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Revolving consumer credit fell sharply in November

Article

The news: Revolving consumer credit decreased at an annualized rate of 12% in November, per the Federal Reserve.

This is in sharp contrast to the prior two months: Revolving consumer credit increased 13.4% in October and 1.6% in September.

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What this means: This dropoff in revolving credit deviates from the trend we have been seeing where consumers are still spending but are struggling to pay off their credit card balances due to sky-high interest rates and diminished savings.

Instead, this data suggests consumers may be starting to prioritize paying off their balances—in part by pulling back on spending.

Our take: While this unexpected decline in revolving credit is noteworthy, one month of data isn't enough to decipher how consumer financial health will be moving forward.

- APRs are likely not easing up any time soon, which could limit how quickly credit card debt and delinquencies improve as the year goes on. Bankrate predicts the average APR will only fall half a percentage point in 2025 if the Fed cuts rates by 75 basis points.
- And consumers will also be put to the test as they face paying off debts from holiday shopping—which was only partially captured in the latest Fed data. 36% of US consumers took on holiday debt, per Lending Tree. Average holiday debt hit $1,181, up from $1,028 in 2023.

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