

# Economics Group

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## Consumer Credit Growth Rebounds in May

**Consumer credit jumped \$24.6B in May after rising a lower \$10.3B in April. May's print brings the year-over-year growth rate to 4.8 percent, signaling that most consumers remain willing to spend amid rising rates.**

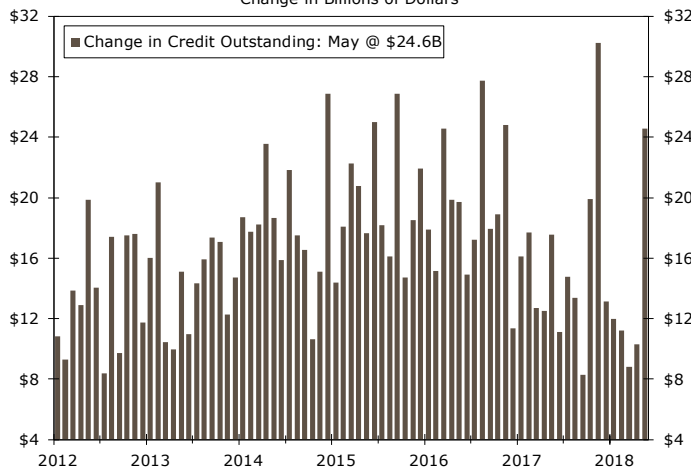
### Consumer Credit Growth Stronger in May

- Consumer credit expanded a strong \$24.6B in May following several months of lackluster growth. May's gain is closer to the record \$30.3B increase seen in November 2017, helping to reverse the slower trend to start the year.
- Both revolving and nonrevolving credit posted solid increases for the month, rising \$9.8B and \$14.8B, respectively. Revolving credit growth was flat in Q1 and saw an outright decline of \$1.1B in March, so today's print is promising for a Q2 rebound.

### Consumer Financing Costs Remain in Check

- May's rebound in credit financing comes as the FOMC continues to raise rates, pushing up the cost of household debt products. While the past few months had seen a slowdown in consumer credit growth, May's reading seems to affirm that, for the time being, most consumers are able to take rate increases in stride.
- Slowly rising incomes and solid overall economic growth have likely helped combat higher financing costs, as the debt service ratio remains well below its pre-recession peak.

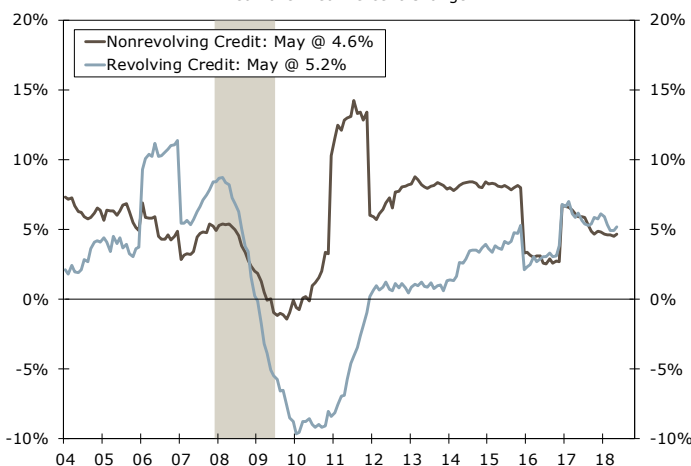
**Total Consumer Credit**  
Change in Billions of Dollars



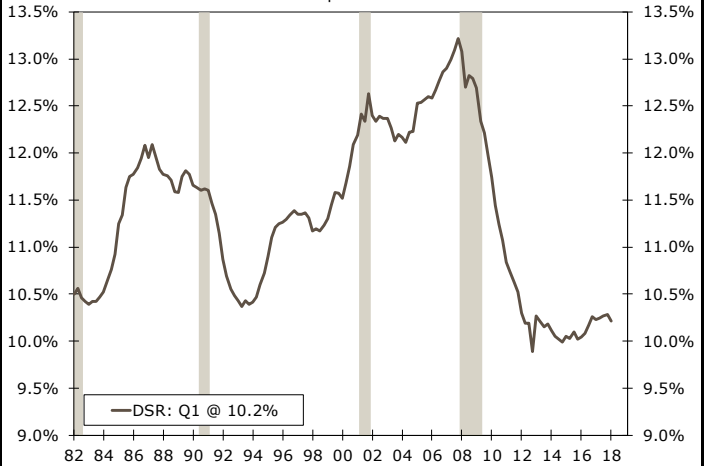
**Credit Card Interest Rate**  
APR, All Customers



**Consumer Credit**  
Year-over-Year Percent Change



**Household Debt Service Ratio**  
As a Percent of Disposable Personal Income



Source: Federal Reserve Board and Wells Fargo Securities

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