The NFCC Financial Stress ForecastSM

THE NFCC FINANCIAL STRESS FORECAST continues to trend upward as consumers' ability to repay unsecured debt gets into painful territory, solidly in Stage 5: "Debt Looms" on the Debt Burden Scale. At this stage, debt becomes a more prominent presence with the U.S. consumer, casting a shadow on financial security.

FIRST QUARTER, 2024

About the NFCC Consumer Debt Score

The NFCC Financial Stress Forecast (FSF) offers valuable insights into consumers' capacity to repay unsecured debt, providing a clear depiction of their financial distress levels. This forecast highlights the critical connection between consumers' financial well-being, unsecured debt default, and its ripple effect on lending default metrics in the quarters ahead.

Key Highlights

- The NFCC Financial Stress Forecast slightly declined by 1.2% in the first quarter of 2024, following an increase of 7.8% in the fourth quarter of 2023.
- The FSF for 2023Q4 is 5.3, solidly in Stage 5: "Debt Looms" on the Debt Burden Scale (see box on right). At this stage, debt becomes a more prominent presence, casting a shadow on financial security. This stage marks a turning point toward taking action to get ahead of worsening conditions.
- The FSF has soared by 58.5% since the low of 3.3 set in 2021Q3.
 This substantial increase highlights a noteworthy change in consumer financial distress levels over a relatively short period.

Debt Burden Scale

Stage 0: Debt-Free Bliss.

Stage 1: A Gentle Reminder.

Stage 2: A Nibble of Debt.

Stage 3: Debt Whispers.

Stage 4: Debt Starts to Nag.

Stage 5: Debt Looms.

Stage 6: Tightening the Belt.

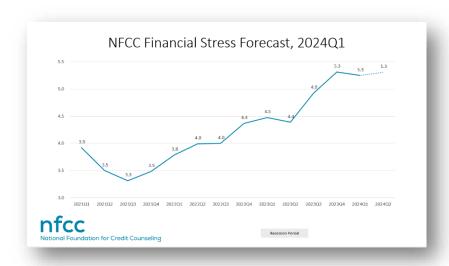
Stage 7: Debt Feels Oppressive.

Stage 8: Debt Feels Overwhelming.

Stage 9: Debt is Crushing.

Stage 10: Debt Devastates.

The NFCC Financial Stress
Forecast serves as a bellwether
for the overall financial stress
condition of the American
consumer. As such, it is also an
indicator of future trends in net
charge-offs and delinquencies
as reported quarterly by all U.S.
commercial banks.





National Foundation for Credit Counseling