



Economics Group

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Consumer Credit Increases on Trend

Consumer credit growth met expectations in February, increasing \$15.2 billion. Revolving credit has decelerated in recent months. A shifting auto lending landscape is evident in the recent data.

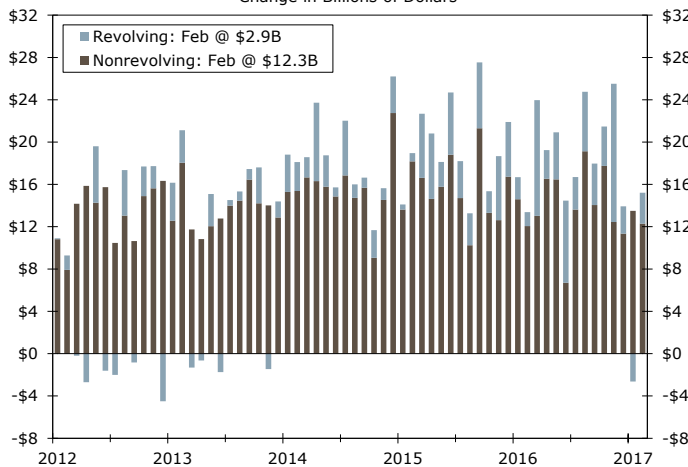
Consumer Credit Climbs Higher

- Consumer credit increased a ho-hum \$15.2 billion in February, with most of the increase coming from the nonrevolving side.
- The change in revolving credit has averaged just \$1.0 billion over the past three months, a sharp slowdown as evidenced in the bottom left chart. This mirrors the disappointing pace of consumer spending seen thus far in Q1. We expect growth in this space to resume in the coming quarters.

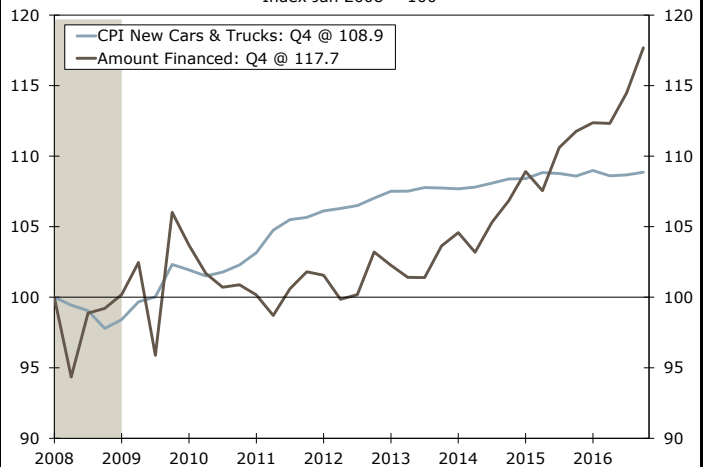
Slowdown in the Auto Market?

- The consumer credit release also contains more granular data on lending at a quarterly frequency. Recent data show that the amount financed on a new car has accelerated, and the average maturity of auto loans has drifted higher over the past few years.
- Auto sales have been soft to start the year compared to the fourth quarter's robust pace. We look for a more gradual deceleration in sales through the end of our forecast horizon in 2018.

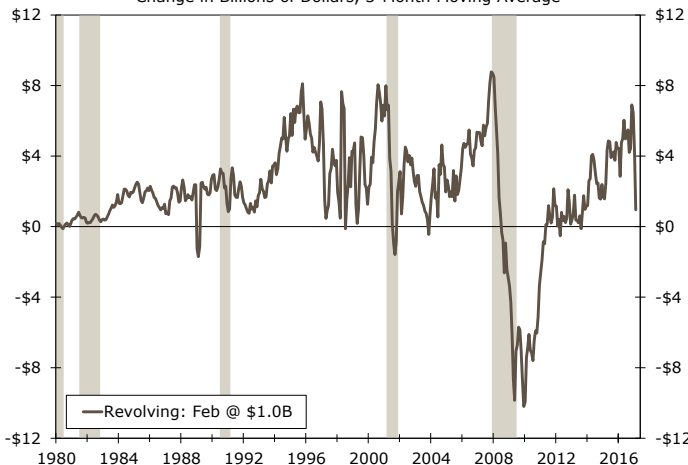
Total Consumer Credit
Change in Billions of Dollars



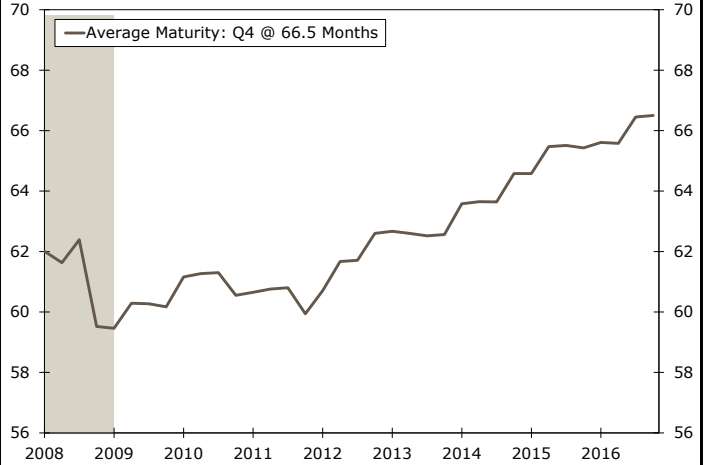
Auto Lending: Amount Financed vs. Prices
Index Jan 2008 = 100



Revolving Consumer Credit
Change in Billions of Dollars, 3-Month Moving Average



Auto Lending: Average Maturity
Months



Source: Federal Reserve Board, U.S. Department of Labor and Wells Fargo Securities

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