

Banking Watch

US

Houston, July, 8 2013
Economic Analysis

US

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Consumer Credit: Monthly Situation Report

- May's seasonally-adjusted consumer credit gain of \$19.6bn shows a substantial increase in revolving credit as non-revolving credit continued to expand rapidly. Revolving credit growth hit its highest since May 2012, fueled by an expansion of credit card usage.
- In terms of major holders, credit issued by commercial banks rose \$9.1bn after a fast paced gain in April of about \$8.5bn. Finance company consumer credit turned the corner, rising \$4.4bn, while credit unions and government debt continued their cyclical trends.

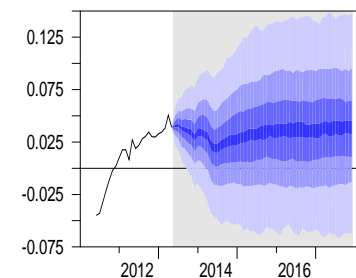
Breakdown of the Recent Data

Total outstanding consumer credit accelerated again in May, up \$19.6bn for the largest gain in one year. The difference from prior reports was that revolving credit, typically weak, surged upward \$6.6bn as credit card use rose dramatically. Non-revolving credit continued to expand at its usual clip due to growing auto loan demand and the expansion of student debt that has come under some scrutiny as of late.

Consumer Credit Outlook

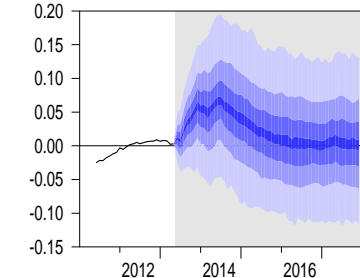
Given that it is highly unlikely we will see two consecutive months of augmented growth in revolving credit, we expect June's credit expansion to decelerate compared to May as credit card debt returns to its more subdued levels. Other consumer spending data tell a story of more stable consumption growth. Still, we expect that auto and student loans will continue to drive most of consumer credit growth.

Chart 1
Commercial Banks, YoY%, NSA



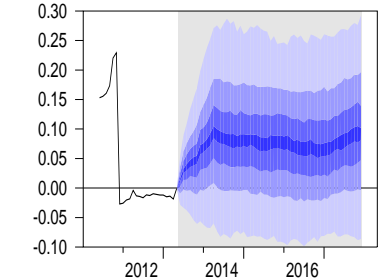
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



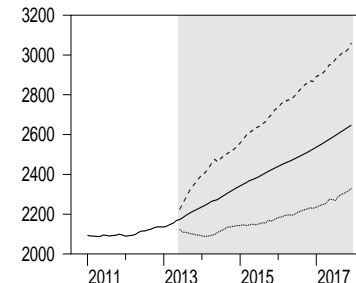
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



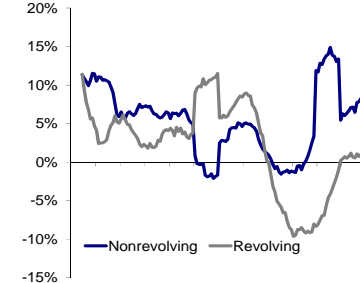
Source: BBVA Research. Note: FASB-adjusted

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



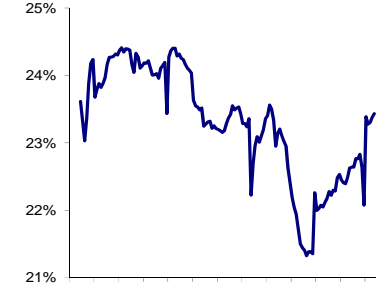
Source: BBVA Research. Note: FASB-adjusted

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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