Debt Burden

The capacity to pay back debt is a critical gauge of consumer credit conditions. On a short-term basis, this capacity is best measured by the minimum monthly payments due on debt as a share of monthly household income.

In New Mexico, 11.9 percent of disposable income is required to cover the minimum payments due on debt, such as mortgages, credit cards, and auto loans. This burden is substantially lower than the comparable Tenth District and U.S. figures of 12.5 percent and 13.2 percent, respectively. New Mexico debt service burden was significantly lower than the burden in 2006 (12.5 percent), despite a considerable increase in the amount of debt carried by the average consumer. The total amount of debt (including mortgages) held by the average New Mexico consumer over the period rose to $57,700 from about $49,700, but falling interest rates managed to push debt burdens lower.

Should interest rates rise appreciably from their current historically low rates, debt service will likely become a much greater burden for New Mexico households. For more information, see the Tenth District Consumer Credit Report.
Chart 3: Mortgage Delinquencies

Map: Serious Delinquency Rates by County

Notes

The Consumer Credit Report series is published quarterly by the Federal Reserve Bank of Kansas City to provide a summary view of consumer credit standing in each Tenth District state. For questions or comments, contact Kelly Edmiston, senior economist, at kelly.edmiston@kc.frb.org.