

## **Consumers Borrowing At Record Pace - Consumer Debt**

U.S. consumer debt outstanding unexpectedly surged by the most on record in December 2024, reflecting massive increases in credit-card balances and non-revolving credit. Total credit jumped \$40.8 billion after a revised \$5.4 billion decrease a month earlier, according to Federal Reserve data.

While steady hiring continues to drive consumer spending growth, stubborn inflationary pressures and high borrowing costs are challenging consumers. The average rate on a credit card account stood at 22.8% as of November 2024, close to the highest in Fed data back to 1995.

Americans are rolling over more credit card balances to other cards instead of paying off outstanding debt. The share of borrowers only making the minimum payments was the largest on record. Delinquency rates have also risen, with about 3.5% of card balances past due by 30 or more days and 1.8% of accounts delinquent. Both figures are more than double the post-pandemic lows recorded in 2021.

Source: Philadelphia Federal Reserve

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