

Americans are missing credit card payments at stunning rate as inflation takes toll

Story by Rebecca Mezistrano • 1d

📄 IN THIS ARTICLE ...

📈 DJI ▼ -0.39%

📈 COMP ▲ +0.89%



shutterstock_503419588
© Provided by TheStreet

TheStreet's J.D. Durkin brings the latest business headlines from the floor of the [New York Stock Exchange](#) as markets close for trading Wednesday, February 7.

Full Video Transcript Below:

J.D. DURKIN: I'm J.D. Durkin - reporting from the New York Stock Exchange.

Stocks were in the green to close out today's session. The Dow closed up 156 points, the Nasdaq closed close to 1 percent higher, and the S&P closed eight-tenths of a percent higher after hitting a fresh record high during intraday trading. This comes as investors continue to react to corporate earnings reports. So far, over half of the companies in the

Wall Street is also reacting to comments from various Fed officials that interest rate cuts would likely come later in the year. Markets are currently pricing in an 18 percent chance that the Fed cuts interest rates when it meets in March.

In other news – credit card delinquencies are increasing at a staggering pace. According to the Federal Reserve Bank of New York, missed payments increased by more than 50 percent in 2023, and total consumer debt rose to \$17.5 trillion.

In the fourth quarter of last year, credit card debt in serious delinquency -- or, debt that is 90 days or more past due -- rose 59 percent year-over-year, totaling \$1.13 trillion. Mortgage and auto loan delinquencies also rose in Q4.

According to the New York Fed, "Credit card and auto loan transitions into delinquency are still rising above pre-pandemic levels. This signals increased financial stress, especially among younger and lower-income households."

A big factor in the increasing debt is the interest rates charged by credit card companies. Since the Fed began its tightening in February of 2022, rates have shot up from 14.5 percent to around 21.5 percent.

However, student loan delinquencies saw a decrease in Q4. The Biden administration has made it a priority to cancel student loan debt, and the White House has forgiven more than \$136 billion since Biden took office.

That'll do it for your daily briefing. From the New York Stock Exchange, I'm J.D. Durkin with TheStreet.