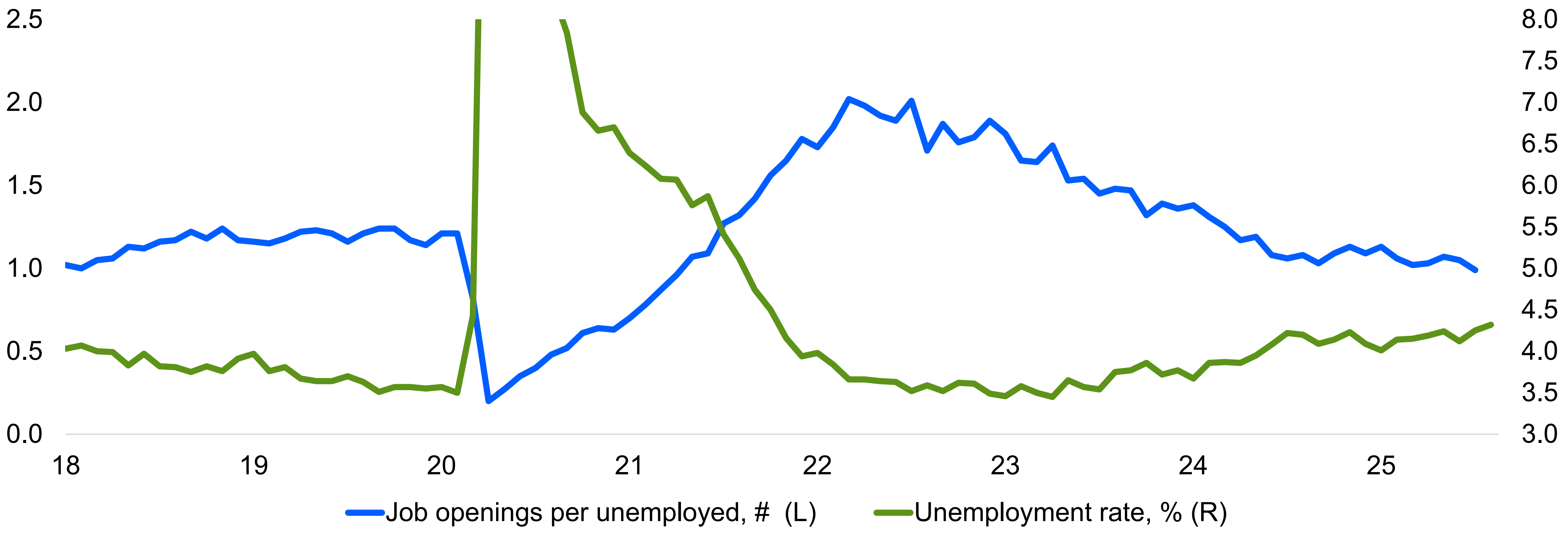
MOODY'S

Will Households Hang On?

Marisa DiNatale, Senior Director, Moody's Analytics
Mike Brisson, Director, Moody's Analytics

September 2025

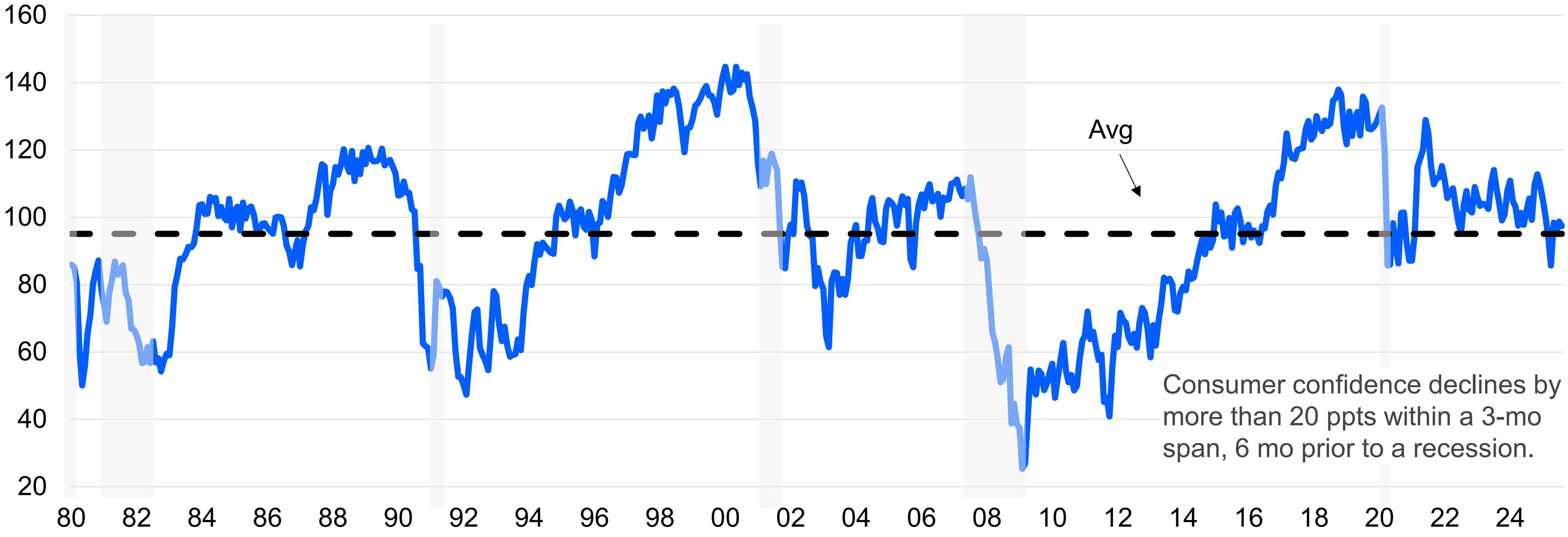
Extremely Tight Job Market Has Propped Up Consumer Spending…



Sources: BLS, Moody's Analytics

…Although Sentiment Is Terrible

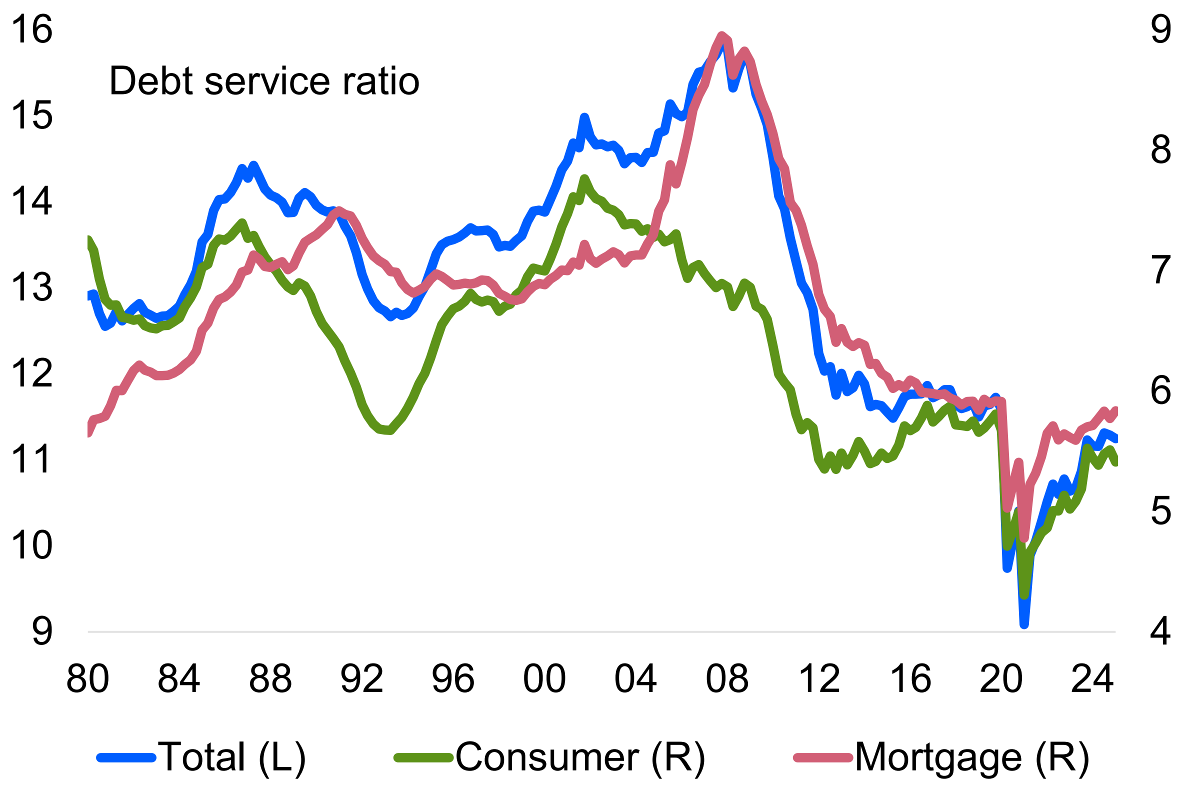
Conference Board consumer confidence, 1985=100

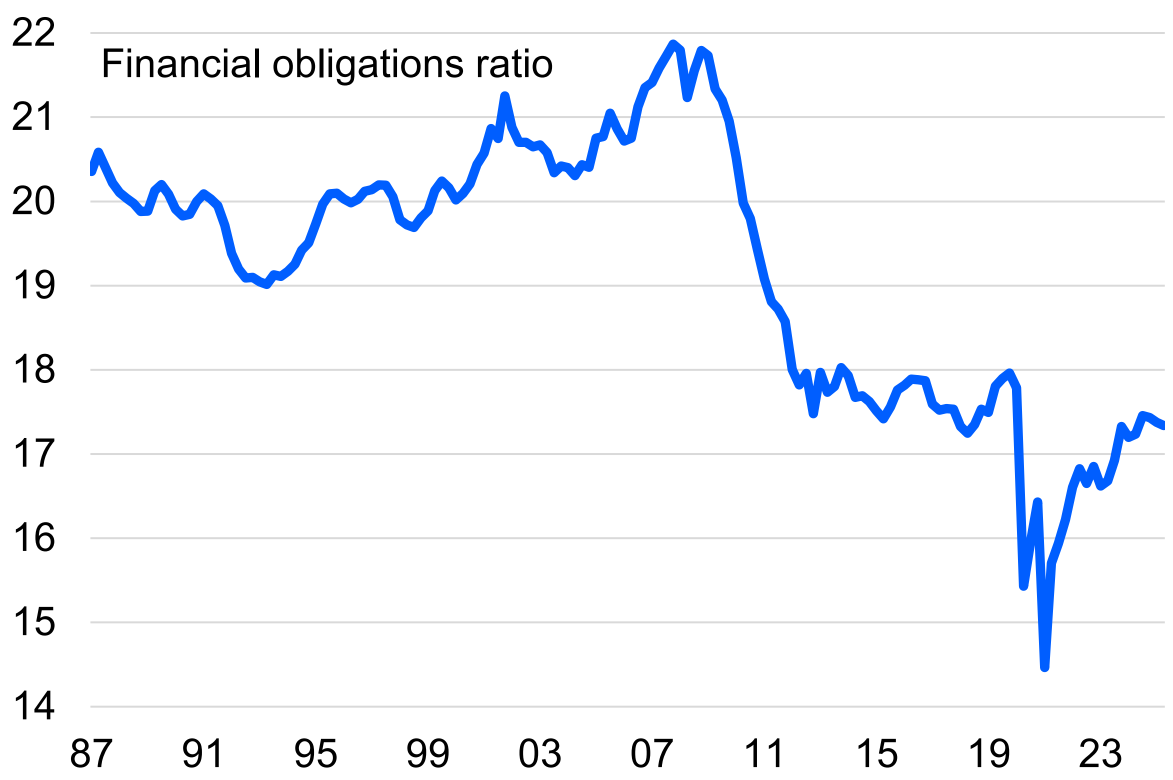


Sources: The Conference Board, Moody's Analytics

Debt Isn't Too Burdensome for the Average Household…

Household debt service payments and financial obligations, % of disposable personal income

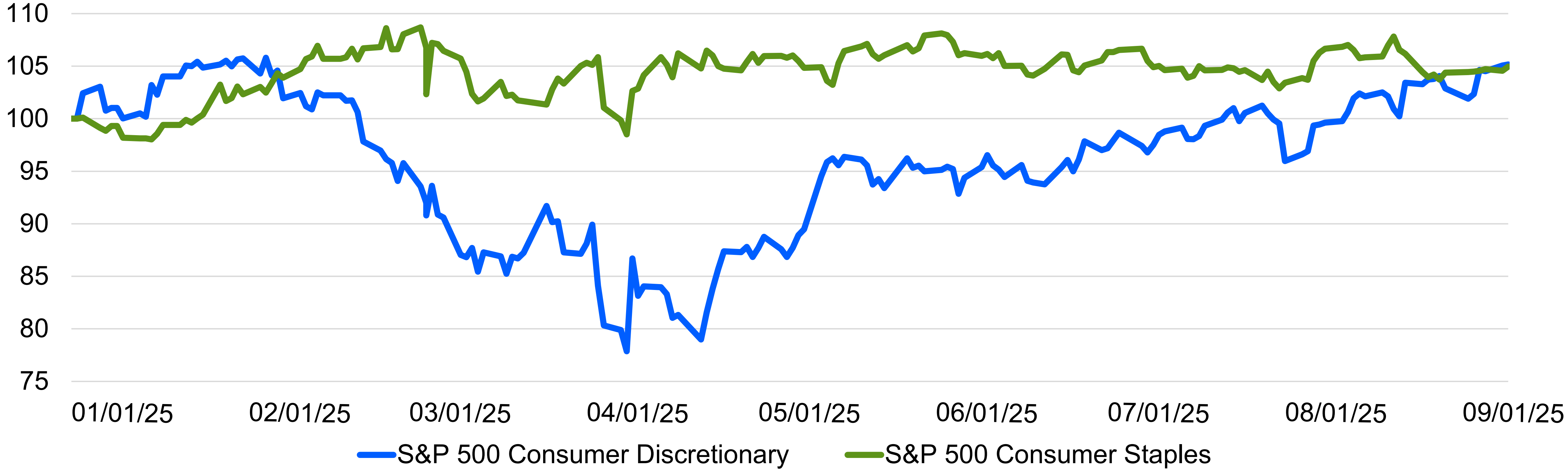




Sources: Federal Reserve, Moody's Analytics

…And Stock Investors Have Perked Up on Discretionary Spending

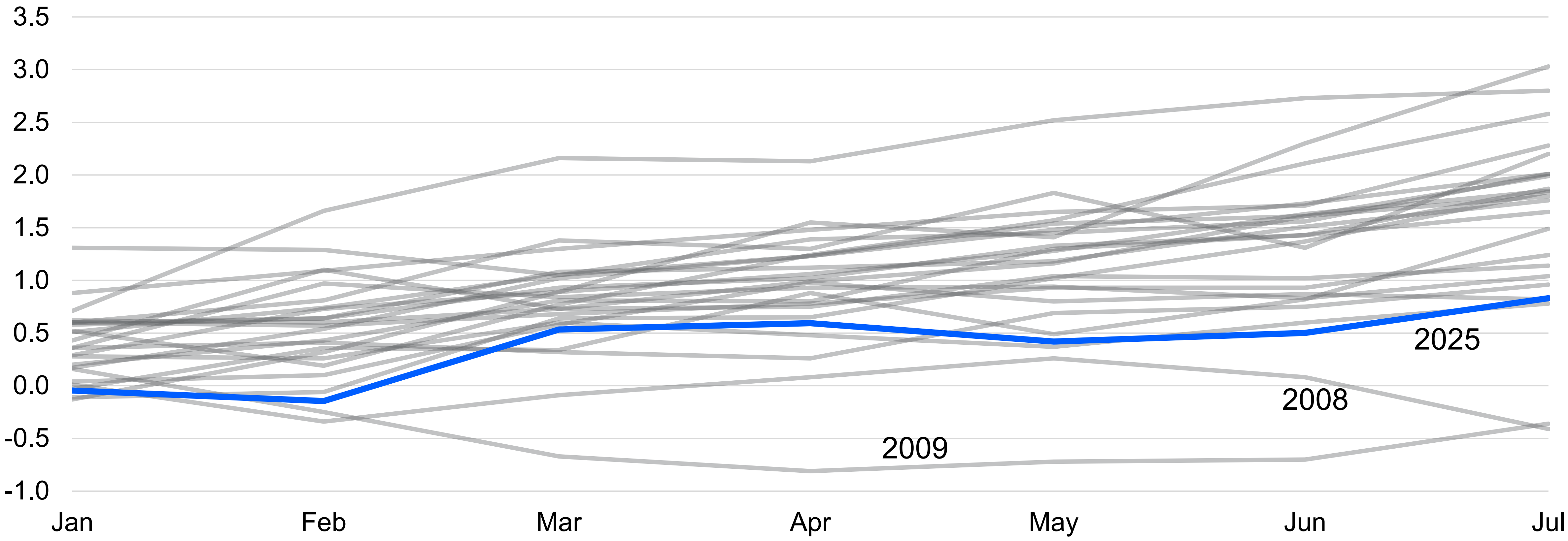
January 1, 2025=100



Sources: S&P Dow Jones Indices LLC, Moody’s Analytics

But Cracks Are Developing in the Consumer Firewall

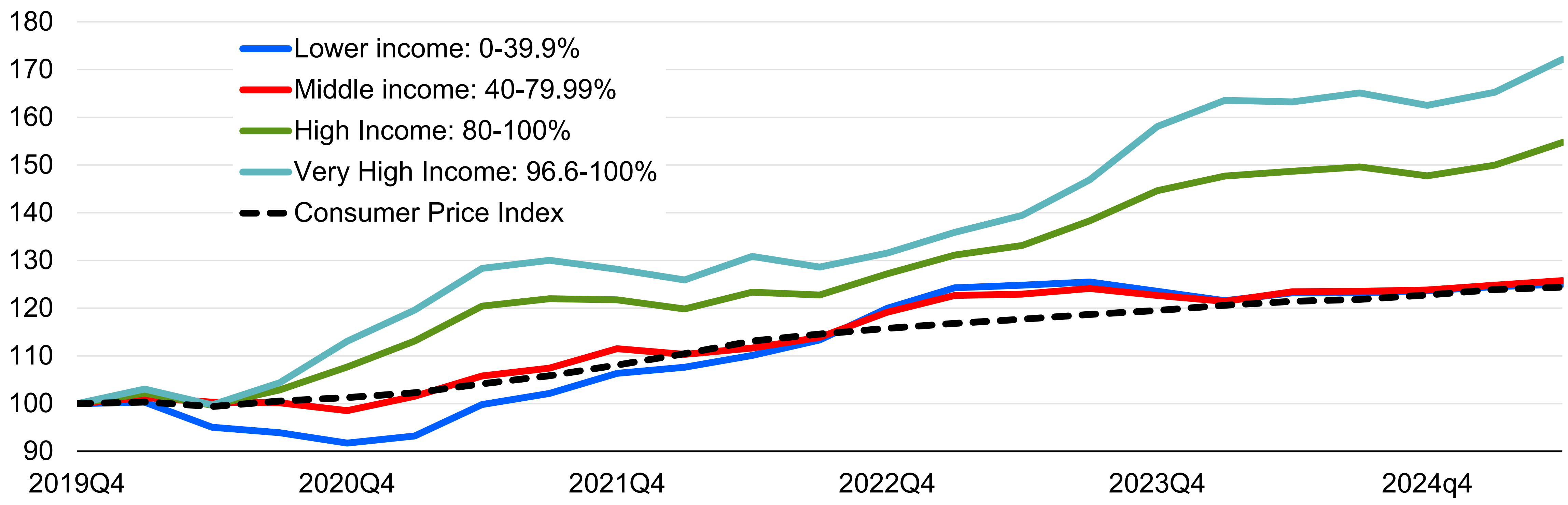
Change in monthly real consumer spending from preceding 4th-qtr avg, %



Sources: BEA, Moody's Analytics

The Well-To-Do Power Consumer Spending

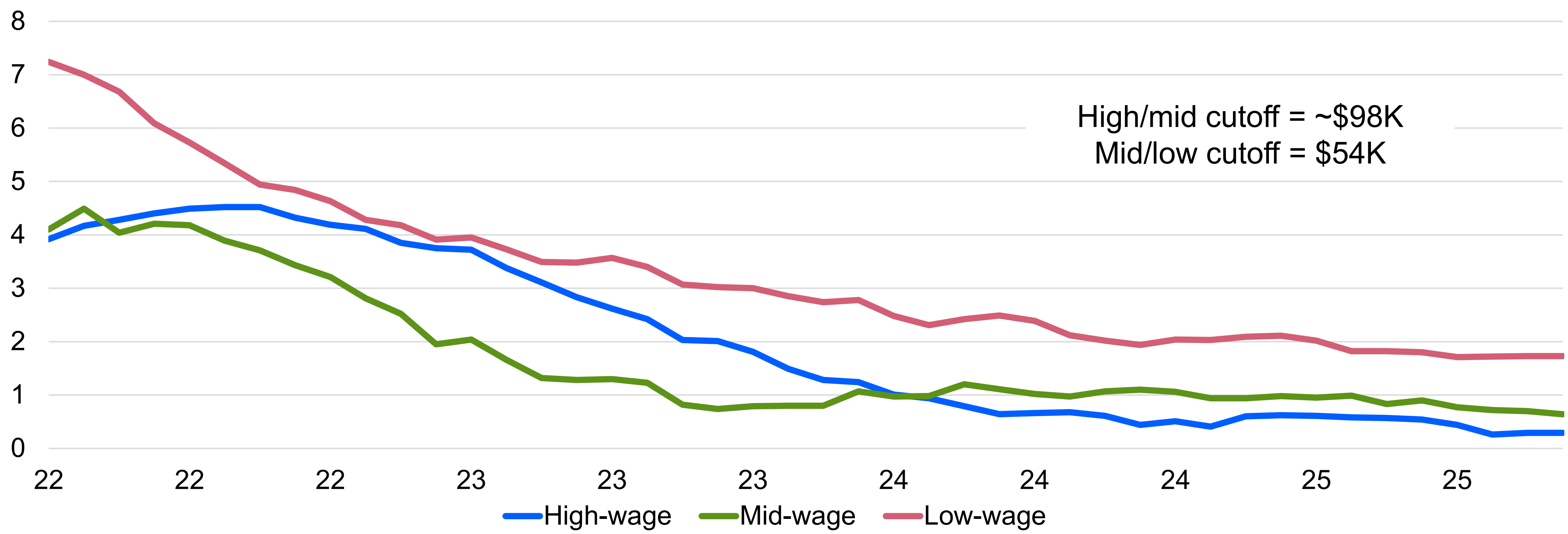
Personal outlays by income group, 1999q4 = 100



Sources: BLS, Moody’s Analytics

…As High-Wage Job Growth Slows to a Crawl

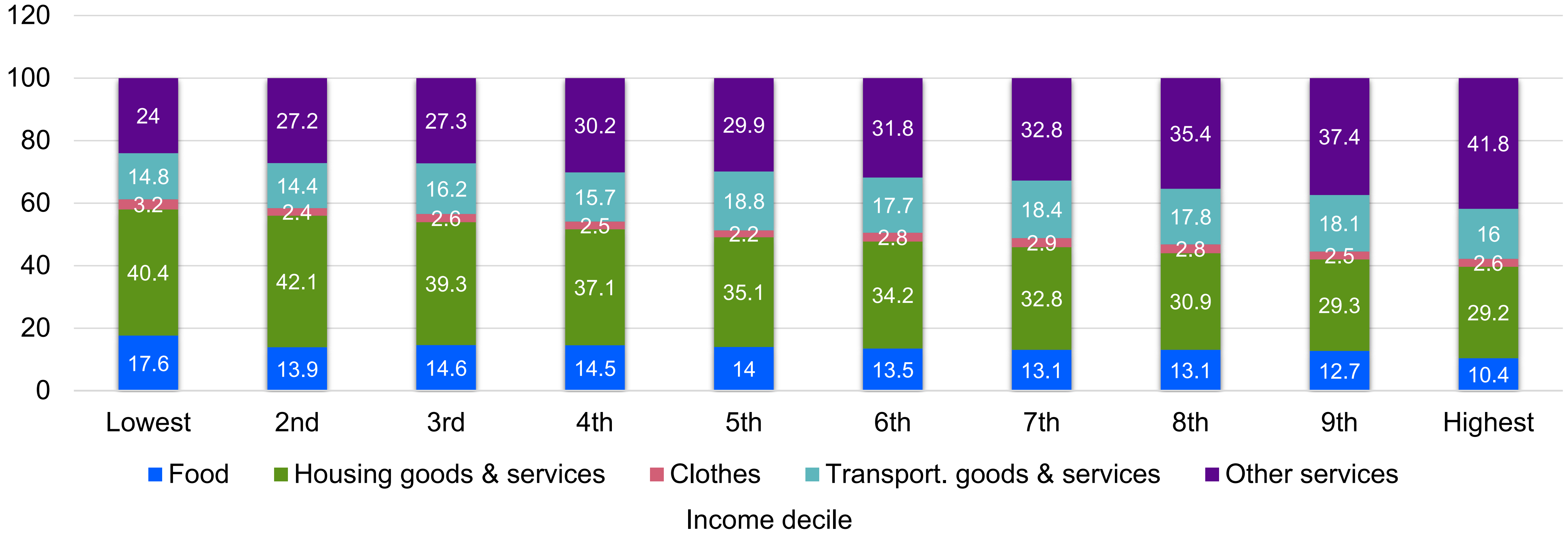
Employment by wage tier, % change yr ago



Sources: BLS, Moody's Analytics

Lower-Income Households More Tariff Exposed Due to Goods Spending

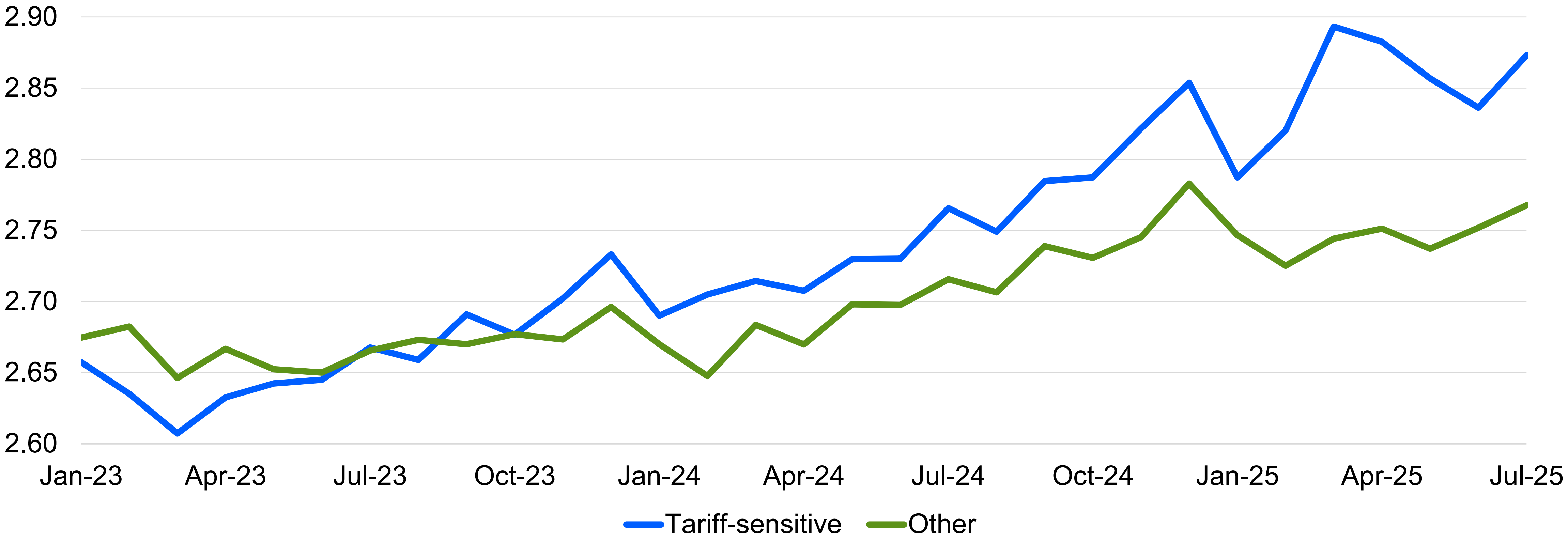
Share of household expenditure by type and income decile, 2023 annual avg, %



Sources: BLS, Moody’s Analytics

Consumers Are Buying Ahead

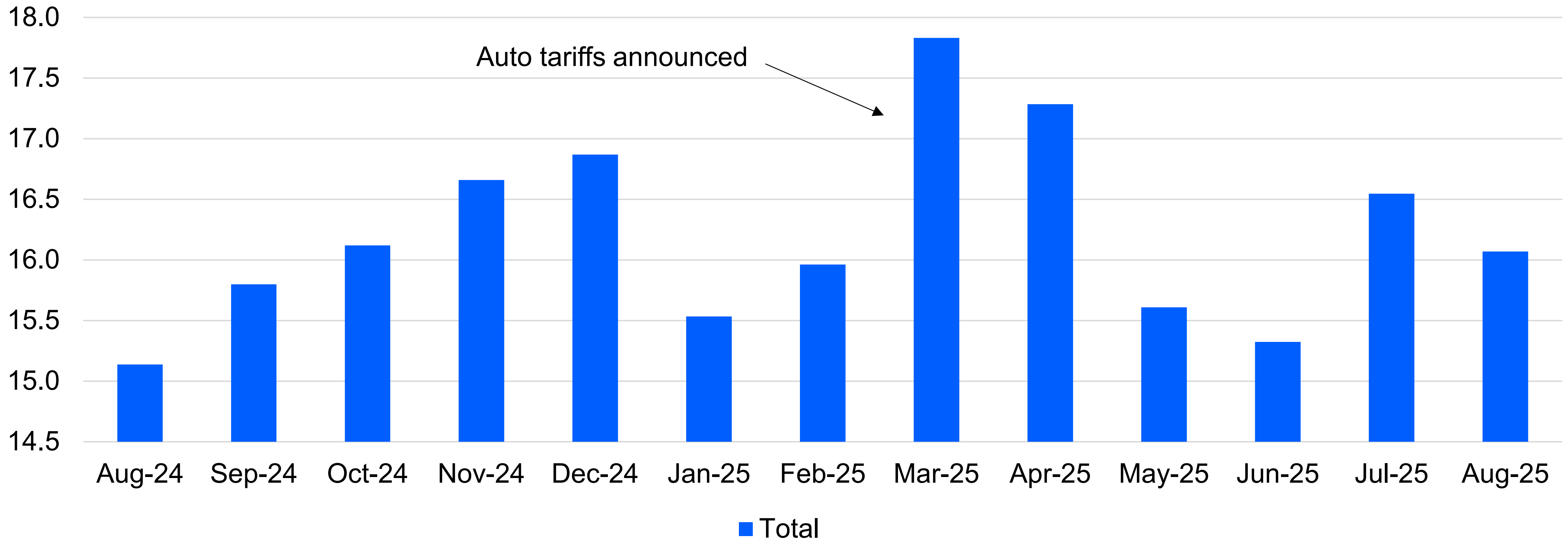
Real goods spending, $ tril, SAAR



Sources: BEA, Moody's Analytics

Spike in Demand for Autos Not Expected to Last

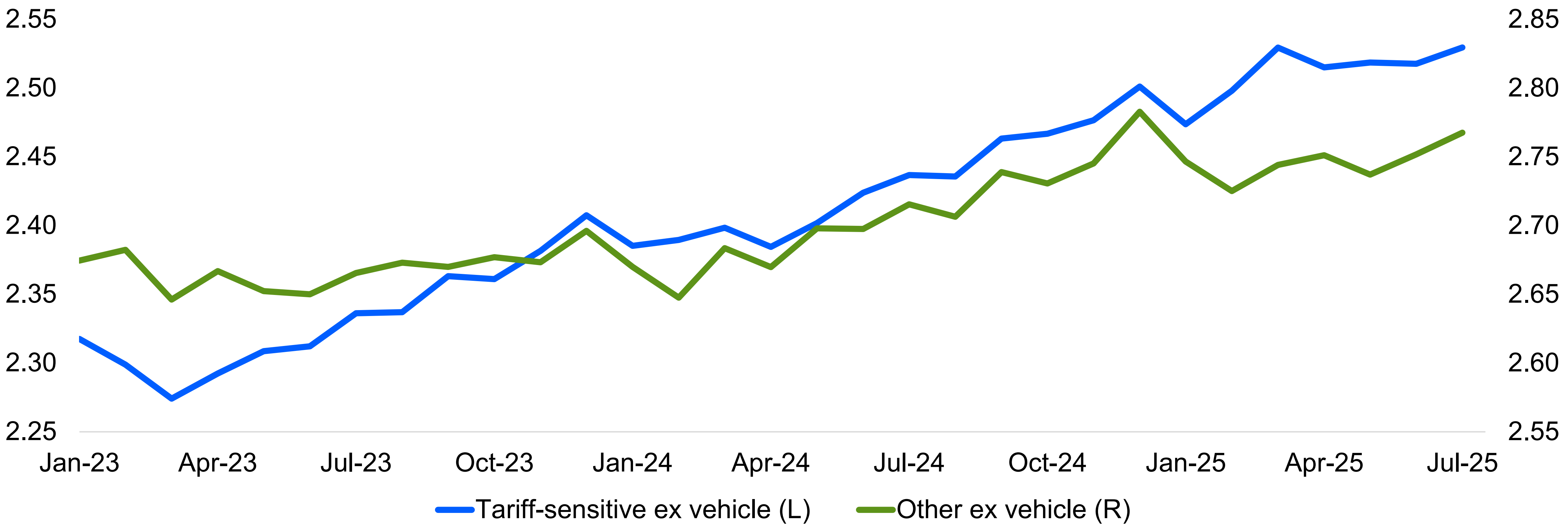
New-vehicle sales: cars and light trucks, # mil, SAAR



Sources: BEA, Moody's Analytics

Buying Ahead Is Not Just Vehicles

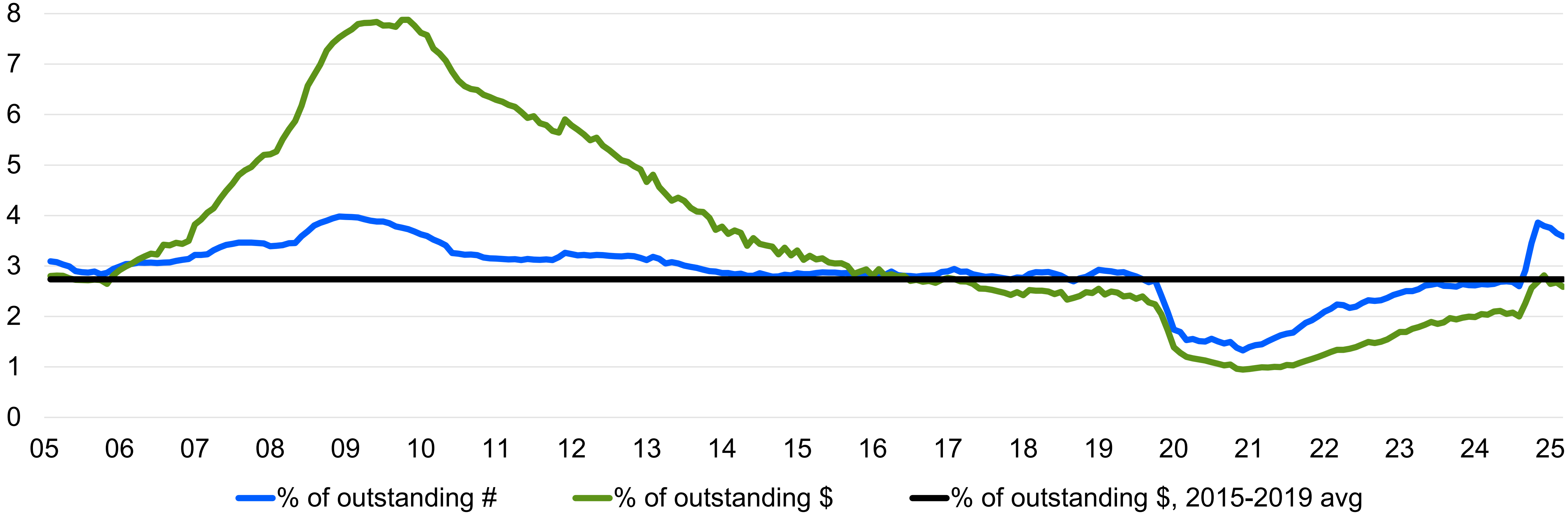
Real goods spending, $ tril, SAAR



Sources: BEA, Moody's Analytics

Consumer Credit Performance Normalizing Prior to Student Loan Spike

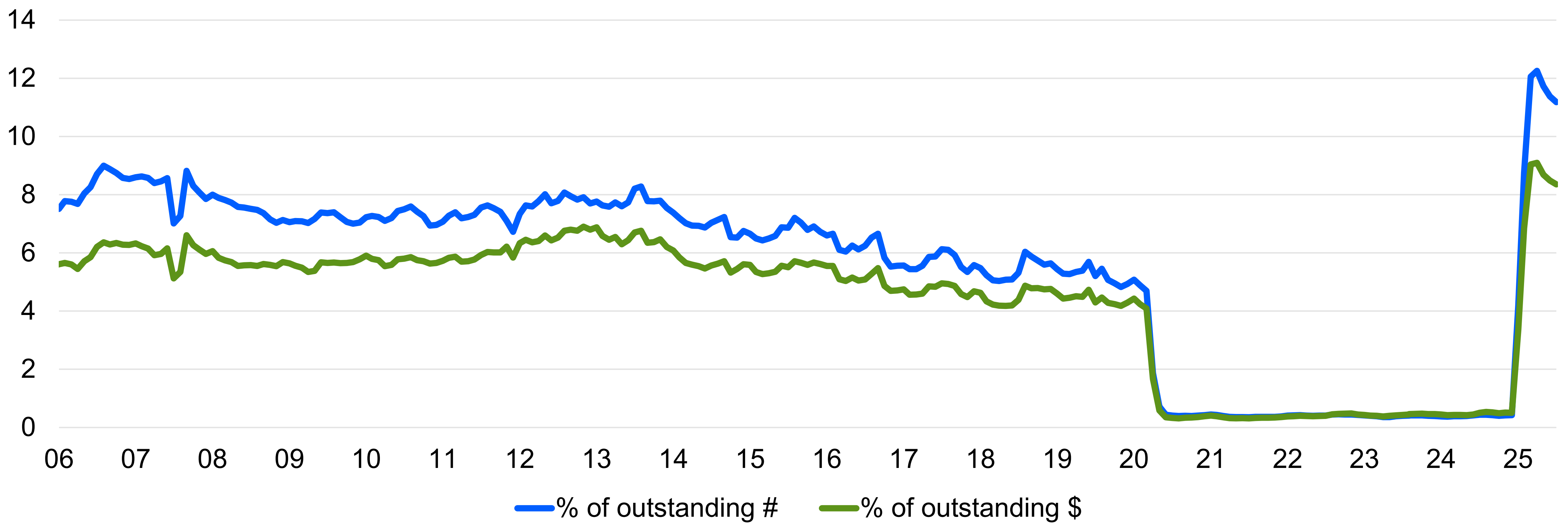
30+ day delinquency rate, total, SA



Sources: Equifax, Moody's Analytics

Reported Student Loan Delinquencies Spike

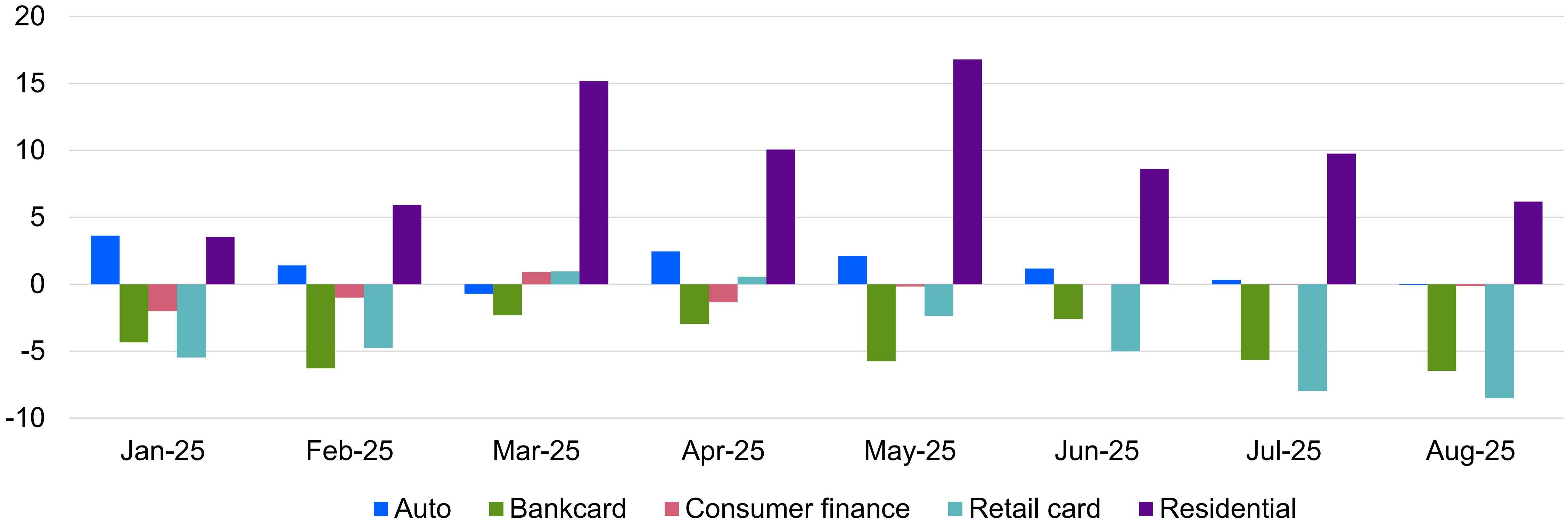
30+ day delinquency rate, student loans, NSA



Sources: Equifax, Moody's Analytics

Consumer Lending Delinquencies Improving

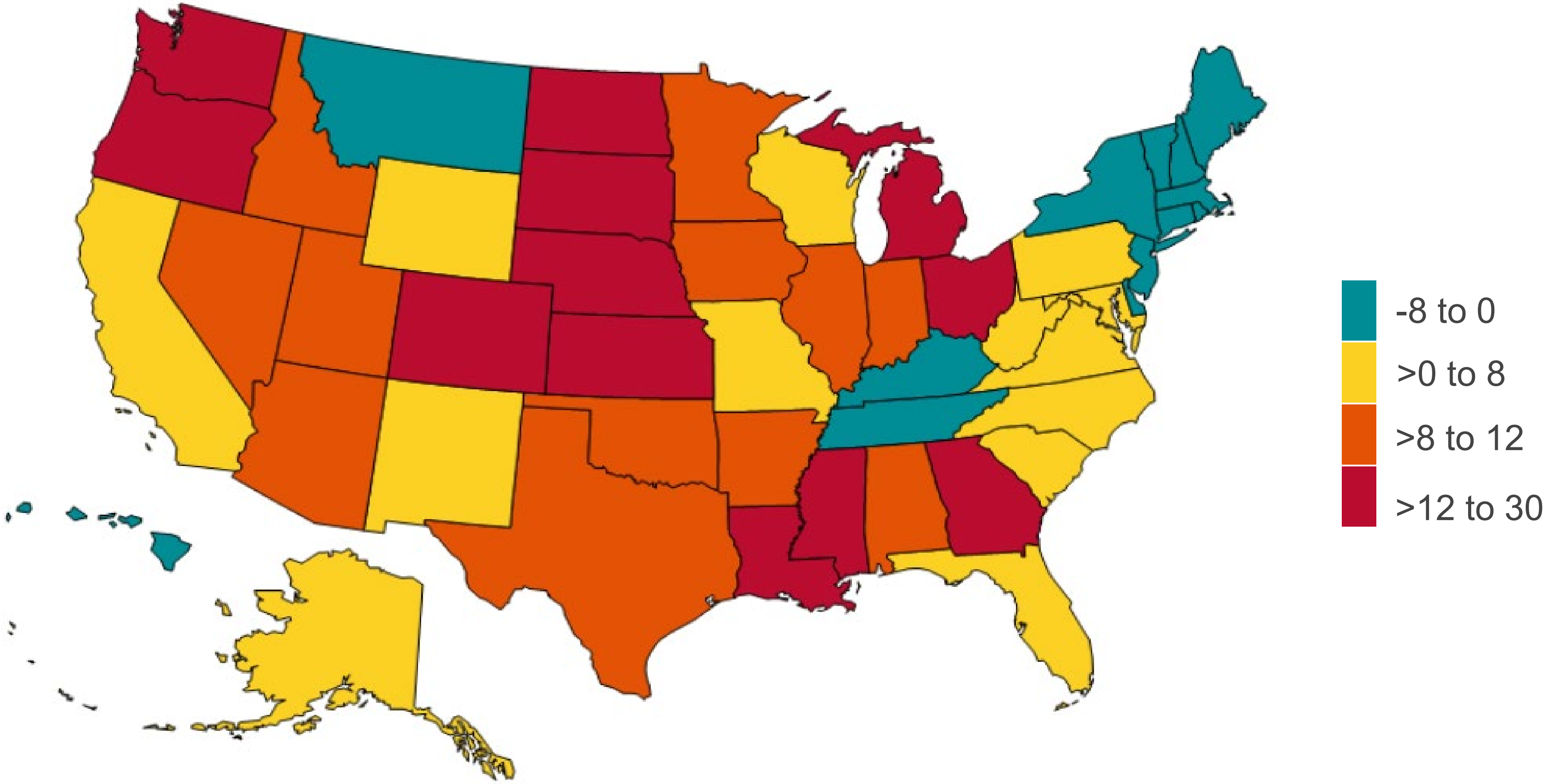
Total delinquent, % of trades, % change yr ago



Sources: Equifax, Moody's Analytics

Most States' Delinquency Rates Worse Than Prior to Pandemic

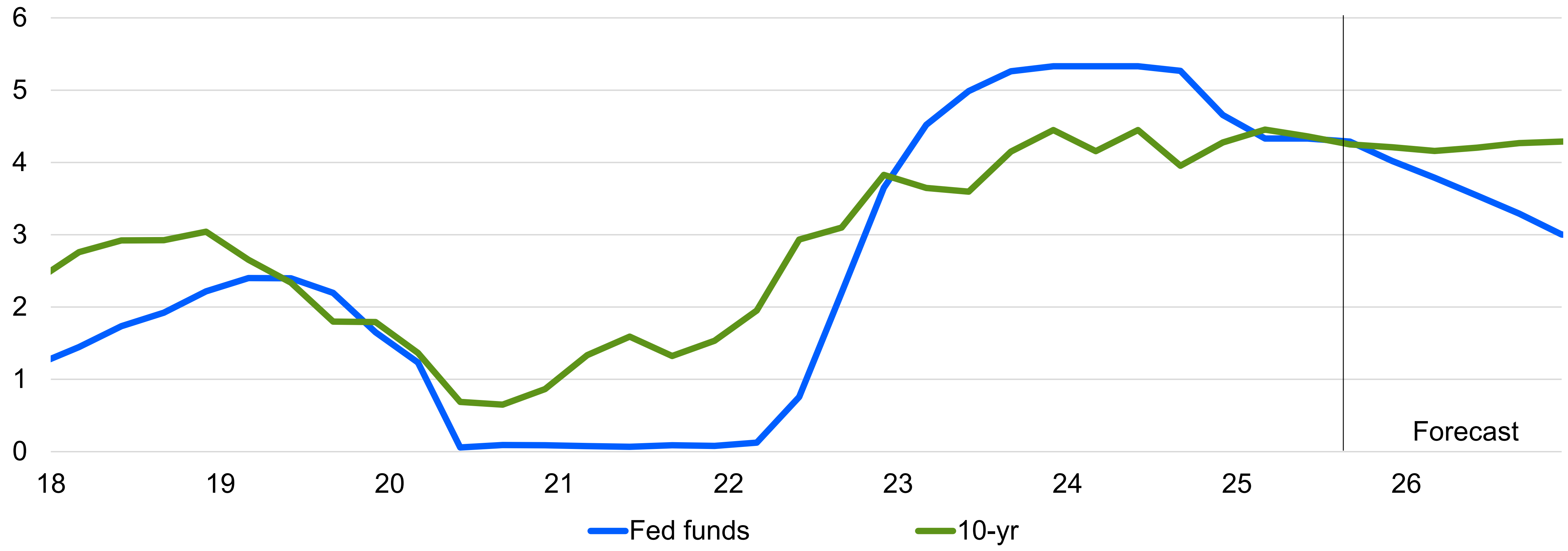
Consumer credit, total delinquency rate, % change from Aug 2019



Sources: CreditForecast, Moody's Analytics

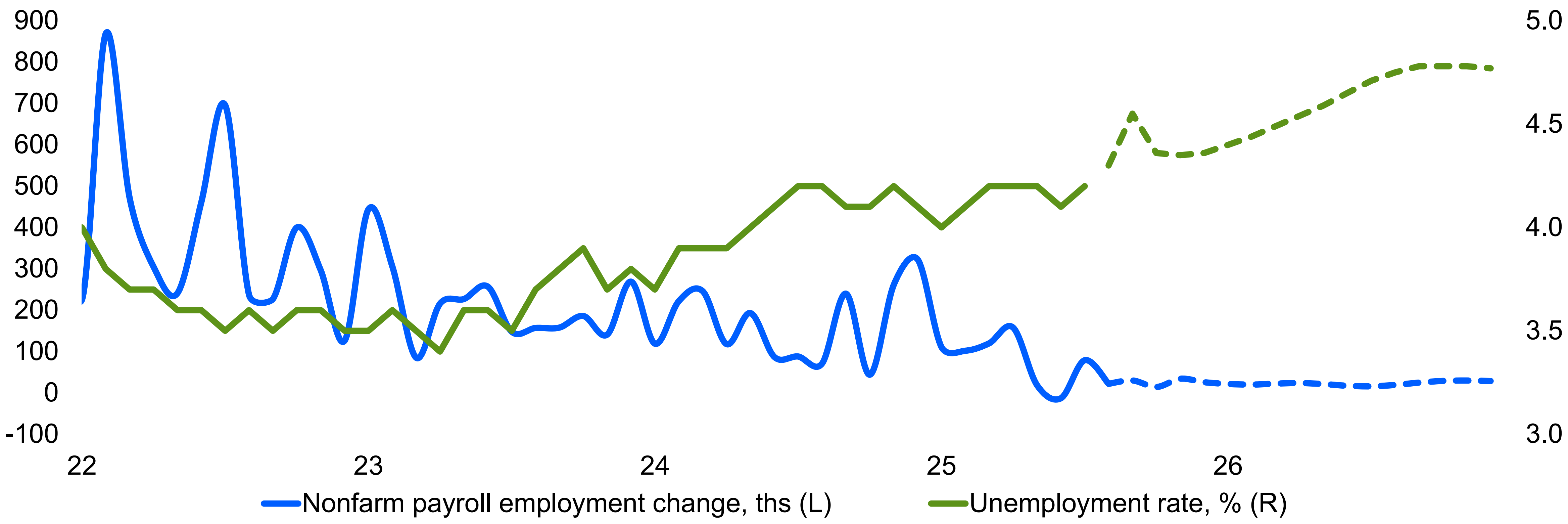
Coming Rate Cuts Only a Moderate Support for Consumers

Interest rates, %



Sources: Federal Reserve, Moody's Analytics

And the Job Market Is Running Out of Steam



Sources: BLS, Moody's Analytics

Key Takeaways

- **Consumers, especially those at the higher end, are sustaining economic growth.** This trend has continued since the pandemic due to the wealth effect from elevated equity markets and housing values.
- **Consumers face significant uncertainty.** A slowdown in hiring, limited layoffs, expectations for rising prices, and shifting tariff/fiscal policy make these confusing times for consumers.
- **Tariff uncertainty weighs heavily on confidence and is doing economic damage.**
- Consumer credit performance has been mixed. Still, **delinquency rates are elevated compared with pre-pandemic levels** and may become unsustainable if the labor market worsens.
- **The Fed will cut rates again in December, but cuts will provide little relief to consumers' bottom lines.**
- **The resilient labor market, which has kept consumers afloat, is showing cracks.**

MOODY'S

Questions?

Thank you!

Contact Us

Email	helpeconomy@moodys.com
U.S./Canada	+1.866.275.3266
EMEA	+44.20.7772.5454 (London)
	+420.234.747.505 (Prague)
Asia/Pacific	+852.3551.3077
All Others	+1.610.235.5299

www.economy.com