

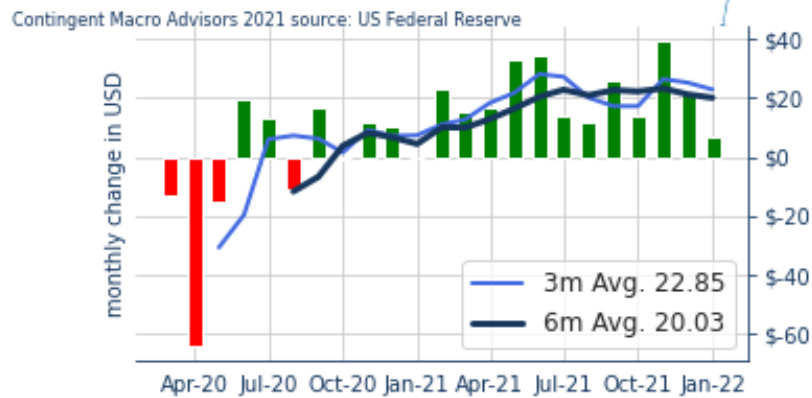
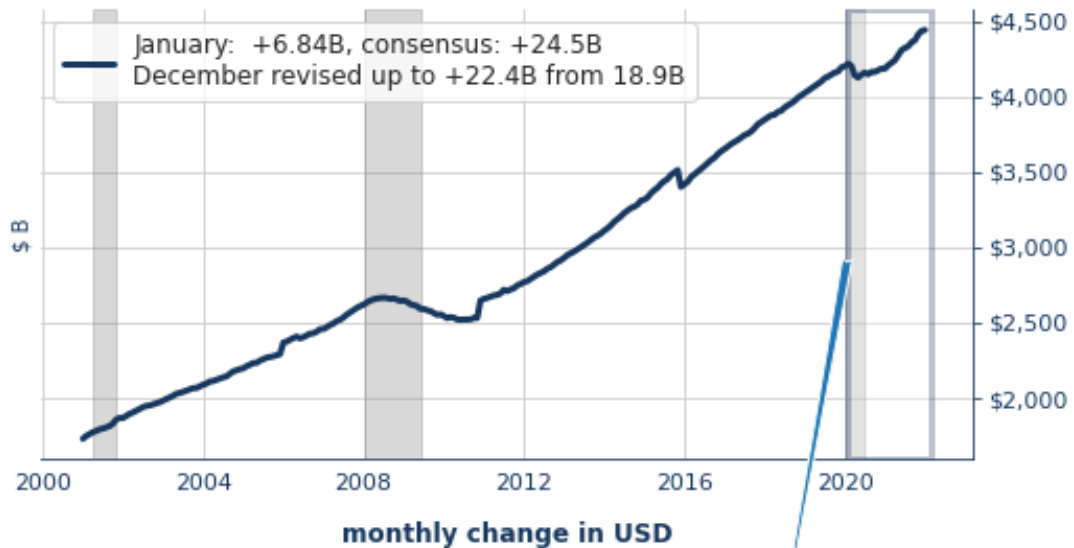
07.Mar.2022

Consumer Credit: Card Balances Lower Ahead of Gas Price Spike

Bottom Line: Revolving credit declined, countering expectations for an increase as consumers paid down balances in January. Revolving credit balances, mostly credit cards, remain well below the pre-pandemic levels as the benefit of direct stimulus payments to households has proven lasting. Consumers are now facing a major headwind as national average gasoline prices exceeded \$4.06 this weekend, just a nickel below the highs seen in July 2008. But unlike during the financial crisis, consumers have significant room to use credit. While relying on consumer credit won't be a long-term strategy, there are few signs of any tightening of consumer credit in the short term. **Overall, it appears the average household can weather higher gasoline prices better than in past cycles for at least the next several months.**

Finally, nonrevolving credit, mostly student loans, rose a bit slower than the trend rate of the last year. Still, long-term structural concerns due to student loan burdens will remain a headwind for the consumer.

US Total Credit Outstanding January: +6.84B, consensus: +24.5B

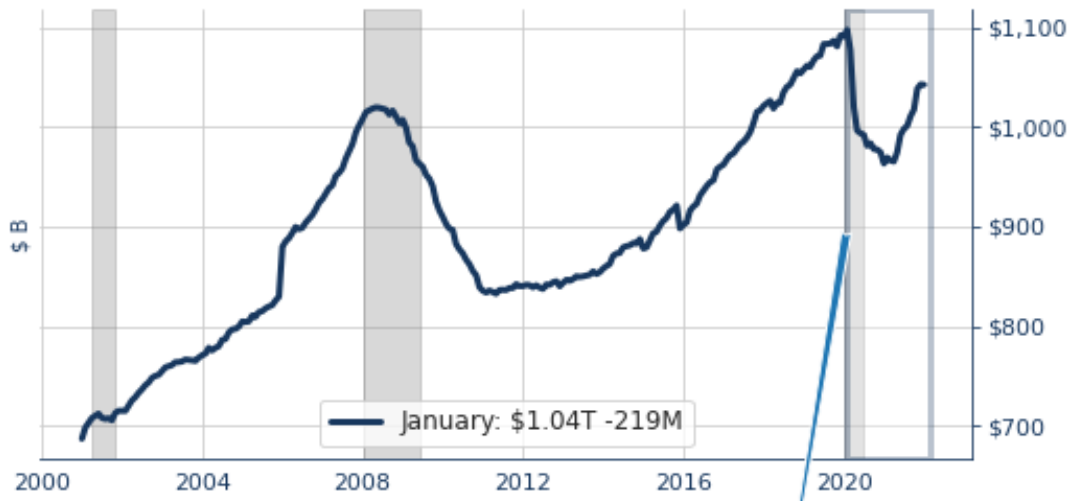


Consumer Credit ROSE by \$6.8 billion in January, compared with market expectations for an increase of \$24.3 billion. However, the prior two months were revised higher by \$4.0 billion. Over the past year, consumer credit has increased by \$256.8 billion or 6.1%.

Revolving Credit, including credit cards, FELL by \$0.2 billion. Over the past year, revolving credit has increased by \$79.2 billion or 8.2%.

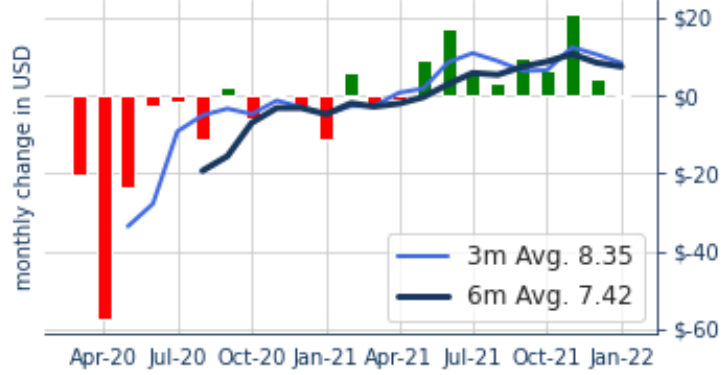
Non-Revolving Credit, including auto and education loans, ROSE by \$7.1 billion. Over the past year, non-revolving credit has increased by \$177.5 billion or 5.5%. Of this amount, \$52.6 billion, or 29.6%, appears to be due to increases in student loans held by the federal government.

US Revolving Credit

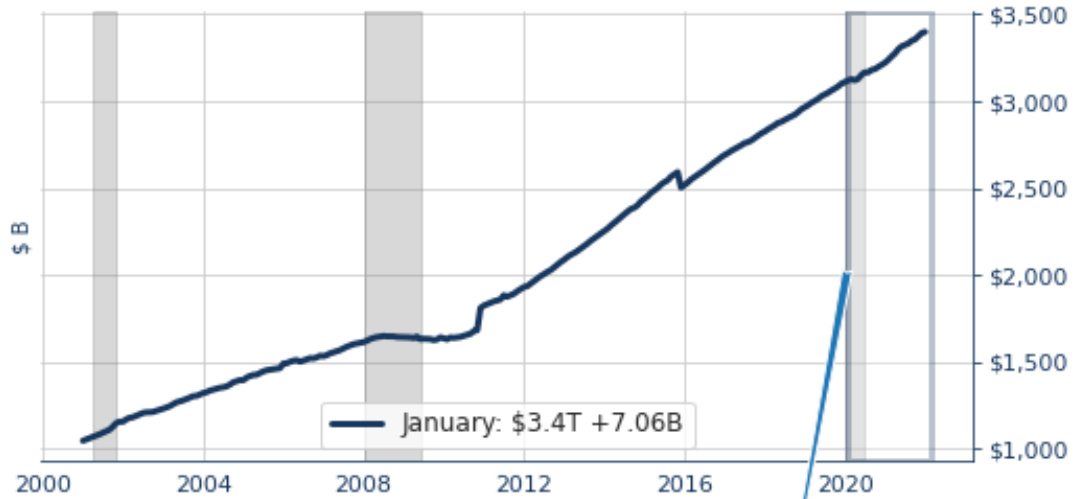


monthly change in USD

Contingent Macro Advisors 2021 source: US Federal Reserve

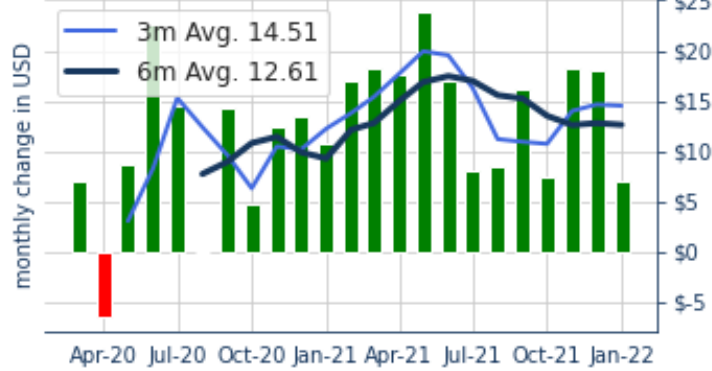


US Nonrevolving Credit



monthly change in USD

Contingent Macro Advisors 2021 source: US Federal Reserve



US Consumer Credit (in \$B)	Jan-22	Dec-21	3m. avg.	6m. avg.	12m. avg.	2021	5y
Total Credit Outstanding	6.84	22.38	22.90	20.00	21.40	20.79	13.20
Revolving Credit	-0.22	4.26	8.30	7.40	6.60	5.68	1.30
Nonrevolving Credit	7.06	18.13	14.50	12.60	14.80	15.11	11.80

US Federal Reserve data