Righting the Wrongs

MARK ZANDI, CHIEF ECONOMIST
Household Credit Quality Is Improving Quickly

Household liabilities 30-90 days delinquent, SA

Sources: Equifax, Moody’s Analytics
Lenders Batten Down the Hatches
Credit card loan originations

Sources: Equifax, Moody’s Analytics
Households Rapidly Deleverage…

Change in household liabilities, $ bil

Household liabilities have fallen by $900 bil since peaking 2 yrs ago

Sources: Federal Reserve Board, Moody’s Analytics
...Causing Debt Burdens to Fall Fast

% of disposable income

At the current rate of deleveraging and interest rates, debt service will be back to early 90’s lows by this time next year.

Sources: Federal Reserve, BEA, Moody’s Analytics
Profits Surge and Jobs Should Follow

% change yr ago

Sources: BLS, BEA
Dormant Hiring Is a Serious Threat

Number of monthly hires ex Census, ths, SA

Layoffs have abated, but hiring has yet to revive, and quits remain extraordinarily low

Source: Bureau of Labor Statistics
The Foreclosure Crisis Continues on...

First mortgage loans, ths

- 90 days and over delinquent
- In foreclosure

Strategic defaults, in which the homeowner can reasonably afford their mortgage payment but defaults anyway, are now over 20% of defaults.

Sources: Equifax, Moody’s Analytics
...And More House Price Declines Are Coming

Case Shiller® Home Price Index: 2000Q1=100

Sources: Fiserv, Moody’s Analytics