

## Economics Group

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### Biggest Surge in Consumer Credit in a Decade

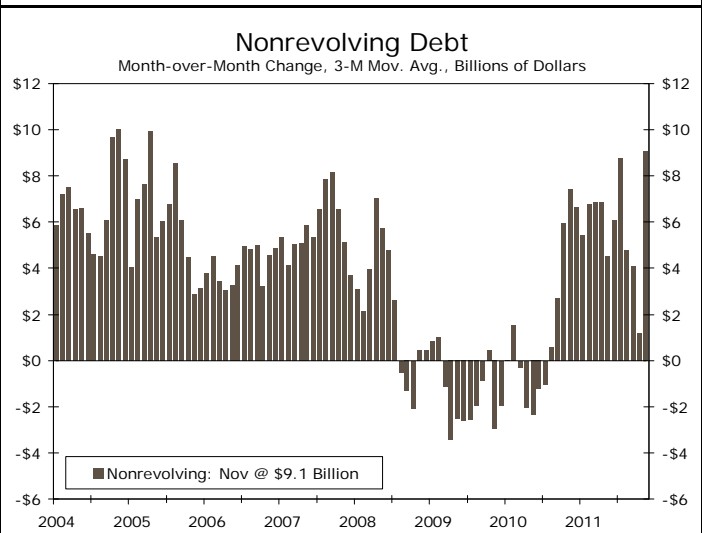
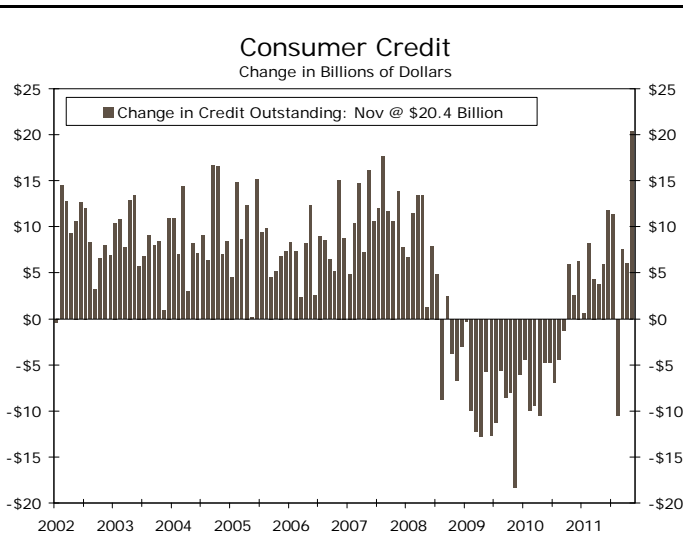
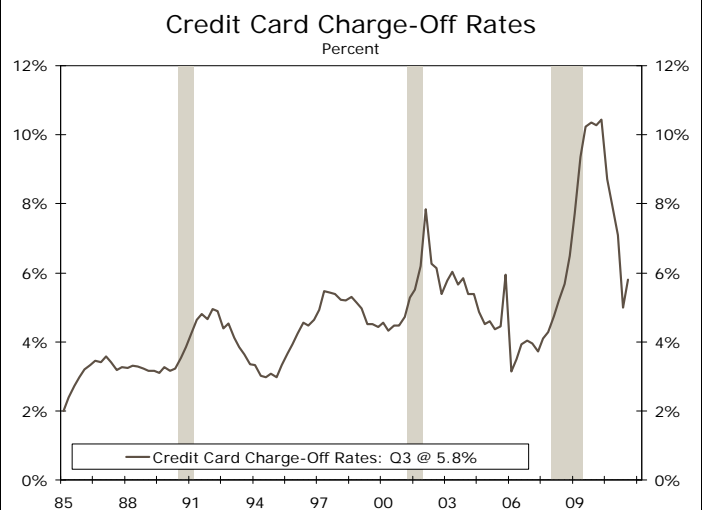
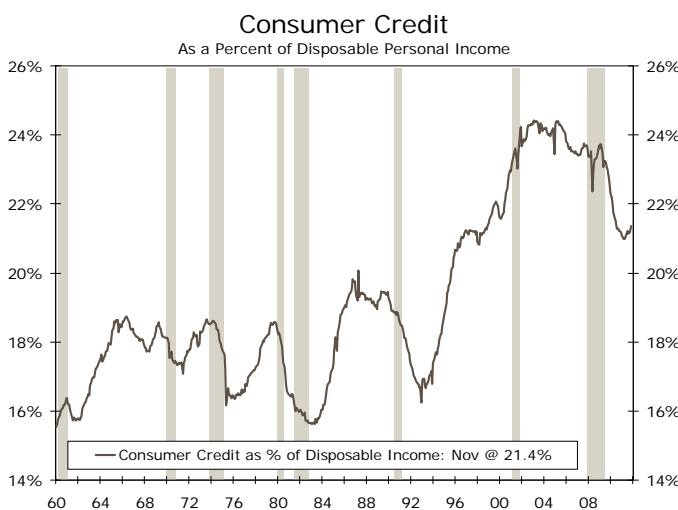
*After multiple years of household deleveraging, U.S. consumers took advantage of low interest rates to finance purchases in November. The \$20.4 billion increase was the largest since November 2001.*

#### Taking a Break From Living on a Budget

- Consumer credit accounts for a smaller share of personal income than it did at the outset of the recession. Consumers have been unwinding consumer debt for the past three years.
- Today's report shows that consumers took a hiatus from that deleveraging process in the month of November. Combined with a shrinking saving rate, it looks like consumers financed some of their holiday shopping with the credit card.

#### Gains in Revolving Credit and Student Loans

- Revolving credit increased by \$13.4 billion, with things like credit card loans accounting for the bulk of the gain. Credit card charge-off rates have come down to near pre-recession levels. The increase here is further evidence of a healing in household balance sheets.
- Nonrevolving debt accounted for \$8.3 billion of the increase, driven primarily by a surge in student loans.



Source: Federal Reserve Board and Wells Fargo Securities, LLC

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