

Banking Watch

US

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Economic Analysis

US
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Consumer Credit: Monthly Situation Report

- Total outstanding consumer credit rose \$17.5B (seasonally-adjusted) in March, the largest gain since February 2013. Non-revolving credit continues to trend upward, increasing \$16.4B on a seasonally-adjusted basis, and has now accelerated for four consecutive months.
- Revolving credit increased by \$1.1B on a seasonally adjusted basis due to an increase in credit card and auto loans as consumers shook off the effect of the winter. Non-seasonally-adjusted data, however, show a markedly different story, with revolving credit down \$6.0B.

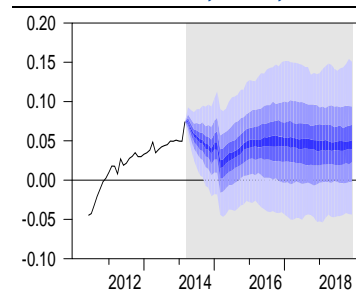
Breakdown of the Recent Data

Non-seasonally adjusted data in April show a much more modest gain in total consumer credit, up only \$1.2B. Depository institutions credit issuance fell \$2.8B, the third consecutive month of decline. The government component continues to be an upward driver, though credit only increased by \$2.6B, the lowest monthly gain since October 2011, led primarily by outstanding student loan debt.

Consumer Credit Outlook

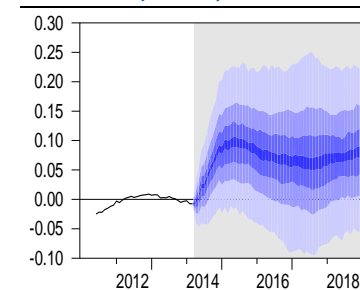
Banks continue to ease lending standards, so we expect credit cards will provide upward pressure on revolving credit as personal consumption was strong in 1Q14 despite the disappointing GDP figure. On the non-revolving side, student loans will continue to be the main driver with auto loans providing additional tailwind. Gaps between seasonally and non-seasonally-adjusted data will be monitored,

Chart 1
Commercial Banks, YoY%, NSA



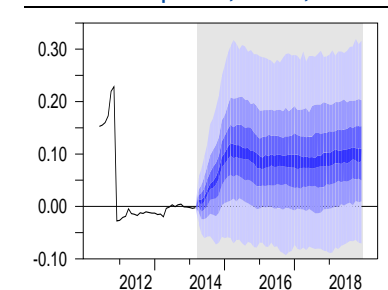
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



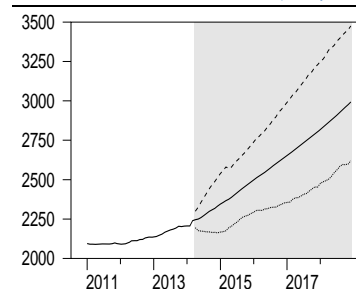
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



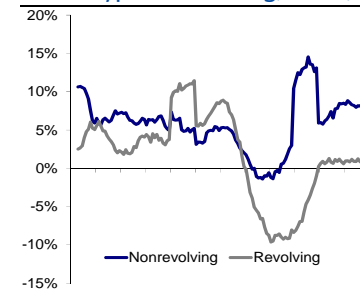
Source: BBVA Research. Note: FASB-adjusted

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



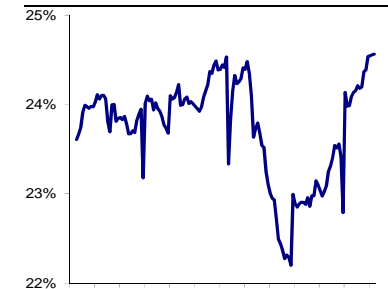
Source: BBVA Research. Note: FASB-adjusted

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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