

Banking Watch

US

Houston, June 7, 2013
Economic Analysis

US

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Consumer Credit: Monthly Situation Report

- April's seasonally-adjusted consumer credit gain of \$11.1bn continues to point toward two opposing forms of credit growth. Non-revolving credit is fueled by strong auto sales and student loan debt while revolving credit continues to stall due to conservative consumer activity
- In terms of major holders, credit issued by commercial banks turned a corner and rose \$9.8bn after falling the past three months. Finance companies credit declined for the fourth straight month, down \$1.1bn. Government-issued credit rose at a slow pace, up only \$1.5bn.

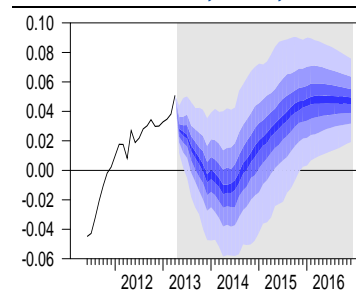
Breakdown of the Recent Data

Total outstanding consumer credit accelerated again in April after a slower rise in March, up \$11.1bn. As has been the case with this report, there was a stark difference between the two components. Revolving credit was only slightly positive as consumers continue to hold off on major credit card purchases. Non-revolving credit continued to surge ahead as auto sales created a strong tailwind while government issuance continues to fuel student loan debt.

Consumer Credit Outlook

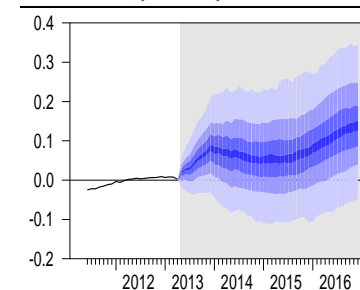
With consumer credit rising at an accelerated pace, it is evident that non-revolving credit will continue to be the majority driver of the figure. While we expect revolving credit to rise as consumer activity increases throughout the summer, there is little doubt that the lion's share of credit growth will be in student loans and modest auto sales growth.

Chart 1
Commercial Banks, YoY%, NSA



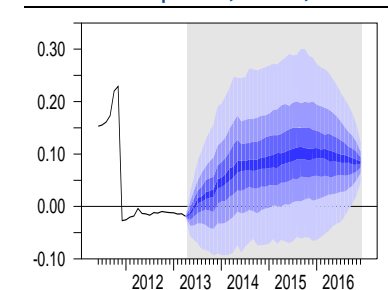
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



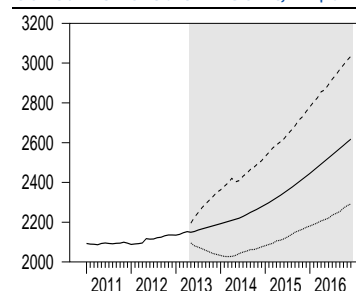
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



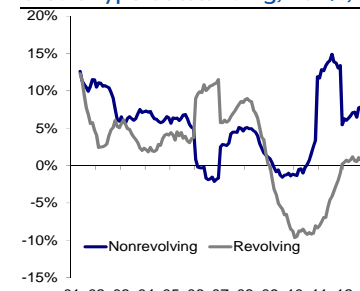
Source: BBVA Research. Note: FASB-adjusted

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



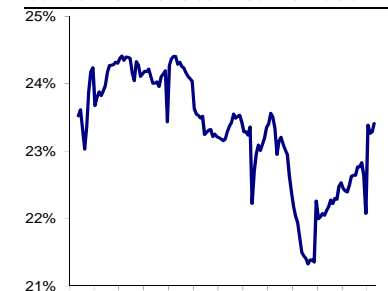
Source: BBVA Research. Note: FASB-adjusted

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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