

Consumer Credit Default Rate At New Post-Recession Low According To The S&P/Experian Consumer Credit Default Indices

Bank Card Defaults Higher for Fourth Consecutive Month

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NEW YORK, May 17, 2016 /PRNewswire/ -- Data through April 2016, released today by S&P Dow Jones Indices and Experian for the S&P/Experian Consumer Credit Default Indices, a comprehensive measure of changes in consumer credit defaults, shows a composite rate of 0.86% in April, down seven basis points from the previous month. First mortgage defaults reported a 0.69% rate for April, down eight basis points from the prior month. Auto loan defaults recorded a 0.97% default rate, down five basis points from March. The bank card default rate increased 17 basis points in April and 60 basis points year-to-date, recording a default rate of 3.09%.

Three of the five major cities saw their overall default rates increase during the month of April. Miami reported a default rate of 1.21%, up six basis points from March. New York recorded a default rate of 1.01% in April, up two basis points from the prior month. Dallas reported a default rate of 0.76%, a one basis point increase from the previous month. Chicago's default rate remained flat at 1.03% in April. Los Angeles was the only city to report a default rate decrease, with a 0.71% default rate, down 10 basis points from March.

"For two months, the overall consumer credit default rate has dropped to new lows while the default rate on bank cards has climbed," commented David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. "Since the financial crisis, consumers are paying more attention to their debts, particularly longer term financial commitments such as homes and autos. The Mortgage Debt Service Ratio – the percentage of disposable income going to service mortgage debt – is at its lowest point since 1980. The Total Debt Service Ratio, which includes loans with scheduled payments, is close to a record low. The savings rate is now at about 5% of disposable income, slightly higher than its level in 2004-2006.

"In contrast to the low default rates on mortgages and auto loans, bank cards recently showed increased default rates. The longer term post-crisis decline in the bank card default rate leveled off in 2014. Since then, it has been in a range of 2.5% to 3.2%. Bank card, auto, and mortgage default rates are all lower than their pre-financial crisis levels. However, the bank card rate is more volatile than the others and more sensitive to consumer spending trends. Whether the default pattern for bank cards stabilizes remains to be seen."

The table below summarizes the April 2016 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	April 2016 Index Level	March 2016 Index Level	April 2015 Index Level
Composite	0.86	0.93	0.97
First Mortgage	0.69	0.77	0.83
Second Mortgage	0.58	0.59	0.43
Bank Card	3.09	2.92	3.18
Auto Loans	0.97	1.02	0.94

Source: S&P/Experian Consumer Credit Default Indices
Data through April 2016

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

Metropolitan Statistical Area	April 2016 Index Level	March 2016 Index Level	April 2015 Index Level
New York	1.01	0.99	1.10
Chicago	1.03	1.03	1.05
Dallas	0.76	0.75	0.90
Los Angeles	0.71	0.81	0.90
Miami	1.21	1.15	1.20

Source: S&P/Experian Consumer Credit Default Indices
Data through April 2016

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

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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: www.consumercreditindices.standardandpoors.com .

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