

Consumer Credit Default Rates Decreased for the Fifth Consecutive Month According to the S&P/Experian Credit Default Indices

All Five MSAs' Default Rates Decreased

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NEW YORK, June 19, 2012 /[PRNewswire](#)/ -- Data through May 2012, released today by S&P Indices and Experian for the S&P/Experian Consumer Credit Default Indices, a comprehensive measure of changes in consumer credit defaults, showed that all loan types saw a decrease in default rates, most for the 5th consecutive month. Four loan types posted their lowest rates since the end of the recession and the Auto loan default rate hit its lowest in its eight year history. The national composite declined to 1.62% in May from its 1.86% April rate. The first mortgage default rate decreased from April's 1.76% to May's 1.50%. The second mortgage default rate declined from 0.93% in April to 0.88% in May. Auto loans default rate was 1.03% in May, down from April's 1.07%. Bank card default rate dropped to 4.35% in May from April's 4.49%.

"May 2012 data show continued improvements in consumer credit quality," says David M. Blitzer, Managing Director and Chairman of the Index Committee for S&P Indices. "Consumer default rates continue to fall and we are reaching new lows across all the loan types. In the last recession, default rates peaked in the spring of 2009, since then the decline has been bumpy but consistent. Only bank cards remain above their pre-recession lows.

"The first mortgage default rate fell by more than a quarter of a percent (26 basis points) in May compared to April and is the lowest rate since May 2007. The second mortgage rate also fell during the month, by 5 basis points, and is at a seven year low. The bank card rate dropped by 14 basis points, and is at its lowest since the end of 2008. The auto loans default rate hits its lowest rate in our history of these data.

"All the five cities we cover saw their default rates drop, and all five are at post-recession lows. For the fifth consecutive month Chicago saw a decline, moving from 2.84% back in December 2011 to 1.85% in May. That's almost a one percentage point decline and a new low. Miami and New York both fell for the fourth consecutive month. Miami dropped by 59 basis points, from April's 3.14% to May's 2.55%. While still the highest default rate, Miami hit a post-recession low. To put this into further perspective, the high for Miami was 18.9% in May 2009, three years ago. New York decreased 17 basis points over the month, from 1.78% in April to 1.61% in May. Dallas hits its lowest rate in its eight years of history, moving down by 31 basis points, from 1.25% in April to 0.94% in May and retains the lowest rate among the five cities we follow. Los Angeles saw a moderate decline from 1.88% in April to 1.82% in May. Data from the Federal Reserve show that consumer borrowing through bank cards and auto loans was rising while mortgages outstanding were declining at the end of the first quarter."

The table below summarizes the May 2012 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	May 2012 Index Level	April 2012 Index Level	May 2011 Index Level
Composite	1.62	1.86	2.23
First Mortgage	1.50	1.76	2.09
Second Mortgage	0.88	0.93	1.42
Bank Card	4.35	4.49	5.93
Auto Loans	1.03	1.07	1.34

Source: S&P/Experian Consumer Credit Default
Indices

Data through May 2012

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

Metropolitan Statistical Area	May 2012 Index Level	April 2012 Index Level	May 2011 Index Level
New York	1.61	1.78	1.94
Chicago	1.85	2.21	2.37
Dallas	0.94	1.25	1.59
Los Angeles	1.82	1.88	2.39
Miami	2.55	3.14	5.31

Source: S&P/Experian Consumer Credit Default

Indices

Data through May 2012

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Jointly developed by S&P Indices 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 accurately 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.

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