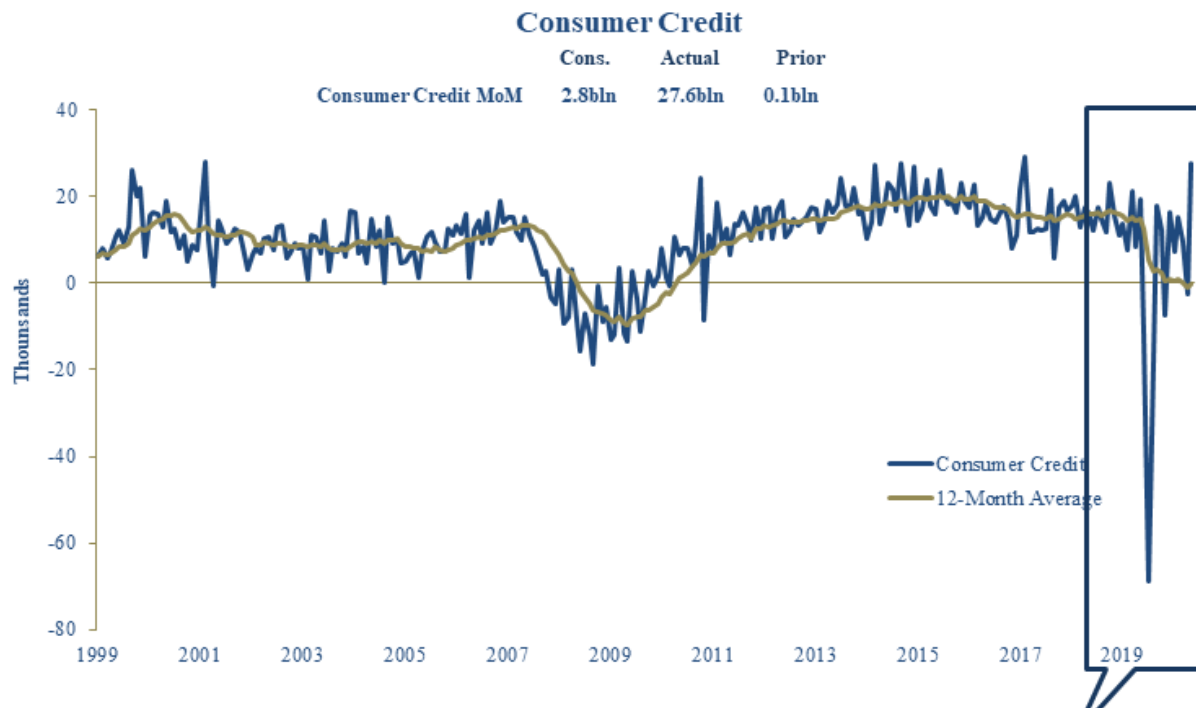


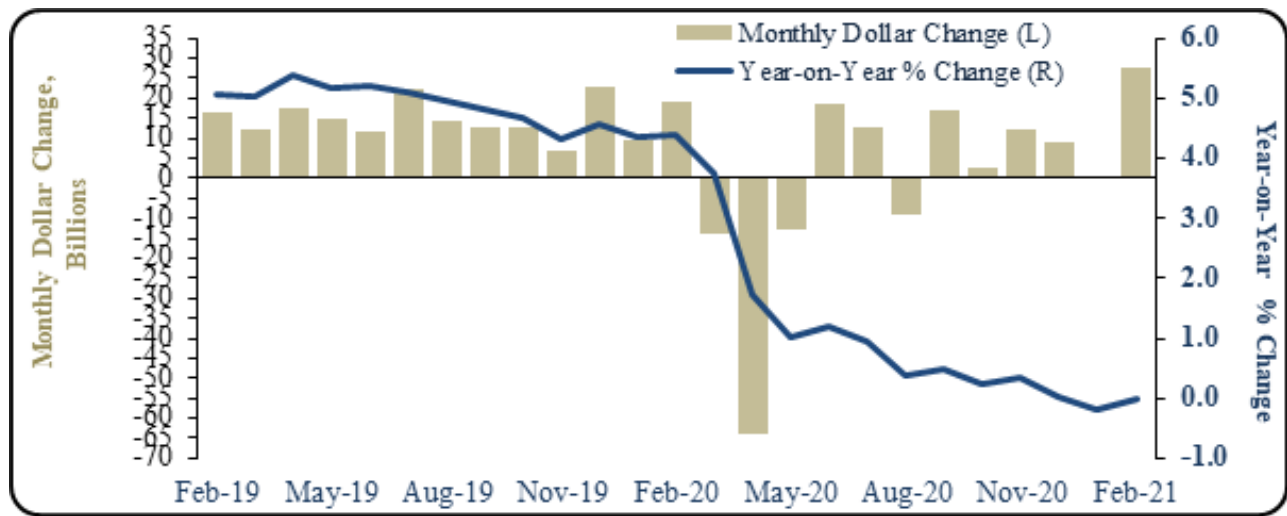
07.Apr.2021

Consumer Credit: Credit Card Spending Rebounded

Bottom Line: Consumers grew credit card balances for only the second month since the pandemic. Overall credit growth was more than expected in February as student loan borrowing increased. While the student loan growth is a normal seasonal increase, the growth in revolving loans (mostly credit cards) is notable.

That said, February was unique in terms of major weather events across the country (increased card use is typical during emergencies) and in between periods of direct government stimulus payments. We would expect card balances to fall again in March and April as consumers return to their recent pattern of spending a bit less than 1/3rd of the stimulus and using the balance equally to pay down debt and increase savings. Overall, consumer credit is still rising modestly because of the strong trend in student loans and growth in auto loans. But the trend in credit cards bears watching.



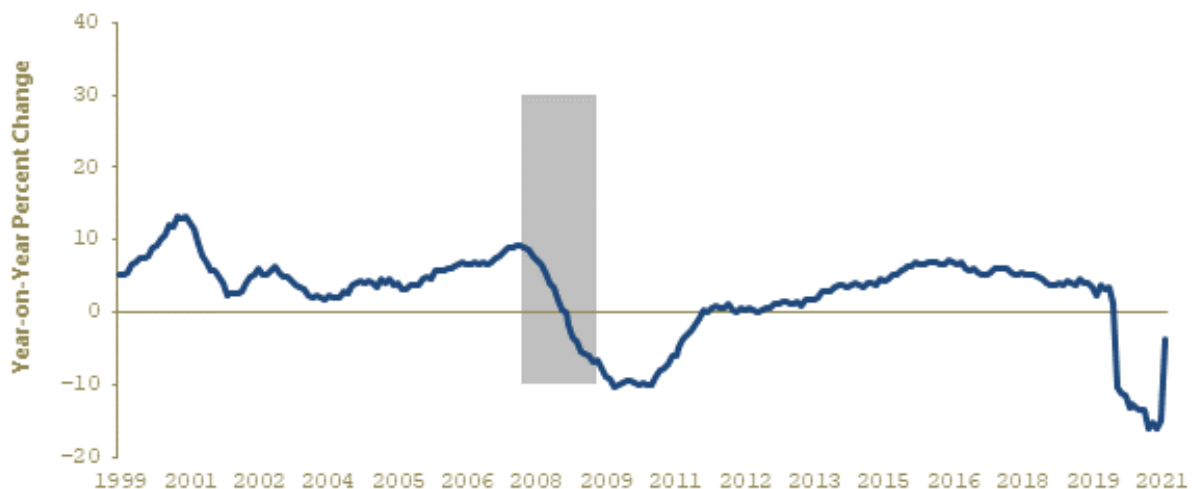


Consumer Credit ROSE by \$27.6 billion in February, compared with market expectations for an increase of \$2.8 billion. Additionally, the prior two months were revised higher by \$1.7 billion. Over the past year, consumer credit was nearly flat, down by \$0.1 billion.

Revolving Credit, including credit cards, ROSE by \$8.1 billion. Over the past year, revolving credit has decreased by \$123.1 billion or 11.2%.

Non-Revolving Credit, including auto and education loans, ROSE by \$19.5 billion. Over the past year, non-revolving credit has increased by \$123.0 billion or 4.0%. Of this amount, \$58.8 billion, or 47.8%, appears to be due to increases in student loans held by the federal government.

Revolving Consumer Credit



Nonrevolving Consumer Credit



	Billions of Dollars										
	Monthly Change				Average Monthly Change						
	Feb-21	Jan-21	Dec-20	Nov-20	Three Month	Six Month	Twelve Month	2018	2017	5-Year	10-Year
Consumer Credit previous estimate	27.6	0.1 -1.3	9.1 8.8	12.2	12.2	11.4	0.0	15.4	15.8	15.1	11.3
Revolving	8.1	-8.6	-2.6	-1.1	-1.1	-1.1	-10.3	3.1	4.8	3.3	0.4
Non-revolving	19.5	8.7	11.7	13.3	13.3	12.5	10.2	12.4	11.1	11.7	10.8
Addendum (NSA)											
Non-revolving ex Government	9.9 4.1	28.1 7.1	3.7 2.4	3.5 2.9	11.8 4.6	13.7 5.4	9.8 5.4	12.4 4.8	11.1 3.0	12.0 3.4	9.6 1.7

Source: Federal Reserve System via Bloomberg. Our calculations.

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April 7, 2021

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