

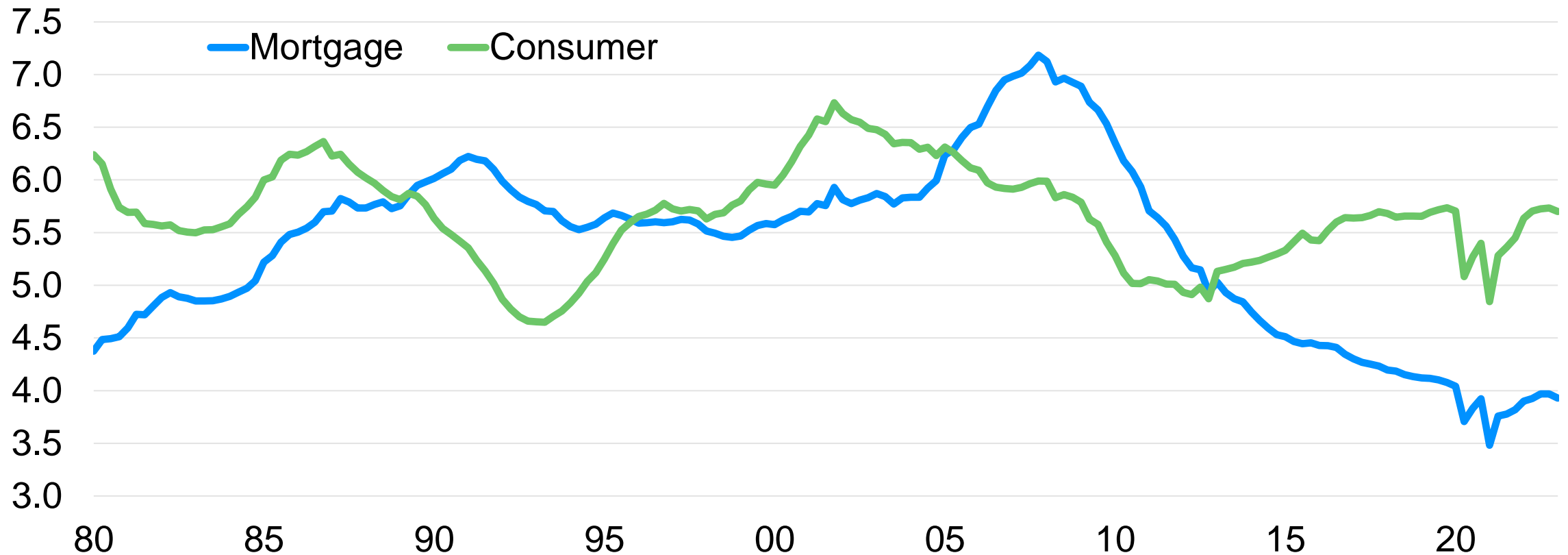
Household Balance Sheets Weather the Storm (Sor Far)

David Fieldhouse, Director, Research

September 2023

Mortgage Refis Keep Debt Burden in Check

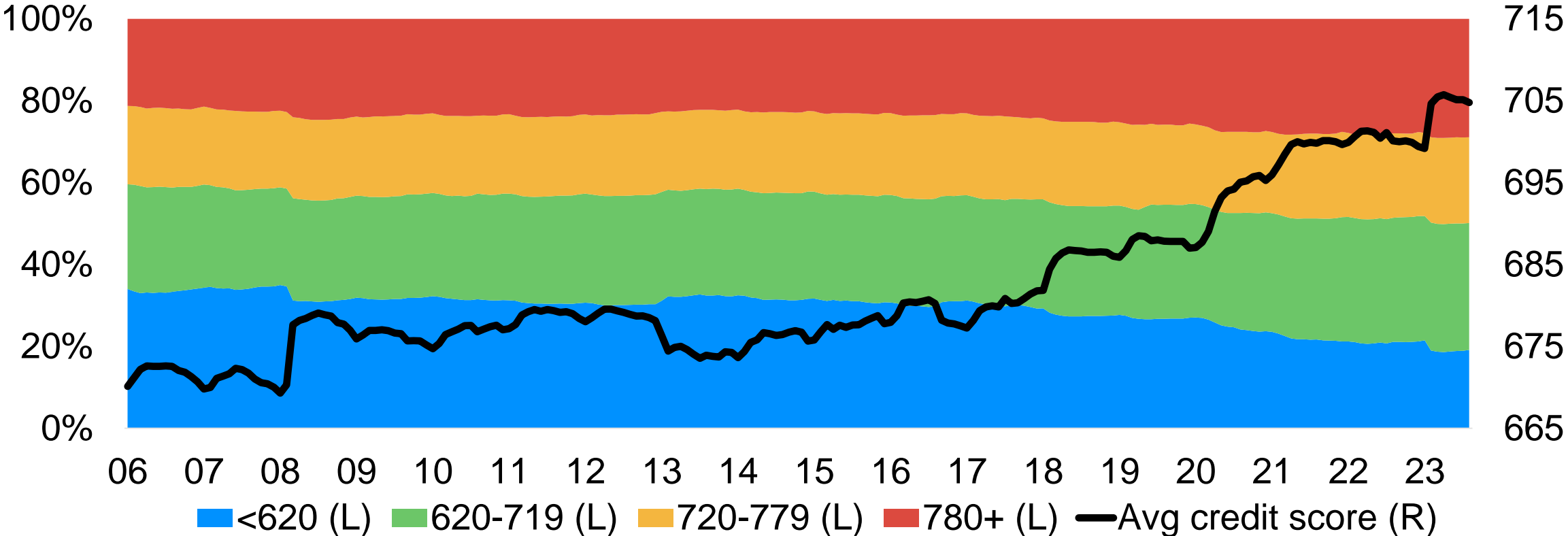
Debt service, % of disposable income



Sources: Federal Reserve, Moody's Analytics

Has Credit Quality Peaked?

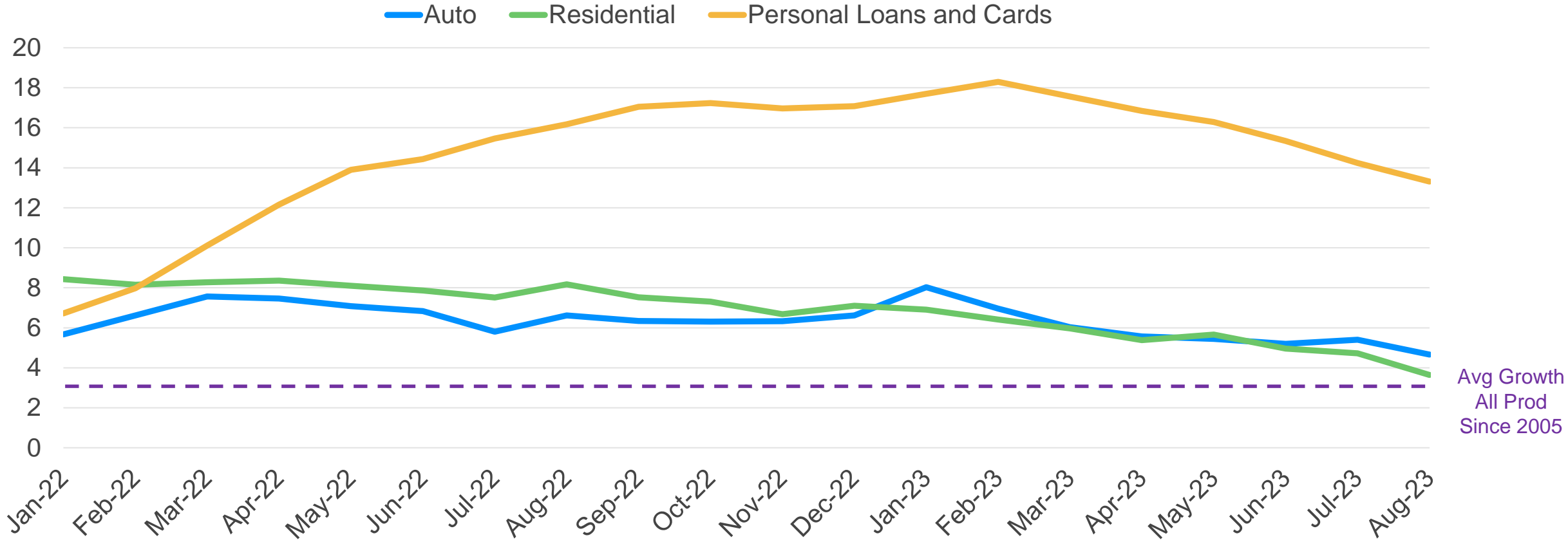
Share of consumers by credit score band



Sources: CreditForecast, Moody's Analytics

... Limit The Rise Of Consumer Debt

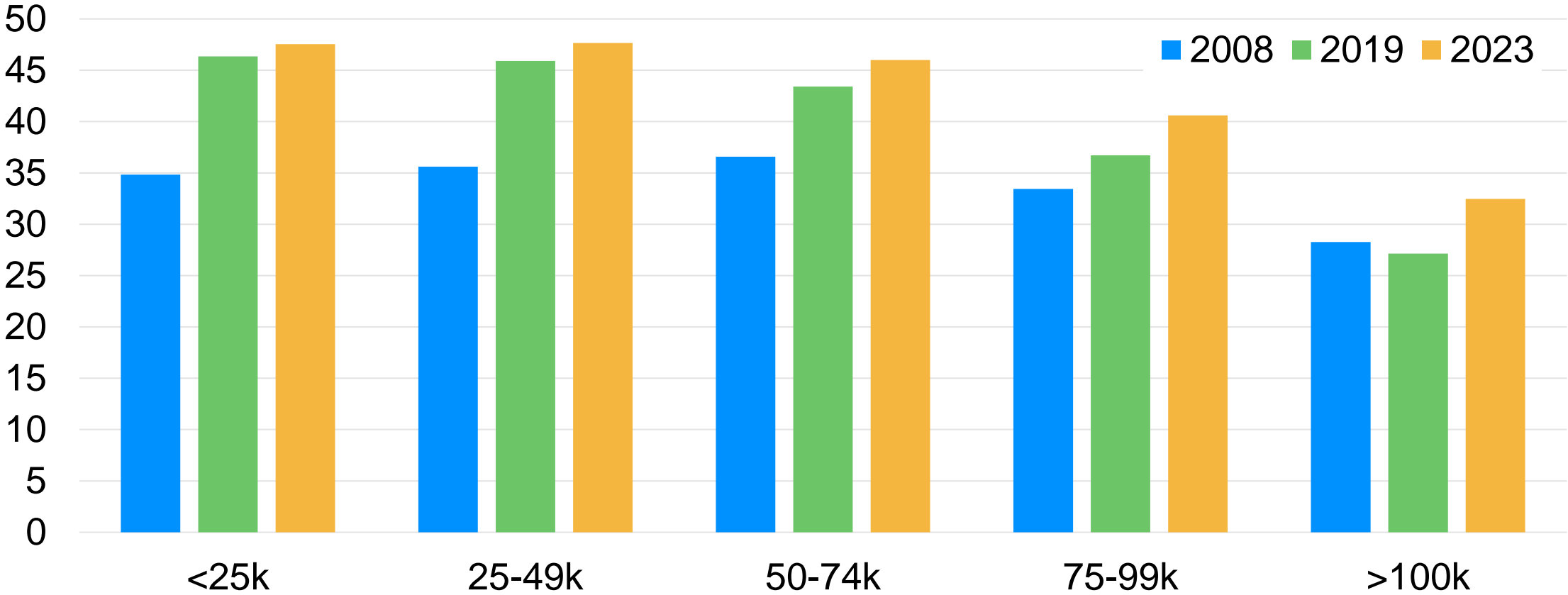
Balance, YoY % change



Sources: CreditForecast, Moody's Analytics

Heavy Debt Burdens for Low-Income Borrowers

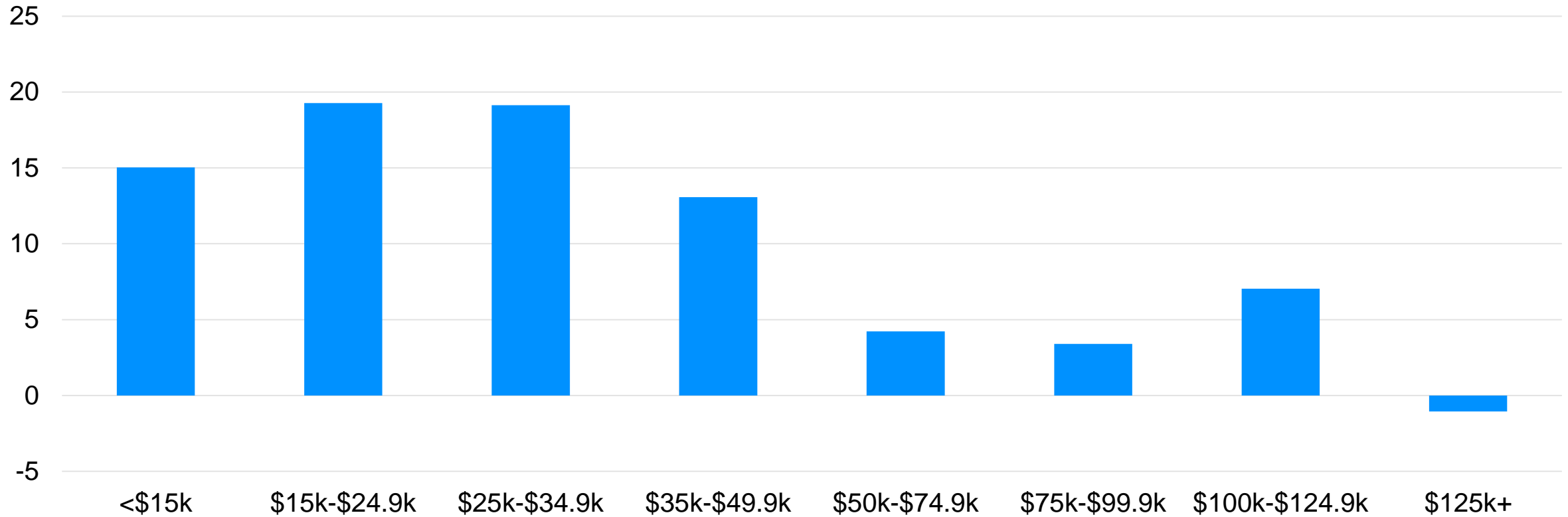
Nonmortgage debt-to-income (%) by income band (\$)



Sources: Equifax, Moody's Analytics

Lower Income Households Have Confidence

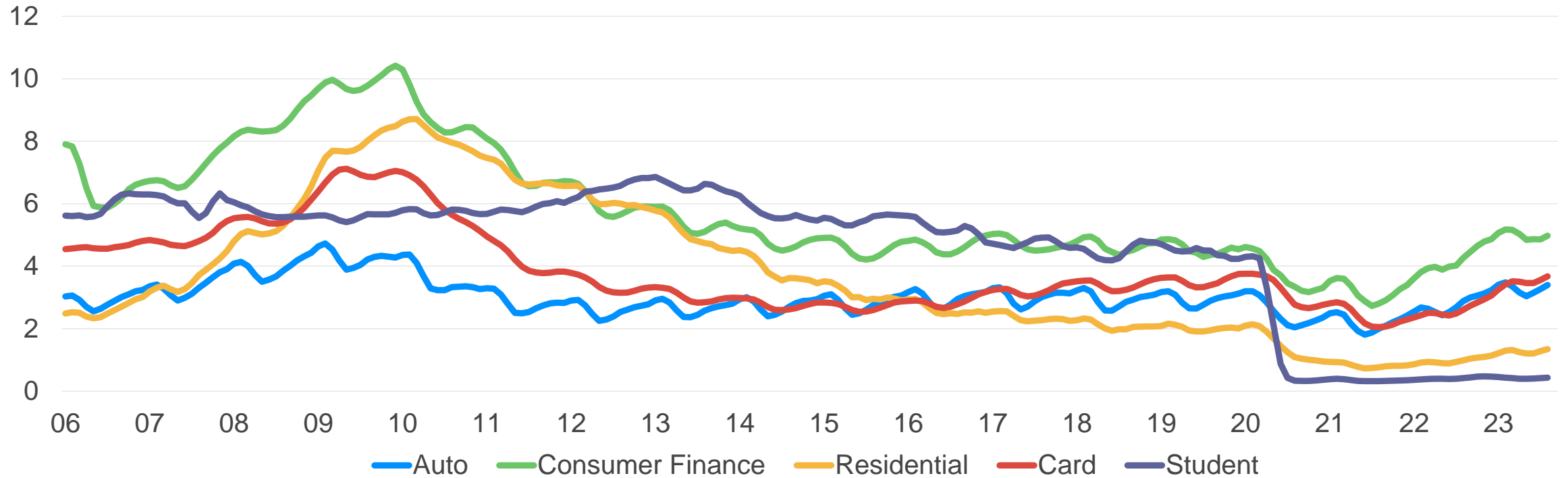
Confidence by income, diff from average since 2011, index points



Sources: The Conference Board, Moody's Analytics

Borrowers Miss Payments

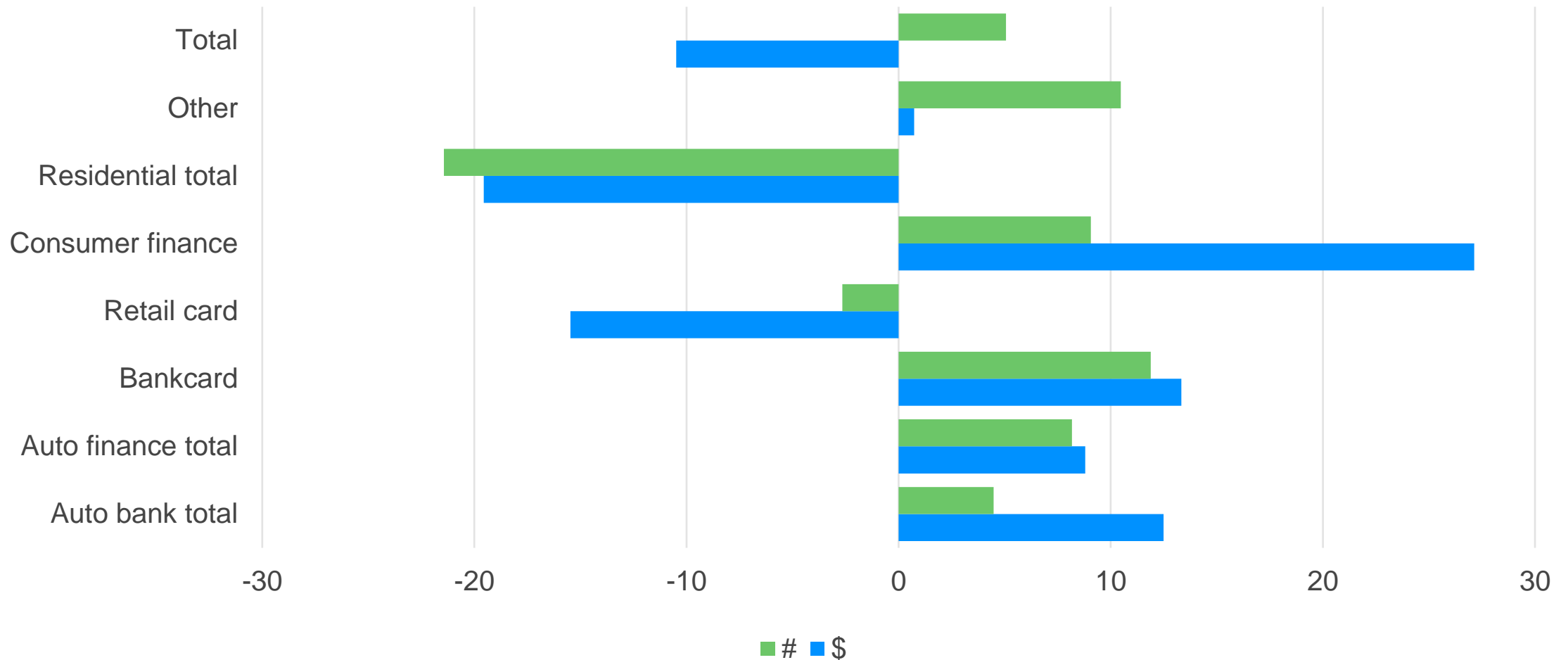
Delinquent, % of outstanding balance, 3-mo MA



Sources: CreditForecast.com, Moody's Analytics

Early Delinquencies Flash Warning Signs

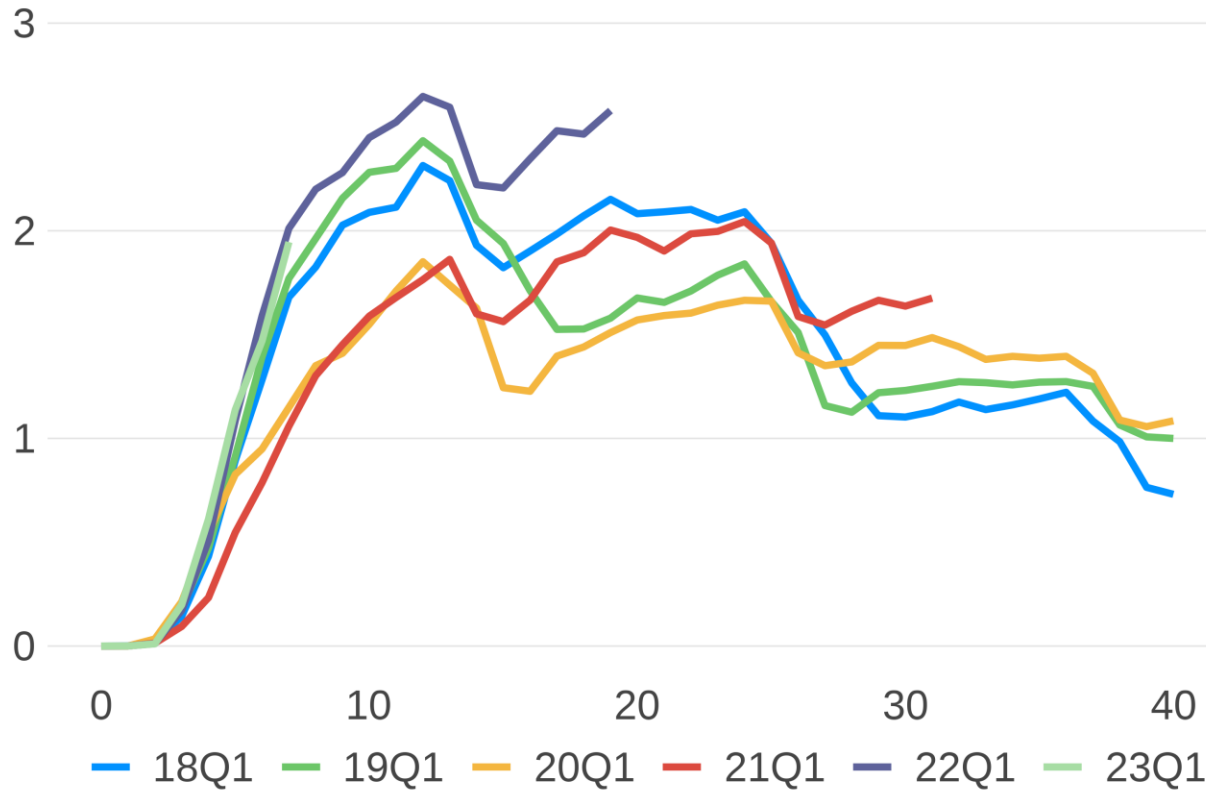
30-DPD rate change, bps, Aug 2023 from Aug 2019



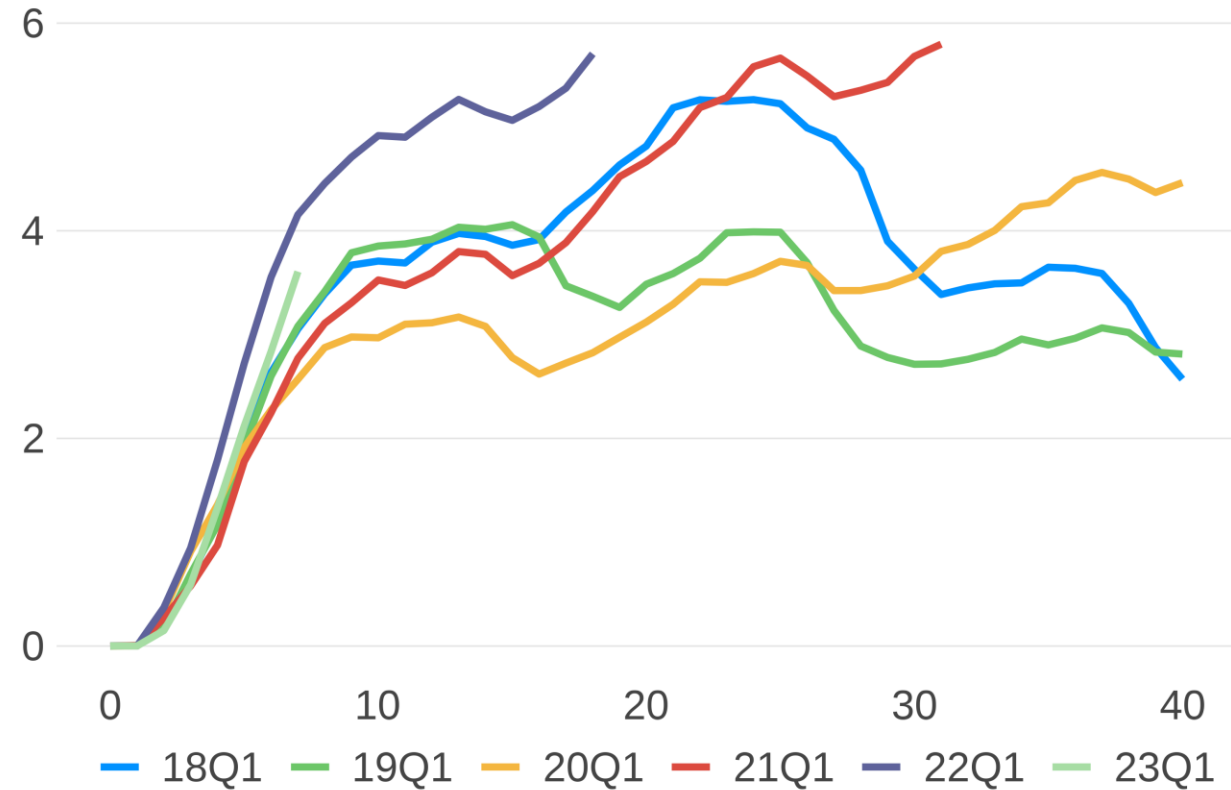
Sources: CreditForecast, Moody's Analytics

Not a Good First Impression

Auto total delinquencies, % of origination \$, by month



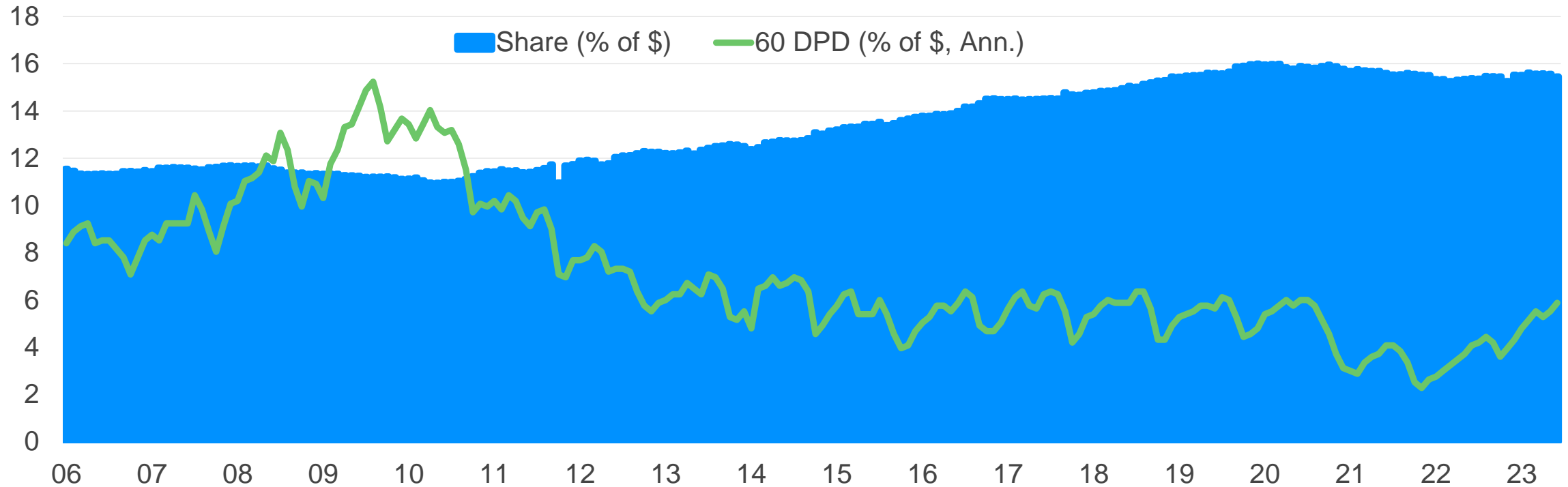
Bankcard total delinquencies, % of \$, by month



Sources: CreditForecast, Moody's Analytics

Rising Risk: Nonbank Consumer Loans

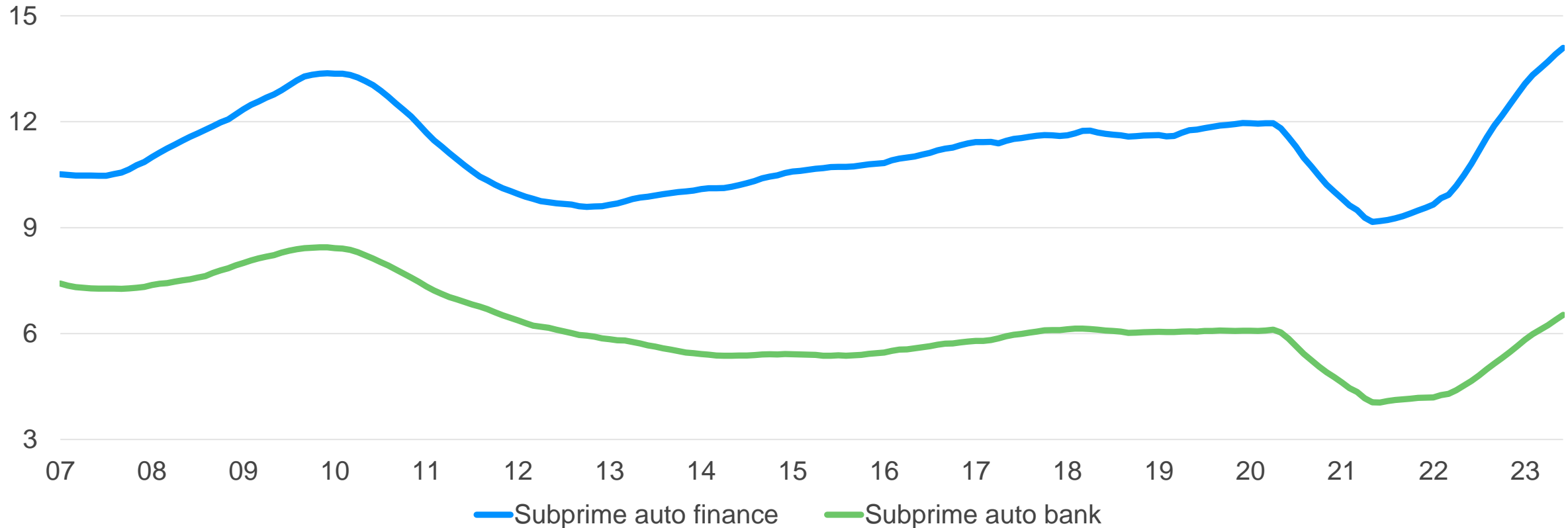
Share of consumer credit



Sources: Equifax, Moody's Analytics

Subprime Auto Finance Struggles

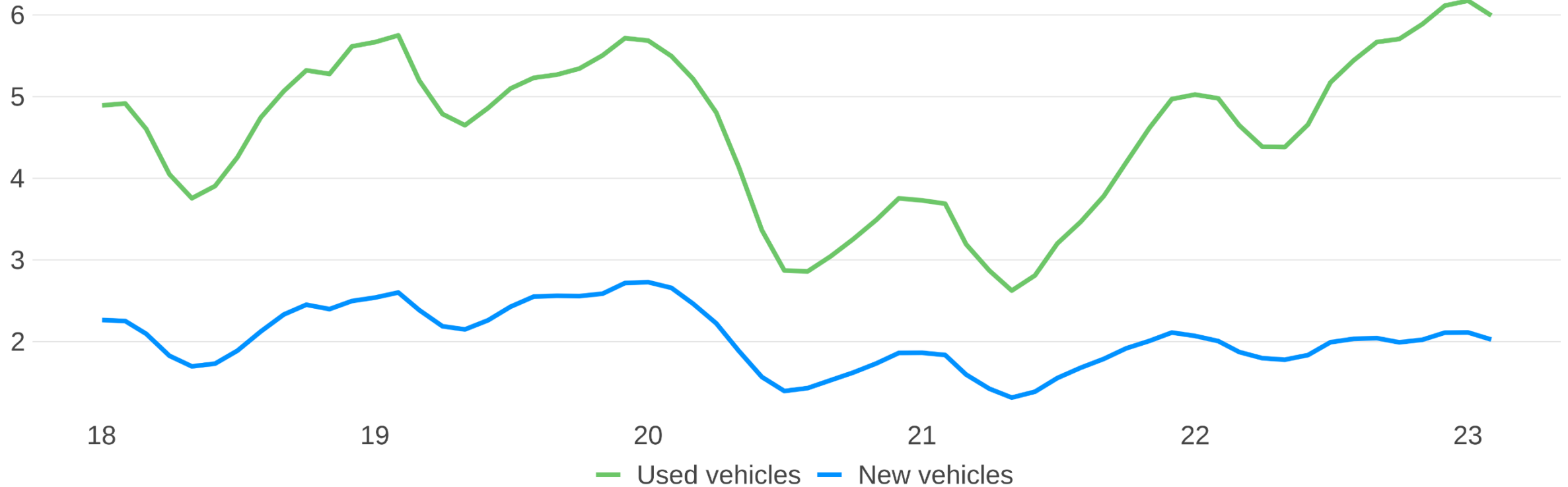
Total dlq rate, % of balances, 12-mo MA, origination credit score <620



Sources: CreditForecast, Moody's Analytics

Lenders Hit a Bumpy Road with Older Cars

Default Rate (%) by vehicle age at origination



Sources: SEC, Moody's Analytics

Were Used Cars Worth The Ride?

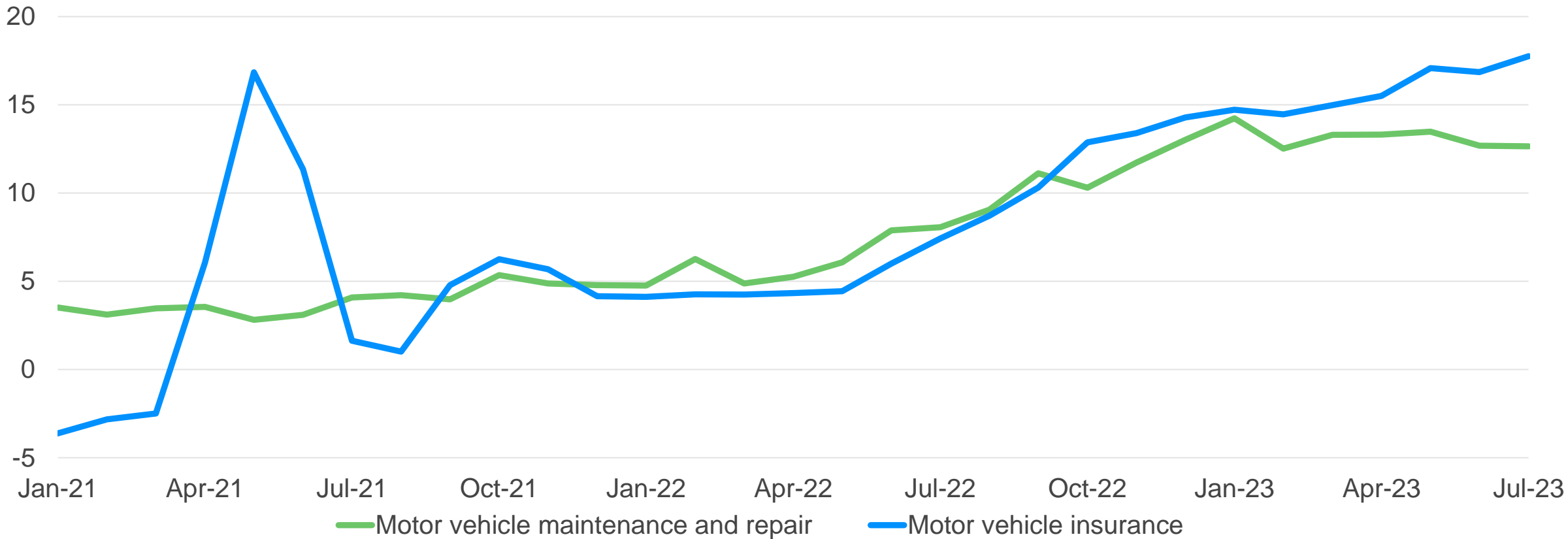
Used Car CPI/New Car CPI



Source: BLS, Moody's Analytics

Maintenance and Insurance Help Drive Defaults

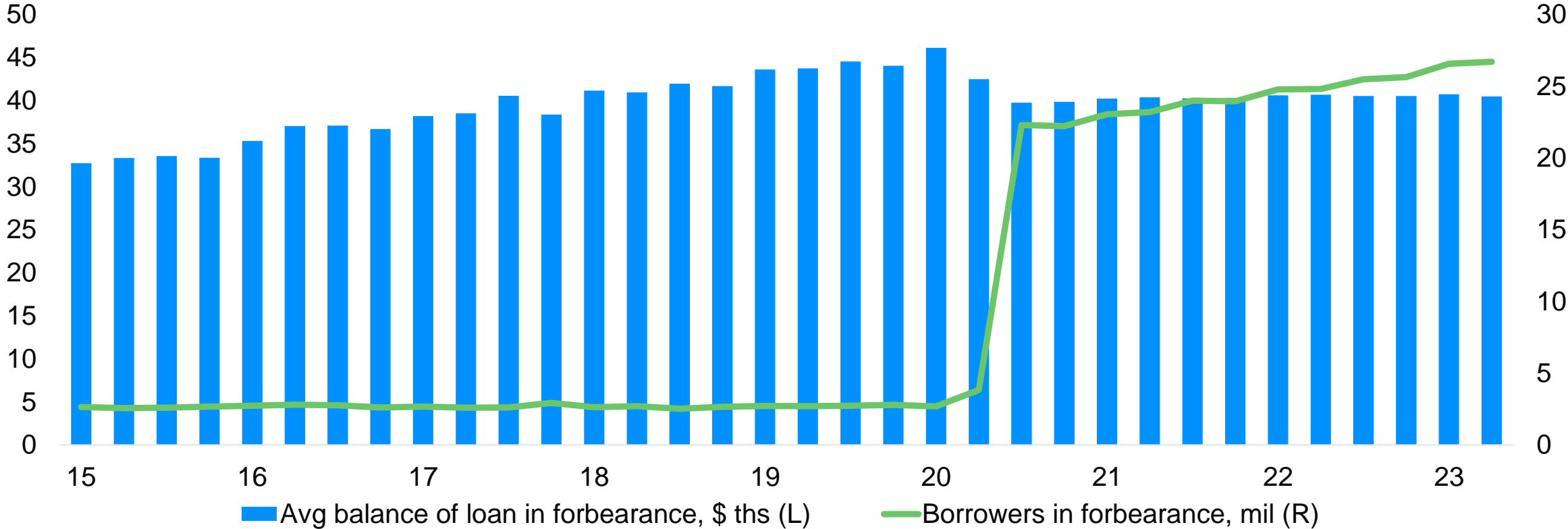
CPI, YoY % change



Source: BLS, Moody's Analytics

Federal Student Loan Borrowers in Forbearance

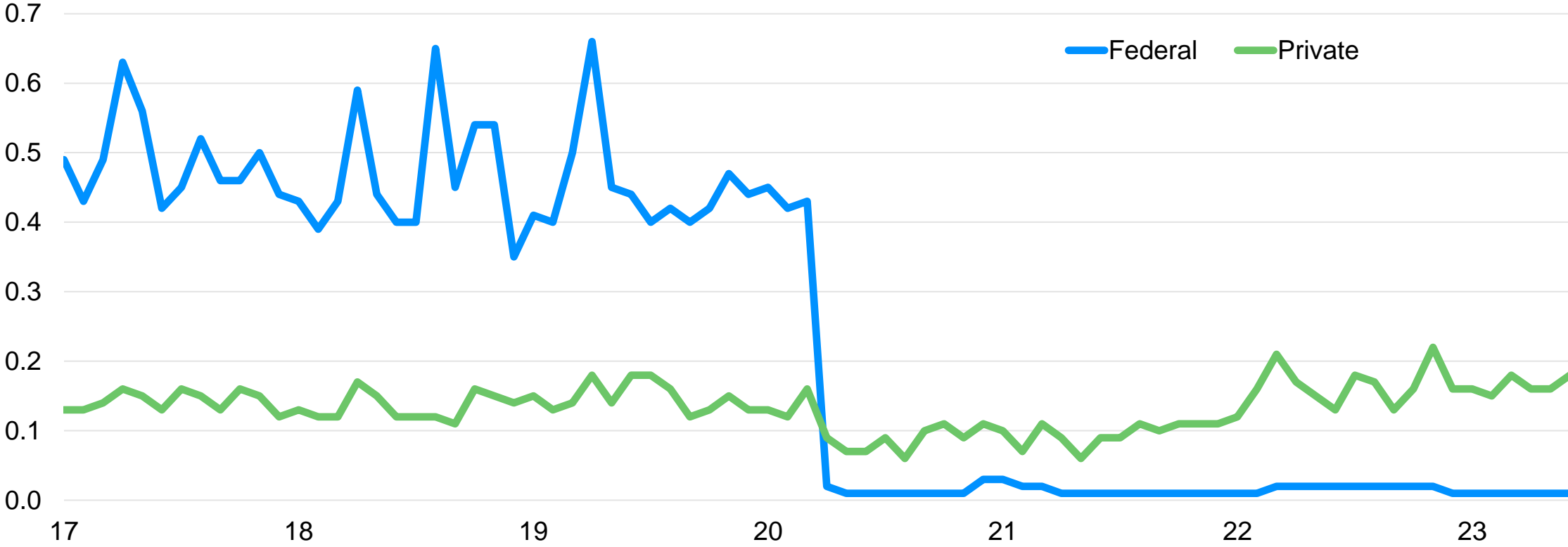
Federal student loans in forbearance



Sources: Department of Education, Moody's Analytics

Can Student Loan Borrowers Keep Up?

90-day \$ delinquency rate, %



Sources: Equifax, Moody's Analytics

slido

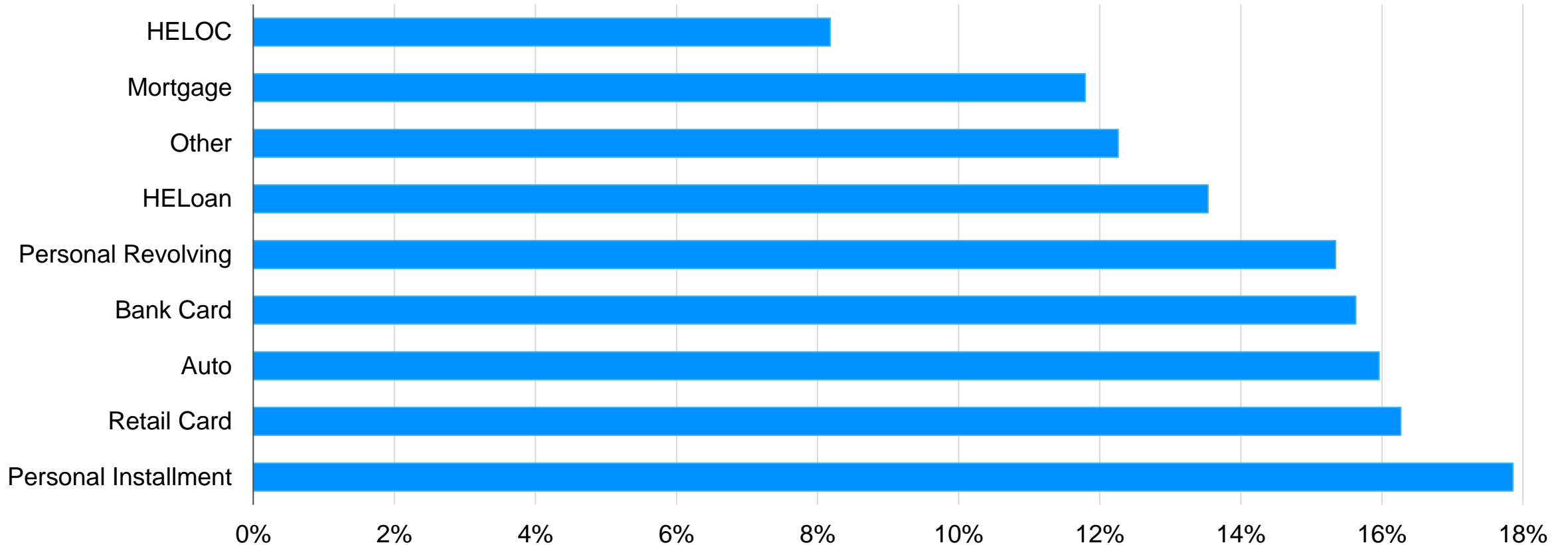


Which kind of debt is less likely to be repaid when student loan payments resume in October?

ⓘ Start presenting to display the poll results on this slide.

Unsecured Debt at Risk When Payments Resume

Share of balances held by Federal student loan holders, % of \$



Sources: Equifax, Moody's Analytics

Saving Student Loan Borrowers

- Student loans are the second-largest type of consumer debt (\$1.7T)

Debtors	Income	Credit Score	Age
Federal Student Holders	44,906	671	37
Other Borrowers	50,213	725	56

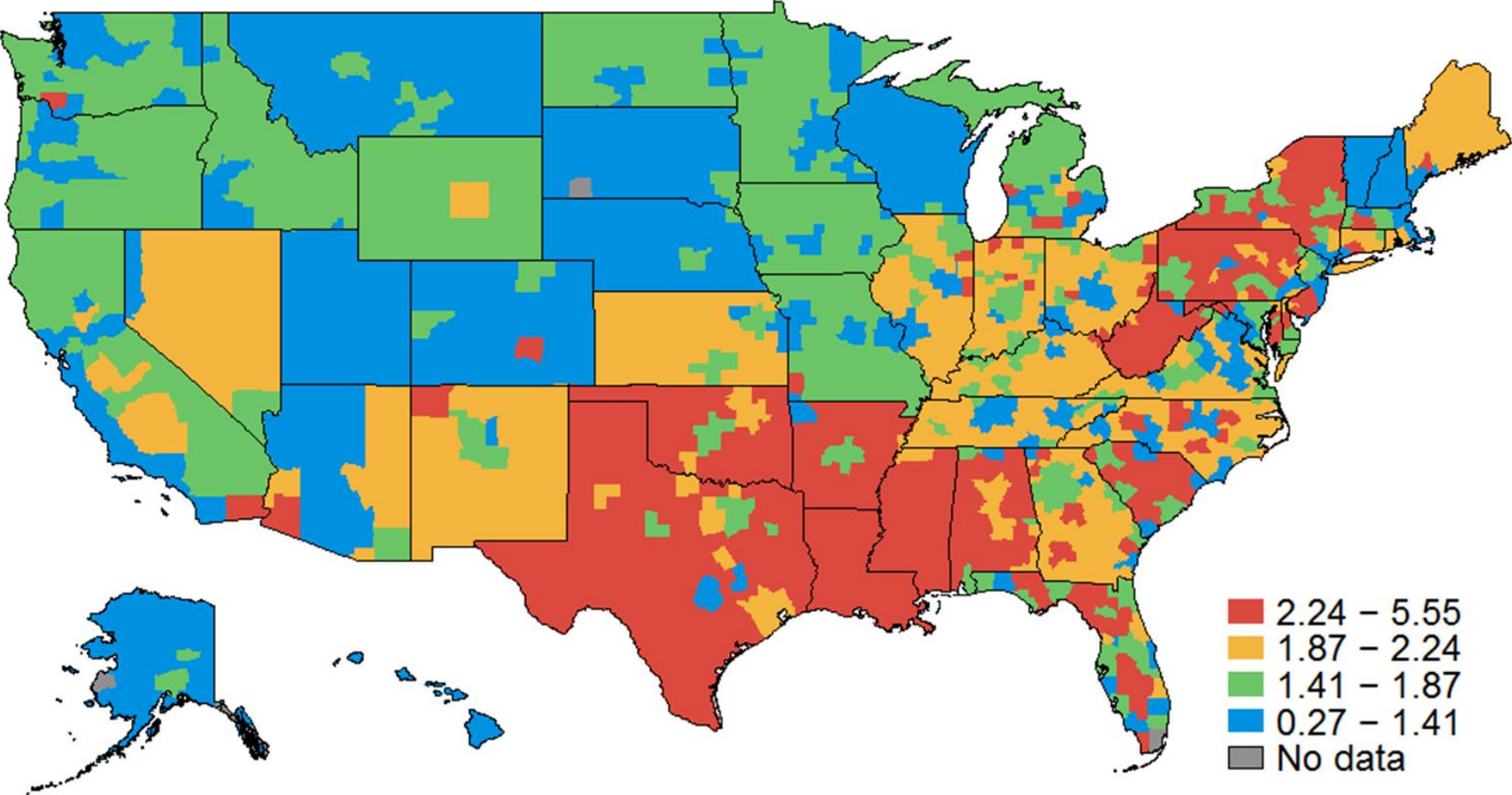
Source: Equifax, Moody's Analytics

- No broad student loan debt forgiveness
- Payments resume in Oct with a 12-month reporting ramp-up period
- SAVE Plan
 - Undergrad loan borrowers pay 5% of discretionary income (currently 10%).
 - Debt balances don't increase when payments are insufficient to cover interest.
 - Loan balances are forgiven after 10 years for borrowers with original balances of \$12,000 or less (currently after 20 years).



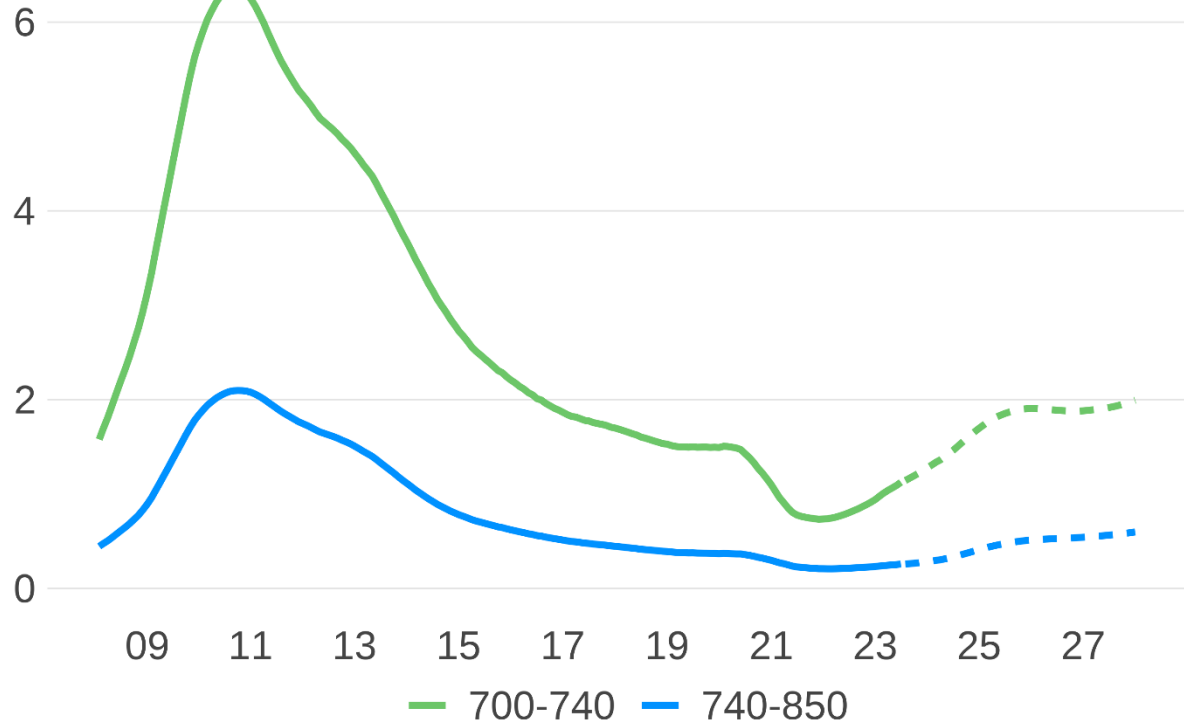
Delinquencies Highest In South, Northeast

Delinquent Balances (%), First Mortgage, Aug 2023

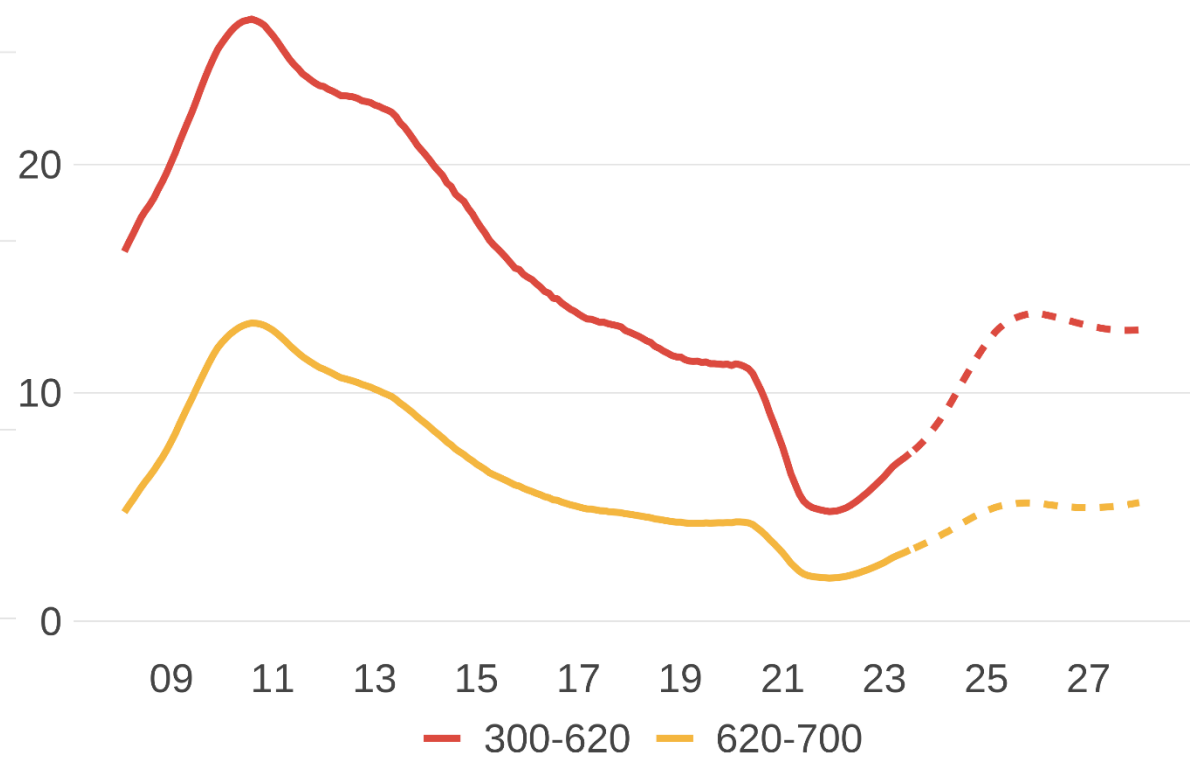


Equity Levels Keep Residential Delinquencies Low


Total delinquent, % of \$, credit score > 700



Total delinquent, % of \$, credit score < 700



Sources: CreditForecast.com, Moody's Analytics



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