card spending. Non-revolving credit continued to nudge the headline figure higher as student and auto loans rise but at a weaker pace compared to prior months.

Consumer Credit Outlook

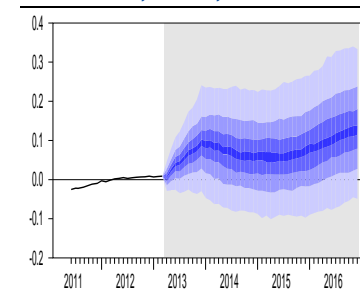
The decline in revolving credit continues the downward movement from last month and we therefore expect the consumer to remain cautious as soft employment data and retail sales do not bode well for consumption trends. As for non-revolving credit, the weaker pace may be indicative of slower auto demand but student loans will continue to dominate the expansion of total outstanding consumer credit.

Chart 1
Commercial Banks, YoY%, NSA



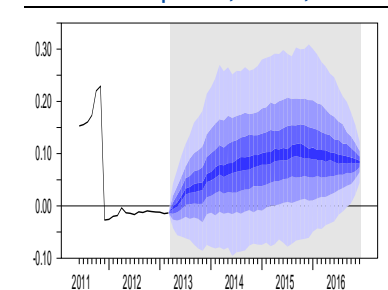
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



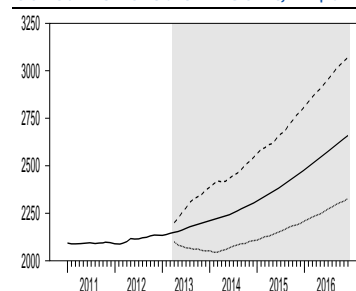
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



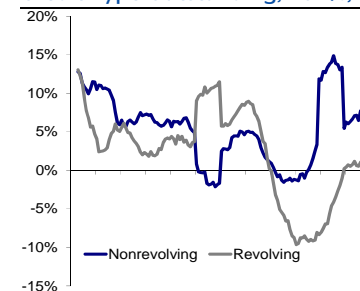
Source: BBVA Research. Note: FASB-adjusted

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



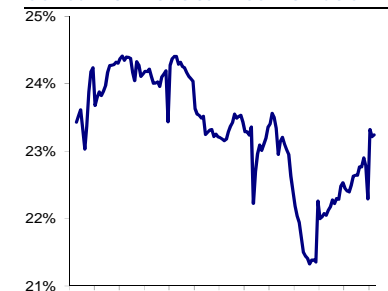
Source: BBVA Research. Note: FASB-adjusted

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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