

Fitch: U.S. Credit Card ABS Metrics Hold Steady

Written by Australian Business

NEW YORK--([BUSINESS WIRE](#))--The prime credit card ABS metrics Fitch Ratings tracks are likely to stay in record territory for the near term while the retail metrics will subtly waver, according to the latest monthly index results from Fitch. We believe the slow but steady improvement in the job market is a positive force for these metrics. The U.S. Department of Labor reported that the advance figure for seasonally adjusted initial jobless claims declined to 297,000, the lowest level since May 12, 2007. However, relatively flat retail sales could be mildly negative. According to the Commerce Department, retail sales rose just 0.1% in April, after notching a 1.5% gain in March.

Prime credit card chargeoffs will remain stable from last month and near their record low. Fitch's Prime Credit Card 60+ Day Delinquency Index will decrease to a new low. We believe this is in keeping with seasonal trends. We also believe gross yield is expected to decrease slightly. Monthly payment rate (MPR) will also decrease slightly within seasonal trends.

Fitch's Retail Credit Card Chargeoff Index will increase to near 7%. We last recorded chargeoffs at this level in July of 2012. However, we expect Fitch's Retail Credit Card 60+ Day Delinquency Index to decline. We believe gross yield will drop slightly for the second straight month. And we expect retail MPR to remain flat.

This preliminary data reflects the April reporting period as of April 30, 2014, and the May distribution date. Actual results will be available in early June.

The above article originally appeared as a post on the Fitch Wire credit market commentary page. The original article can be accessed at www.fitchratings.com. All opinions expressed are those of Fitch Ratings.

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