

Banking Watch

US

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Economic Analysis

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Consumer Credit: Monthly Situation Report

- November's seasonally-adjusted consumer credit gain of \$16.0B, far above economists' estimates, reflects another significant increase in nonrevolving credit as student loans (and thus, federal government lending) remain the driving factor.
- Consumer credit from commercial banks jumped \$7.2B, the most since August, while credit from financial companies increased for the fourth consecutive month. ABS issuer credit was unchanged in November.

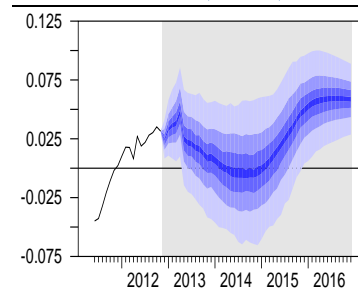
Breakdown of the Recent Data

Once again consumer credit has increased far above estimates, up \$16B in November as nonrevolving credit remains the massive majority. Rising \$15.2B on a seasonally-adjusted basis, primarily from student loans, it far outpaced revolving credit which decelerated to a modest \$0.8B gain. Within revolving credit, commercial bank issuance led the way as consumers became more willing to take on additional debt during the holiday shopping season.

Consumer Credit Outlook

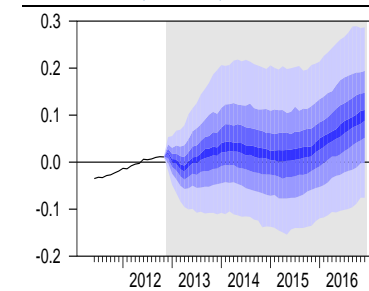
We expect nonrevolving credit to continue its steep upward growth as student loans continue to fuel the surge. However, as we enter 2013, consumer activity could waver as the New Year's tax change hits disposable personal income and spending power. Revolving credit is expected to dwindle again after December's holiday surge.

Chart 1
Commercial Banks, YoY%, NSA



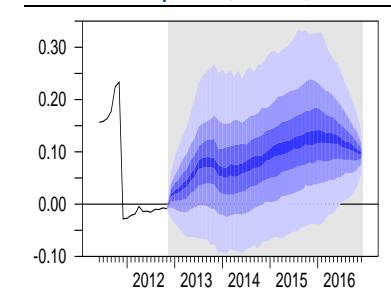
Source: BBVA Research. Note: FASB-adjusted

Chart 2
ABS Issuers, YoY%, NSA



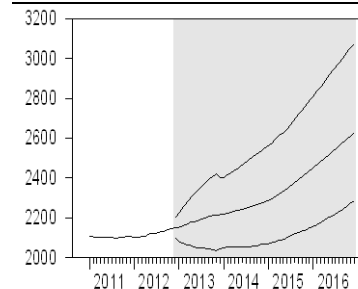
Source: BBVA Research. Note: FASB-adjusted

Chart 3
Finance Companies, YoY%, NSA



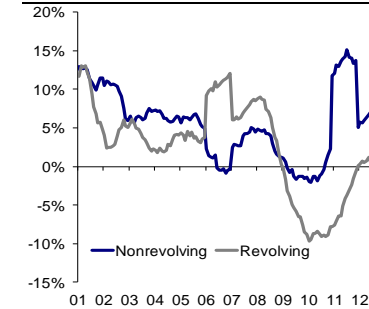
Source: BBVA Research. Note: FASB-adjusted

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



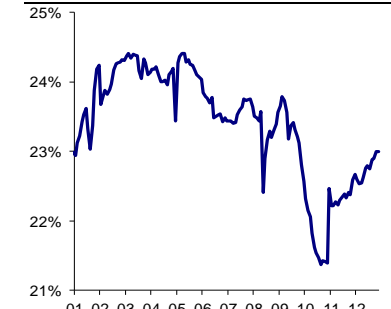
Source: BBVA Research. Note: FASB-adjusted

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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