

June 05, 2009

4.0%

-6.0%

2010

Consumer Credit Plunged in April

Consumer credit dropped \$15.7 billion in April, a far bigger drop than expected. Revolving credit fell at an annual rate of 11.0 percent, while nonrevolving credit decreased at a 5.3 percent pace. The sustained contraction in consumer credit suggests consumers are still reluctant to spend given the dismal employment and income outlook.

Total & Nonrevolving Consumer Credit Declined Steeply

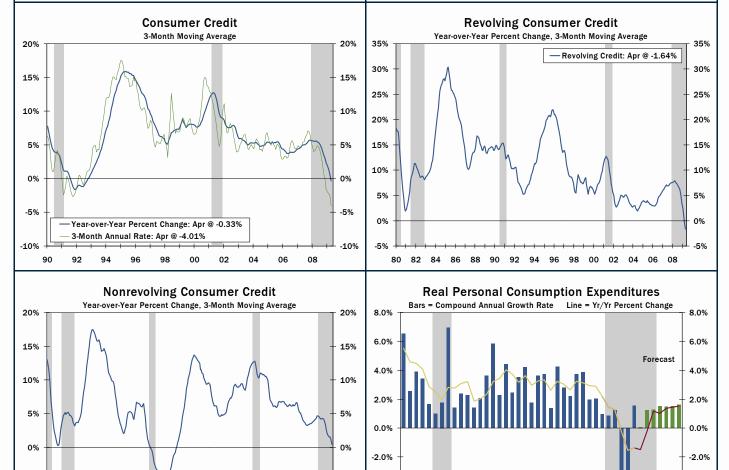
- Total consumer credit declined at a 7.4 percent pace in April, after major contractions in February and March. The revolving component accounted for 55 percent of the decline.
- Nonrevolving credit, typically used for big-ticket purchases, declined \$7.1 billion, the second steep decline in a row. This sustained decline shows that consumers are still worried about the uncertain outlook for their incomes.

Nonrevolving Credit: Apr @ 0.46%

-10%

Consumer are Still Under Stress

- Revolving credit fell \$8.6 billion in April. The year-over-year
 percent change of the 3-month moving average reached
 negative territory for the first time, affirming a steep downward
 trend in revolving credit. Consumers are paring back
 purchases steeply, which will not likely change anytime soon.
- With unemployment rising and credit standards tightening, consumer spending will remain weak.



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-5%

-4.0%

-6.0%

PCE - CAGR: Q1 @ 1.6%

2002

PCE - Yr/Yr Percent Change: Q1 @ -1.4%

2006