

# Bellwether

Chart  Thought

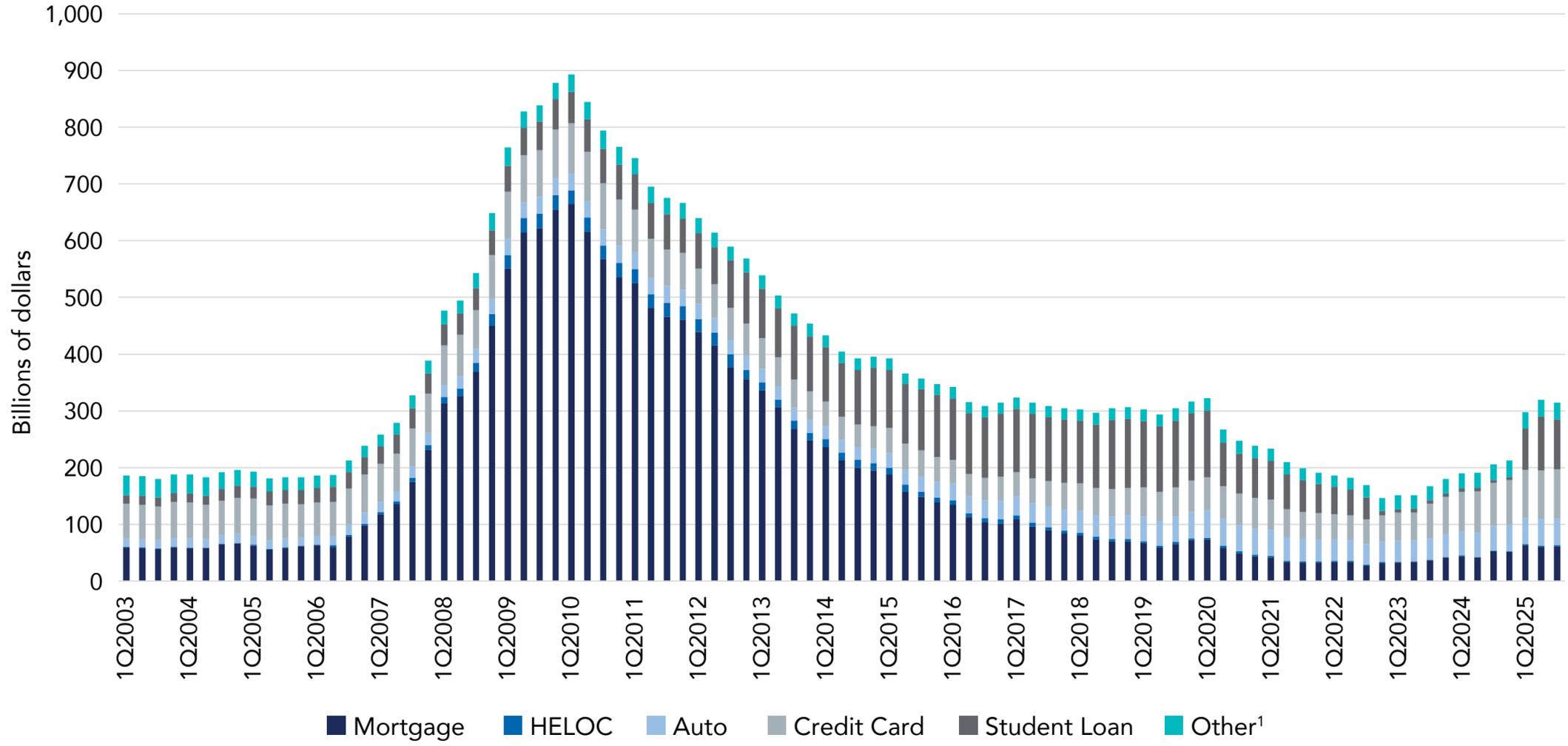
## Household Debt Delinquencies

Household debt delinquency rates are a key indicator in assessing the health of the U.S. economy. Delinquencies are often a symptom of systemic problems like unaffordability, rising unemployment, or loose lending standards. Therefore, it's important for investors to closely monitor delinquencies because they serve as early warning signals for financial stress, credit risk, and the broader economic cycle. Especially, because household spending makes up roughly two thirds of U.S. GDP, and any disruption within those households would be notable.



Per data from the New York Federal Reserve Bank, we see that 90+ day delinquencies increased substantially starting in 2025. This was largely due to the resumption of student loan payments, that had been on pause since the early stages of the COVID-19 pandemic. However, delinquency rates were higher year-over-year across every category in 3Q 2025. Mortgage delinquencies were up 21%, home equity loans were up 88%, auto loans were up 10%, and credit card delinquencies were up 18%. This led to a 57% year-over-year increase in total household debt delinquencies.

### Balance of U.S. Household Debt 90+ Days Delinquent



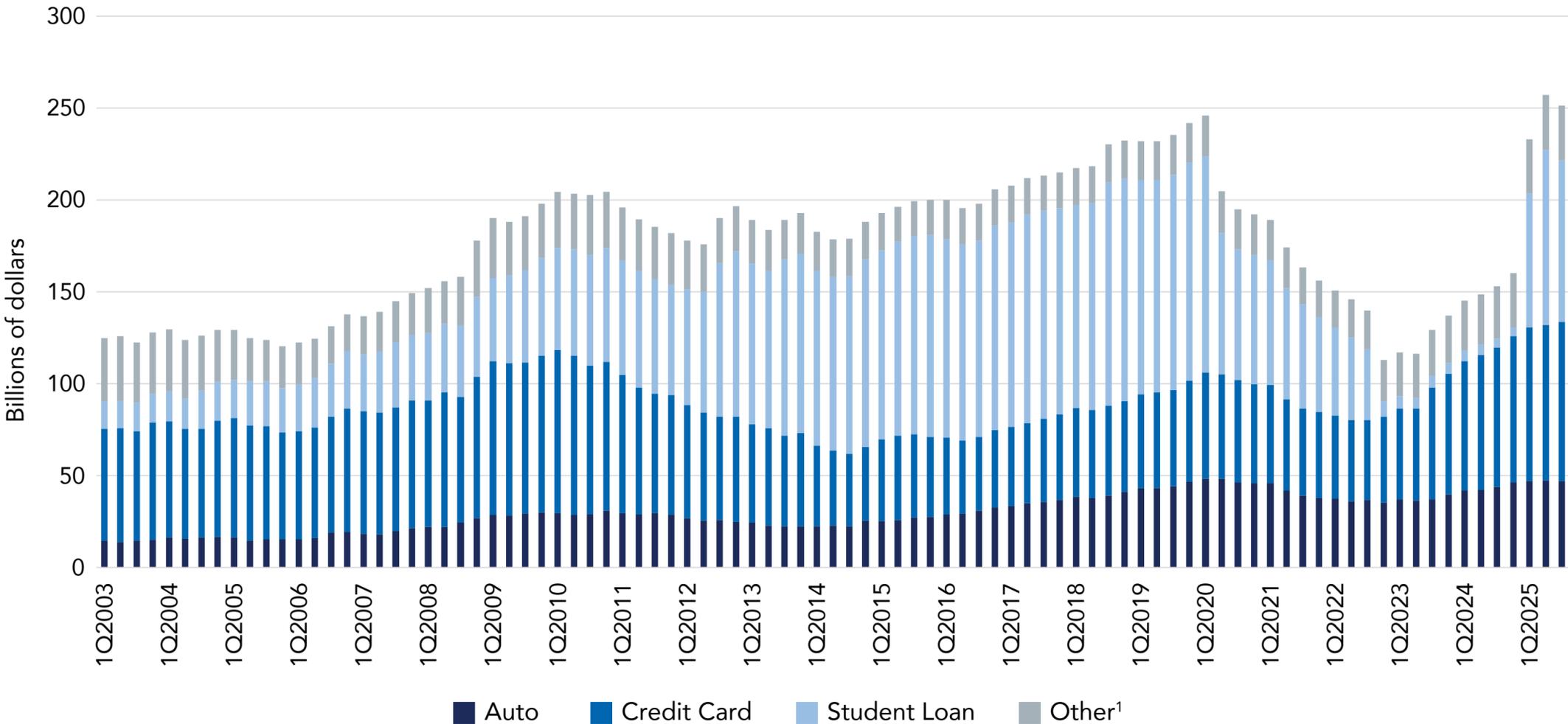
Source: New York City Federal Reserve Bank – inflation adjusted

(1) The Other category includes Consumer Finance (sales financing, personal loans) and Retail (clothing, grocery, department stores, home furnishings, gas etc) loans.



The total level of delinquency was significantly lower in 3Q 2025 than it was in 2010, a period defined by home loan defaults and foreclosures. Today, many homeowners are sitting on substantial home equity, fueled by the rapid rise in home values since 2020, and are locked in at mortgage rates far below current market levels – 70% of outstanding home mortgages are at rates below 5%. Lenders have also strengthened underwriting standards to guard against the types of mortgage failures that occurred during the GFC. These factors have produced a residential lending landscape that is considerably more stable than it was in 2008.

### Balance of U.S. Household Debt 90+ Days Delinquent Excluding Residential Debt



Source: New York City Federal Reserve Bank – inflation adjusted

(1) The Other category includes Consumer Finance (sales financing, personal loans) and Retail (clothing, grocery, department stores, home furnishings, gas etc) loans.



By excluding mortgages and home equity loans, we can focus on the remaining categories, where aggregate delinquent balances reached the highest level, on an inflation adjusted basis, since the Fed started reporting in 2003. While most categories were at their highest levels since the beginning of the pandemic, credit card balances and balances classified as “Other”<sup>1</sup> were at their highest levels since 2010. This is especially concerning for households that have not participated in the aforementioned home equity generation.

When reviewing the data it’s clear that some U.S. households are having trouble meeting their expenses and may be overleveraged. Affordability concerns have been a key political issue as of late, and the data included herein illustrate the growing financial pressures facing many U.S. households. If the stress on household balance sheets is not remedied by higher incomes or lower prices, many families may be compelled to cut back on spending, creating potential headwinds for segments of the U.S. economy over time.

(1) The Other category includes Consumer Finance (sales financing, personal loans) and Retail (clothing, grocery, department stores, home furnishings, gas etc) loans.

