

S&P/Experian Consumer Credit Default Indices Show Composite Default Rate Near Lowest Level Of Year In November 2018

Default Rates Remain Stable For All Loan Types

NEW YORK, Dec. 18, 2018 /PRNewswire/ -- S&P Dow Jones Indices and Experian released today data through November 2018 for the S&P/Experian Consumer Credit Default Indices. The indices represent a comprehensive measure of changes in consumer credit defaults and show that the composite rate rose one basis point from last month to 0.83%. The bank card default rate was unchanged at 3.09%. The auto loan default rate increased one basis point to 0.93%. The first mortgage default rate was one basis point higher at 0.64%.

Two of the major MSAs had higher default rates in November 2018. The rate for Miami increased seven basis points to 1.52% while the rate for Dallas rose five basis points to 0.82%. The default rate for Chicago was unchanged at 0.84%. Two MSAs showed lower default rates. The rate for Los Angeles fell six basis points to 0.50% while for New York, the rate declined one basis point to 0.83%.

In November 2018, all loan types showed a default rate within one basis point of the prior month. This stabilization coincides with lower default levels, with each of bank cards, autos, and first mortgages reaching their lowest levels of 2018 within the past three months.

"Consumer credit default rates across all sectors are stable at low levels," says David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. "Two factors supporting the favorable picture are gradual wage increases of about a 4% annual rate combined with inflation at 2%. Growth in retail sales at 2.5% annual is not putting upward pressure on bank card defaults while flat to lower auto sales have little impact on auto loan defaults. Despite home prices rising faster than inflation or wages, mortgage defaults remain steady while home sales drop.

"Looking ahead, stable default rates will depend on personal incomes and interest rates. Rising interest rates – not just the fed funds rate – are being noticed. Credit card loan rates topped 14% in the third quarter, up more than a percentage point from the 2017 third quarter. Thirty year fixed rate mortgages are approaching 5%, up a full percentage point in the past year. The rate for a four year auto loan is 5% after a small increase of a quarter point over 12 months. As long as wages outpace inflation and interest rates, the currently low ratio of consumer debt service to income should continue."

The table below summarizes the November 2018 results for the S&P/Experian Credit Default Indices. These data are not seasonally adjusted and are not subject to revision.

S&P/Experian Consumer Credit Default Indices			
National Indices			
Index	November 2018 Index Level	October 2018 Index Level	November 2017 Index Level
Composite	0.83	0.82	0.89
First Mortgage	0.64	0.63	0.66
Bank Card	3.09	3.09	3.28
Auto Loans	0.93	0.92	1.11

Source: S&P/Experian Consumer Credit Default Indices
Data through November 2018

The table below provides the S&P/Experian Consumer Default Composite Indices for the five MSAs:

Metropolitan Statistical Area	November 2018 Index Level	October 2018 Index Level	November 2017 Index Level

New York	0.83	0.84	0.93
Chicago	0.84	0.84	1.09
Dallas	0.82	0.77	0.82
Los Angeles	0.50	0.56	0.76
Miami	1.52	1.45	0.97

Source: S&P/Experian Consumer Credit Default Indices
Data through November 2018

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

ABOUT THE S&P/EXPERIAN CONSUMER CREDIT DEFAULT INDICES

Jointly developed by S&P Dow Jones Indices LLC and Experian, the S&P/Experian Consumer Credit Default Indices are published on the third Tuesday of each month at 9:00 am ET. They are constructed to track the default experience of consumer balances in four key loan categories: auto, bankcard, first mortgage lien and second mortgage lien. The Indices are calculated based on data extracted from Experian's consumer credit database. This database is populated with individual consumer loan and payment data submitted by lenders to Experian every month. Experian's base of data contributors includes leading banks and mortgage companies, and covers approximately \$11 trillion in outstanding loans sourced from 11,500 lenders.

For more information, please visit: <https://www.spindices.com/indices/indicators/sp-experian-consumer-credit-default-composite-index>.

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