

Economics Group

Yasmine Kamaruddin, Economic Analyst
yasmine.kamaruddin@wachovia.com • 704-374-2992

Consumer Credit: A Smaller Decline in October

Consumer credit outstanding fell \$3.5B in October, a much smaller decline than the consensus estimate. The nonrevolving component registered a 2.6 percent gain while the revolving component continued to decline.

The Pace of Decline Appears to Be Slowing

- The latest data this month show the pace of decline in total consumer credit outstanding appears to be slowing. However, we will have to wait to see if this is sustainable.
- Nonrevolving credit increased \$3.4 billion in October and the August number was revised up to a gain of \$4.7 billion. The positive numbers are likely due to the cash-for-clunkers program in August and the increase in auto sales in October.

Revolving Credit Continued to Fall

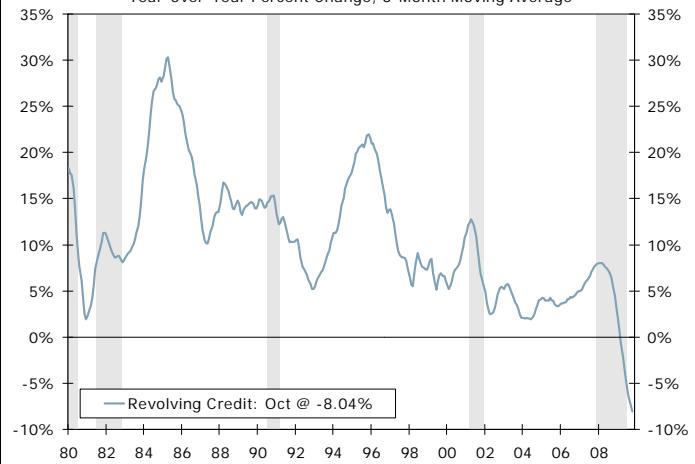
- The revolving component, which includes credit cards, continues to decline, now down \$87 billion from its peak in September 2008. The drop is consistent with increasing credit card charge-off rates. Lenders are tightening standards and increasing interest rates today to beat a looming February deadline when credit card companies will no longer be able to easily raise rates due to the Credit Card Act signed in May.

Consumer Credit
3-Month Moving Average



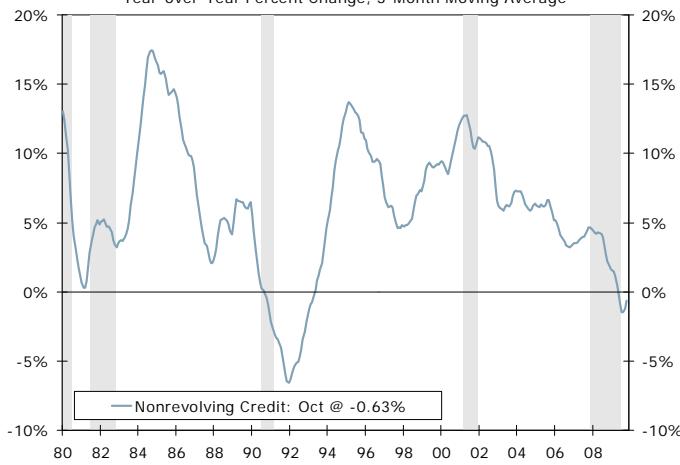
Revolving Consumer Credit

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



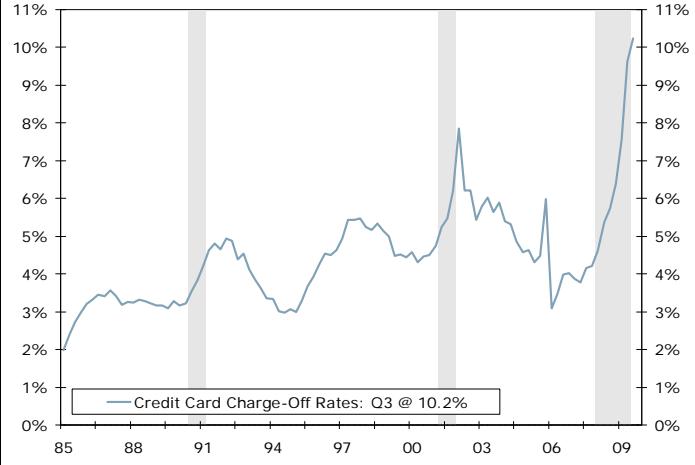
Nonrevolving Consumer Credit

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



Credit Card Charge-Off Rates

Percent



Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Global Head of Research & Economics	(704) 715-8437 (212) 214-5070	diane.schumaker@wachovia.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wachovia.com
Mark Vitner	Senior Economist	(704) 383-5635	mark.vitner@wachovia.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wachovia.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(612) 667- 0168	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Economist	(704) 383-7372	sam.bullard@wachovia.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wachovia.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wachovia.com
Adam G. York	Economist	(704) 715-9660	adam.york@wachovia.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economic Analyst	(704) 374-4407	tim.quinlan@wachovia.com
Kim Whelan	Economic Analyst	(704) 715-8457	kim.whelan@wachovia.com
Yasmine Kamaruddin	Economic Analyst	(704) 374-2992	yasmine.kamaruddin@wachovia.com

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wachovia Bank N.A., Wells Fargo Bank N.A, Wells Fargo Advisors, LLC, and Wells Fargo Securities International Limited. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2009 Wells Fargo Securities, LLC.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE



SECURITIES