LendingTree Releases Consumer Debt Outlook for July 2018

July 18, 2018

LendingTree's Consumer Debt Outlook finds new car loan rates now average more than 5 percent APR, revolving debt increased by more than $16 billion in May

CHARLOTTE, N.C., July 18, 2018 /PRNewswire/ -- LendingTree®, the nation's leading online loan marketplace, today released its Consumer Debt Outlook for July 2018, finding that new car loan rates now average more than 5 percent APR, the highest financing rate since 2012. LendingTree's analysis of the latest Federal Reserve data also found that revolving debt, almost all of which is credit card debt, increased by more than $16 billion in May, the largest-ever increase in revolving credit for that calendar month and the largest percentage increase since 1995.

Analysis Highlights

- **Revolving debt, almost all of which is credit card debt, increased by more than $16 billion in May.** That's the largest-ever increase in revolving credit for that calendar month and the largest percentage increase since 1995. The average credit card APR is currently 15.54 percent, a full percentage point higher than a year ago.
- **Federal deficits continue to increase** and are expected to increase to more than 5 percent of gross domestic product (GDP) within the next five years. The persistent annual federal deficits will likely elevate borrowing rates for consumers on big ticket items like homes.
- **The average new car loan rate is above 5.00 percent for the first time since 2012**. The amount owed on existing motor vehicles has increased by 48 percent since that time.
- **Consumers, at least in the short term, are better positioned to service these larger debts**. Credit delinquencies remain low, and incomes are (mostly) keeping pace with the added debt.

Credit card balances new record increase $16 billion

The $16.25 billion increase in revolving credit — now totaling a shade under $1 trillion, at $999.2 billion — is the biggest one-month increase in May. On a percentage basis, the 1.65 percent monthly increase is the biggest May jump since 1995, when revolving credit jumped a whopping 2.27 percent in a single month.

Meanwhile, non-revolving debt, which includes auto loans and student debt, also increased. Together, LendingTree analysts expect the $3.86 trillion in revolving and non-revolving debt to exceed $4 trillion by the end of 2018.

Total Non-Mortgage Consumer Debt to Exceed $4 Trillion by 2018
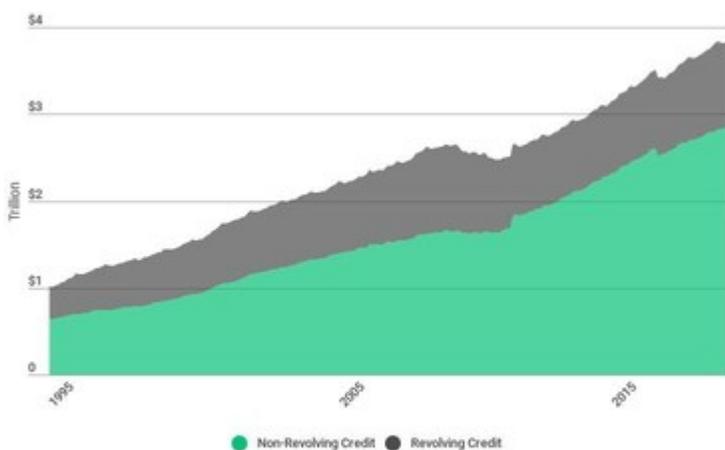
Source: Federal Reserve.

Auto loans back above 5 percent

The average rate to finance a new car is now above 5 percent for the first time since February 2012, according to Federal Reserve data, based on a 48-month loan.

The amount people are financing has also increased over that time. In 2012, the average amount financed was $25,430. Today, the average amount financed is $30,472 — a 20 percent increase. At the current average rate of 5.04 percent for 48 months, financing $30,472 of a new car means

monthly payments of $702, according to LendingTree's auto loan calculator. Over the life of that loan, the new car owner will pay more than $3,200 in interest.

Finally, the amount owed on all motor vehicles — both new and used — has increased by nearly 50 percent since 2012. Collectively, more than $1.1 trillion is owed on some sort of automobile financing.

Average Finance Rates for 48- and 60-Month New Automobile Loans
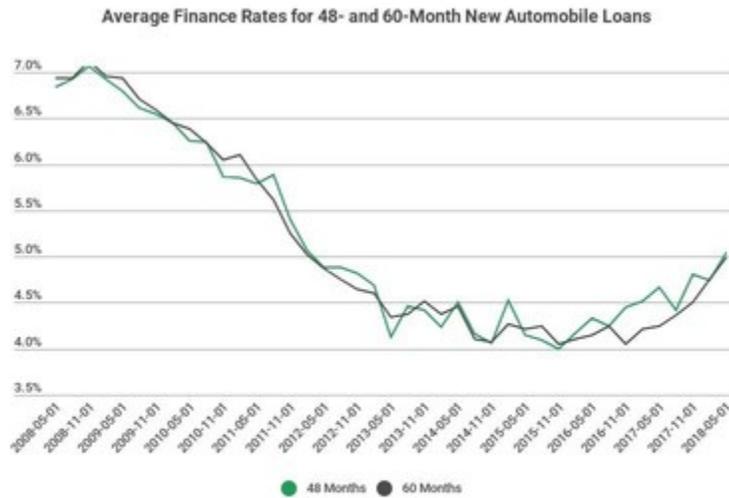
Source: Federal Reserve.

Consumer income is keeping up (for now)

Despite the heavier lifts, Americans are, at least in the short run, keeping up. Delinquency rates on home loans are at 10-year lows, according to Federal Reserve data, and credit card charge-off and delinquency rates remain modest.

To view the full report, visit: https://www.lendingtree.com/finance/consumer-debt-outlook-july-2018/.

About LendingTree
LendingTree (NASDAQ: TREE) is the nation's leading online marketplace that connects consumers with the choices they need to be confident in their financial decisions. LendingTree empowers consumers to shop for financial services the same way they would shop for airline tickets or hotel stays, comparing multiple offers from a nationwide network of over 500 partners in one simple search, and can choose the option that best fits their financial needs. Services include mortgage loans, mortgage refinances, auto loans, personal loans, business loans, student refinances, credit cards and more. Through the My LendingTree platform, consumers receive free credit scores, credit monitoring and recommendations to improve credit health. My LendingTree proactively compares consumers' credit accounts against offers on our network, and notifies consumers when there is an opportunity to save money. In short, LendingTree's purpose is to help simplify financial decisions for life's meaningful moments through choice, education and support. LendingTree, LLC is a subsidiary of LendingTree, Inc. For more information, go to www.lendingtree.com, dial 800-555-TREE, like our Facebook page and/or follow us on Twitter @LendingTree.

MEDIA CONTACT:
Megan Greuling
704-943-8208
megan.greuling@lendingtree.com

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