

# Banking Watch

US

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Economic Analysis

US

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## Consumer Credit: Monthly Situation Report

- Seasonally-adjusted total outstanding consumer credit increased by \$7.4bn MoM in September (BBVA: \$5.7bn) following a surprising \$9.7bn decline in August. Revolving credit fell slightly by \$0.6bn while nonrevolving credit jumped \$8.0bn.
- Credit from commercial banks and finance companies fell for the first time in months, although YoY declines are lessening. ABS issuer credit rebounded from two years of declines with a \$2.7bn increase, most of which is concentrated on the nonrevolving side.

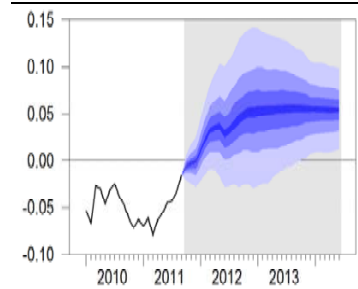
### Breakdown of the Recent Data

On a non-seasonally-adjusted basis, total outstanding consumer credit held strong in September due to continued gains in nonrevolving credit. Seasonally-adjusted credit appears to have rebounded following a surprising drop in the previous month, much of which may be attributed to fixed seasonality factors. The upcoming holiday shopping months often trigger a seasonal adjustment that may skew the data. Although we exclude government credit from our forecasts, issuance more than doubled and likely distorted our estimate.

### On the Horizon for Consumer Credit

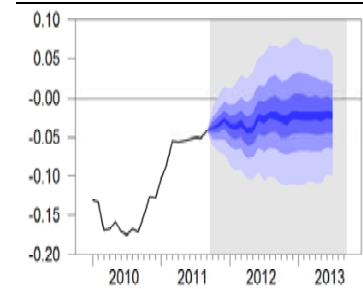
Modest declines in revolving credit may reflect continued uncertainties among consumers and businesses. However, seasonally-adjusted declines have become smaller over the past few months and we expect a similar trend to continue as economic prospects improve. Aside from the minor dip in August, nonrevolving credit continues to surpass historical highs. While this seems to be a positive trend for consumer credit, we will continue to monitor closely since most recent gains in nonrevolving loans have been government issued.

Chart 1  
Commercial Banks, YoY %, NSA



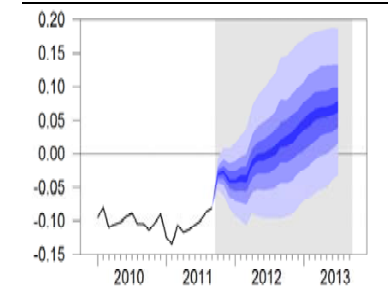
Source: BBVA Research. Note: FASB-adjusted

Chart 2  
ABS Issuers, YoY %, NSA



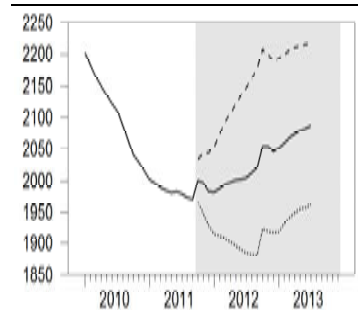
Source: BBVA Research. Note: FASB-adjusted

Chart 3  
Finance Companies, YoY %, NSA



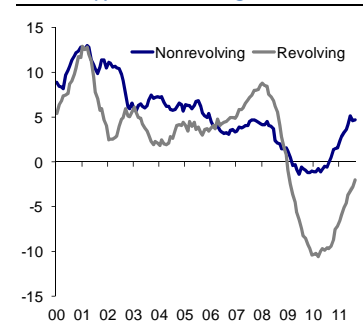
Source: BBVA Research. Note: FASB-adjusted

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

Chart 6  
Summary Table, YoY %, NSA, FASB-adj.

Category	Actual	Predicted
Banks and Thrifts	-3.07%	-1.59%
ABS Issuers	-4.19%	-4.04%
Finance Comp.	-8.04%	-6.99%
Total	-4.46%	-3.40%

Note: Total excludes government and nonfinancial business

Source: BBVA Research