MAP Talk Webinar

MAP Talk: Household Debt and the Coronavirus

May 18th
10:00 - 10:30 am

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George Hammond
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Webinar Details

- The MAP Talk will be recorded
- See the MAP Dashboard website for recordings
- Conference mode
- Everyone muted except presenter
- How to ask a question
- Use Zoom Chat or Email anytime to ghammond@arizona.edu

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Key Topics Today

- Latest developments
  - Initial claims remain elevated
  - National labor market indicators for April
  - Social distancing indicators
- Consumer debt and the recovery
  - Consumer spending before and after the outbreak
  - Consumer debt structure before the outbreak
  - Delinquency performance before the outbreak
  - Consumer debt and delinquency after the outbreak
- Metropolitan debt-to-income ratios
  - Comparison to other states
  - Comparison across western metropolitan areas
  - Time trends

A Huge Shock to the System

Arizona and U.S. Unemployment Rates, Seasonally Adjusted

Arizona Initial Claims

Unemployment Insurance, Weekly

U.S. TSA Checkpoint Traffic

Weekly

Arizona Initial Claims

Unemployment Insurance, Weekly

U.S. TSA Checkpoint Traffic

Weekly

Source: U.S. Department of Labor
Published by Economic and Business Research Center

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Seated Diners

Over-the-Year Percent Change, Weekly

Card-Based Purchase Transactions

Daily Change from Early January

U.S. Consumer Debt Trends

Before Adjustment for Inflation

U.S. Consumer Debt Delinquency Trends

Transition into Serious Delinquency (90 Days or More)

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Household Debt

- **Debt-to-income ratio**
  - Debt owed by a household, excluding student loans, relative to household income
  - Used by lenders as a measure of ability to repay loans
  - Aggregated to regional perspective

- **Sluggish recovery from 2008-2009 recession?**
  - Regions with high debt-to-income ratios recovered slowly

- **Current debt-to-income situation**
  - Western states are more leveraged
  - Significant variation among counties
  - Tucson has the 2nd highest ratio among peers
  - Less leveraged than prior to the 2008-2009 recession

**State Debt-to-Income Ratios**

*Fourth Quarter 2018*

**County Debt-to-Income Ratios**

*Fourth Quarter 2018*

Source: Board of Governors of the Federal Reserve System, mapazdashboard.arizona.edu
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Key Takeaways

► The Arizona, Phoenix, and Tucson economies have suffered a huge shock
  ► Be sure to keep up with the weekly data to track the recovery

► Arizona per capita debt levels were high compared to many states before the outbreak hit
  ► But delinquencies were closer to the middle of the pack

► Western states tend to have high debt-to-income ratios
  ► But sunbelt states tend to have high delinquency rates

► Current debt-to-income ratios are lower than before the 2008-2009 recession

► Significant variation in the debt-to-income ratio exists nationwide

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Transformation starts here.

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