



Consumer Debt Surpasses \$14 Trillion - Consumer Dynamics

As the economy has grown, so has household debt. Data tracked by the Federal Reserve shows that debt held by U.S. households rose to over \$14 trillion in the fourth quarter of 2019, the highest level ever. Mortgage debt rose as a continued low-rate environment fostered refinances and new loans at near-record low interest rates.

According to data from the Federal Reserve Bank of New York, total household debt at \$14 trillion now surpasses debt levels Americans had in 2008, when total consumer debt reached a record high of \$12.68 trillion.

The Fed tracks household debt by categories such as mortgage, student, credit cards, home equity loans, and auto loans. Over the decades, the most consistent and significant amount of household debt has been mortgages. Home equity loans, or HELOCs, actually fell in 2019.

The recent increase in total overall debt is primarily attributable to a steady rise in both student and auto loans. Recent Federal Reserve data shows that these two loan types are primarily held by younger consumers. The concern is that the difficulty of obtaining mortgage loans has led younger consumers to take out student and auto loans instead.

Sources: Federal Reserve Bank of New York