

Problem Set 6

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ECON815: Topics in Microeconomics

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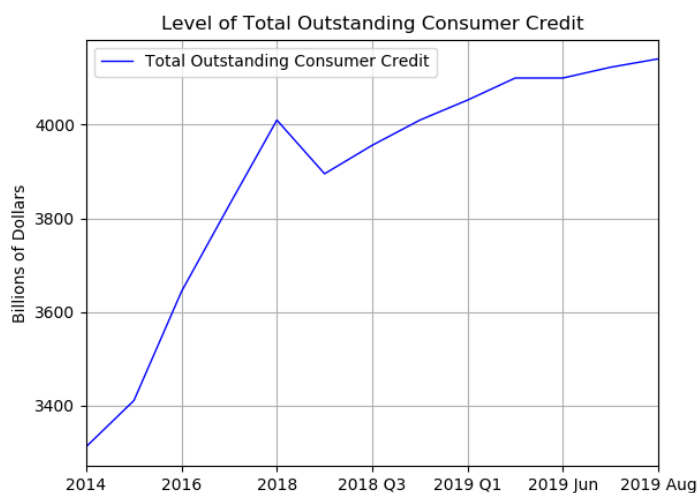
Question 1. Data

For this problem set, I scraped consumer credit data from the Federal Reserve Board's website. This data included total percent change in outstanding consumer credit, the total flow, and the level of outstanding consumer credit as well as information on commercial bank interest rates for select terms of credit. The data for the latter included 48-month and 60-month new car loans, credit card plans, and personal loans. However, for this assignment, I was primarily interested in the level and percent change of outstanding consumer credit.

It is of some interest to follow lending over the course of the business cycle, as it is expected that during periods of growth, lending will increase. Since we have been in a rather long period of growth since the end of the 2007/8 recession, I am curious about the recent behavior of consumer credit during this expansion.

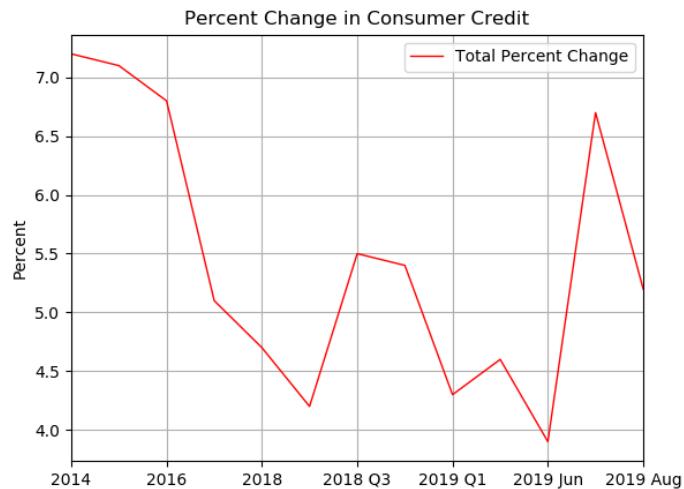
I first plot the absolute level of outstanding consumer credit for the periods available from the Federal Reserve Board's website. They have data for the years of 2014, 2015, 2016, 2017, and 2018 as well as quarterly data for the last 3 quarters of 2018 and the first quarter of 2019, and finally monthly data for June, July, and August of this year.

Figure 1: LEVEL OF OUTSTANDING CONSUMER CREDIT



It is clear from this plot that consumer credit has indeed been increasing over the past several years. Perhaps a more telling figure, though, is the percent change of consumer credit, which I provide next.

Figure 2: PERCENT CHANGE IN CONSUMER CREDIT



This figure more clearly shows that there were larger increases to consumer credit in 2014, 2015, and 2016 and has since had smaller gains. Unfortunately, given the changes in frequency, the latter portion of the graph is a little more difficult to compare to the beginning, however, it is noteworthy that July of this year saw a rather large percent change which was then reigned back in a little in August.