



Economics Group

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Consumer Credit Growth Strong in September

Consumer credit rose \$20.8 billion in September and is up 6.6 percent year over year. While revolving and nonrevolving credit growth accelerated from August's gain, nonrevolving credit continues to lead the charge.

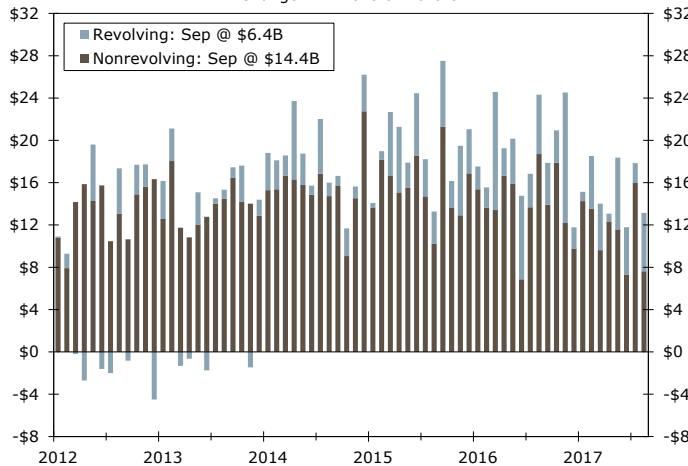
Borrowing Picks Up the Pace

- Consumer credit growth bested expectations in September, rising \$20.8B, good enough for the largest gain since November 2016. The headline figure was supported by renewed strength in both nonrevolving and revolving credit.
- Nonrevolving credit growth was especially strong in September at \$14.4B, and is up 6.3 percent year over year. Revolving credit, while up a smaller \$6.4B, is up a healthy 7.7 percent on a year-ago basis.

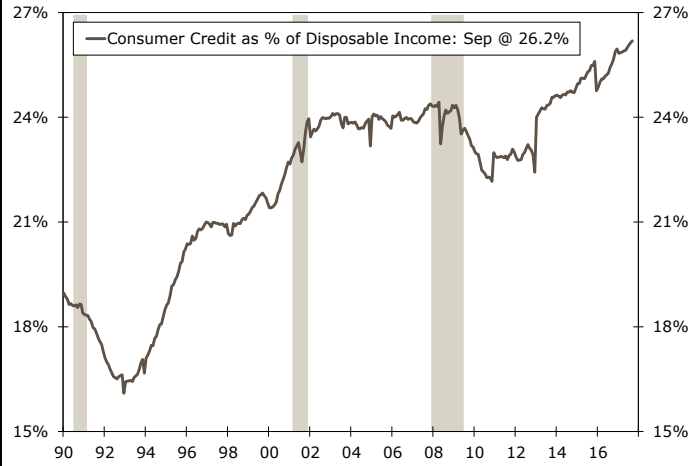
Consumer Credit at Elevated Levels?

- Consumer credit as a percent of disposable income continues to set all-time highs each month. On the surface, this trend may be interpreted as a potential concern. However, this ratio is a bit misleading as it compares a flow series with a stock series.
- Examining the debt service ratio, which compares the flow of consumer credit to the flow of disposable personal income, is a more useful exercise. In this instance, the most recent data point is well below the all-time series high reached in late 2001.

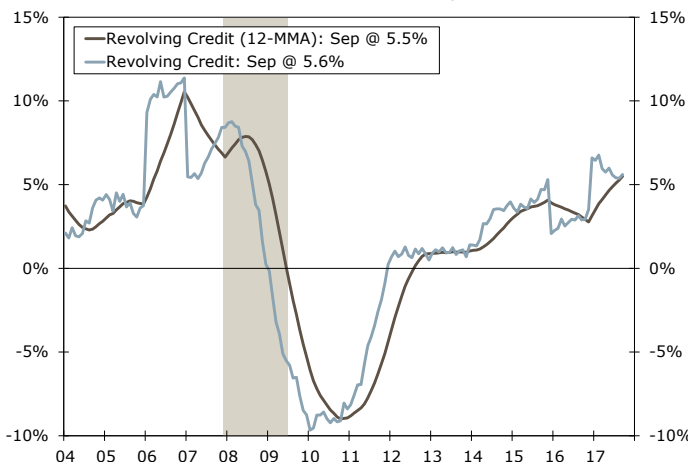
Total Consumer Credit
Change in Billions of Dollars



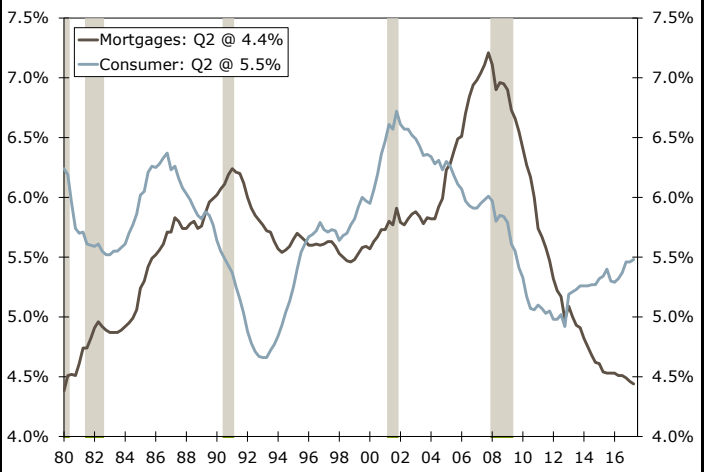
Consumer Credit
As a Percent of Disposable Personal Income



Consumer Credit
Year-over-Year Percent Change



Debt Service Ratios: Mortgages vs. Consumer
As a Percent of Disposable Personal Income



Source: Federal Reserve System and Wells Fargo Securities

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