

Banking Watch

US

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Economic Analysis

US
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Consumer Credit: Monthly Situation Report

- Total outstanding consumer credit increased \$18.75B in December, with revolving credit up a healthy \$5.0B. Non-revolving credit continues to grow at a steady pace, increasing \$13.75B on a seasonally-adjusted basis, led mostly by government issued student loans.
- Credit issued by commercial banks jumped significantly, up \$23.14B to mark the biggest gain in almost four years. Following not-so-closely behind, government credit rose \$5.59B while ABS-issued credit increased \$1.21B for the first time in three months.

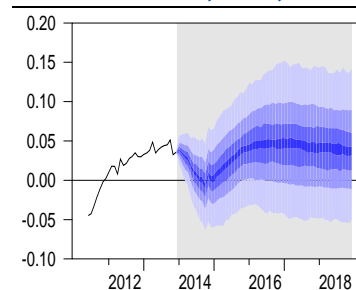
Breakdown of the Recent Data

Non-seasonally adjusted data in December tells a much more exciting story, with total consumer credit up \$36.74B. Revolving credit on an NSA basis surged \$27.93B, mostly coming from commercial banks as consumers took on more credit card debt to fuel their holiday shopping habits. Non-revolving credit growth was much more subdued toward the end of 2013.

Consumer Credit Outlook

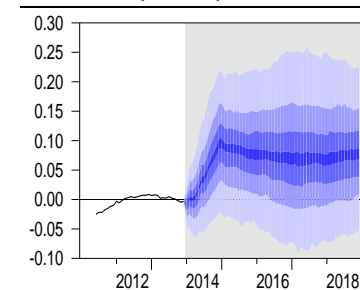
Household deleveraging has slowed substantially throughout the past year, and we expect that consumers are finally turning a corner when it comes to economic confidence. Personal consumption expectations are strong, but nevertheless, the recovery remains vulnerable. Month-to-month changes in employment and income prospects will influence continued volatility in consumer credit throughout the coming year.

Chart 1
Commercial Banks, YoY%, NSA



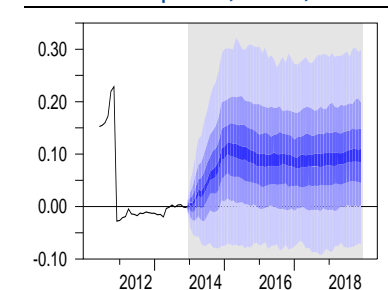
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



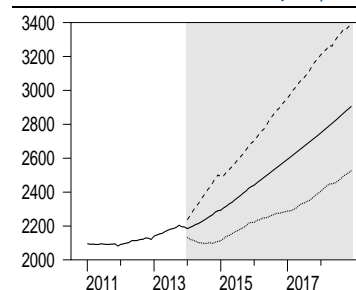
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



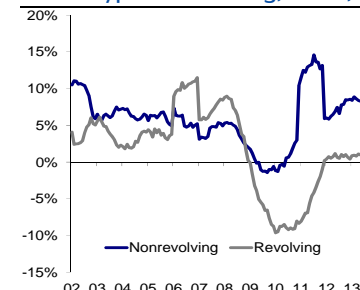
Source: BBVA Research. Note: FASB-adjusted

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



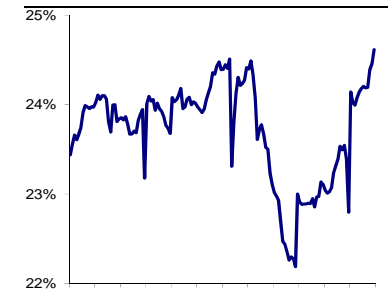
Source: BBVA Research. Note: FASB-adjusted

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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