



Consumer Credit Growth Slows Sharply in August

Headlines

- **Total consumer credit** increased \$0.4 billion in August, well below consensus expectations for a \$13.5 billion jump.
- **The 0.1% annualized pace** in August is down sharply from 4.3% in July.
- **Revolving consumer credit dropped an annualized 5.5%**, constrained by tighter lending standards for credit cards in the third quarter.
- **Nonrevolving credit increased 2.0% annualized**, down slightly from 2.2% in July.
- **Consumer credit growth** is expected to remain modest in the near term amid slower job growth, rising joblessness, elevated policy uncertainty and tighter lending standards.

Jay Hawkins
jay.hawkins@pnc.com

PNC Economics
economics@pnc.com

Details

Revolving credit, which includes credit cards, **decreased at an annualized rate of 5.5%**, a marked slowing from July's 10.3% surge. The decline suggests softer card-based spending in August, as tighter lending standards continue to limit access. The July Senior Loan Officer Opinion Survey shows standards for credit cards tightened in the third quarter after loosening for seven straight quarters, while a modest net share of banks reported weaker demand for credit card loans.

Nonrevolving credit, which includes auto and student loans, **rose at an annualized rate of 2.0%, down from 2.2% in July**. The fourth consecutive monthly slowdown is consistent with high financing costs and more cautious consumer borrowing.

Consumer credit growth is expected to remain modest in the near term amid slower job growth, rising joblessness, elevated policy uncertainty and tighter lending standards. However, demand for credit is likely to pick up next year as lower interest rates become less of a headwind.

Figure 1: Total Consumer Credit, MoM Annualized Percent Change





Disclosures

The material presented and the views expressed herein are of a general nature and does not constitute the provision of investment or economic advice to any person, or a recommendation of any particular securities, financial instruments, strategies or banking services. Opinions and forecasts expressed herein are subject to change without notice. Relevant information was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy. You should seek the advice of an investment professional to tailor a financial plan to your needs.

Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances may change our outlook and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake any obligation to update forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance. As a result, we caution against placing undue reliance on any forward-looking statements.

"PNC" is a registered mark of the PNC Financial Services Group, Inc.

© 2025 The PNC Financial Services Group, Inc. All rights reserved.