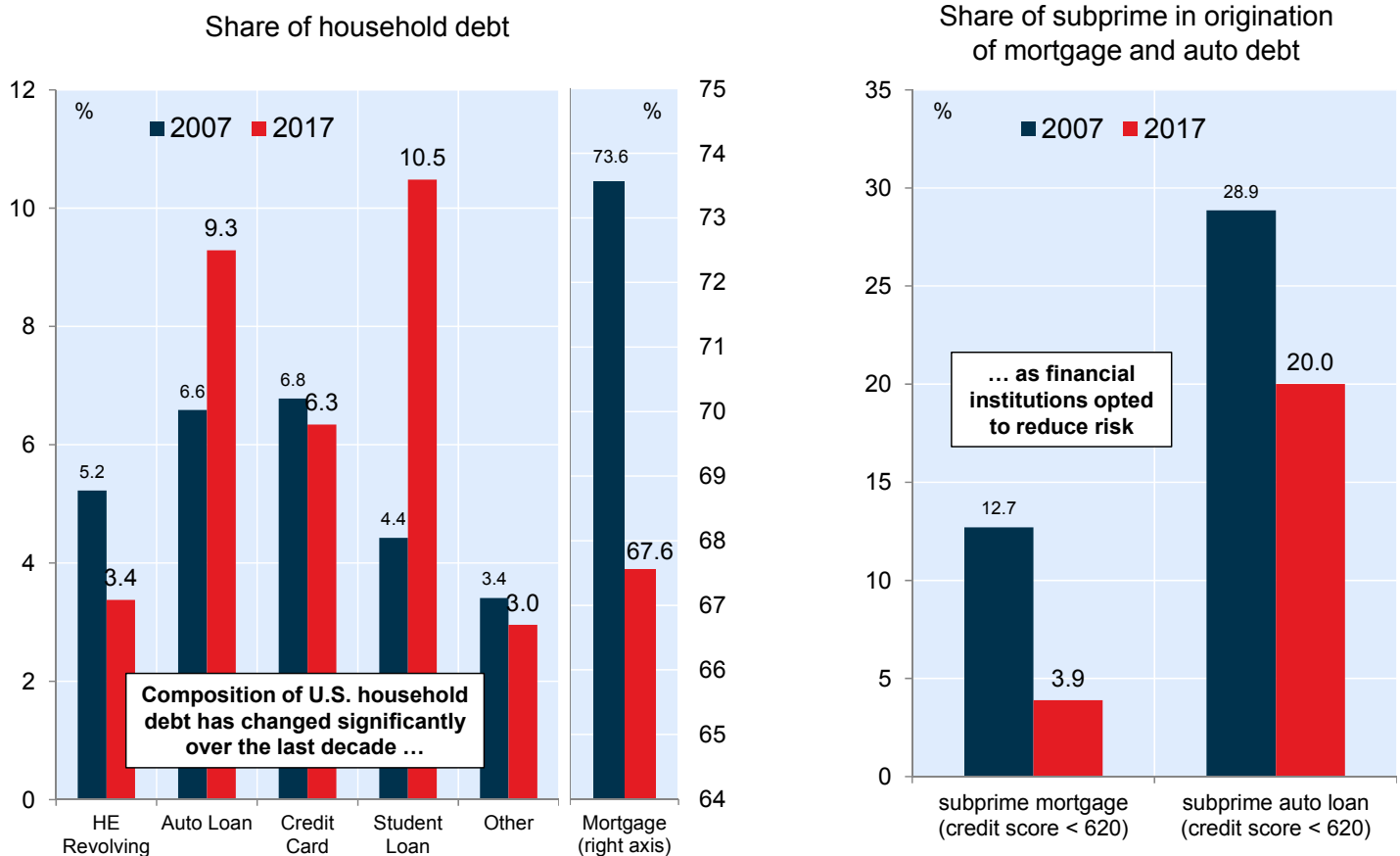


U.S. Watch

U.S. household debt at the end of last year stood at a record US\$13.1 trillion according to latest data from the New York Fed. While mortgage balances increased in the fourth quarter of 2017, they accounted for roughly 68% of the stock of debt, a 6% drop compared to the share of 2007. Auto and student loans altogether accounted for roughly 20% of debt at the end of last year, about double the share of 10 years ago. The drop in the share of mortgages in household debt over the last decade is partly due to tightening of lending standards. Last year, 57% of mortgage originations went to borrowers with the highest credit scores (760+), compared to just 27% back in 2007. Similarly, lenders were more careful with auto loan originations, 31% of which went to highest-rated borrowers last year, versus just 24% in 2007. In contrast, as today's *Hot Charts* show, the subprime shares of mortgages and auto loans have dropped significantly over the last decade.

Krishen Rangasamy

U.S.: The changing composition of household debt



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