



# Economics Group

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## Consumer Credit Fell in August

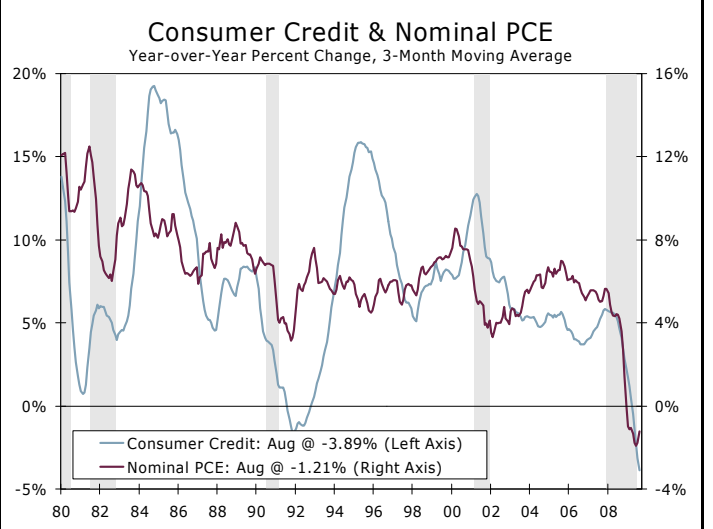
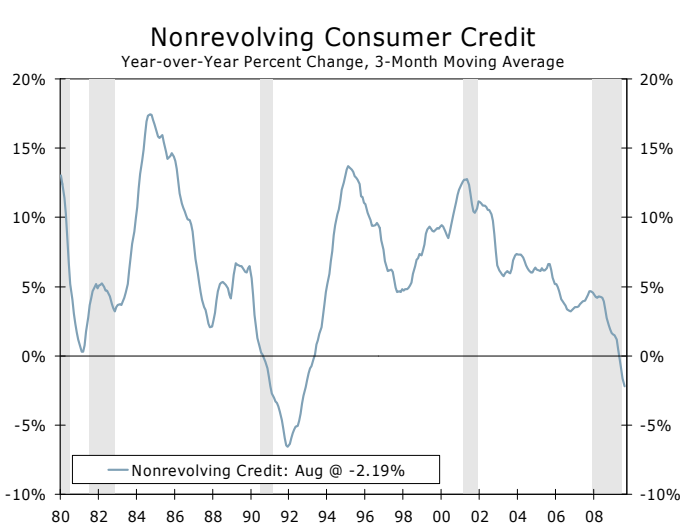
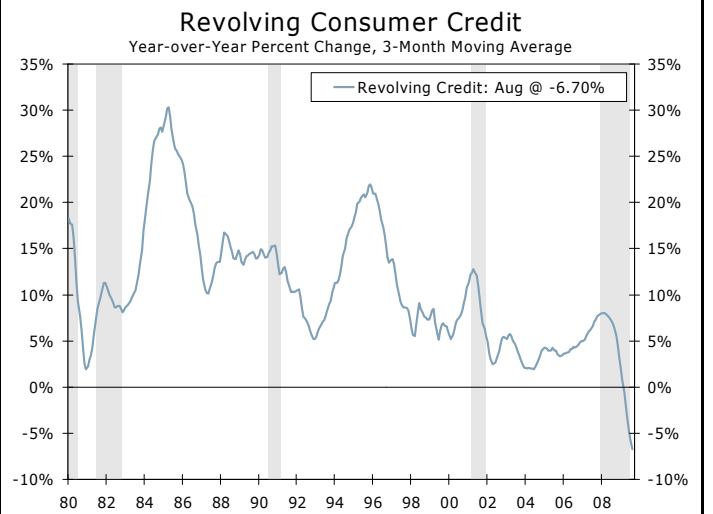
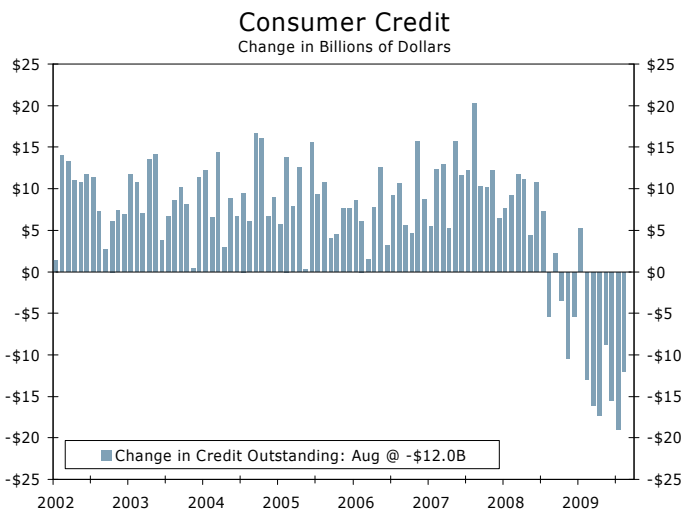
**Consumer credit fell \$12.0B in August—a 5.8 percent annual rate. The nonrevolving component declined only \$2.1B, much less than in July, likely supported by the cash-for-clunkers program.**

### Cash-for-Clunkers Likely Supported the Decline

- Outstanding consumer credit has declined for seven consecutive months for a cumulative decrease of \$101.7B.
- The nonrevolving component declined much less than it did in the previous month, likely reflecting the ramp up in motor vehicle purchases. Auto sales increased 25 percent, month over month, in August. Many of these sales likely required financing.

### Revolving Credit Plunged

- Outstanding revolving credit plunged 7.76 percent, year over year, the largest decline on record. The continued drawdown in both components shows that consumers continue to delever and spending remains selective as lenders continue to tighten credit.
- Consumer spending is unlikely to soar anytime soon as consumers are faced with a still-troubled labor market, weak wage & salary gains and a tight credit environment.



Source: Federal Reserve Board, U.S. Department of Commerce and Wells Fargo Securities, LLC

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