

Banking Watch

US

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Economic Analysis

US
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Consumer Credit: Monthly Situation Report

- Total outstanding consumer credit increased \$13.7B in January on a seasonally-adjusted basis, with non-revolving credit up a solid \$13.9B. Revolving credit fell \$0.23, largely due to declines in outstanding credit held by both commercial banks and savings institutions.
- For the first time in 11 months, credit issued by depository institutions declined, dropping \$14.35B, the biggest decline since January 2012. However, the drop was neutralized by a surge in credit issued by the federal government, which rose \$28.0B to start 2014.

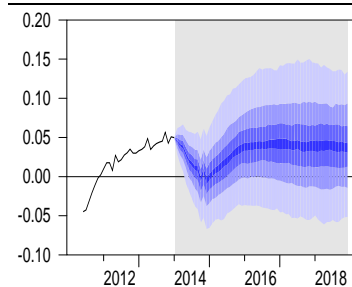
Breakdown of the Recent Data

After a surge in December, consumer spending slowed down to begin the new year, as shown by the slight decline in revolving credit. Non-revolving credit continues to grow with resiliency, particularly on a non-seasonally-adjusted basis, and for January appeared to be driven by government spending (i.e., student loans). Total consumer credit increased only \$11.6B NSA, the slowest pace in three months.

Consumer Credit Outlook

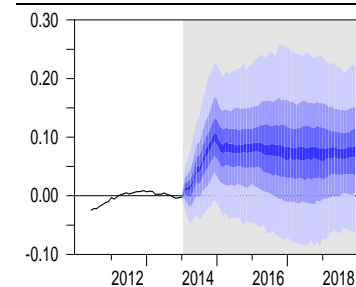
Although there was a decline in revolving credit for January, it was likely just a pullback from December. Consumer credit has experienced robust growth for a couple of years now, as consumer confidence appears to have finally turned the corner. Looking ahead, we expect debt issuance to increase led by consumers' inclination to boost spending in the wake of the recovery.

Chart 1
Commercial Banks, YoY%, NSA



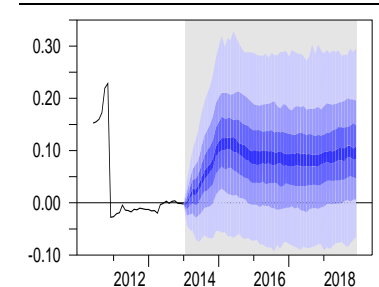
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



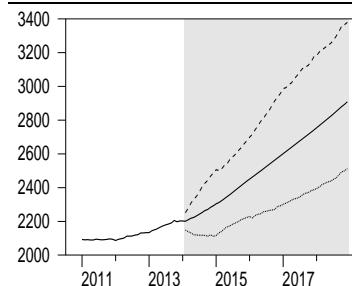
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



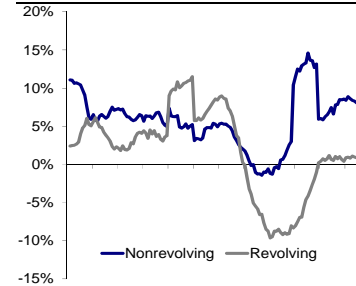
Source: BBVA Research. Note: FASB-adjusted

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



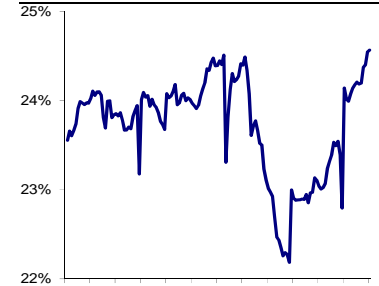
Source: BBVA Research. Note: FASB-adjusted

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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