

# Banking Watch

US

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Economic Analysis

US

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## Consumer Credit: Monthly Situation Report

- Total outstanding consumer credit nearly doubled expectations in November, increasing by \$20.4bn MoM on a seasonally-adjusted basis (BBVA: \$11.0bn). Both revolving and nonrevolving credit increased for the third consecutive month, up \$5.6bn and \$14.8bn, respectively.
- Credit from all major holders increased, although government credit continues to dominate nonrevolving growth. While ABS issuer and financial credit grew \$0.9bn and \$2.0bn, respectively, YoY declines are expected to continue at least in the short-term.

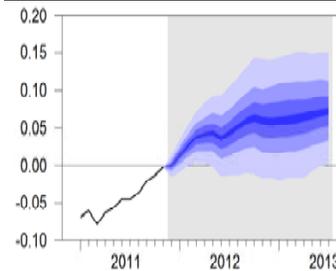
### Breakdown of the Recent Data

Non-seasonally-adjusted (NSA) growth was similar for the month (\$21.7bn), however, we suspect that the large gains could be misleading. Seasonal adjustments are in full effect during November, yet the jump in data has lessened the impact of seasonal adjustments in our forecast. Despite monthly growth from previously weak components on the revolving side, NSA nonrevolving credit (excluding government) has been relatively flat for more than half of 2011.

### On the Horizon for Consumer Credit

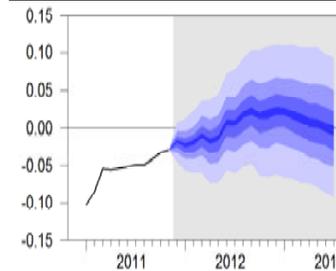
As expected, growth in auto sales and credit card usage in preparation for the holidays inflated both nonrevolving and revolving credit in November. YoY growth for revolving credit has moved into positive territory for the first time since January 2009, signaling a potential return to pre-recession levels. However, we cannot fully assess the significance of this report until we see the trend continue in the coming months, absent of the strong seasonal influence.

Chart 1  
Commercial Banks, YoY %, NSA



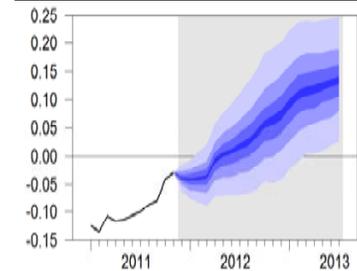
Source: BBVA Research. Note: FASB-adjusted

Chart 2  
ABS Issuers, YoY %, NSA



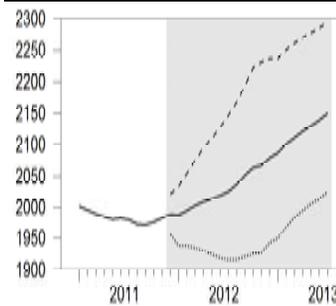
Source: BBVA Research. Note: FASB-adjusted

Chart 3  
Finance Companies, YoY %, NSA



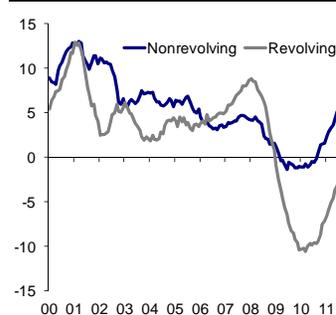
Source: BBVA Research. Note: FASB-adjusted

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	-2.12%	-0.87%
ABS Issuers	-2.89%	-2.79%
Finance Comp.	-2.89%	-3.35%
<b>Total</b>	<b>-2.47%</b>	<b>-1.88%</b>

Note: Total excludes government and nonfinancial business

Source: BBVA Research