

# 2023 Personal Finance Events and Trends

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On December 12, I presented the ninth annual (2023) Personal Finance Year in Review [webinar](#) for [OneOp](#), an online professional development resource for military family service providers. Below is a summary of ten key events and trends from the past year that were discussed:

## 2023 Personal Finance Events

20%+ average credit card APRs

Declining-but still concerning-inflation rates

Federal Reserve interest rate hikes

Inverted yield curve



SCOTUS student loan forgiveness decision and SAVE program

Easing rent prices

Increased interest in bonds and cash assets: TINA is dead (?)

5% interest on CDs, money market funds, and online bank accounts

SVB Failure

Worker strikes in many industries

"Golden Handcuff" housing market

Record unaffordability for cars, housing, and childcare

Smaller tax refunds than 2022 and 94% e-filing rate

Soaring property insurance premiums: homeowners and auto

Increased cancellation of subscription services

Volatile stock market amid political uncertainty, interest rate hikes, inflation, wars, etc.

90<sup>th</sup> anniversary of FDIC insurance, 50<sup>th</sup> anniversary of CFP® designation, and 30<sup>th</sup> anniversary of exchange-traded funds (ETFs)

**Inflation Rate-** The year-to-year inflation measure, the consumer price index (CPI), was 6.4% in January 2023 and 3.2% in November. Thus, inflation has eased but still remains elevated.

**Interest Rates-** From March 2022 to July 2023, the Federal Reserve raised interest rates 11 times to a 5.25%-5.5% range. At its last three 2023 meetings, there were rate hike pauses. High interest rates impacted home mortgages, car loans, and annual percentage rates on credit cards.

**Credit Cards-** Total outstanding credit card debt topped \$1 trillion for the first time ever in Q2 of 2023 and the share of Americans revolving a credit card balance increased to a record 51%.

**Student Loans-** Student loan interest resumed on 9/1/23 and payments resumed in October after a 43-month pandemic pause, effectively acting like a pay cut to pinch household budgets.

**Housing-** 30-year fixed mortgage rates reached 7.49% (October) and have slowly fallen since then. There was a “golden handcuff” housing market with few existing homes for sale. Owners did not want to lose low-rate mortgages. Also, increased interest in ARMs and assumable loans.

**Banking-** The FDIC stepped in to protect Silicon Valley Bank depositors and 11 large U.S. banks rescued First Republic Bank. Small and mid-size banks lost market share and online bank savings accounts and CDs and money market accounts were paying 4.5%-5% by year-end.

**Investments-** There was an inverted yield curve where short-term debt returns exceeded long-term debt and renewed interest in bonds as interest rates reached historic levels. Money market fund yields hit their highest level since 2007 and Treasury yields rose to decade-plus highs.

**Stocks-** There was volatility (up and down) during the first 10 months of 2023, followed by one of the best Novembers on record that extended into December. The DJIA index was 33136.37 on 1/3/23, reached record highs in mid-December, and closed at 37656.52 on 12/27/23. Also, the share of Americans owning stock directly/indirectly (58%) reached its highest point ever.

**Shopping-** Subscription service (e.g., streaming, satellite radio) cancellations surpassed new orders and “premiumization” (higher cost tier products and services) flourished. Also, buy now, pay later (BNPL) was increasingly used for basic necessities and BNPL standards tightened.

**Car-Buying-** By Q3 of 2023, the average new car loan interest rate was 7.4% (highest since 2007) and the average car payment was \$736 per month, a record high. Only one new car was available for under \$20,000 and 1 in 6 car buyers committed to a monthly payment of \$1,000+.