



Economics Group

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Consumer Credit Growth Tops Expectations in May

Consumer credit rose by \$18.4 billion in May, the largest increase of the year thus far. April's soft print was also upwardly revised, but consumer lending continued to gradually decelerate on a year-ago basis.

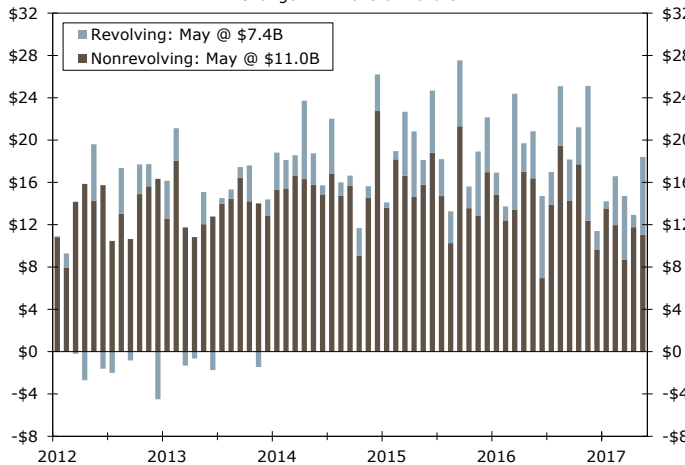
Consumer Borrowing Rebounds in May

- Consumer borrowing jumped by \$18.4 billion in May, led by a recovery in revolving credit, which rose by \$7.4 billion. This was the largest increase in revolving credit in 2017 and the second biggest since June 2016.
- Consumer credit growth has slowed slightly of late. Revolving credit growth has stalled on a year-ago basis, and nonrevolving credit continues to very gradually decelerate.

Interest Rates Drift Higher

- This month's release also contained data on interest rates for various forms of consumer borrowing. On balance, interest rates ticked modestly higher; the interest rate on a 48-month new car loan, for instance, rose 15 bps from Q1 to 4.67 percent in May.
- Interest rates have moved higher since May, which could create a headwind at the margin for consumers. A tight labor market and strong consumer confidence should help offset the drag.

Total Consumer Credit
Change in Billions of Dollars



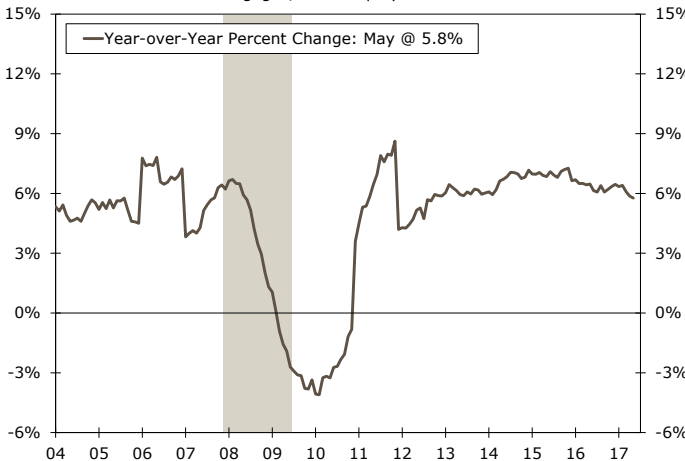
Auto Loan Rate

Rate on a 48-Month New Car Loan



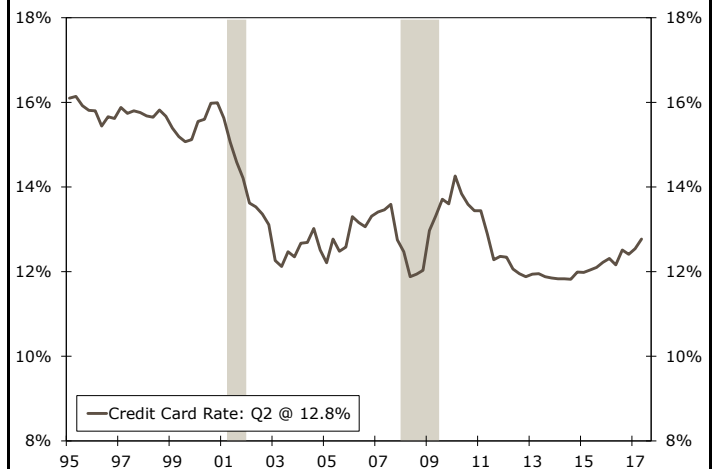
Consumer Credit

Excludes Mortgages, Home Equity Loans & Auto Leases



Credit Card Interest Rate

APR, All Customers



Source: Federal Reserve Board and Wells Fargo Securities

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