**Consumer Credit, Oil Prices, and the U.S. Economy**

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**Abstract**

Have you paid cash to fill up your gas tank lately? Probably not—and I argue this is one reason why the U.S. economy appears to have become less sensitive to changes in the price of oil. When gas prices rise drivers have increasingly been able to borrow—and firms able to offer incentives—making immediate reductions in the purchases of groceries, electronics, cars, and other goods smaller than in the past. This alters the relationship between oil prices and U.S. economic activity, but does not eliminate it—the money must be paid back after all.

Keywords: oil price, economic activity, credit, consumption

JEL Classifications: C00, E20, E51, E60, Q43

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2. The analysis and conclusions expressed here are those of the author and not necessarily those of the U.S. Energy Information Administration. [↑](#footnote-ref-2)
3. I, Vipin Arora, certify that the research reported in this paper was not the result of a for-pay consulting relationship nor does my employer have a financial interest in the topic of the paper which might constitute a conflict of interest. [↑](#footnote-ref-3)