Economics: Consumers Continue to Take on More Debt

A quiet week of economic data allowed consumer credit and the Job Openings and Labor Turnover Survey (JOLTS) to step to the fore. Total consumer credit increased in September to a new all-time high, and has expanded every month since December 2015. In addition, year-over-year growth in total consumer credit accelerated for the first time since February. Revolving credit (mainly credit card debt) accelerated on annual basis for the first time in four months, while annual growth in nonrevolving credit (mainly auto and student loan debt) was unchanged at the slowest pace this year. Results from the September JOLTS, which is released with a lag to the employment report, showed that the job openings rate (openings as a share of total employment) remained at an expansion high for the fourth straight month. The hires rate, on the other hand, fell for the second consecutive month after rising to tie an expansion high in July. The job openings rate has been higher than the hires rate since February, suggesting that firms are having a difficult time filling open positions. In response to ample job opportunities, workers remain confident in their job prospects, as the quits rate has hovered around the expansion high every month so far in 2017.

- **Consumer (non-mortgage) credit outstanding** expanded by $20.8 billion in September, according to the Federal Reserve Board. Nonrevolving credit increased $14.4 billion and revolving credit expanded $6.4 billion. From a year ago, nonrevolving credit grew 5.5 percent, and revolving credit rose 5.8 percent. The annual growth rate in revolving credit increased three-tenths from August, while nonrevolving growth was unchanged.

- The Job Openings and Labor Turnover Survey (JOLTS) showed that job openings were flat in September at 6.1 million, according to the Bureau of Labor Statistics. The jobs openings rate was unchanged at 4.0 percent. The hires rate fell one-tenth to 3.6 percent. The quits rate edged up one-tenth to 2.2 percent. The layoffs rate was unchanged at 1.2 percent for the fourth consecutive month.

- **Initial claims for unemployment insurance** increased by 10,000 to 239,000 in the week ending November 4, according to the Department of Labor. The four-week moving average decreased by 1,250 to 231,250.
Housing: Lending Standards Take It Easy

Housing data released this week featured updates on lending standards, home prices, and the construction labor market. Results from the fourth quarter Senior Loan Officer Opinion Survey showed that lending standards on residential mortgage loans eased for the 14th consecutive quarter, while demand for mortgages declined for the third time in the past four quarters. The exception was subprime loans, which was the only loan category to see lending standards tighten and which also saw an increase in demand. The CoreLogic National Home Price Index continued to rise in September and is now 0.5 percent higher than the pre-crisis peak in April 2006. However, after adjusting for inflation, the index remains 16 percent below the prior peak. Home price appreciation remains the strongest for the lowest-tier homes, as homes priced 75 percent or less of the national median saw prices increase 9.6 percent year-over-year, 2.6 percentage points higher than the national average appreciation. The construction labor market saw a sizable decline in job openings amid an increase in hiring in September, according to the Job Openings and Labor Turnover Survey. The hires rate (construction hiring as a share of construction employment) increased for the third straight month, while the job openings rate fell for the second consecutive month. Construction workers grew more confident in their job prospects in September, as the quits rate rose for the first time in seven months. Mortgage demand remained stuck last week at the lowest level since February, as a minor drop in refinance applications cancelled out a rise in purchase applications. Mortgage rates dipped lower this week, as the average 30-year fixed mortgage rate fell 4 basis points to 3.90 percent, according to Freddie Mac.

- **The Federal Reserve Board Senior Loan Officer Opinion Survey** for the three months ending in October showed banks easing lending standards on most residential real estate loans amid declining demand.

- **The CoreLogic National Home Price Index (HPI)**, a repeat sales measure, increased 0.9 percent in September (not seasonally adjusted). The index rose 7.0 percent year-over-year. The state of Washington showed the largest HPI gain in September, with a 12.5 percent year-over-year increase, followed by Utah’s 10.5 percent gain. According to the Index, prices in 37 states (including the District of Columbia) have risen above their pre-crisis peaks, and prices in two states are no more than 5 percent below their pre-crisis peaks.

- **The Job Openings and Labor Turnover Survey (JOLTS)** showed that construction job openings decreased 14.8 percent to 196,000 in September, according to the Bureau of Labor Statistics. As a share of employment, the construction job openings rate fell half of a percentage point to 2.8 percent. The hires rate ticked up one-tenth to 5.5 percent. The quits rate increased two-tenths to 2.2 percent, while the layoffs rate rose two-tenths to 2.9 percent.

- **Mortgage applications** were flat for the week ending November 3, according to the Mortgage Bankers Association. Purchase applications edged up 0.5 percent, while refinance applications slipped 0.5 percent. Conventional and government purchase applications posted small gains, while a drop in conventional refinance applications outweighed a slight rise in government refinance applications. The survey’s average 30-year fixed mortgage rate fell 4 basis points to 4.18 percent.

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**Mortgage Demand Declines and Lending Standards Ease, Except for Subprime**

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<th>Net Share of Banks Reporting...</th>
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**Construction Job Openings Fall as Quits and Hires Rates Rise**

Source: Federal Reserve Board

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