

Banking Watch

US

Houston, April 5, 2013
Economic Analysis

US
Alejandro Vargas
alejandro.vargas@bbvacompass.com

Kim Fraser
kim.fraser@bbvacompass.com

Consumer Credit: Monthly Situation Report

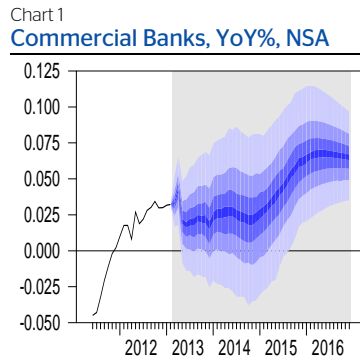
- February's seasonally-adjusted consumer credit gain of \$18.1bn is a bit misleading given that nonrevolving credit (mostly student loans) surged \$17.6bn. Revolving credit increased a modest \$0.5bn, reflecting only a small willingness to take on more credit card debt.
- In terms of major holders, credit issued by commercial banks declined by \$10.9bn, while that from finance companies fell \$4.2bn, both down for the second consecutive month. Government-issued credit rose by \$4.2bn after a large rise the month before.

Breakdown of the Recent Data

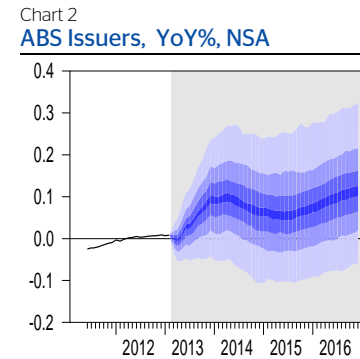
Total outstanding consumer credit continued to climb at a quick pace of \$18.1bn in February. However, on a non seasonally-adjusted (NSA) basis, consumer credit actually declined \$13.1bn. NSA revolving credit fell \$15.6bn while nonrevolving rose only \$2.5bn. Discrepancies between the two series are common during this time of year, so the data should be taken with a grain of salt. Still, it is clear that consumer credit is flat outside of the government-issued student loans.

Consumer Credit Outlook

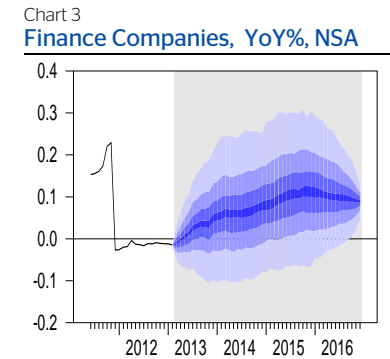
The deceleration in revolving credit may point toward the lagged effect from the payroll tax although the impact has not been seen yet in other consumption figures. We don't expect consumer credit demand to increase in the short-term as economic data shows slowing momentum moving into 2Q13. Nonrevolving credit should continue to increase at its current pace.



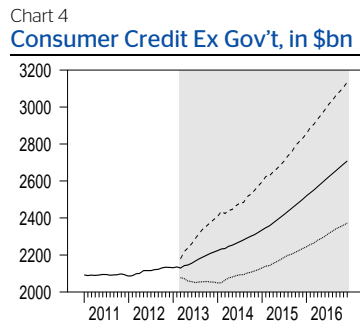
Source: BBVA Research. Note: FASB-adjusted



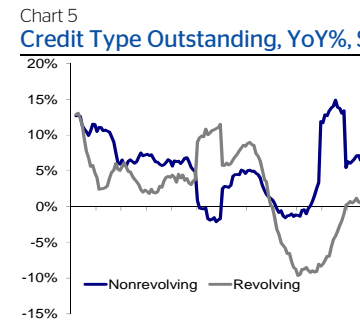
Source: BBVA Research. Note: FASB-adjusted



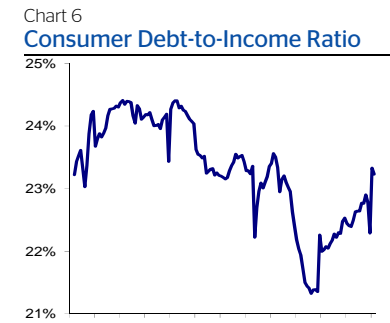
Source: BBVA Research. Note: FASB-adjusted



Source: BBVA Research. Note: FASB-adjusted



Source: Federal Reserve & BBVA Research



Source: BEA, Federal Reserve, BBVA Research

DISCLAIMER

This document has been prepared by Banco Bilbao Vizcaya Argentaria's BBVA Research Department on its own account and is provided for information purposes only. The information, opinions, estimates and forecasts contained herein refer to the specific date and are subject to changes without notice due to market fluctuations. The information, opinions, estimates and forecasts contained in this document have been gathered or obtained from public sources, believed to be correct by the Company concerning their accuracy, completeness, and/or correctness. This document is not an offer to sell or a solicitation to acquire or dispose of an interest in securities.