

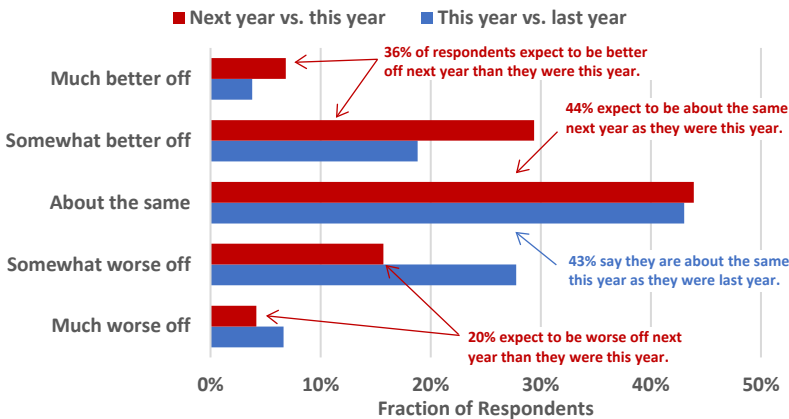
## Economic & Market Watch Intelligence Brief

### Briefing

- Household debt is all debt owed by households. Consumer debt is household debt minus home-secured debt, business loans taken by households and unsecured investment debt (e.g., margin loans). Debts at least 90-days past due are classified as “seriously delinquent”—one step away from default. As of Q3 2024, 11% of household credit card debt (one component of consumer debt) was seriously delinquent. That’s 1.5 times what it was just two years earlier. The fraction of seriously delinquent mortgage debt is almost double what it was in mid-2022 (Figure 1).
- Of surveyed households earning under \$50,000, 19% expect to be unable to make debt service payments (i.e., minimum monthly payments) at some point over the next three months. That’s up from late 2022, but equal to the average for 2013 through 2019. Of those earning between \$50,000 and \$100,000, 14% (or 1.35 times the 2013–2019 average) expect to be unable to service their debt. For households earning over \$100,000, 9% (or 1.5 times the average) expect to be delinquent (Figure 2).
- Household and consumer debt service payments as a fraction of after-tax income have been rising since early-2021. This is due to a combination of increasing debt loads and rising interest rates (Figure 3).

### Chart of the Week

**Current & Expected Financial Situation**  
(as of December 2024)



### Commentary

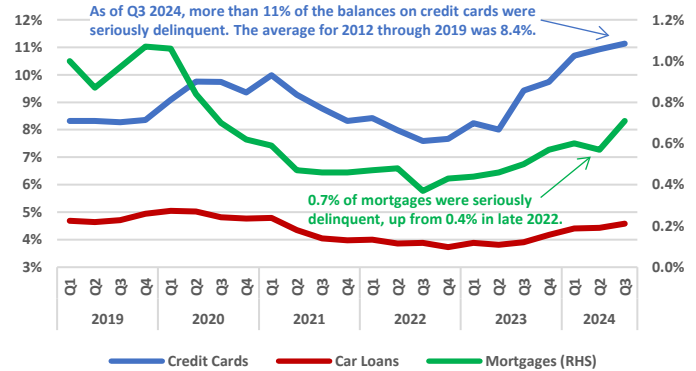
Each month, the Federal Reserve Bank of New York surveys 1,200 randomly selected U.S. households. Among the questions the Fed asks is whether people feel that their household finances are better off, worse off or about the same as compared to last year and whether they expect to be better off, worse off or about the same next year (Chart of the Week).

In mid-2022, for every two households that expected to become worse off in the next year, only one expected to become better off. This pessimism continued until early 2023 when the number of households that expected to become worse off and the number that expected to become better off were about the same. Since then, households’ outlooks have steadily improved. As of December 2024, for every household expecting its financial situation to worsen, 1.8 households anticipate theirs to improve. However, this “pessimism-optimism balance” of 1:1.8 is far below the 2019 peak of 1:4.5.

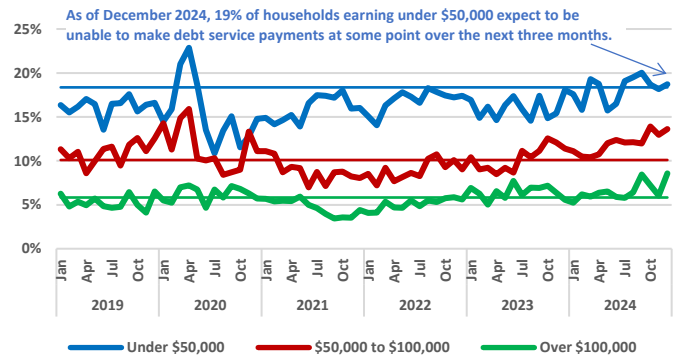
The University of Michigan’s Consumer Sentiment Index fell 4% in January, marking the first decline in six months. The index is down 11% versus its 12-month high in March 2024. However, even pessimistic professional forecasters are not predicting a recession in 2025.

### Snapshots

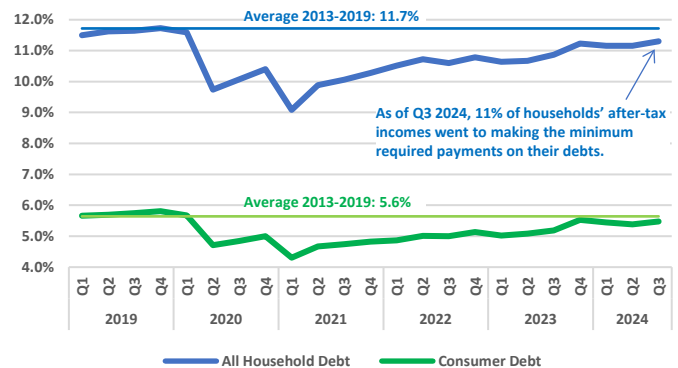
**Figure 1. Household Debt 90+ Days Delinquent**



**Figure 2. Expectation of Household Debt Delinquency**  
(by household income, horizontal lines are 2013–2019 averages)



**Figure 3. Debt Service Payments per Disposable Income**



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## Economic & Market Watch Dashboard

### Key Indicators

#### INTEREST RATES<sup>1</sup>

		2025				2026
	Current	Q1	Q2	Q3	Q4	Q1
Fed Funds Target <sup>2</sup> (%)	4.50	4.50	4.50	4.25	4.25	4.25
SOFR (%)	4.35	4.20	4.00	3.90	3.80	3.75
2Y UST (%)	4.26	4.15	3.95	3.90	3.90	3.75
5Y UST (%)	4.32	4.25	4.15	4.10	4.05	4.00
10Y UST (%)	4.47	4.45	4.40	4.40	4.35	4.25
30Y UST (%)	4.68	4.70	4.70	4.70	4.65	4.55

#### ECONOMY

		2025				2026
	Current	Q1	Q2	Q3	Q4	Q1
PCE Inflation ( %)	2.6	2.4	2.5	2.4	2.5	2.5
CPI Inflation ( %)	2.9	2.8	2.7	2.6	2.6	2.8
Real GDP (%)	2.3	2.1	1.9	1.9	1.9	2.0
Unemployment (%)	4.0	4.3	4.3	4.3	4.3	4.3
Consumer Spending (%)	4.2	2.2	2.1	2.1	1.9	2.0
Industrial Production (%)	(0.2)	0.7	0.7	1.0	1.6	1.5

### Equities & Currency

	Current	Year ago
DJIA	44,454	38,797
Nasdaq	19,700	15,943
S&P 500	6,059	5,022
US Dollar Index	\$1,303	\$1,242

### Commodities

	Current	Year ago
Crude Oil (Per Barrel)	\$72.00	\$76.53
Natural Gas (Per MMBtu)	\$3.38	\$1.80
Coal (Per Short Ton)	\$10.73	\$11.96
Gold (Per Ounce)	\$2,909	\$2,025
Corn (Per Bushel)	\$490	\$442
Soybean (Per Bushel)	\$1,051	\$1,196

### Industry

	Current	Year ago
Natural Gas Storage (Billion Cubic Feet)	2,397	2,605
U.S. Daily Power Consumption (MWh)	11,019,112	10,931,921
World Container Index (Per 40ft)	\$3,273	\$3,786

<sup>1</sup> Unless otherwise indicated, forecasts are from the Blue Chip Professional Forecasters

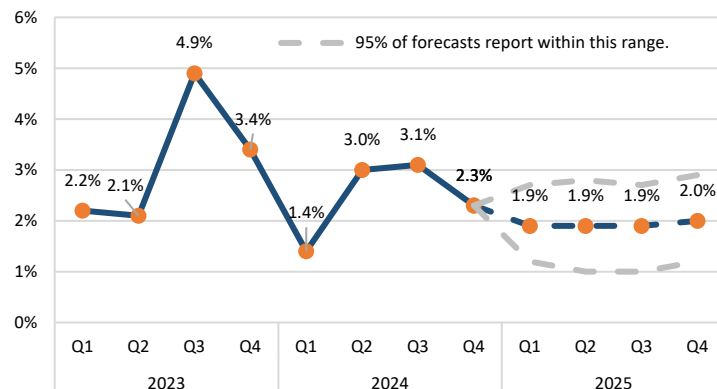
<sup>2</sup> Target rate forecast is based on futures market contracts

Source: Blue Chip Financial Forecasts, Trading Economics, Moody's Analytics, Statista, Trading Economics, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Energy Information Administration, U.S. Treasury Department, Federal Reserve Bank of Atlanta, Federal Reserve Bank of New York, Federal Reserve Bank of St. Louis, International Monetary Fund, World Bank, University of Michigan, The Conference Board.

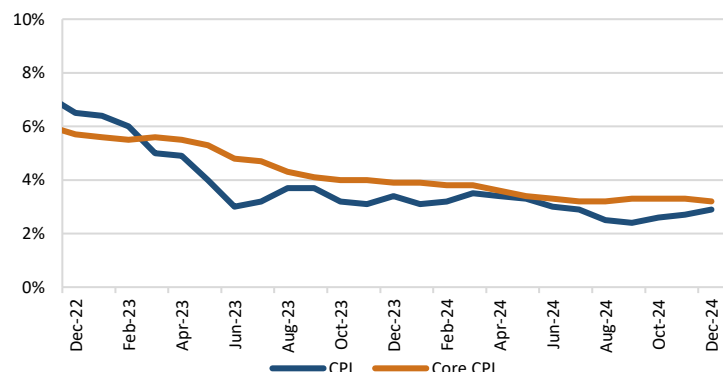
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### Forecasts

#### Real GDP Growth Trend



#### Headline vs. Core Inflation



#### 10-Year U.S. Treasury vs. Fed Funds Trend

