

# Economics Group

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## Consumer Credit Growth Continues to Slow in February

**Consumer credit expanded \$10.6B in February, undershooting the consensus which called for an expansion of \$15.5B. This marks the third consecutive month in which consumer credit growth has slowed.**

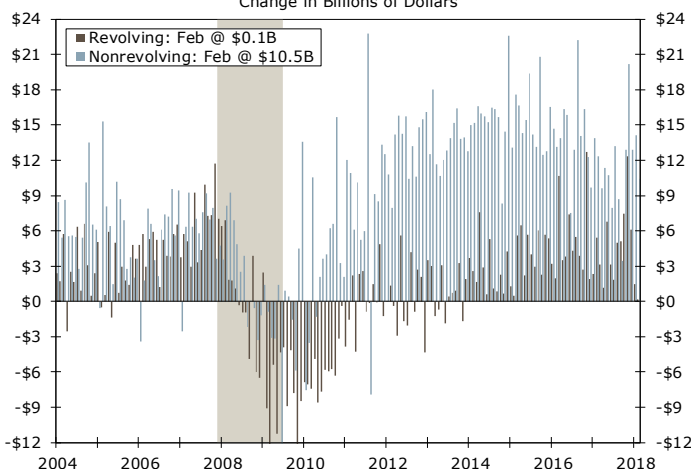
### Basically No Change in Revolving Credit

- Revolving credit, which is primarily made up of credit card loans, increased a paltry \$0.1B in February, coming on the heels of a weak \$1.4B increase in January. The consecutive soft prints are the weakest back-to-back months since the end of 2013.
- The weak revolving credit data is consistent with the lackluster retail sales data, which has also been markedly below trend recently. If this pattern continues, we may start to voice concerns regarding consumers' ability and willingness to spend.

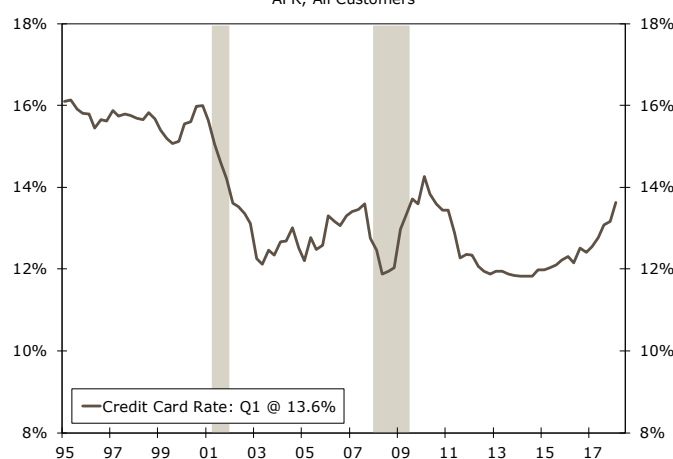
### Are Higher Rates Affecting Spending Behavior?

- The biggest risk for consumers, as well as for the U.S. economy this year, is higher inflation, which has the potential to cut into the purchasing power of income and push consumers to the sidelines. However, inflation has been slow to take hold, which raises the question of why credit card spending has been essentially absent.
- Perhaps the recent retracements in equity markets, as a result of a potential trade war, may have spooked would-be-spenders who are worrying about a loss of wealth.

**Revolving & Nonrevolving Debt**  
 Change in Billions of Dollars

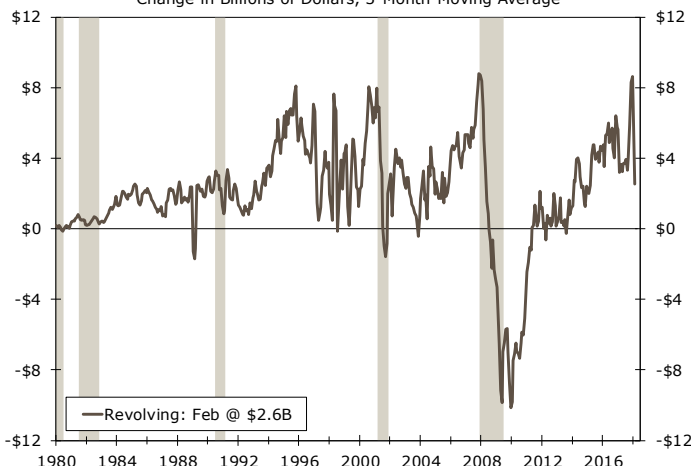


**Credit Card Interest Rate**  
 APR, All Customers



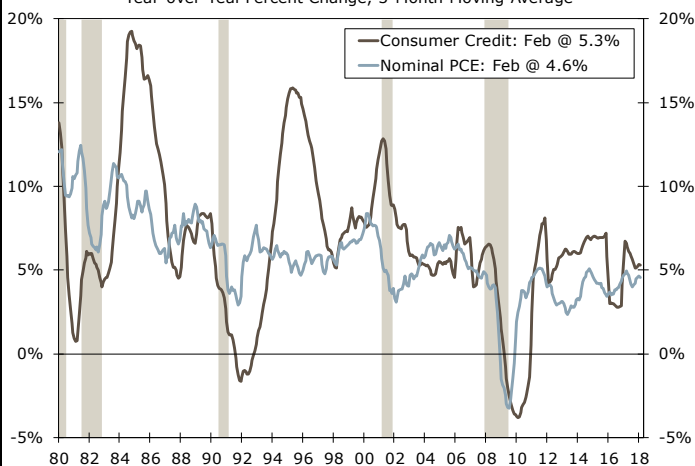
**Revolving Consumer Credit**

Change in Billions of Dollars, 3-Month Moving Average



**Consumer Credit & Nominal PCE**

Year-over-Year Percent Change, 3-Month Moving Average



## Wells Fargo Securities Economics Group

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