

Economics Group

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Consumer Credit Growth Beats Expectations

Consumer credit exceeded expectations in October with a \$20.5 billion gain. Revolving and nonrevolving credit boosted the headline figure and provide further evidence in support of a confident consumer.

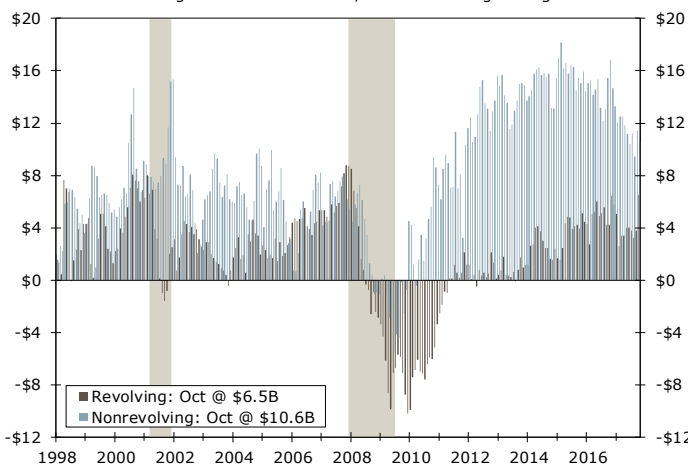
Borrowing Remains Healthy

- Consumer credit rose \$20.5B in October, besting the consensus expectation which called for a \$17.0B increase. The headline figure was supported by solid growth in both nonrevolving and revolving credit.
- Nonrevolving credit jumped \$12.2B and is up 5.3 percent from a year-ago. Revolving credit increased a smaller \$8.3B but is up an impressive 9.9 percent year over year.

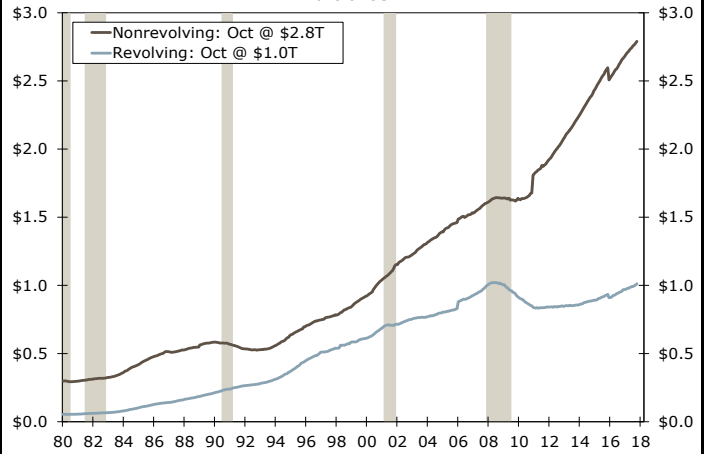
Soft Descent

- Total consumer credit growth continues to moderate, a phenomenon that is partially attributable to the high level of outstanding consumer credit.
- Charge-off rates at commercial banks continue to trend upward, a fairly predictable event in the face of rising interest rates. We expect this relationship to continue as the Fed prepares to raise the funds rate next week and continue to tighten policy in 2018.

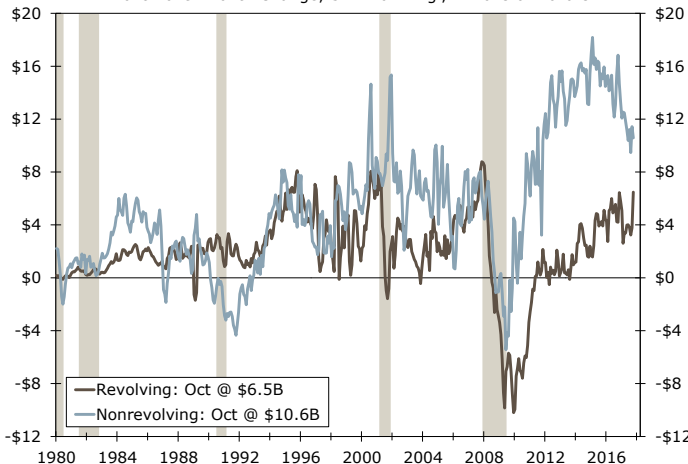
Revolving & Nonrevolving Debt
 Change in Billions of Dollars, 3-Month Moving Average



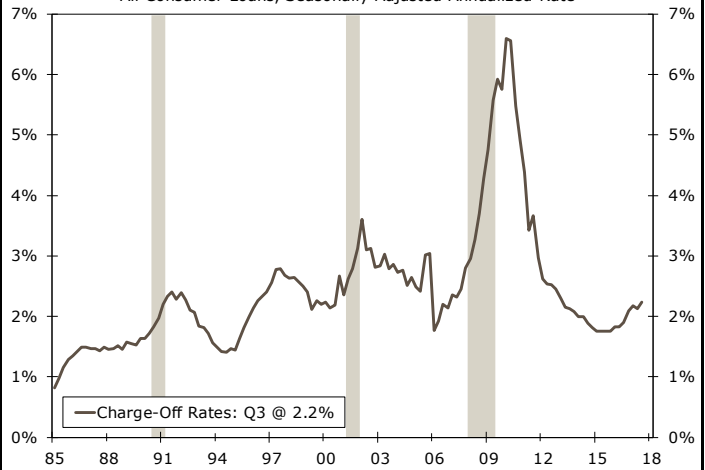
Total Level of Credit Outstanding
 Trillions of USD



Revolving & Nonrevolving Debt
 Month-over-Month Change; 3-M Mov. Avg., Millions of Dollars



Charge-Off Rates at Commercial Banks
 All Consumer Loans, Seasonally Adjusted Annualized Rate



Source: Federal Reserve System and Wells Fargo Securities

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