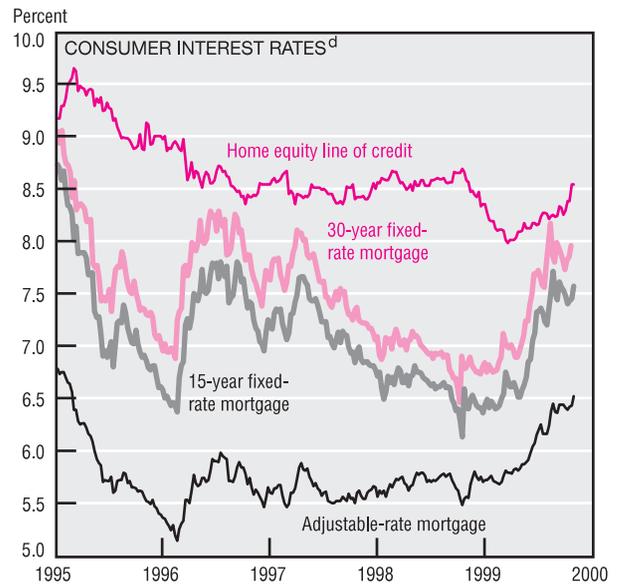
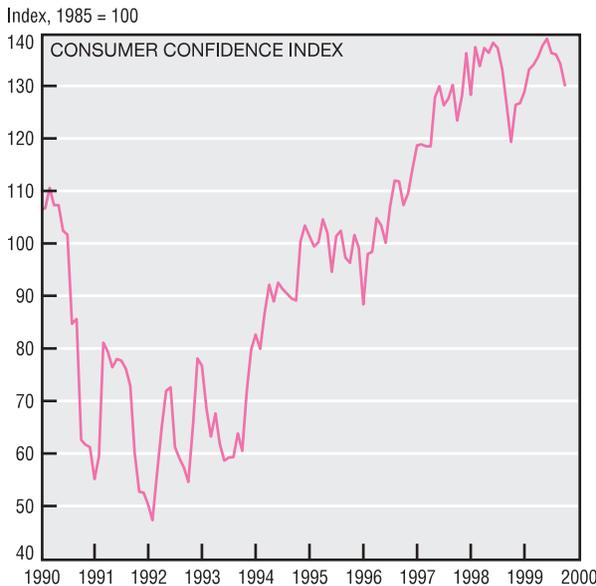
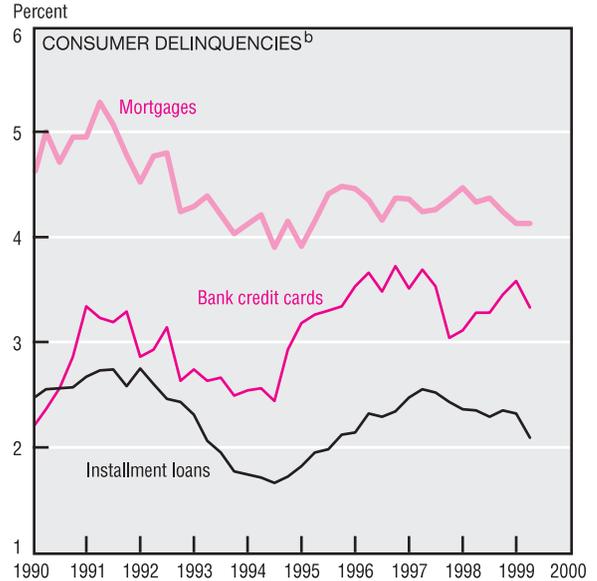
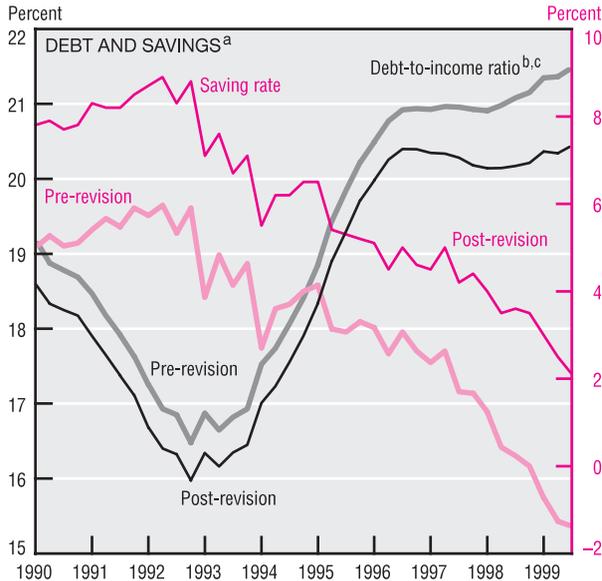


Household Financial Conditions



- a. Quarterly data.
- b. Ratio of total consumer credit to disposable personal income.
- c. Seasonally adjusted.
- d. Weekly data.

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis; Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation, *Quarterly Banking Profile*; American Bankers Association, *Consumer Credit Delinquency Bulletin*; American Bankruptcy Institute; and Mortgage

Recent GDP-account revisions caused an increase in the saving rate and a decline in the debt-to-income ratio (as analysts expected) relative to the pre-revision values. According to the revised figures, the ratio of consumer debt to disposable personal income reached 20.43% in 1999:IIIQ, its highest level this decade, thus continuing the upward trend that began in early 1998. Correspondingly, the pattern of negative saving rates, which

emerged a year ago, has disappeared since the revisions.

Despite such high consumer indebtedness levels and low saving levels, the pattern of consumer delinquencies on loan repayments does not appear to be worsening. Delinquency rates on mortgages, bank credit cards, and installment loans remained steady or declined in the first quarter of this year.

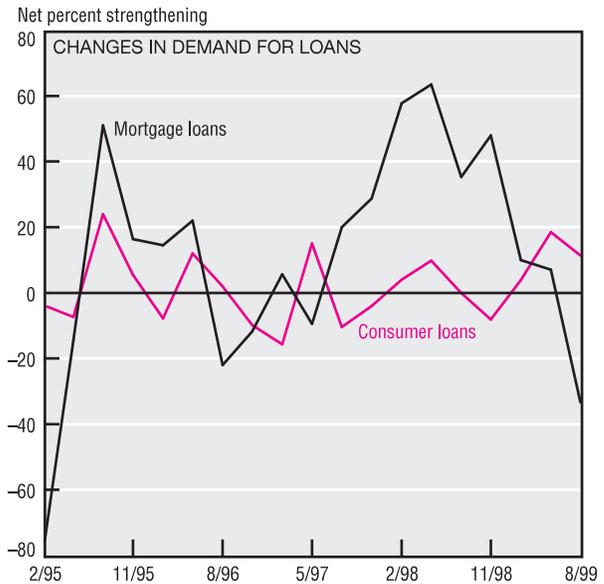
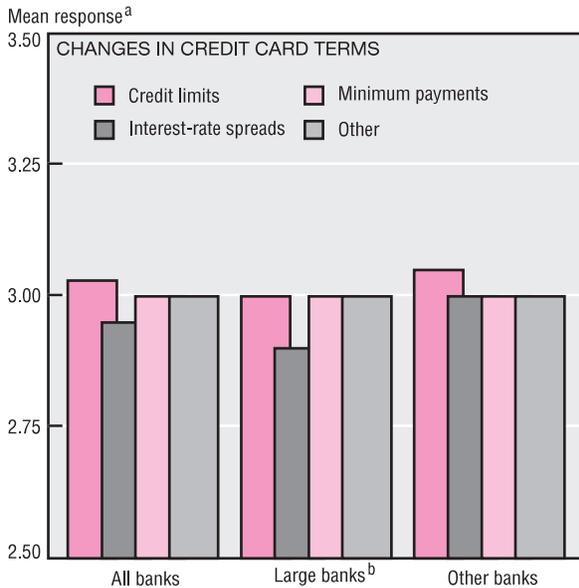
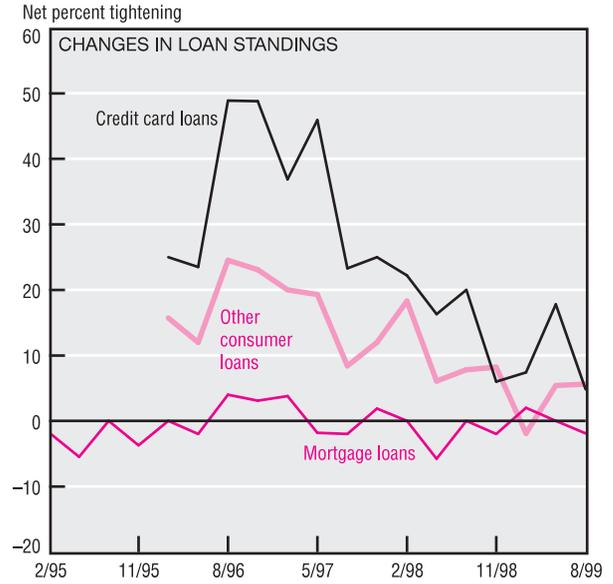
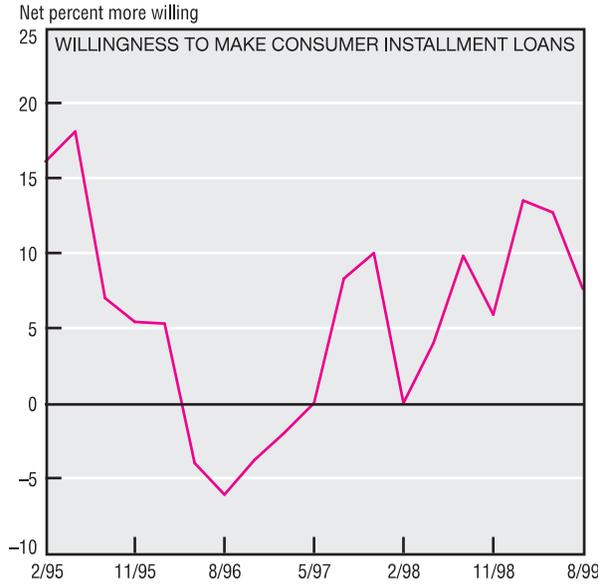
The Consumer Confidence Index fell for the fourth straight month.

After peaking at 139 in June, the index stands at 130.1 in October. The most recent survey indicates increasing consumer concern about future employment opportunities and the likelihood of worsening business conditions.

Lags in the data make it difficult to tell if the moderate interest rate increases of recent months will ameliorate consumer indebtedness levels. Given the recent figures on

(continued on next page)

Household Financial Conditions (cont.)



a. Mean response of banks where 1 = tightened considerably; 2 = tightened somewhat; 3 = remained basically unchanged; 4 = eased somewhat; and 5 = eased considerably.
 b. Total domestic assets of more than \$15 billion.
 SOURCE: Board of Governors of the Federal Reserve System, *Senior Loan Officer Opinion Survey on Bank Lending Practices*.

consumer confidence, we might expect consumers to become less willing to take on new debt.

The Federal Reserve's quarterly *Senior Loan Officer Opinion Survey*, updated in August, suggests that banks' lending practices toward households have not changed much since the May survey. The vast majority of loan officers expressed the

same degree of willingness to make consumer installment loans. Standards for credit card and mortgage loans show little change, while those for other consumer loans have tightened only slightly.

Credit card terms have scarcely changed. Minimum payment requirements have stayed the same, whereas interest-rate spreads at large banks have widened some-

what. At large banks, credit limits are unchanged; at other reporting banks, limits have eased slightly.

The demand for mortgage loans to purchase new homes plummeted, with nearly half of all loan officers reporting weaker demand. For other consumer loans, demand has strengthened slightly since the May survey.