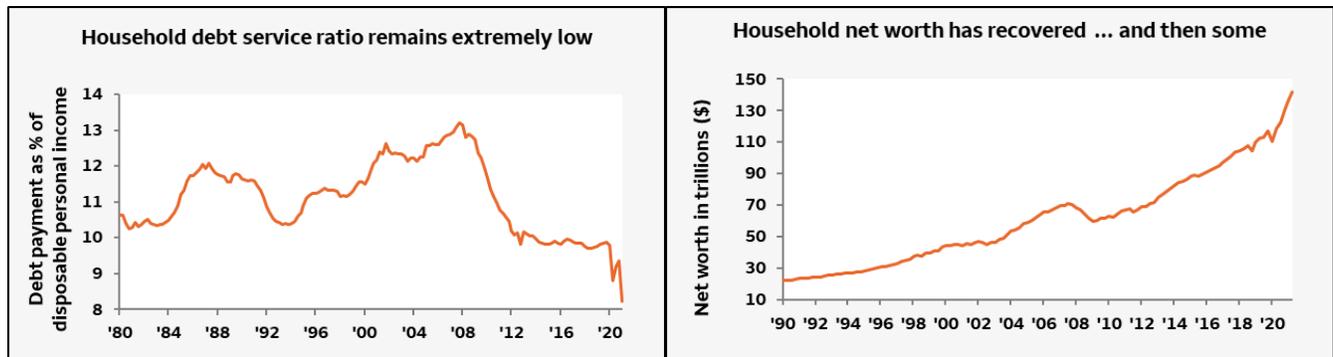


## Strong consumer balance sheets may power Q4 demand



Sources: Bloomberg, Federal Reserve Board, and Wells Fargo Investment Institute. Household debt service ratio: quarterly data from January 1, 1980 to March 31, 2021. Household net worth: quarterly data from January 1, 1990 to June 30, 2021.

### On average, the U.S. consumer is in good shape

Consumer finances after the 2020 recession have held up far better than they did after the financial crisis in 2008-2009. The charts show that consumer debt payments as a percentage of disposable personal income continue to drop, while household net worth has spiked higher.

Support has come from ample savings, gains in wealth from rising stock and home values, the lift to cash flow from mortgage refinancing, and respectable gains in earned income.

#### What it may mean for investors

We believe the recovery is poised to regain momentum from its current soft patch, supporting a full-year U.S. gross domestic product growth forecast of 6.3% in 2021, which would be the strongest expansion in the past 35 years.

**Michelle Wan, CFA, Investment Strategy Analyst**

This chart was excerpted from the *Market Charts: Turning data into knowledge* dated October 5, 2021.

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**Risk Considerations**

Forecasts and targets are based on certain assumptions and on views of market and economic conditions which are subject to change.

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