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# QUARTERLY REPORT ON HOUSEHOLD DEBT AND CREDIT

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August 2011



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**FEDERAL RESERVE BANK OF NEW YORK**  
RESEARCH AND STATISTICS GROUP • MICROECONOMIC STUDIES

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## Household Debt and Credit Developments in 2011Q2<sup>1</sup>

Aggregate consumer debt essentially held steady in the second quarter, repeating its performance from 2011Q1. As of June 30, 2011, total consumer indebtedness was \$11.4 trillion, a reduction of \$1.08 trillion (8.6%) from its peak level at the close of 2008Q3, and \$50 billion (0.4%) below its March 31, 2011 level.<sup>2</sup> Mortgage balances shown on consumer credit reports fell very slightly (\$20 billion or 0.2%) during the quarter; home equity lines of credit (HELOC) balances fell by \$20 billion (3.0%). Household mortgage and HELOC indebtedness are now 8.3% and 12.7%, respectively, below their peaks. Consumer indebtedness excluding mortgage and HELOC balances fell very slightly (\$10 billion or about 0.4%) in the quarter. Consumers' non-real estate indebtedness now stands at \$2.28 trillion, 9.5% below its 2008Q4 peak.

Aggregate credit card limits rose by \$60 billion (2.1%) during the quarter, the second consecutive quarterly increase. About 199 million credit accounts were closed during the four quarters that ended June 30, while 168 million accounts were opened over the same period. Credit cards have been the primary source of the reductions in open accounts over the past two years, but during 2011Q2 the number of open credit card accounts jumped by 10 million, to 389 million. Nonetheless, the number of open credit card accounts on June 30 remained nearly 22% below its 2008Q2 peak and balances on those cards were nearly 20% below their 2008Q4 high. The number of credit account inquiries within six months – an indicator of consumer credit demand – increased again, and this measure is now 7.5% above its 2010Q1 trough.

Total household delinquency rates declined for the sixth consecutive quarter in 2011Q2. As of June 30, 9.9% of outstanding debt was in some stage of delinquency, compared to 10.5% on March 31 and 11.4% a year ago. About \$1.1 trillion of consumer debt is currently delinquent, with \$833 billion seriously delinquent (at least 90 days late or “severely derogatory”). Compared to a year ago, both delinquent and seriously delinquent balances have fallen 15%.

About 284,000 individuals had a foreclosure notation added to their credit reports between March 31 and June 30, a 22.8% decrease from the 2011Q1 level of new foreclosures. As they did last year at this time, new bankruptcies noted on credit reports rose during the second quarter. Nonetheless, new bankruptcies in 2011Q2 were 23.8% below their levels of 2010Q2.

Mortgage originations ended their three-quarter increase, falling to \$352 billion. Mortgage originations shown on credit reports are volatile; in 2011Q2 they were 17% above their 2008Q4 trough and 3% below their level of a year ago. Mortgage originations over the last four quarters were 44% below their average levels of 2003-2007. Auto loan originations held steady in the quarter, at \$63 billion, and remain more than 25% above their trough level of 2009Q1. Still, auto loan origination balances are also well below their levels of 2003-2007.

About 2.2% of current mortgage balances transitioned into delinquency during 2011Q2, the third straight quarterly improvement in this measure. The rate of transition from early (30-60 days) into serious (90 days or more) delinquency rose slightly, to 28.2%. This deterioration was accompanied by a lower cure rate, with the transition rate from early delinquency to “current” decreasing one percentage point in the quarter.

While many of the national trends described here are present in most areas of the country, the data for selected states indicate substantial heterogeneity. For example, data for Arizona, California, Florida and Nevada continue to indicate higher than average delinquency and foreclosure rates, but these rates continue to fall faster than in the rest of the country. The accompanying charts provide graphic representations of the national data and, for selected series, the underlying geographic variation.

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<sup>1</sup> This report is based on data from the FRBNY Consumer Credit Panel. Please contact Andrew Haughwout, Wilbert van der Klaauw or Donghoon Lee with questions.

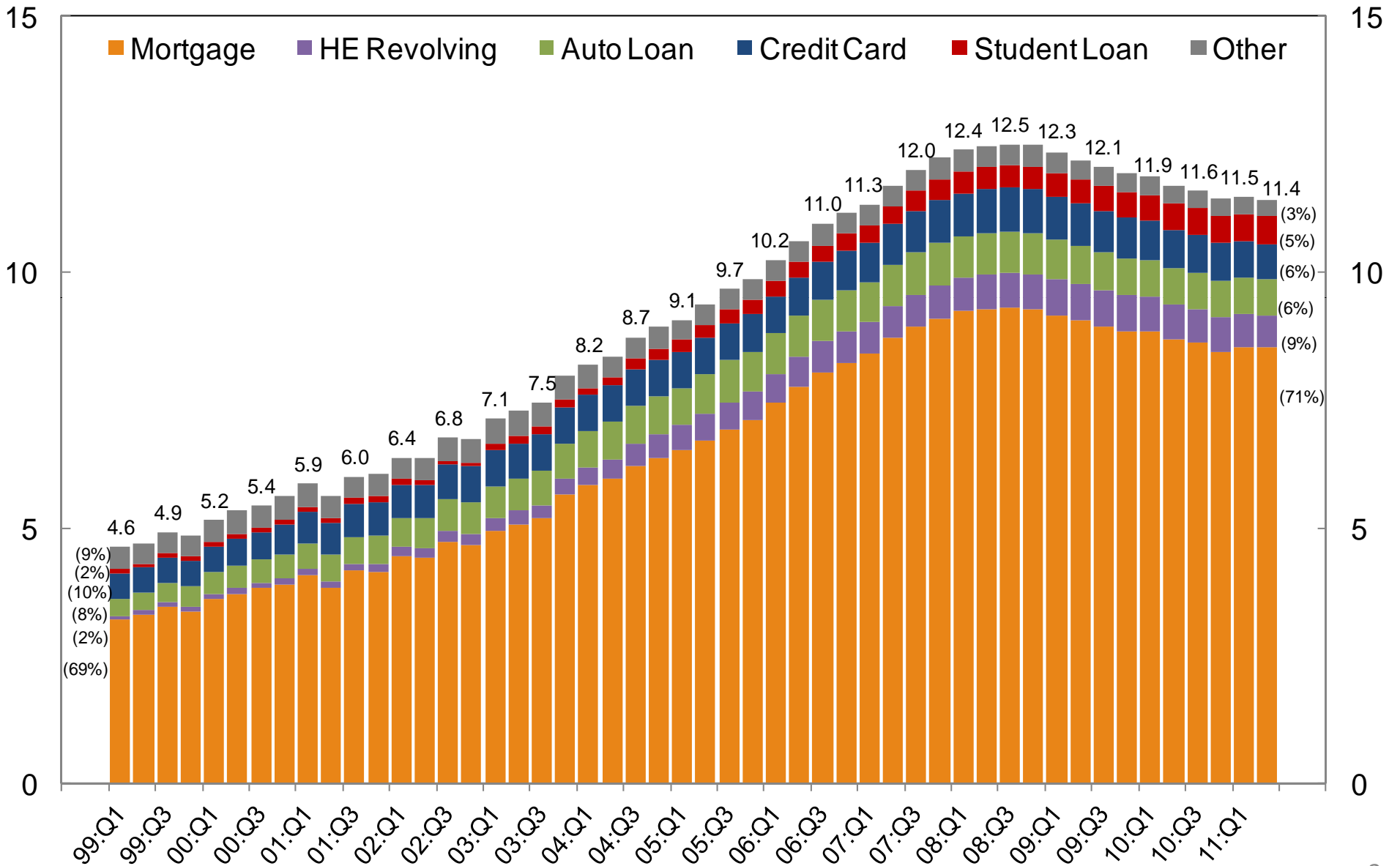
<sup>2</sup> For details on the data set and the measures reported here, see the data dictionary that follows the charts.

# **NATIONAL CHARTS**

# Total Debt Balance and its Composition

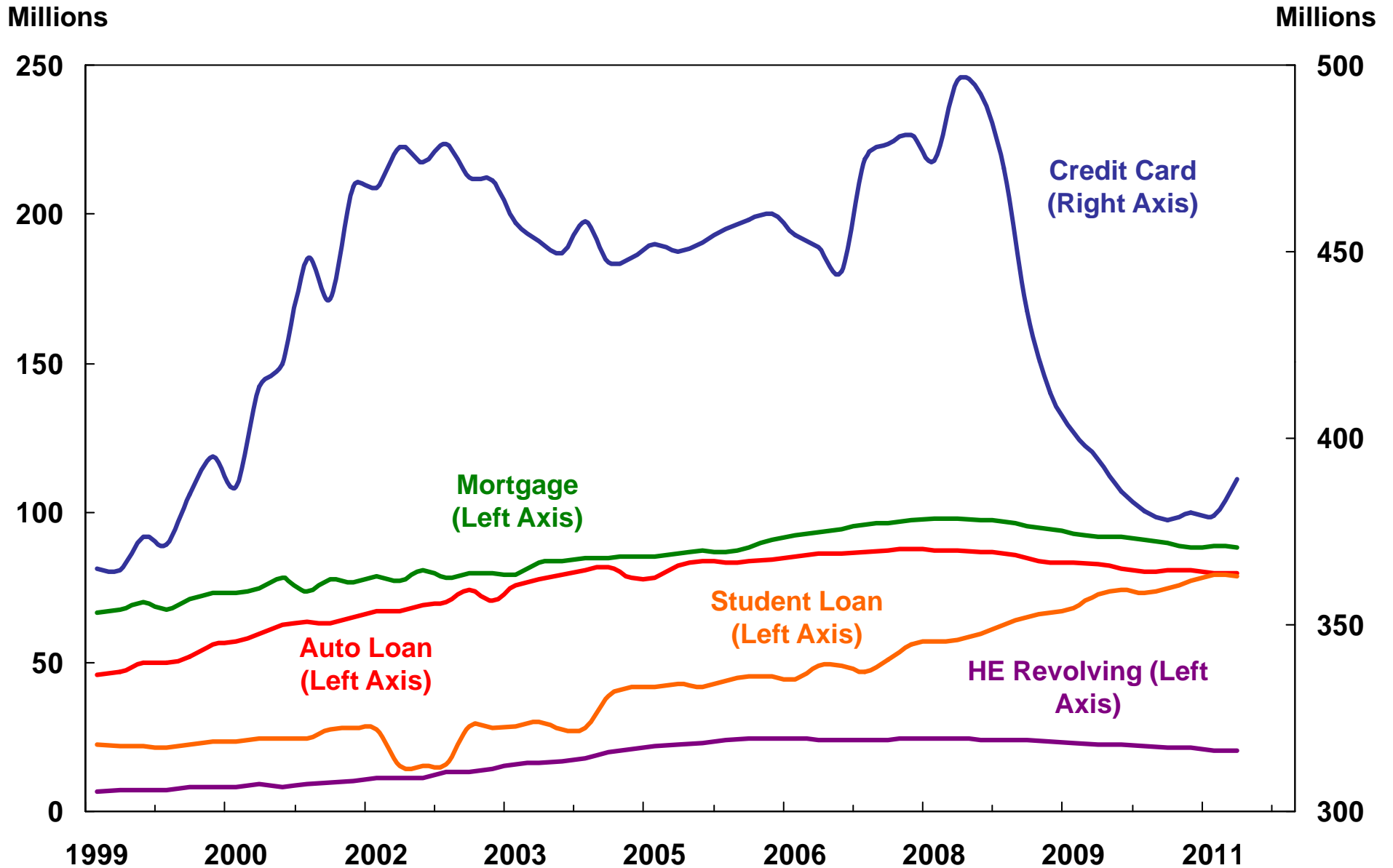
Trillions of Dollars

Trillions of Dollars



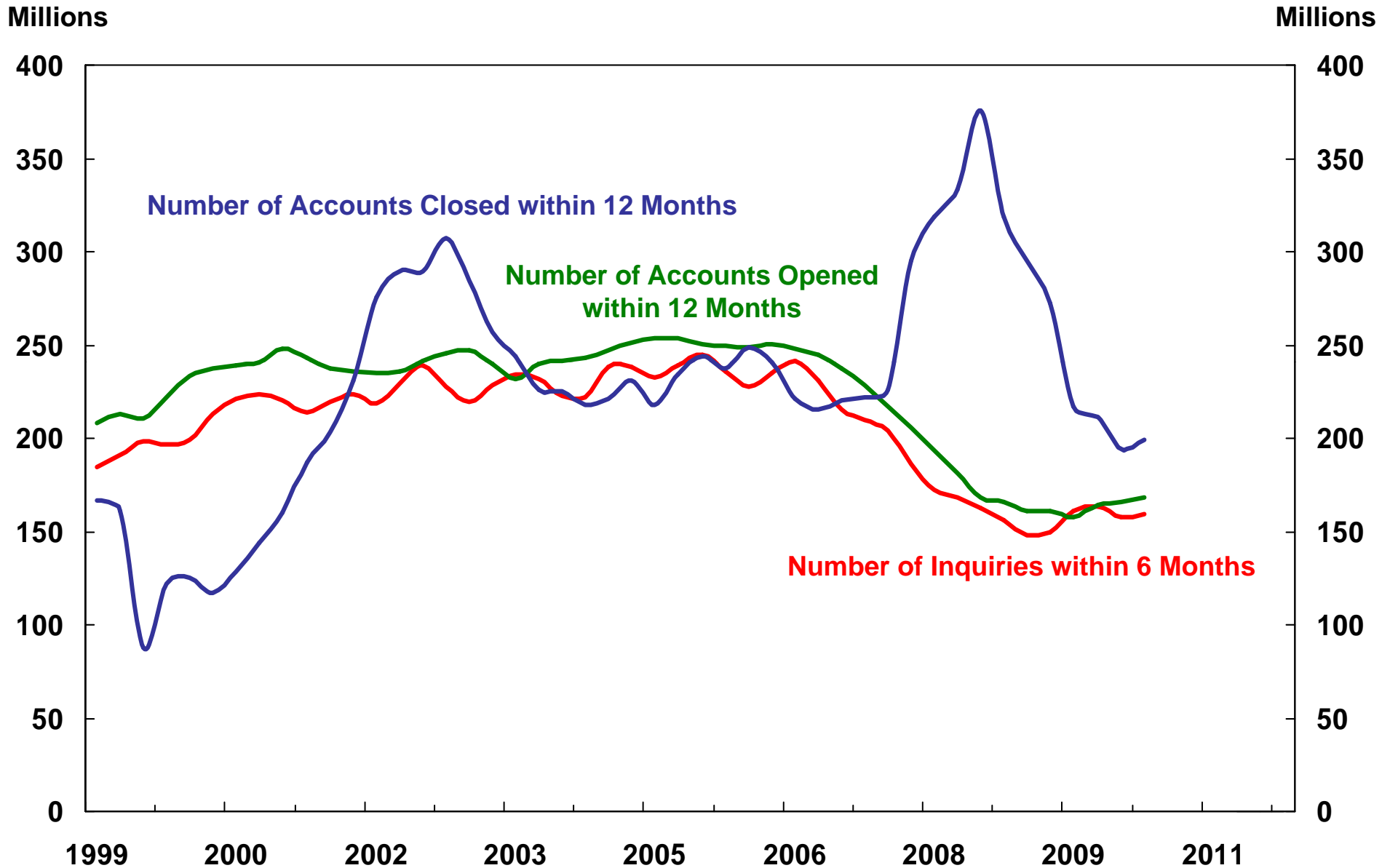
Source: FRBNY Consumer Credit Panel/Equifax

# Number of Accounts by Loan Type



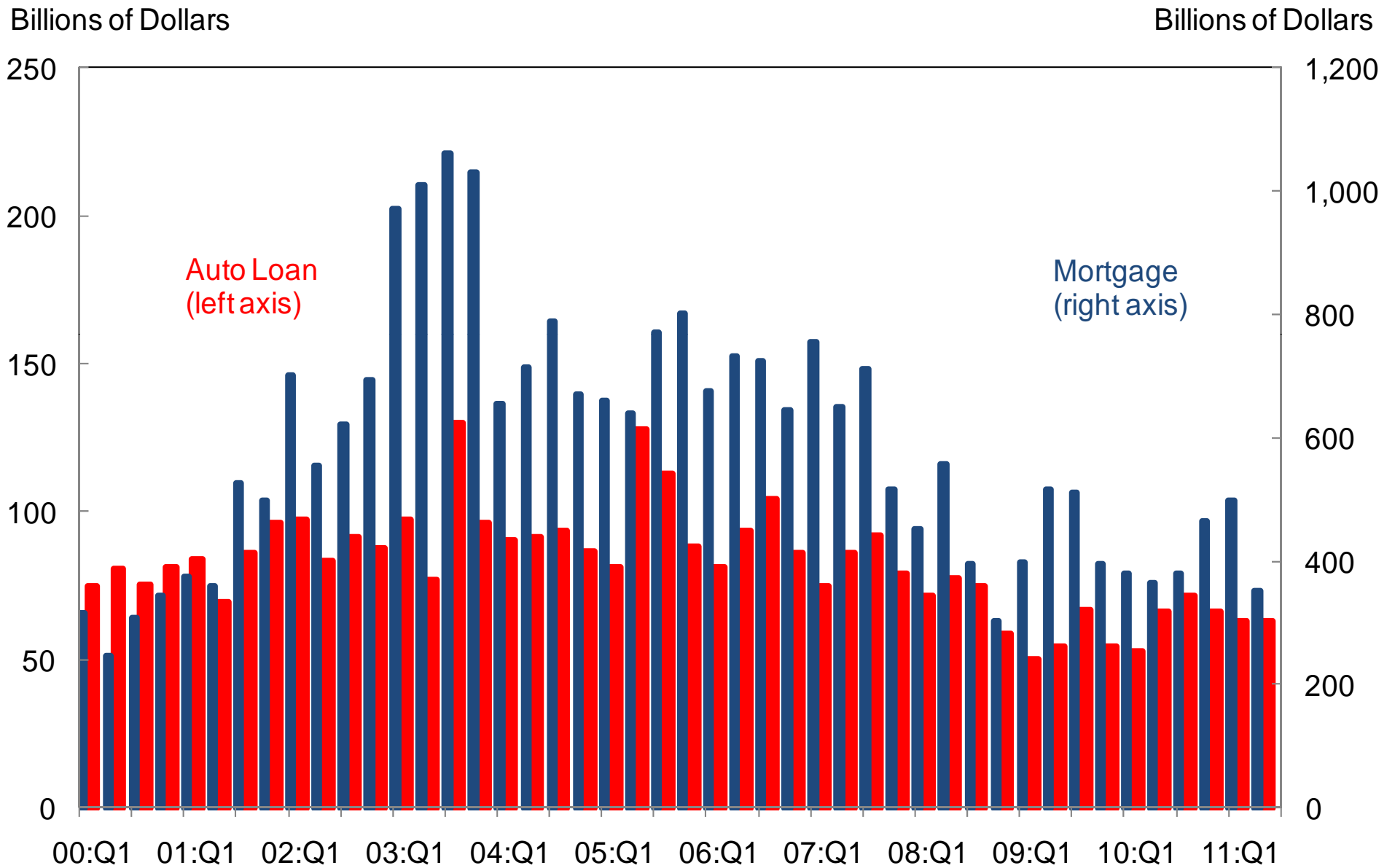
Source: FRBNY Consumer Credit Panel/Equifax

# Total Number of New and Closed Accounts and Inquiries



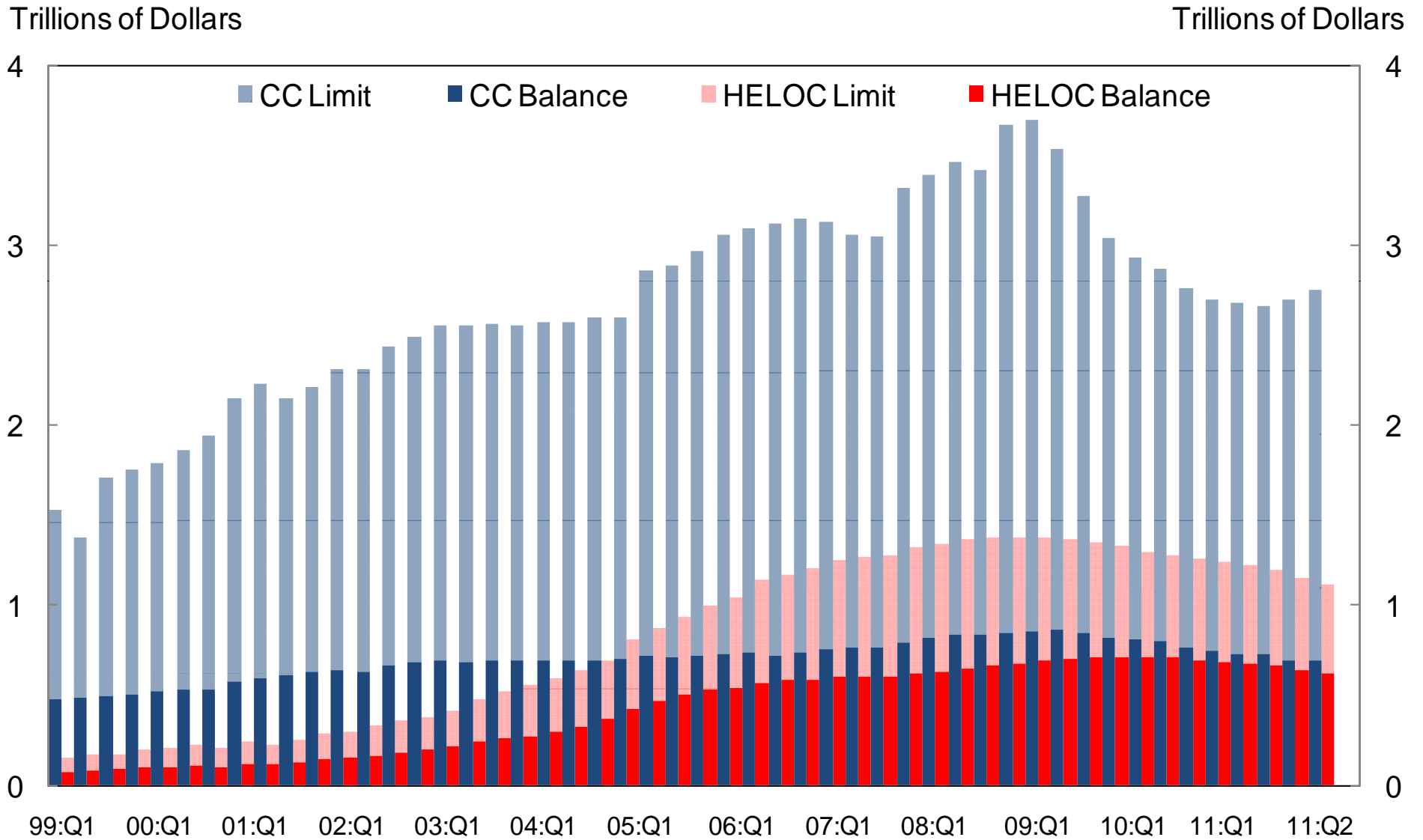
Source: FRBNY Consumer Credit Panel/Equifax

# Newly Originated Installment Loan Balances



Source: FRBNY Consumer Credit Panel/Equifax

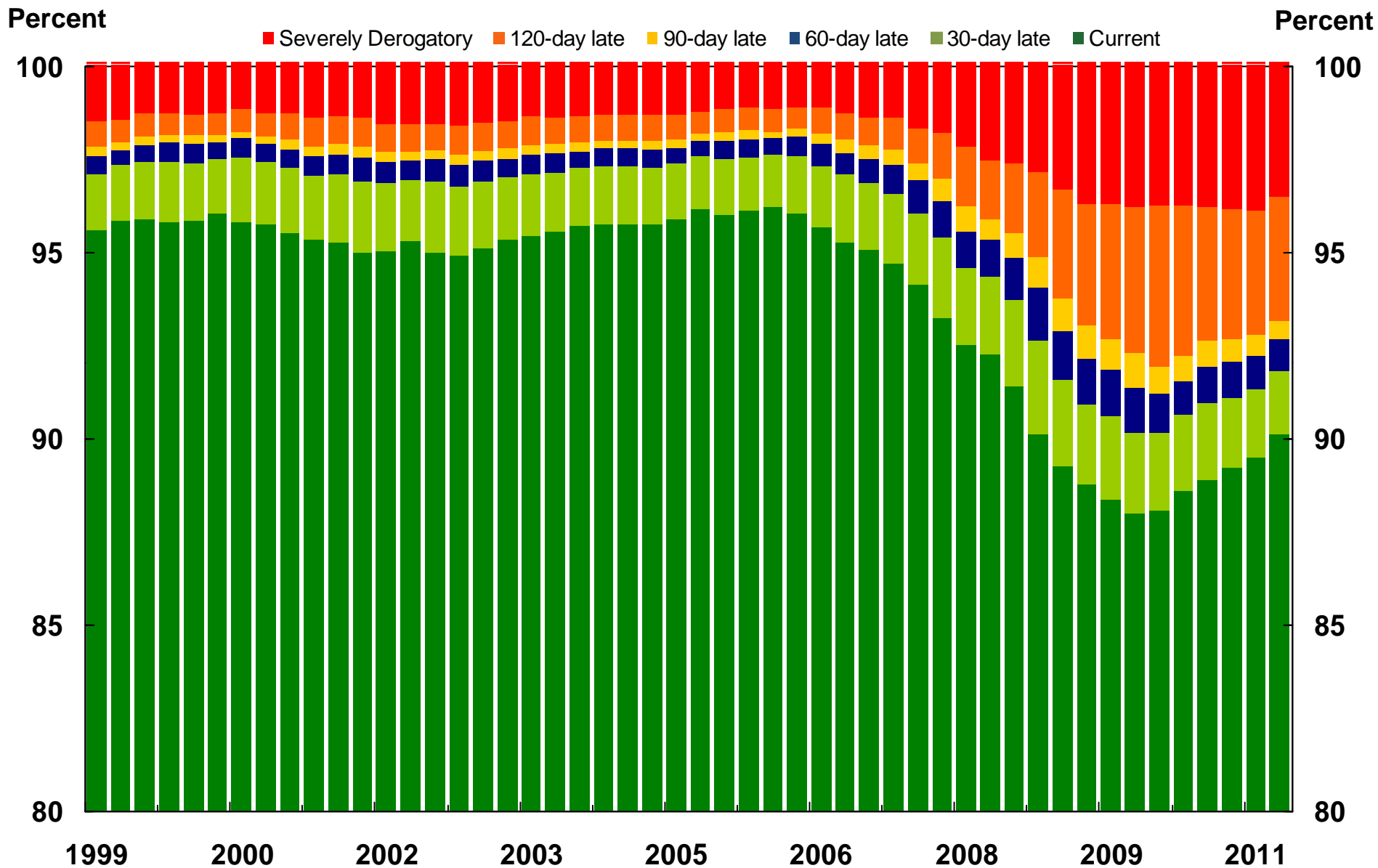
# Credit Limit and Balance for Credit Cards and HE Revolving



Source: FRBNY Consumer Credit Panel/Equifax

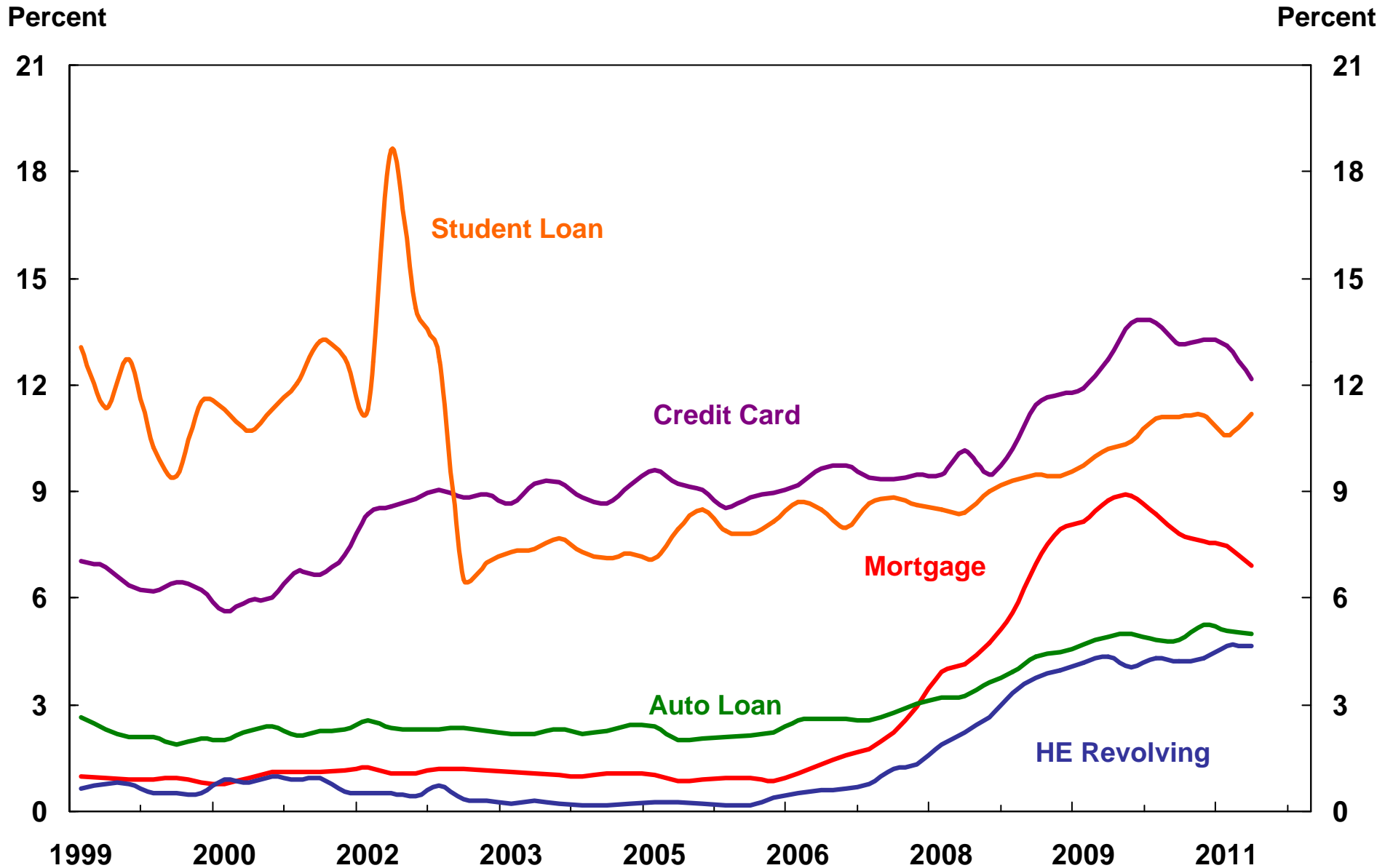


# Total Balance by Delinquency Status



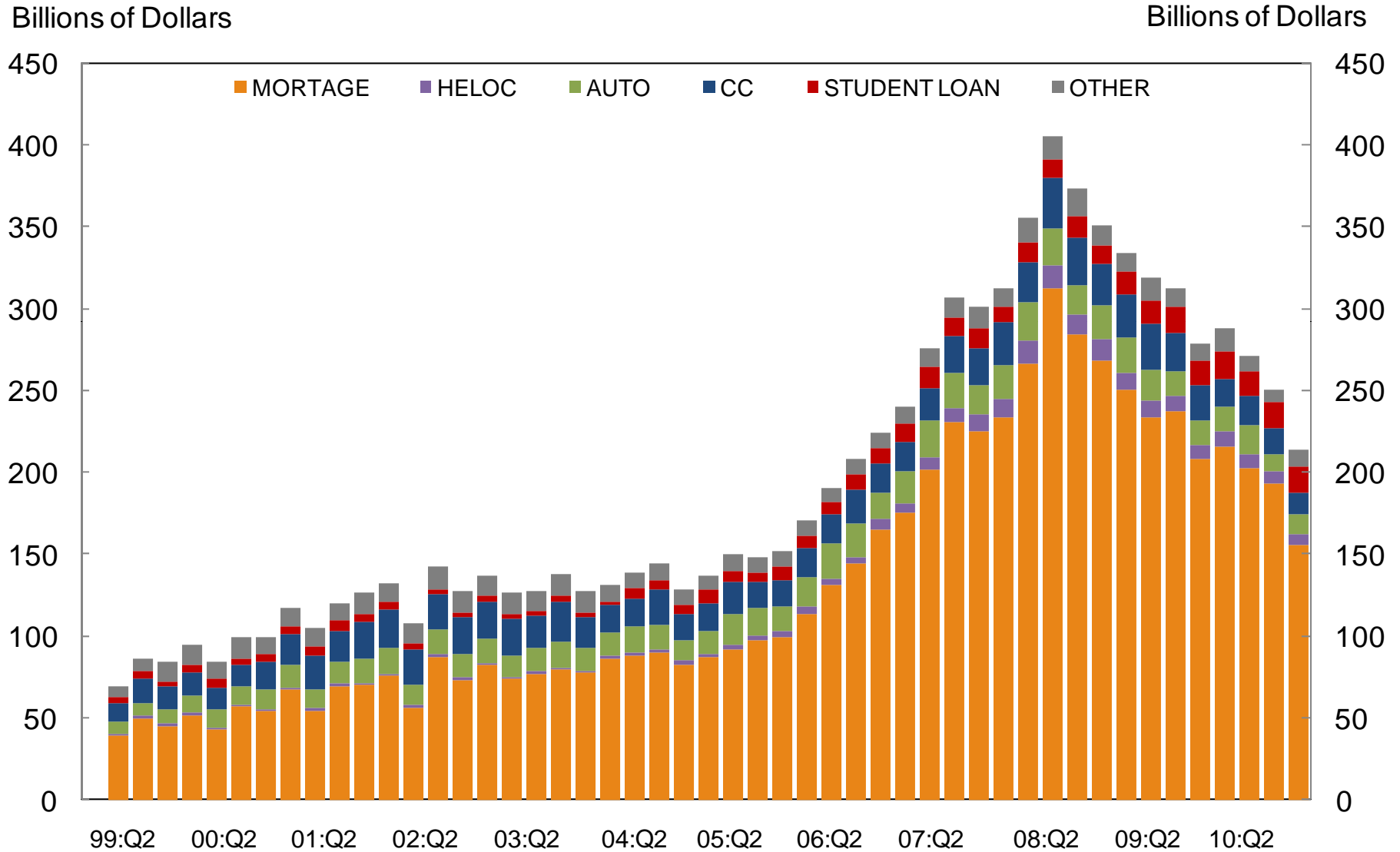
Source: FRBNY Consumer Credit Panel/Equifax

# Percent of Balance 90+ Days Delinquent by Loan Type



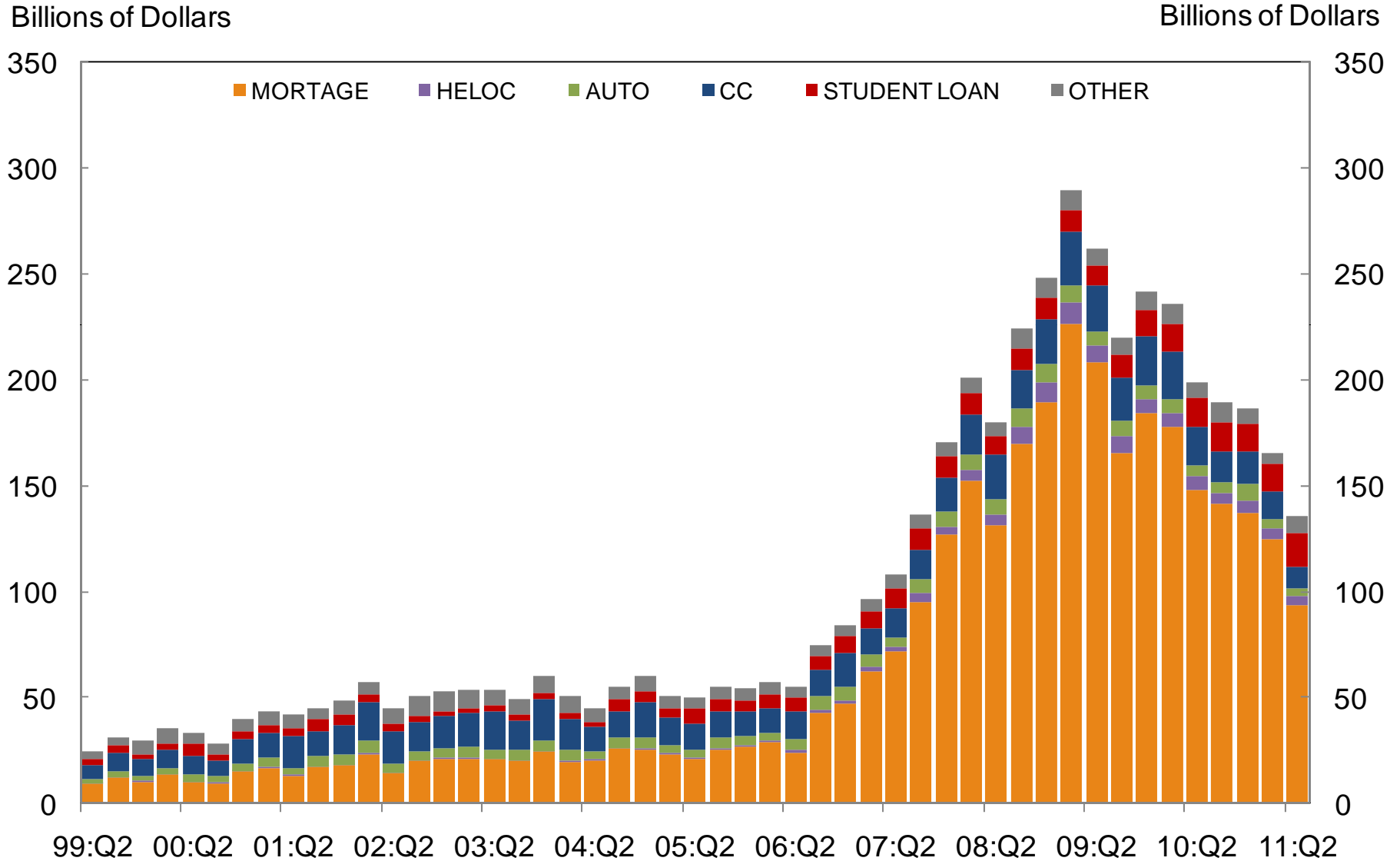
Source: FRBNY Consumer Credit Panel/Equifax

# New Delinquent Balances by Loan Type



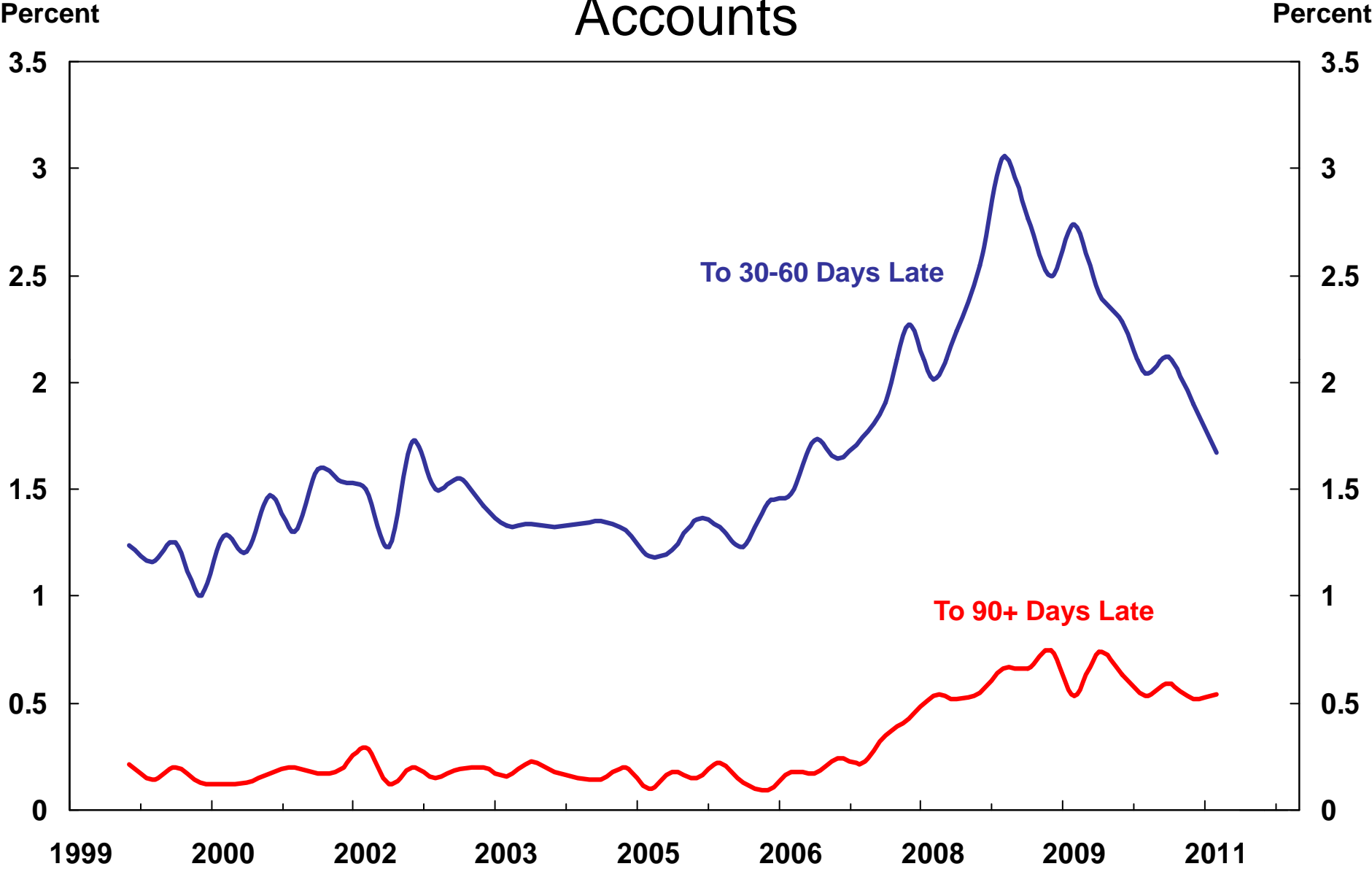
Source: FRBNY Consumer Credit Panel/Equifax

# New Seriously Delinquent Balances by Loan Type



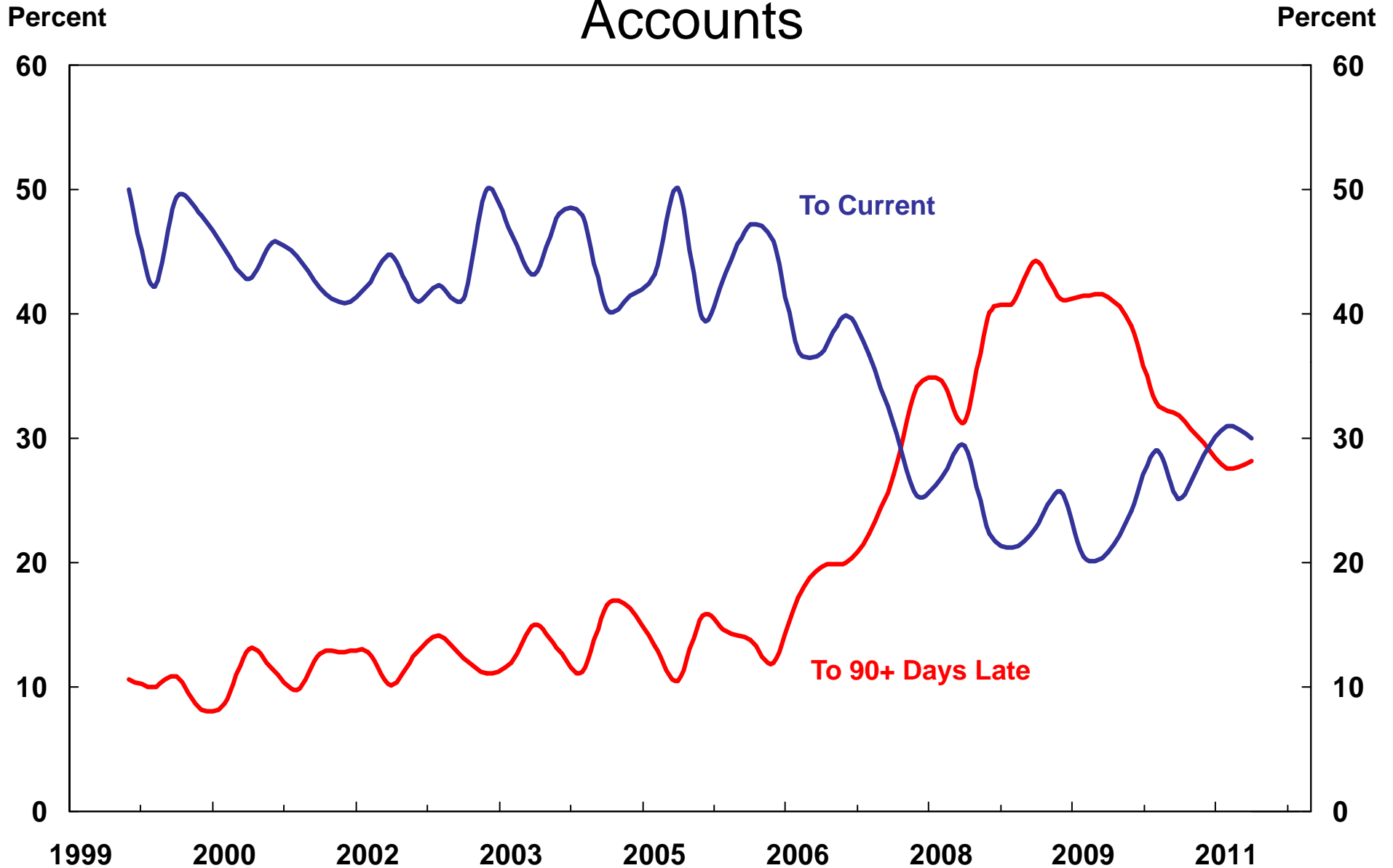
Source: FRBNY Consumer Credit Panel/Equifax

# Quarterly Transition Rates for Current Mortgage Accounts



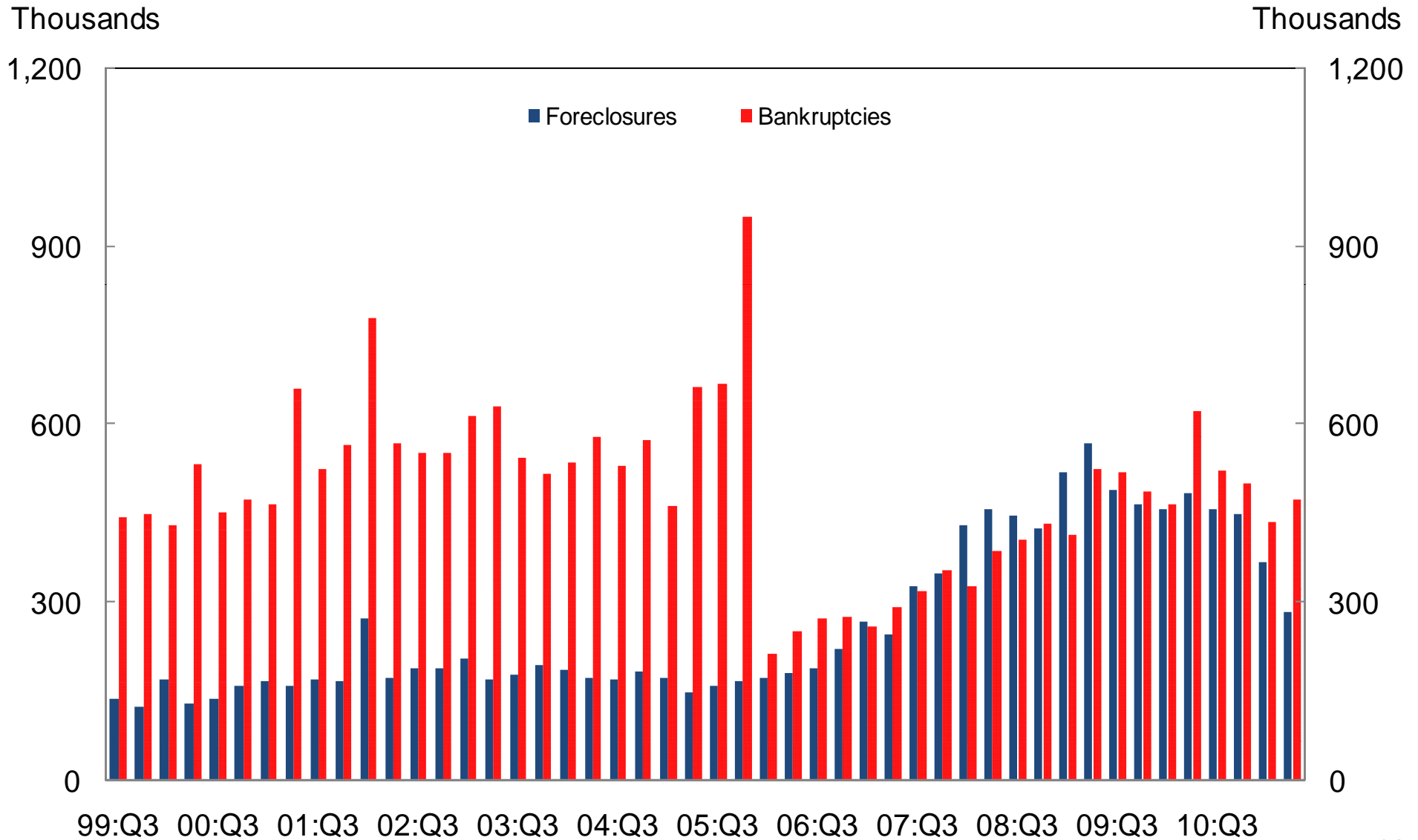
Source: FRBNY Consumer Credit Panel/Equifax

# Quarterly Transition Rates for 30-60 Day Late Mortgage Accounts



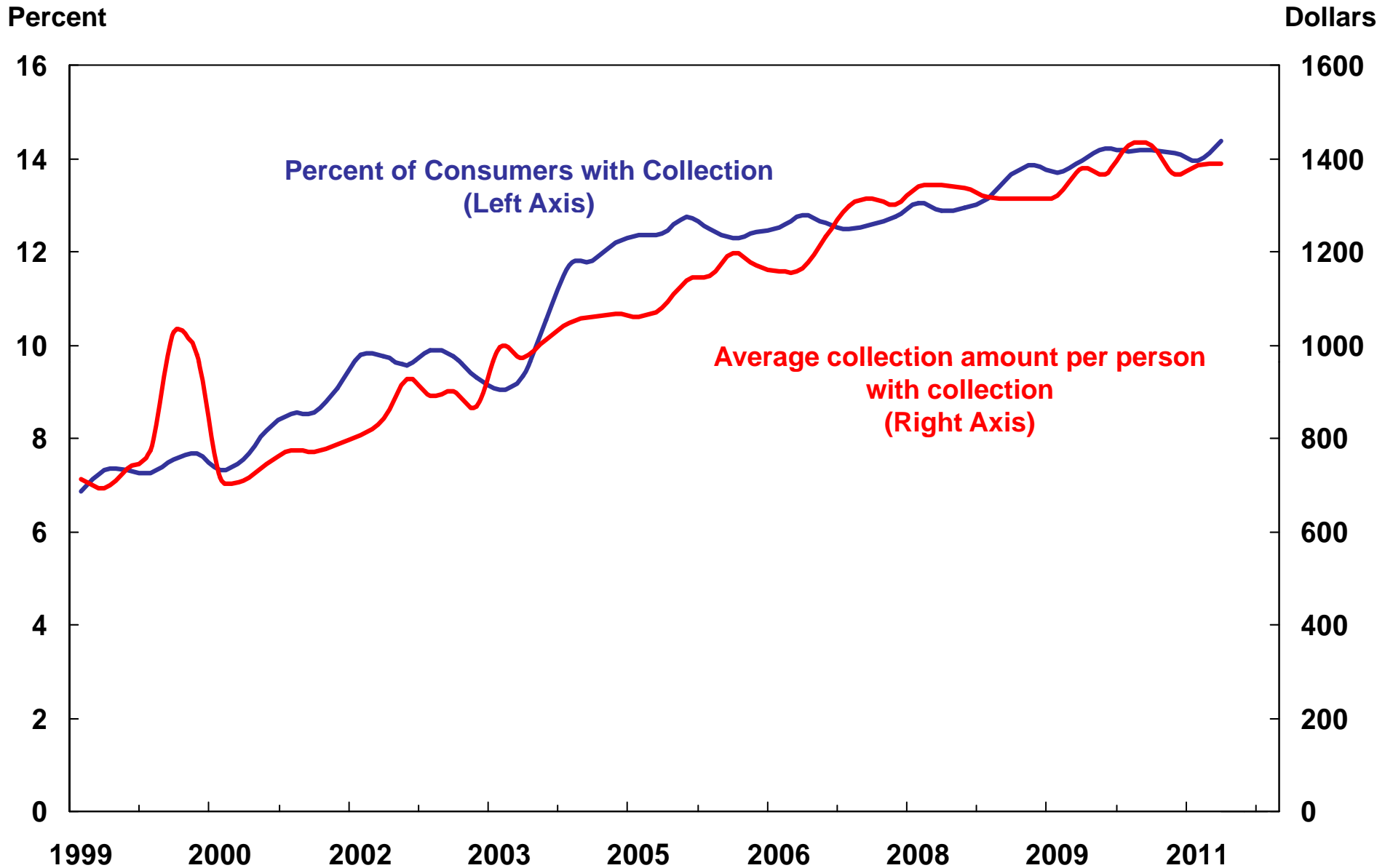
Source: FRBNY Consumer Credit Panel/Equifax

# Number of Consumers with New Foreclosures and Bankruptcies



Source: FRBNY Consumer Credit Panel/Equifax

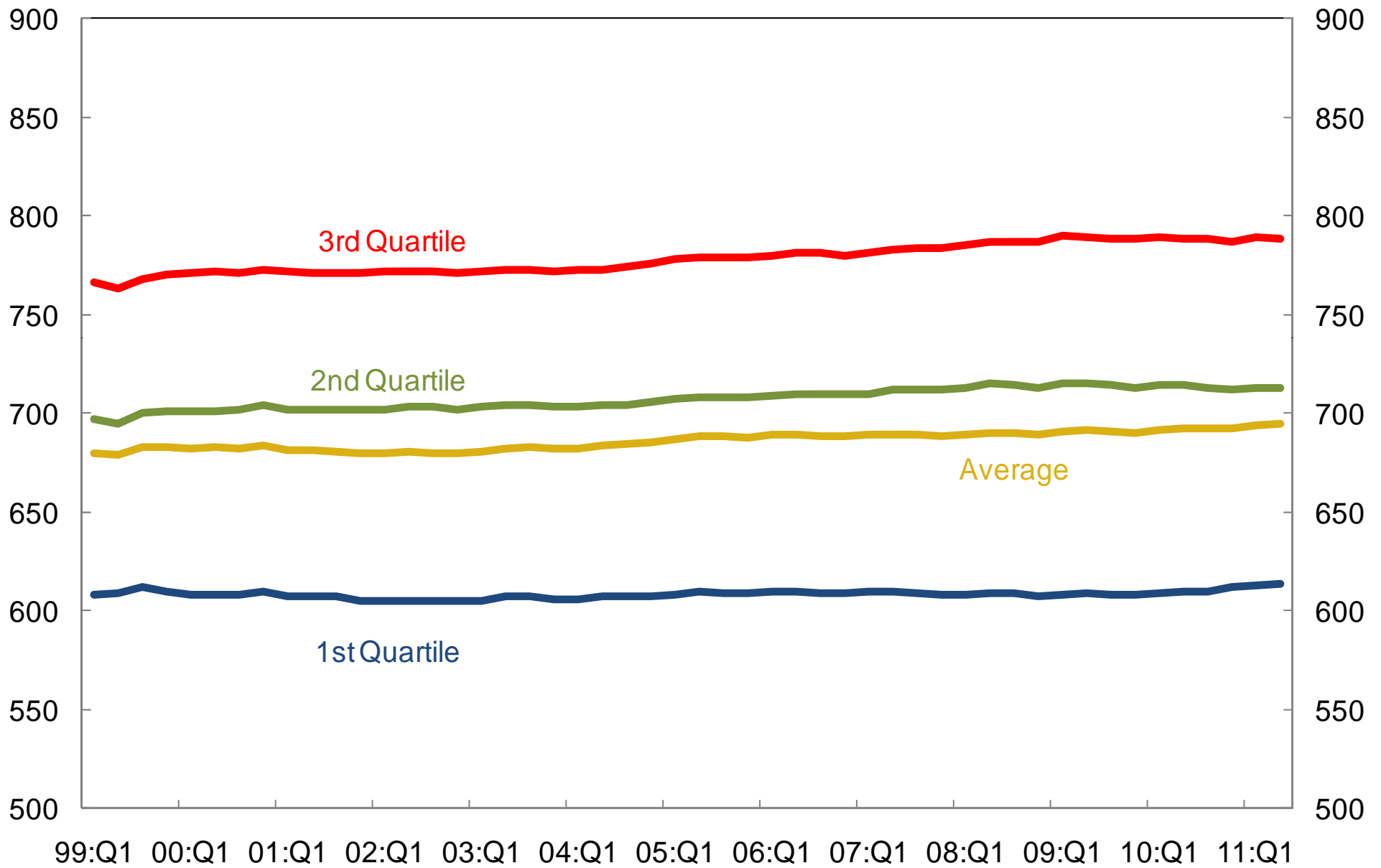
# Third Party Collections



Source: FRBNY Consumer Credit Panel/Equifax



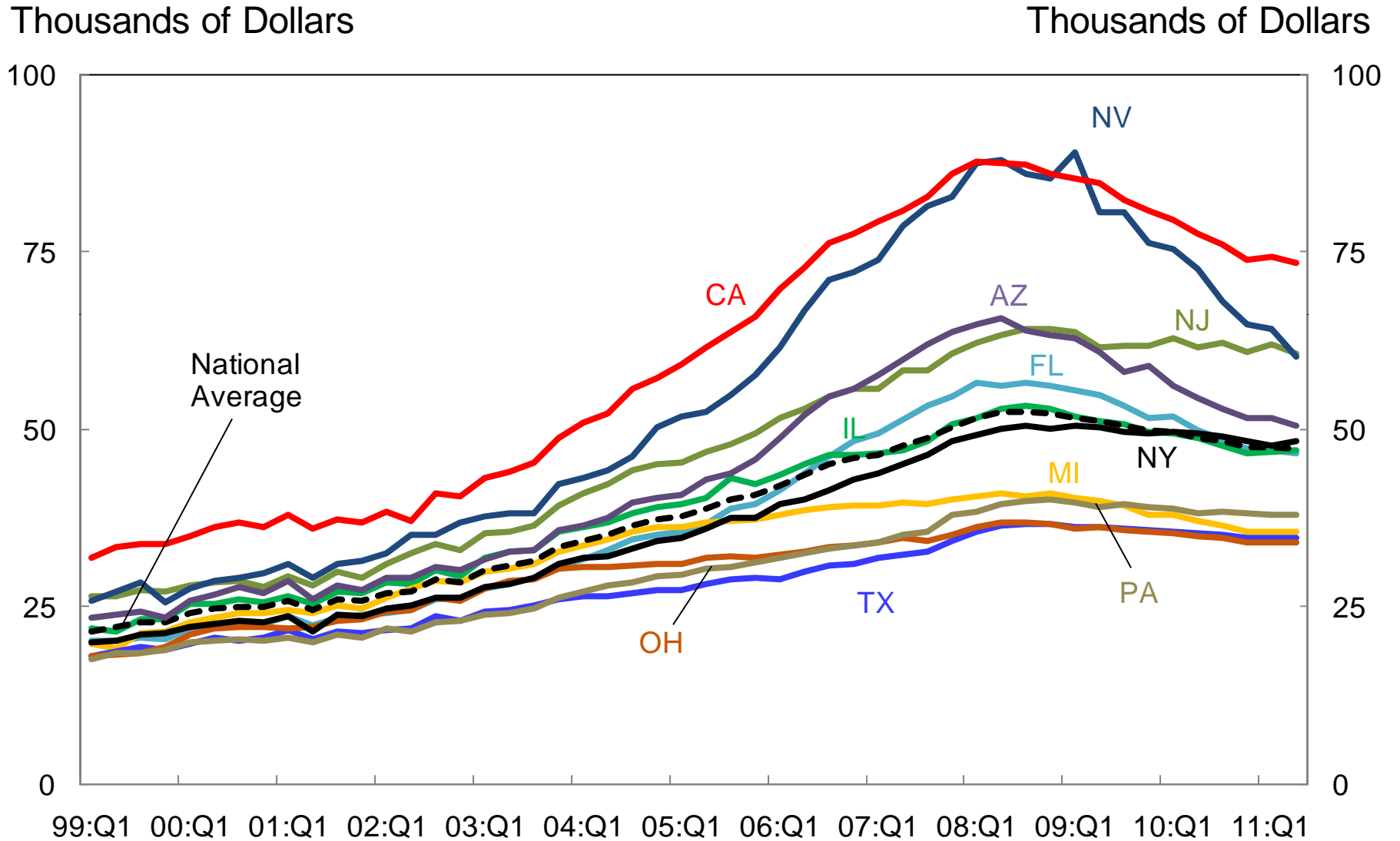
# Consumer Credit Score Distribution



Source: FRBNY Consumer Credit Panel/Equifax

# CHARTS FOR SELECT STATES

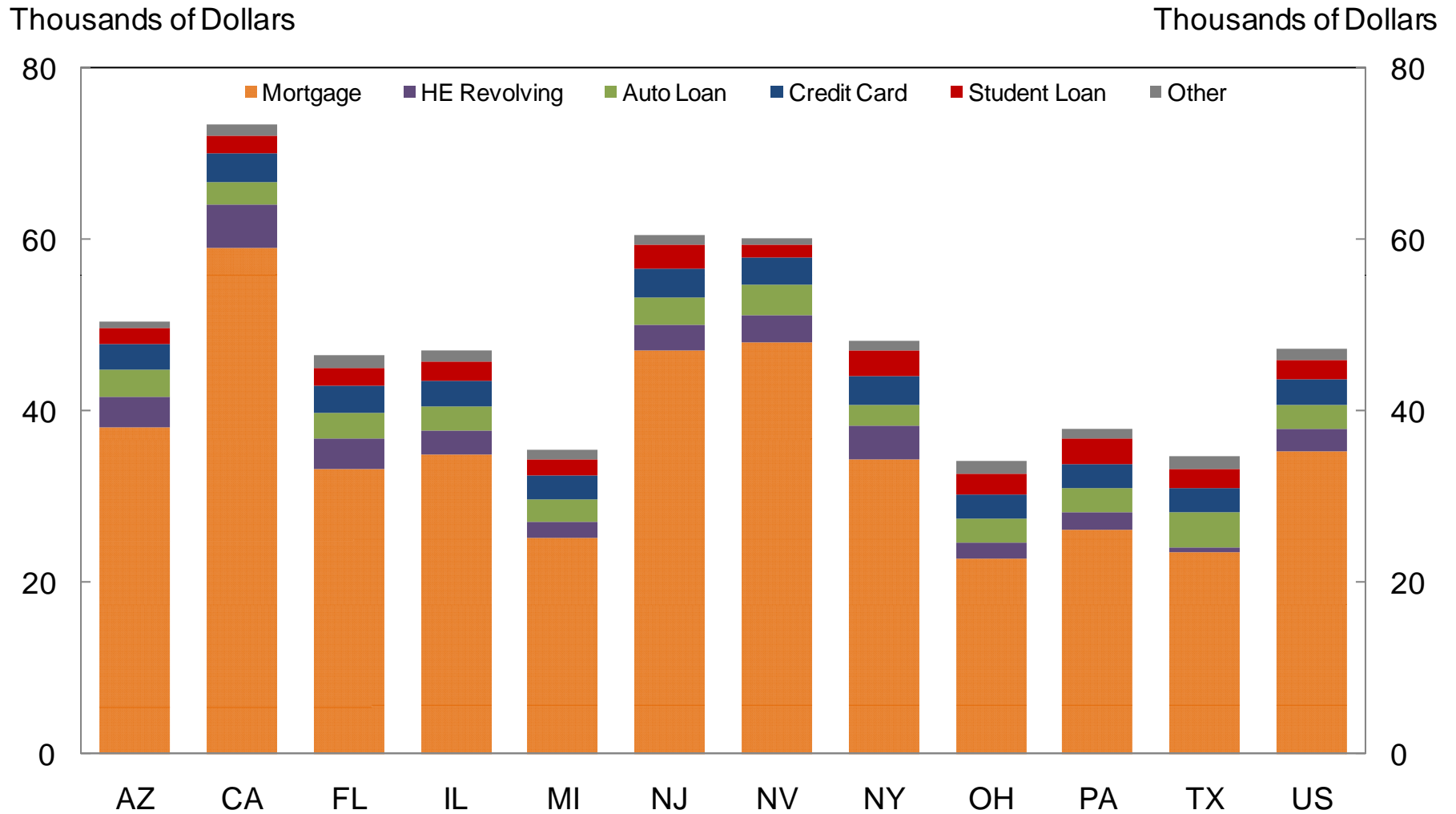
# Total Debt Balance per Capita\* by State



Source: FRBNY Consumer Credit Panel/Equifax

\* Based on the population with a credit report

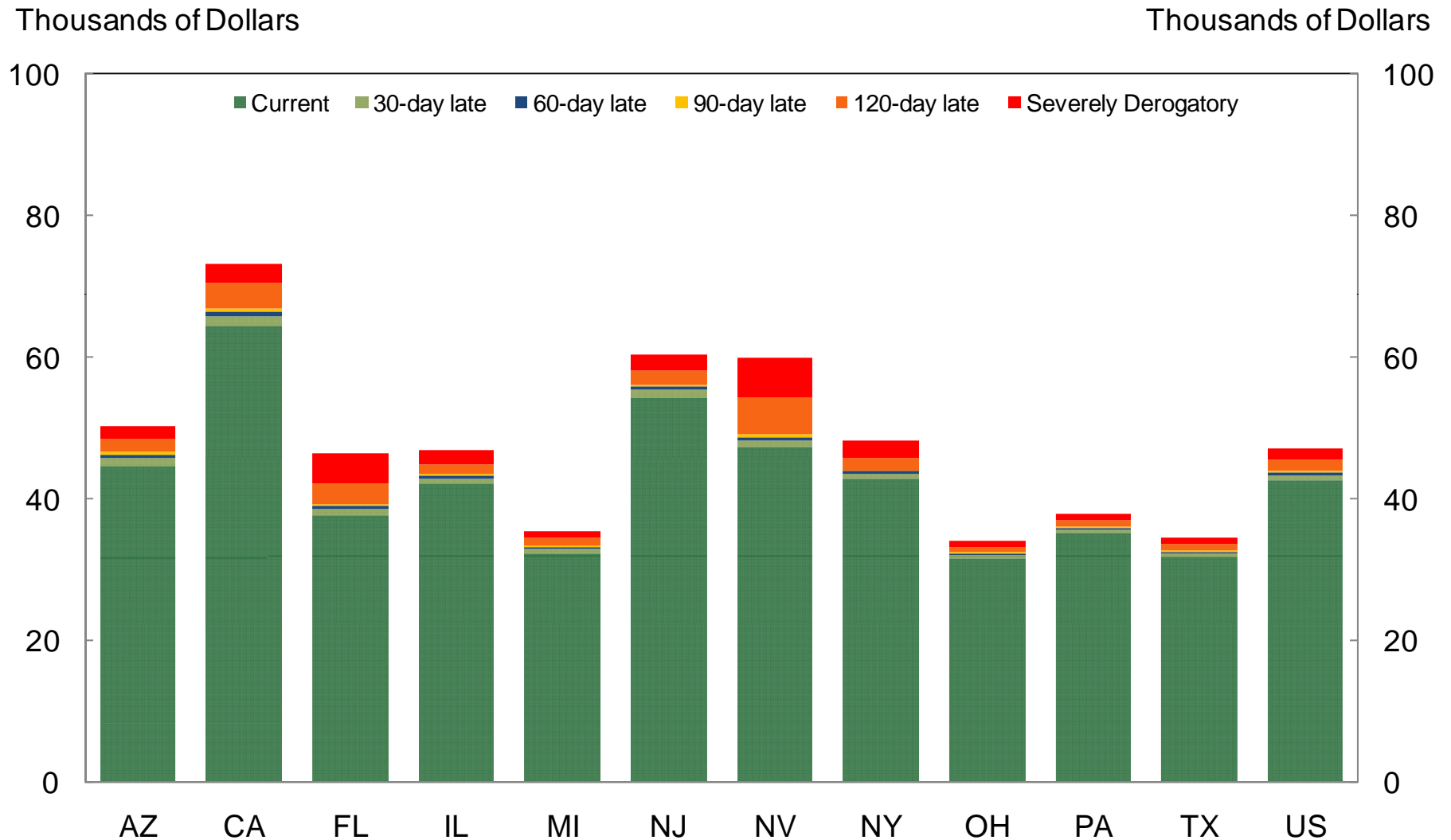
# Composition of Debt Balance per Capita\* by State (2011 Q2)



Source: FRBNY Consumer Credit Panel/Equifax

\* Based on the population with a credit report

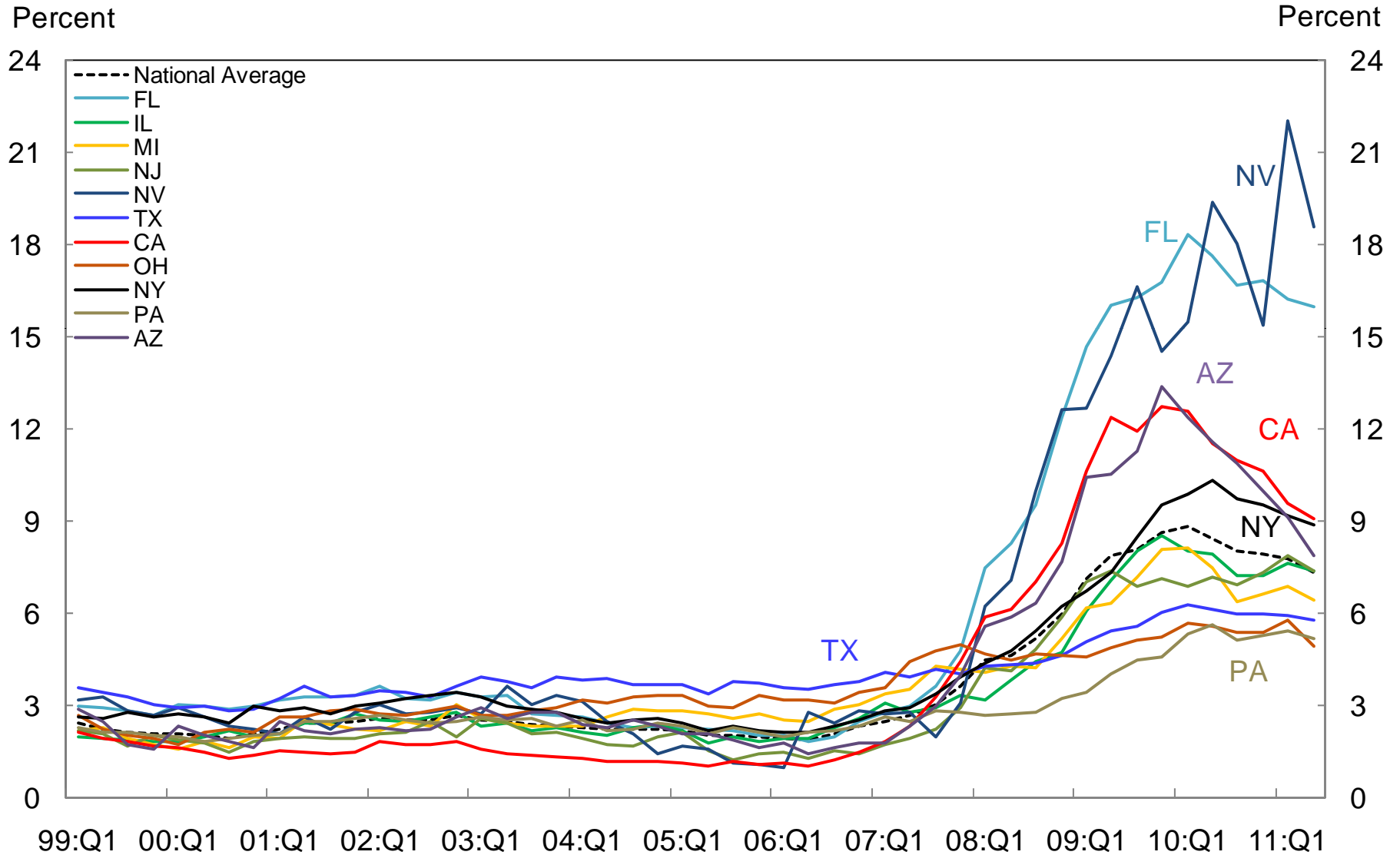
# Delinquency Status of Debt Balance per Capita\* by State (2011 Q2)



Source: FRBNY Consumer Credit Panel/Equifax

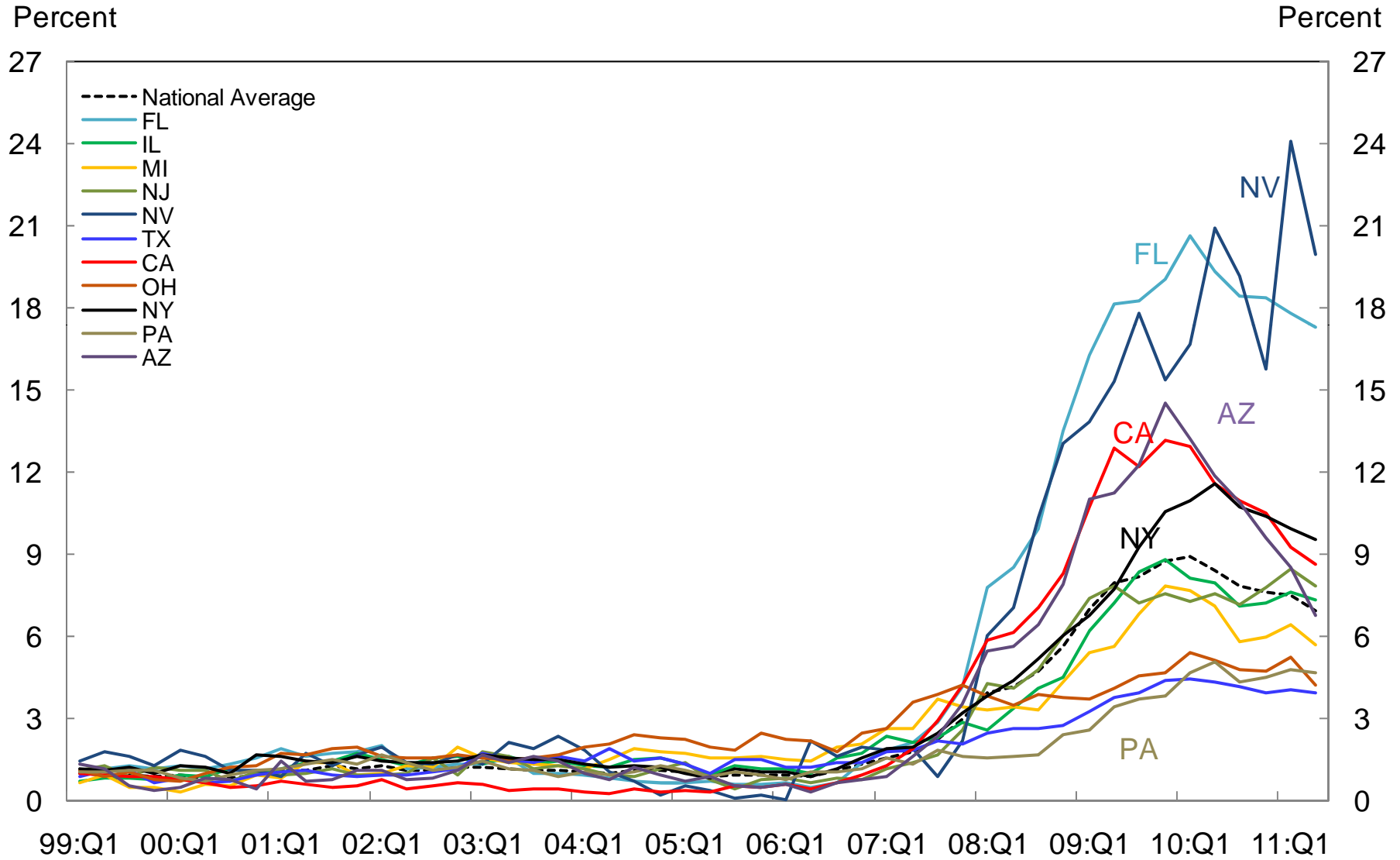
\* Based on the population with a credit report

# Percent of Balance 90+ Days Late by State



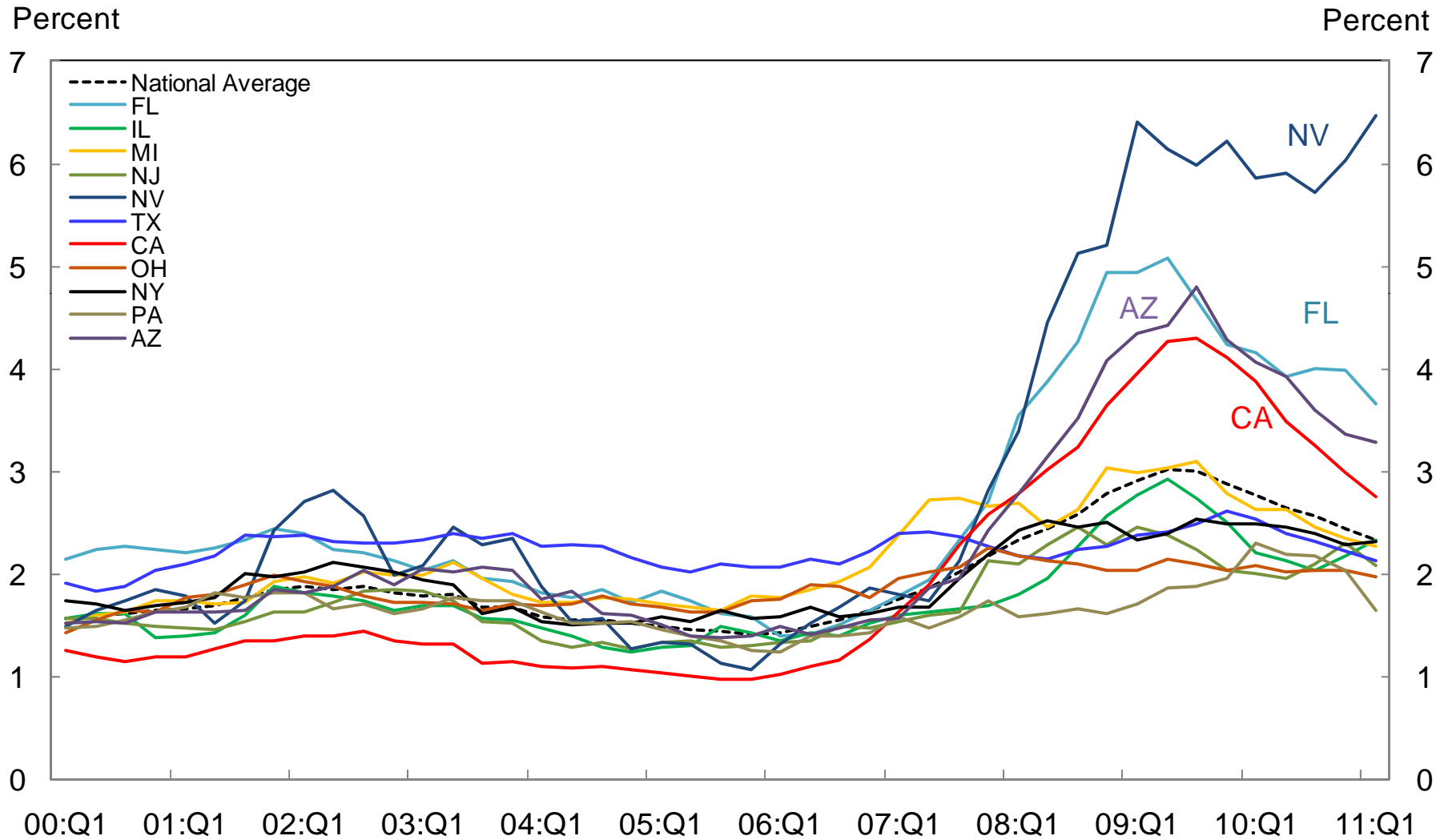
Source: FRBNY Consumer Credit Panel/Equifax

# Percent of Mortgage Debt 90+ Days Late by State



Source: FRBNY Consumer Credit Panel/Equifax

# Quarterly Transition Rates into 30+ Days Late by State\*

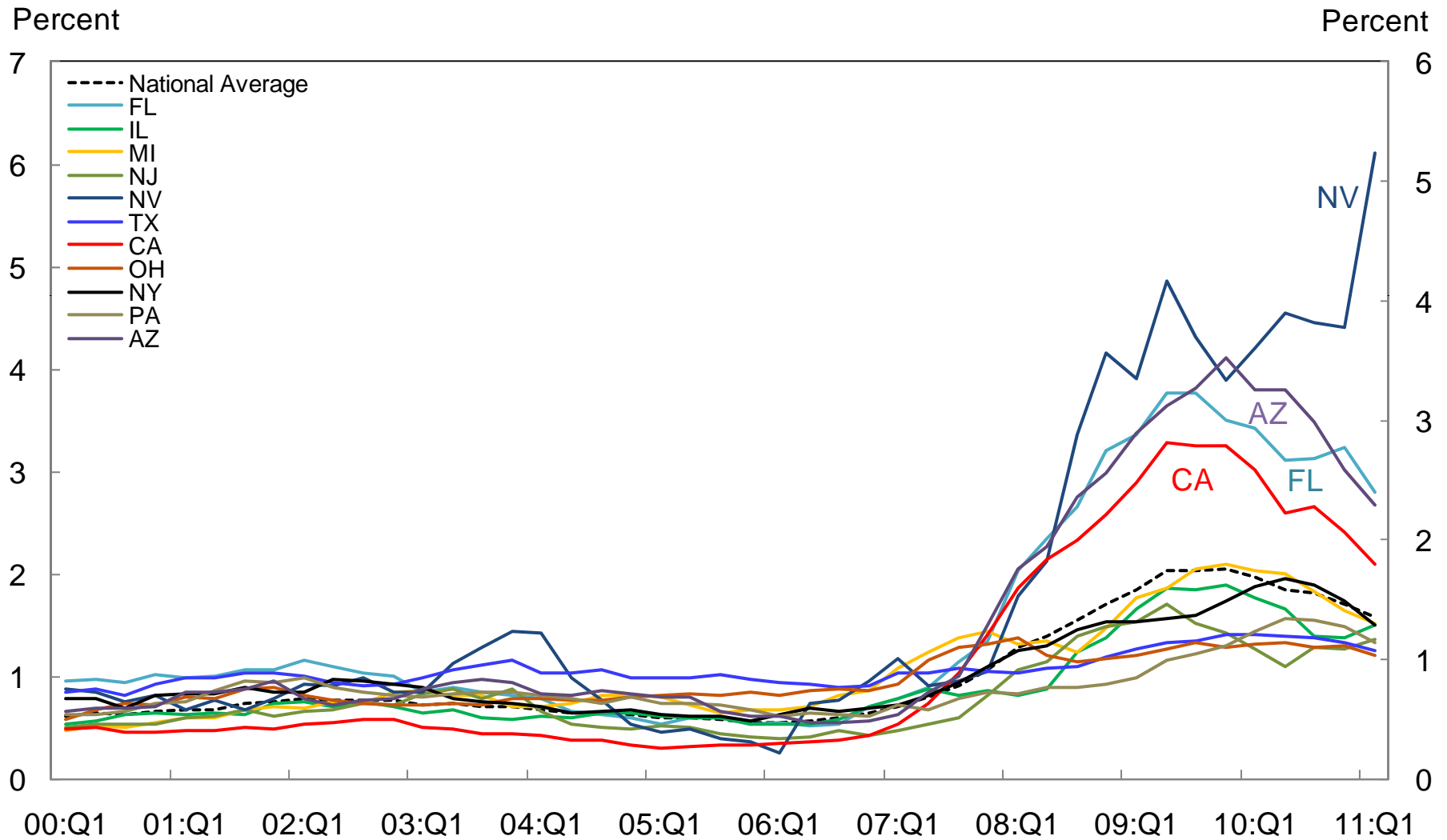


Source: FRBNY Consumer Credit Panel/Equifax

\*Four Quarter Moving Average, Rates from Current to 30+ Days Delinquent, All Accounts



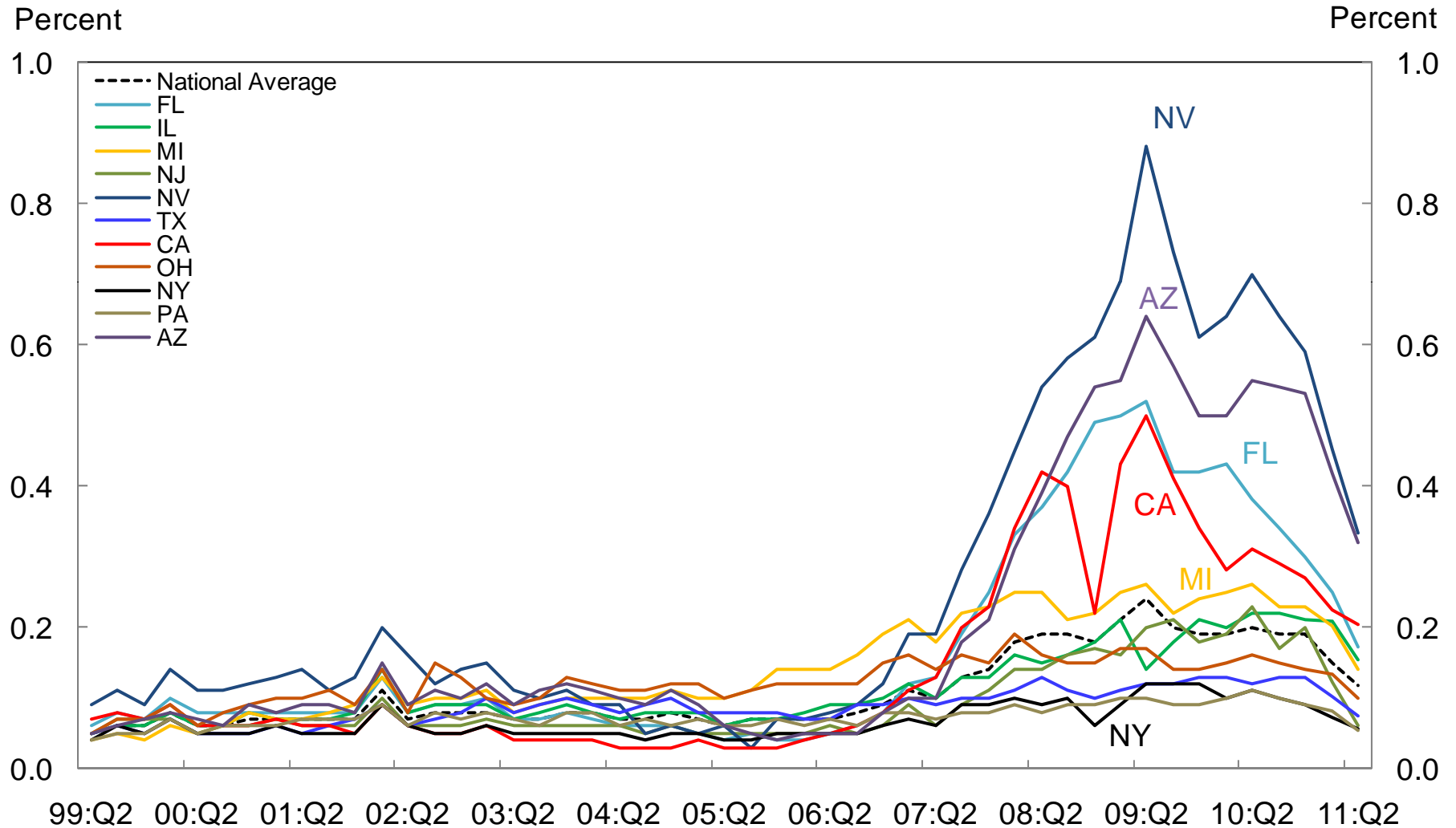
# Quarterly Transition Rates into 90+ Days Late by State\*



Source: FRBNY Consumer Credit Panel/Equifax

\*Four Quarter Moving Average, Rates from not Seriously Delinquent to Seriously Delinquent, All Accounts

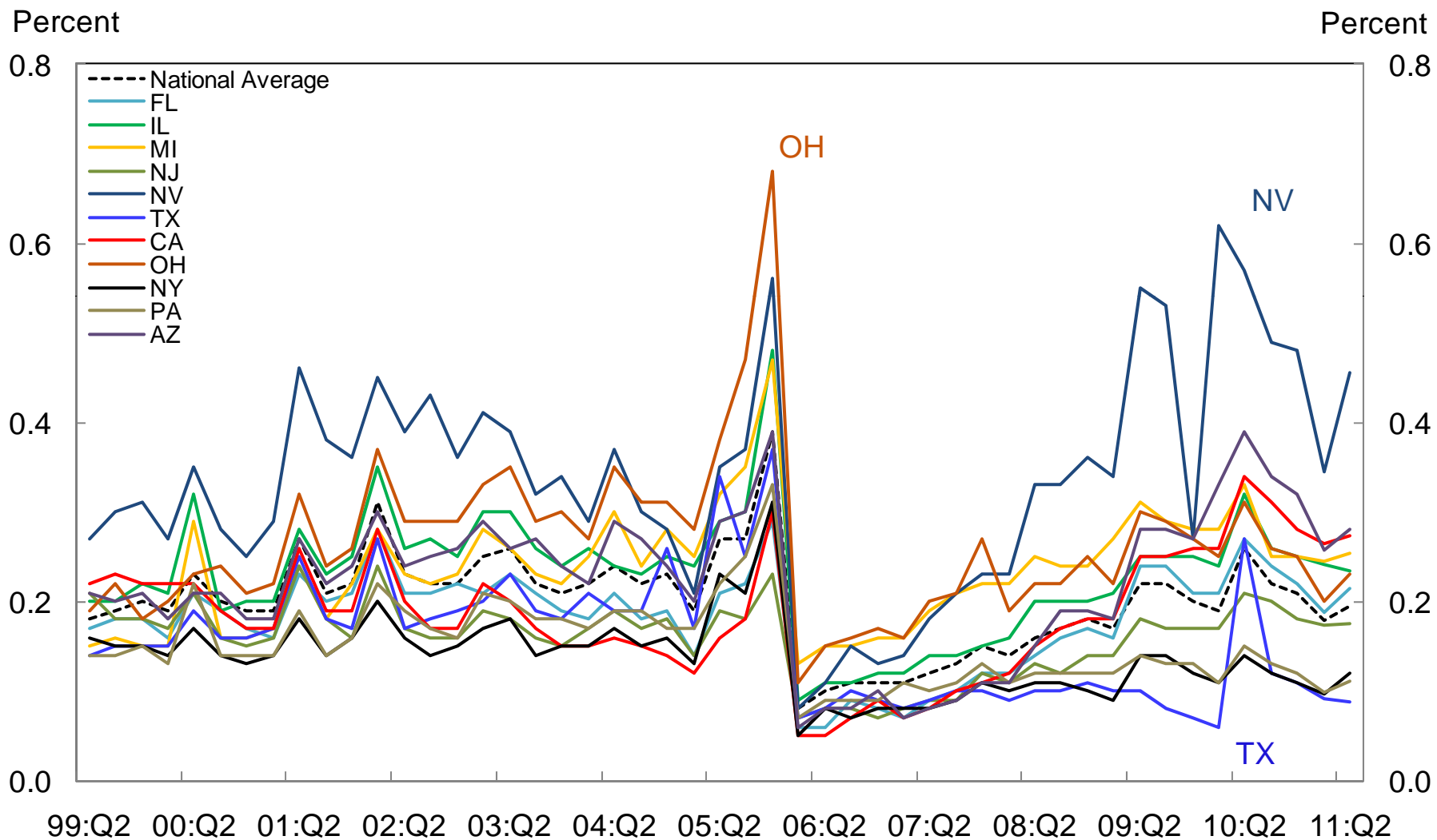
# Percent of Consumers\* with New Foreclosures by State



Source: FRBNY Consumer Credit Panel/Equifax

\* Based on the population with a credit report

# Percent of Consumers\* with New Bankruptcies by State



Source: FRBNY Consumer Credit Panel/Equifax

\* Based on the population with a credit report