



Delaware Directors College

Economic & Banking Update

Alexander Gilchrist, Regional Economist

September 22, 2023

Division of Insurance and Research



This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.



Disclaimer

The views expressed in this presentation are those of the presenters and do not necessarily reflect official positions of the FDIC. Some of the information used in the preparation of this presentation was obtained from publicly available sources that are considered reliable. However, the use of this information does not constitute an endorsement of its accuracy by the FDIC. This presentation and comments are not for attribution, quotation, or distribution.



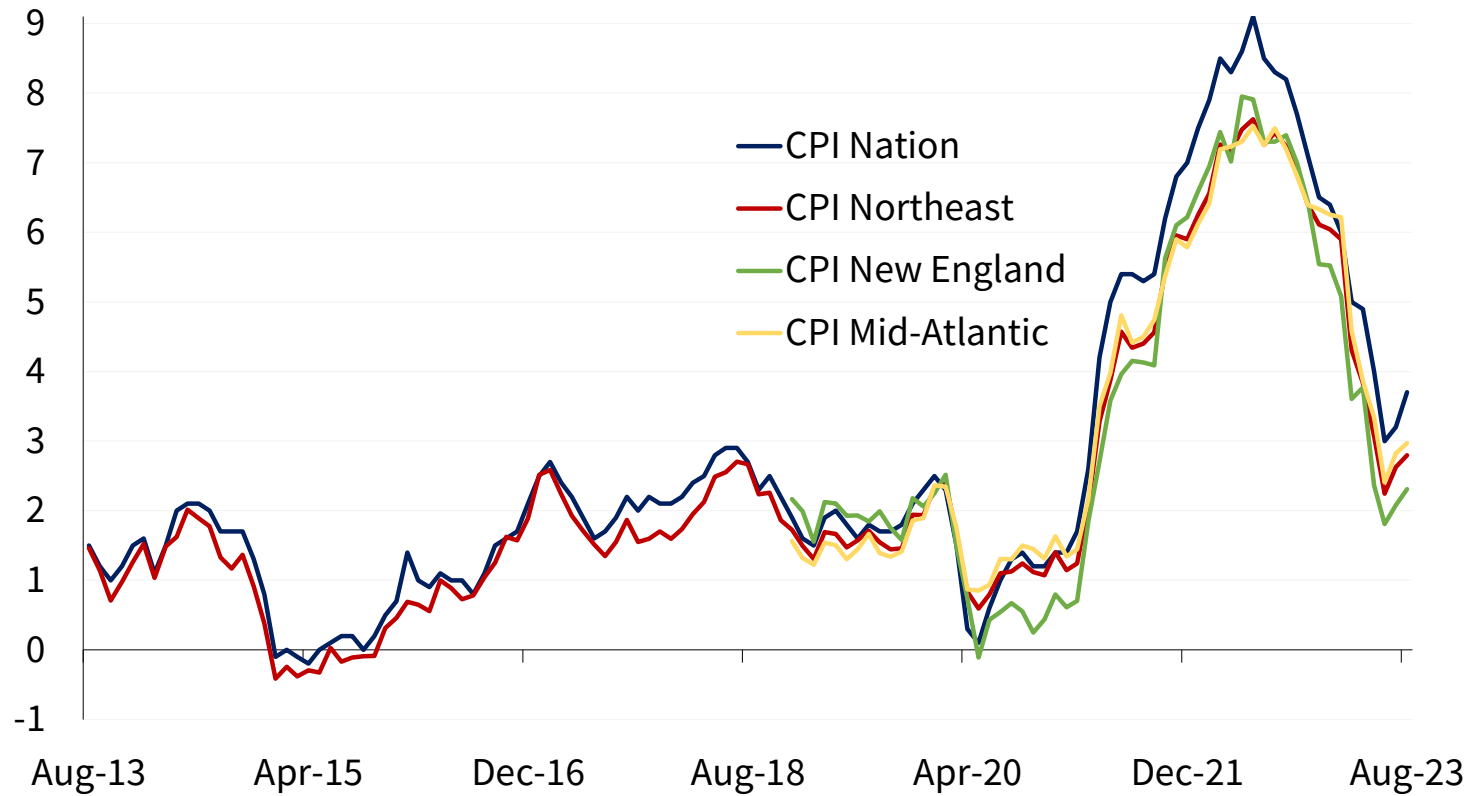
This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Key Takeaways/Discussion Topics

- **Inflation is decreasing, but may be sticky.**
- **The economy is slowing.**
- **Consumers and the job market are resilient, for now.**
- **Real estate is complicated.**
- **Delinquencies remain low.**

Inflation Is Improving, But May Remain Sticky

Year-over-year Change
Percent

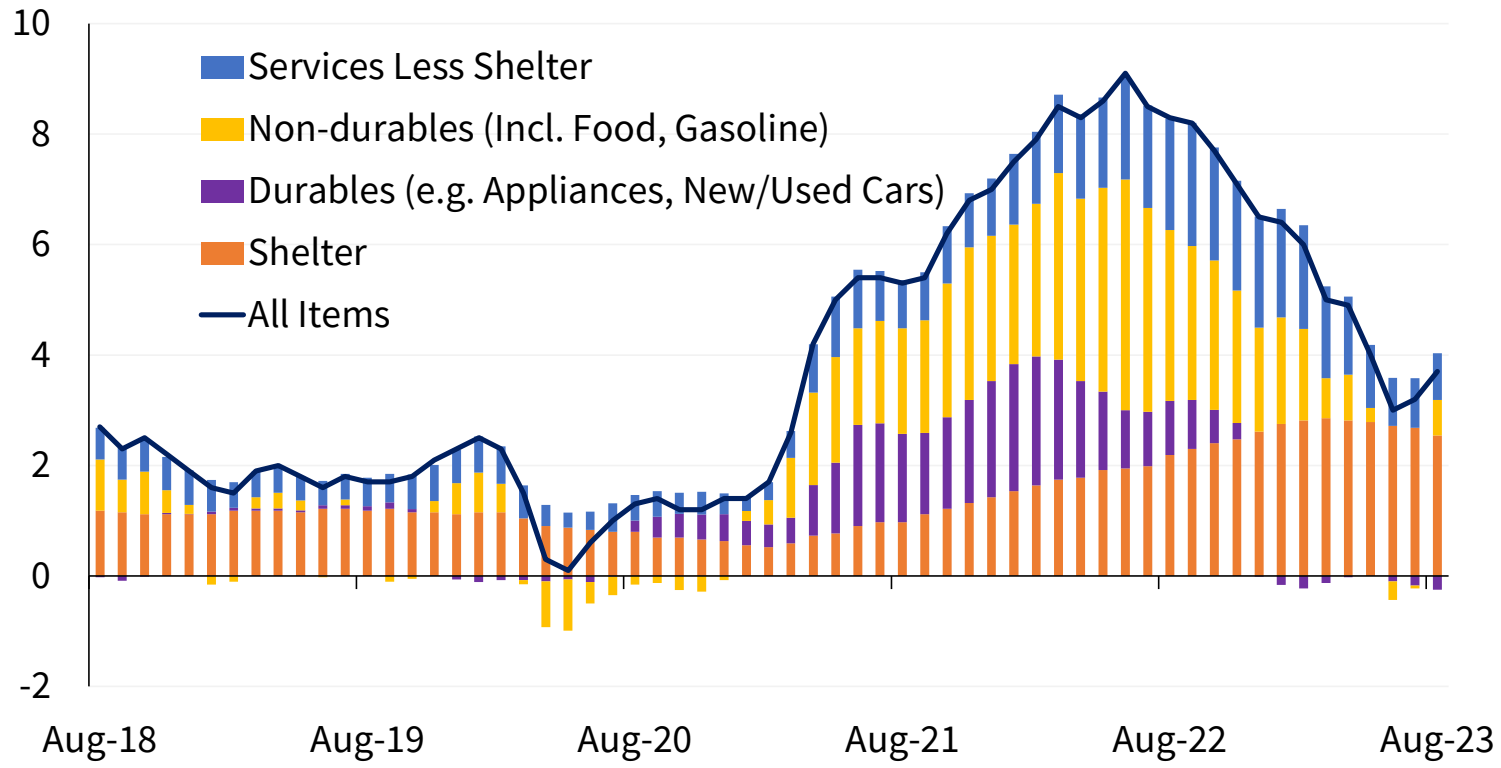


Sources: BLS (Haver Analytics). CPI is Consumer Price Index for all urban consumers.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Shelter Costs Recede, Durable Goods Deflationary, But Energy Is Up

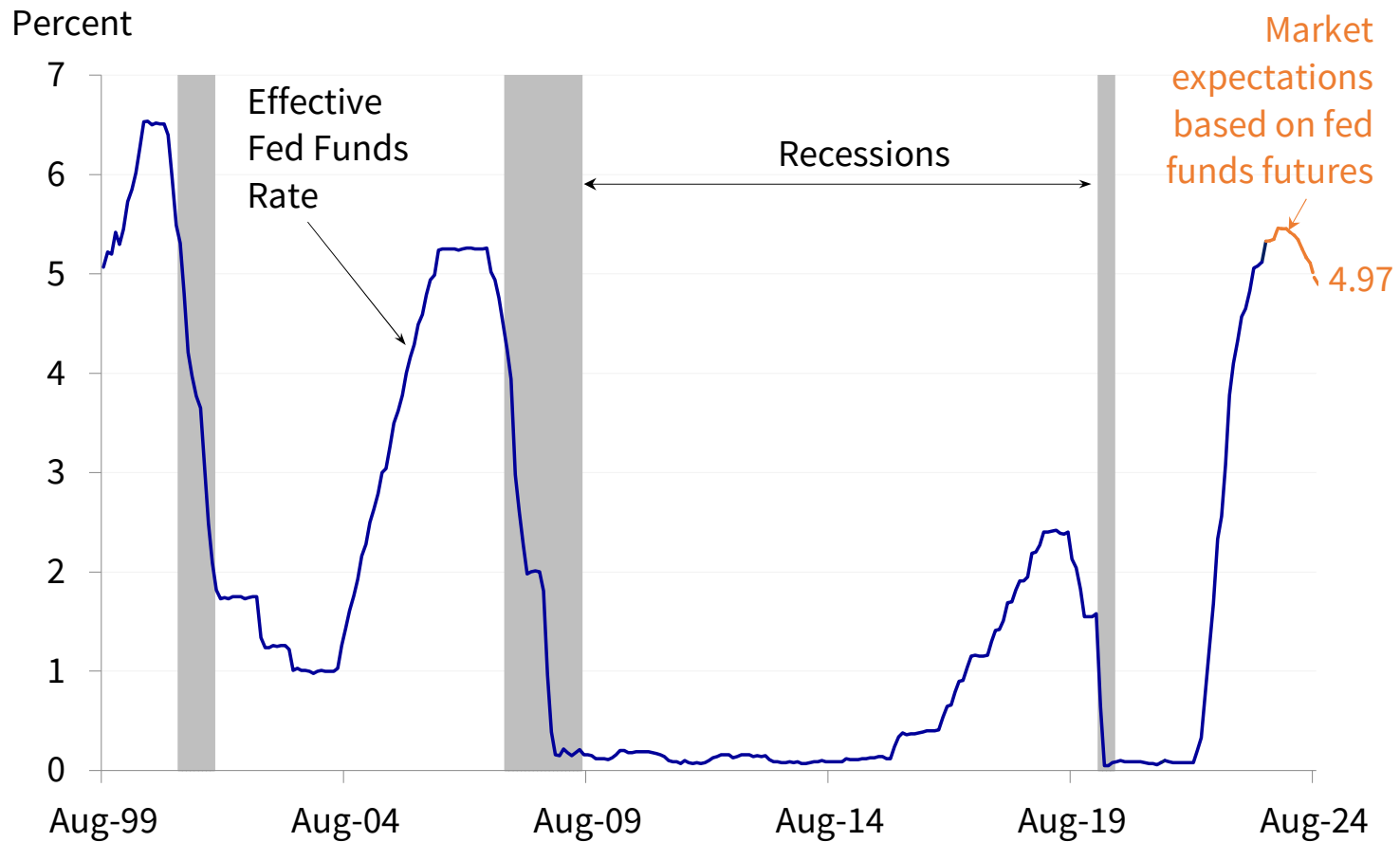
Component Contributions to Headline CPI Inflation , Year-over-year
Percent



Source: BLS.
Note: Data are monthly.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

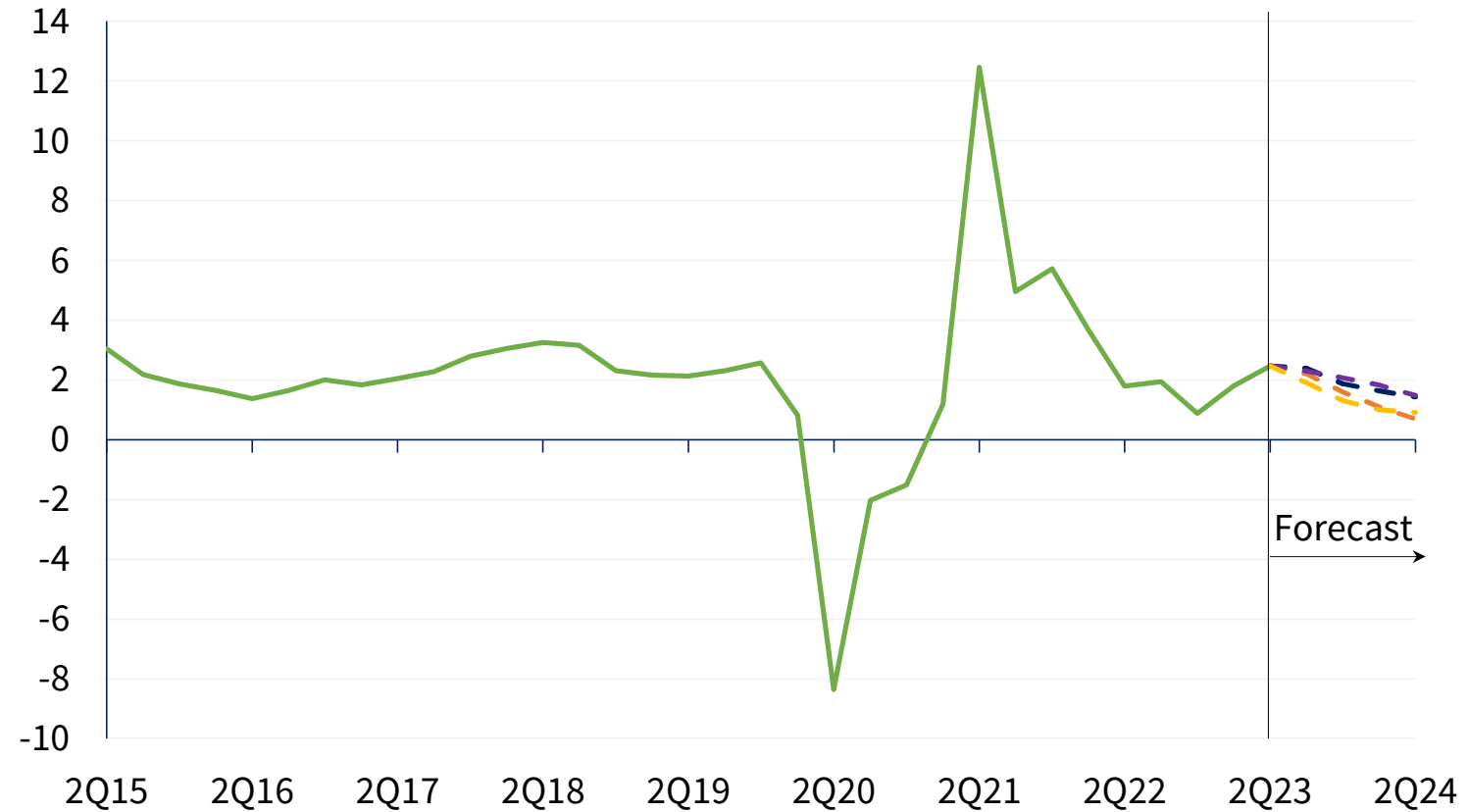
More Restrictive for Longer?



Source: Federal Reserve Board of Governors FOMC, (Haver Analytics).

Economic Growth Is Slowing

Year-over-year Change in Gross Domestic Product
Percent

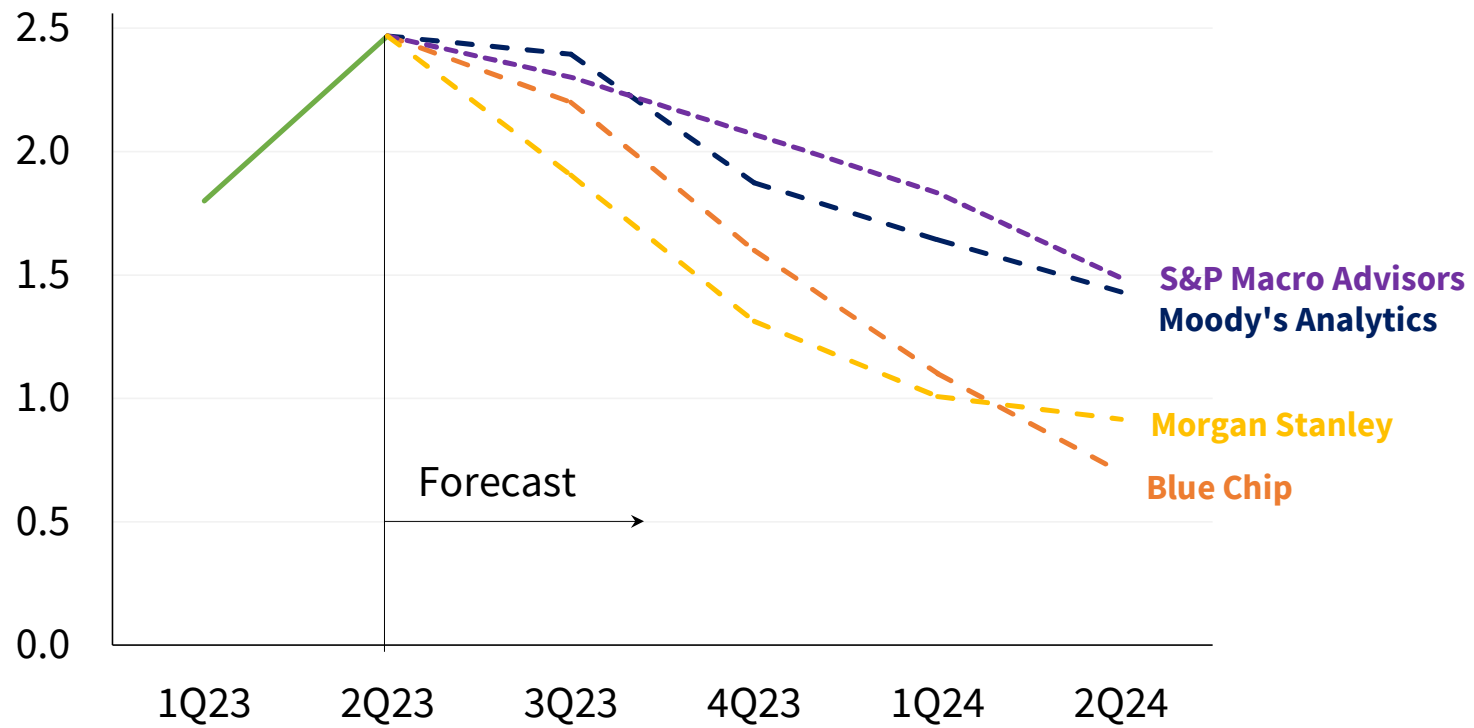


Source: BEA, actual data through second quarter 2023.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

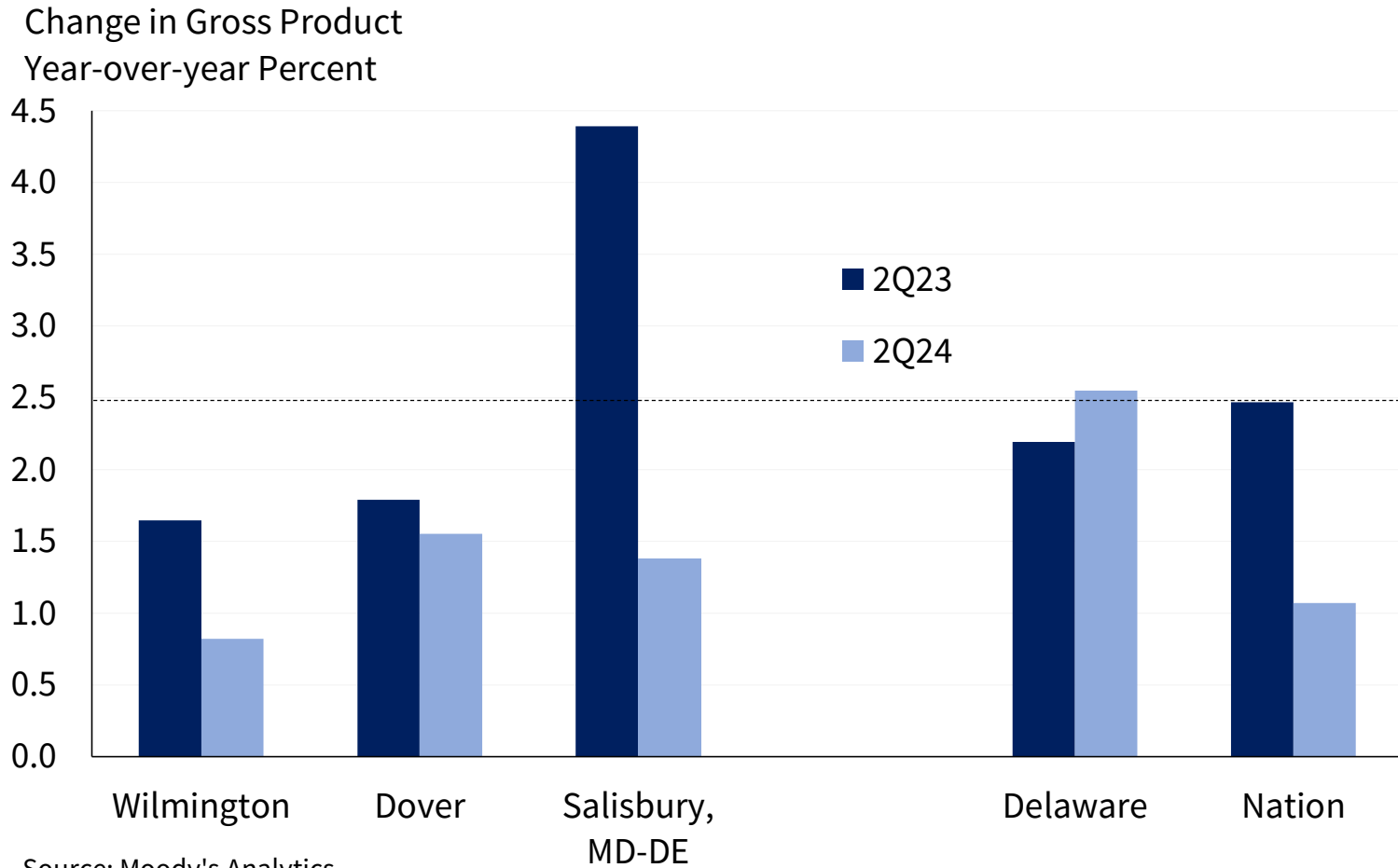
Endpoints Vary But Trends Agree

Year-over-year Change in Gross Domestic Product
Percent



Sources: BEA, and firms listed. First and second quarter 2023 data are actual. The rest are forecasts.

Delaware's Metros Are Likely to Slow Over the Coming Year



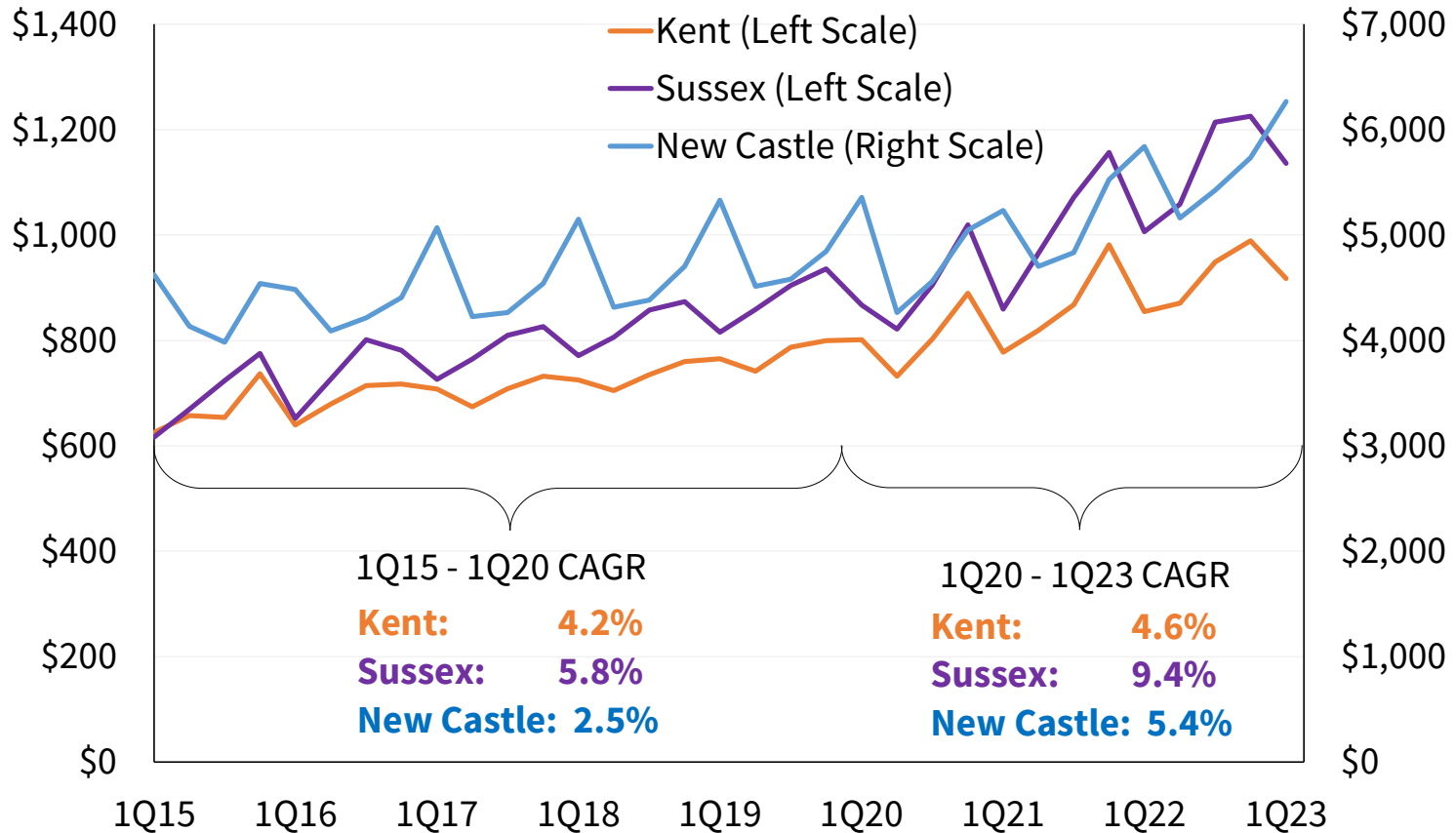
Source: Moody's Analytics.

Note: Data seasonally adjusted. Forecast data as of August 2023. Salisbury, MD MSA includes Sussex County, DE.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Income Growth Supports Delaware's Consumers

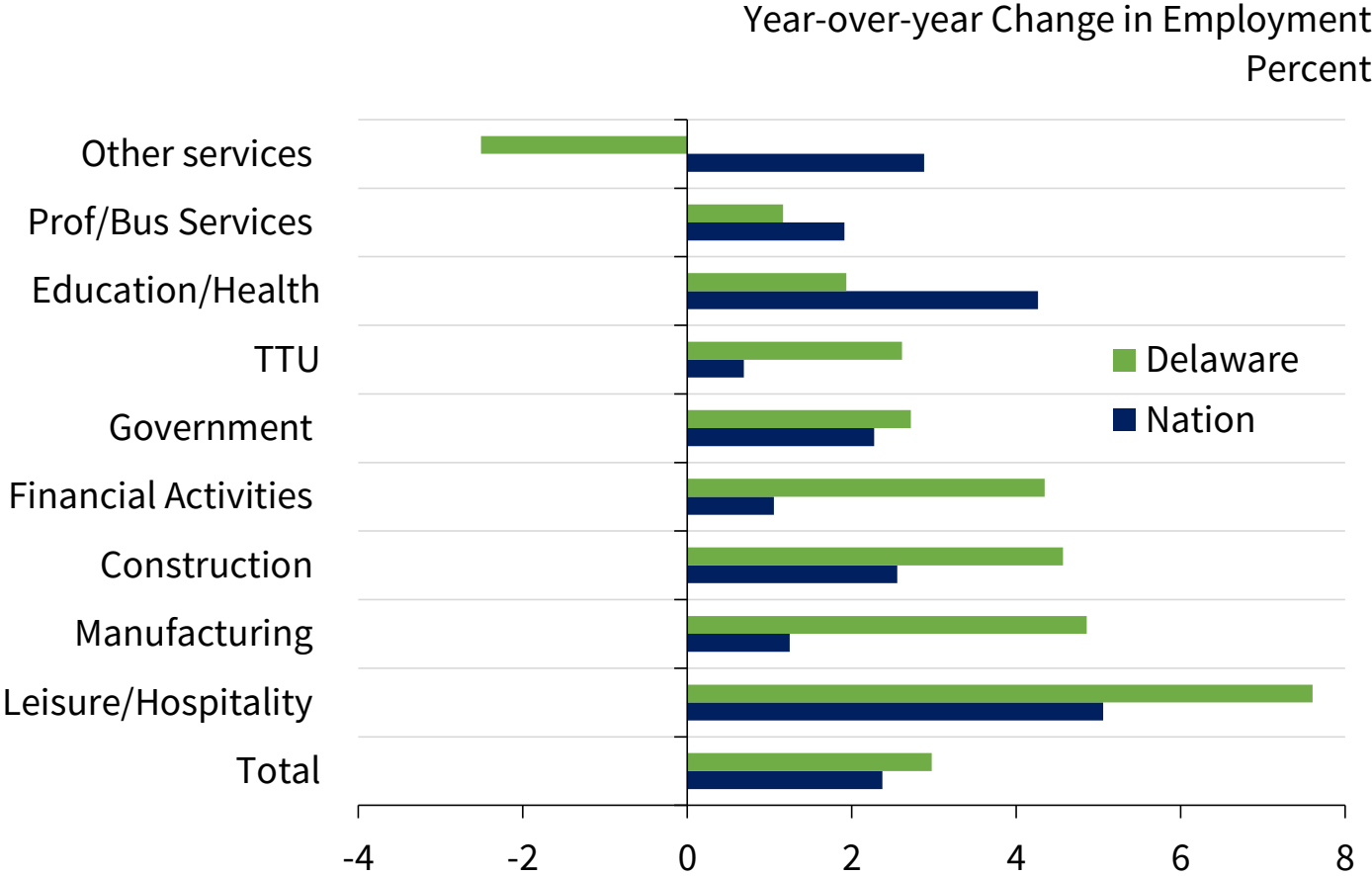
Quarterly Wages, All Industries, \$M



Source: BLS. (Haver Analytics). CAGR is Compound Annual Growth Rate.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Delaware's Job Growth Is Outpacing the Nation in Most Sectors

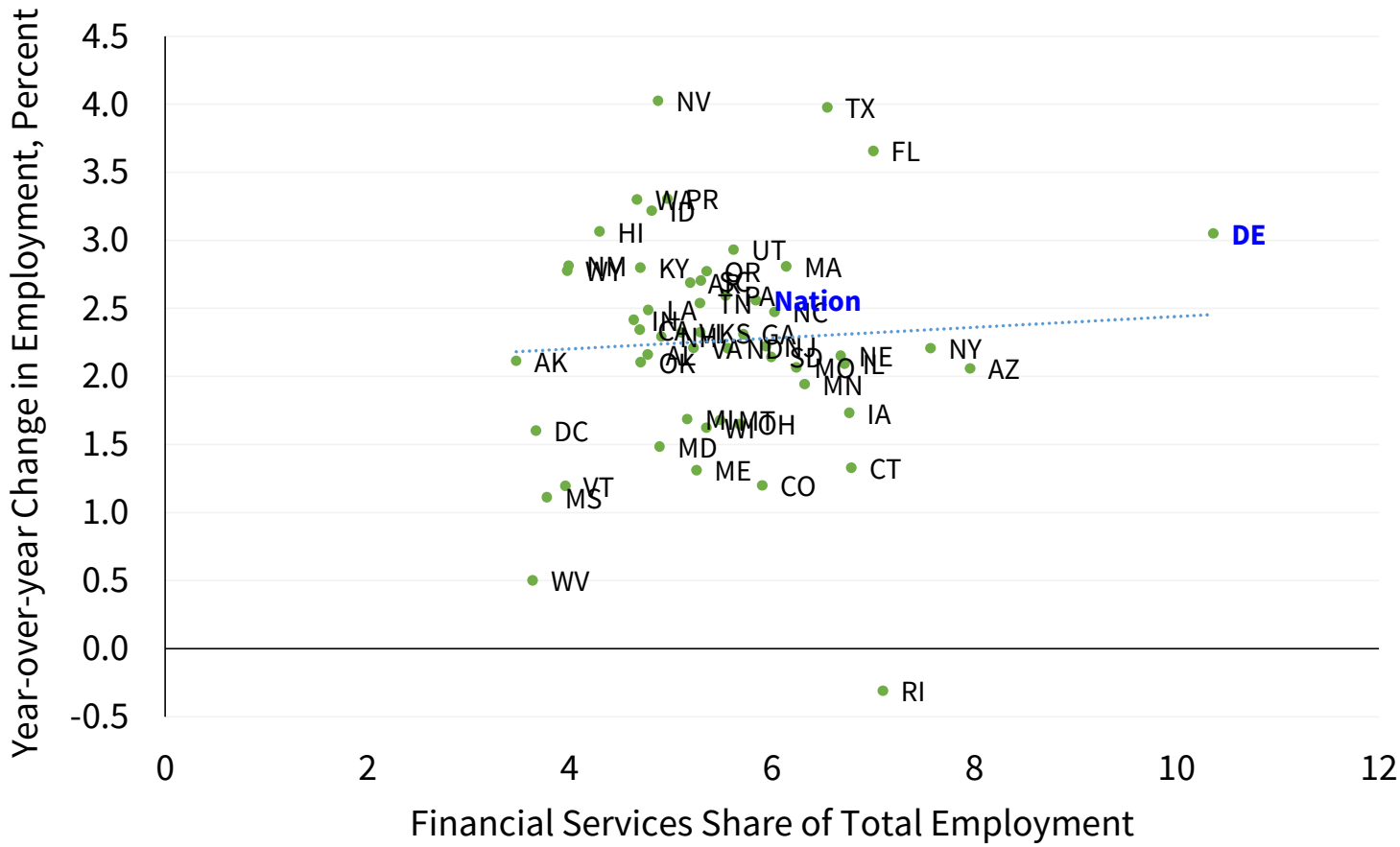


Source: BLS.

Note: Data are three month moving averages through July 2023.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Delaware Far Exceeds Other States in Financial Services Employment

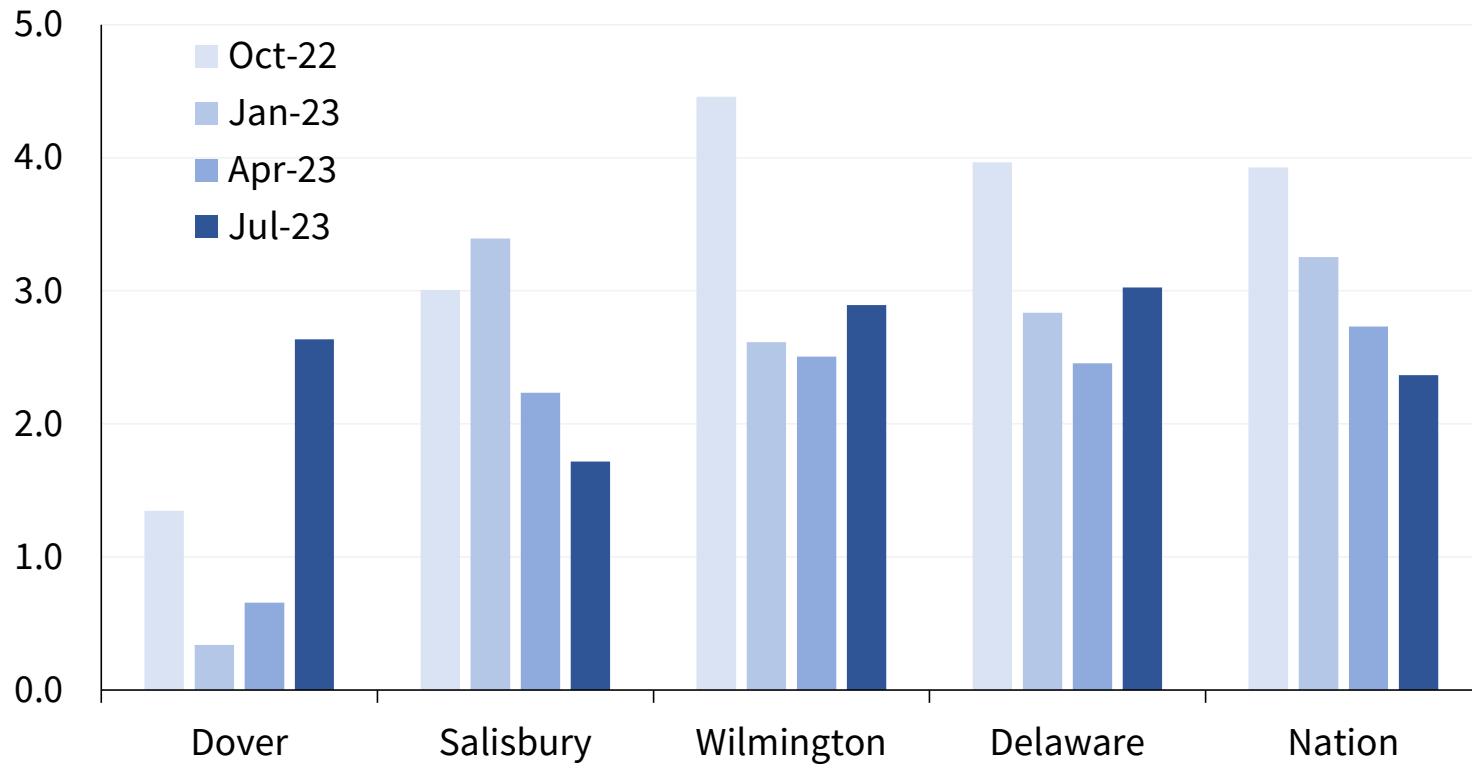


Source: BLS (Moody's Analytics).
 Note Data are as of second quarter 2023.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Only Dover Is Bucking the Trend of Slower Job Growth

Year-over-year Change in Employment
Percent



Note: Data are three month averages.

Source: BLS (Haver Analytics).

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

TransUnion Shows “Normalization” in Consumer Loan Delinquency Rates Following Historical Lows in 2021

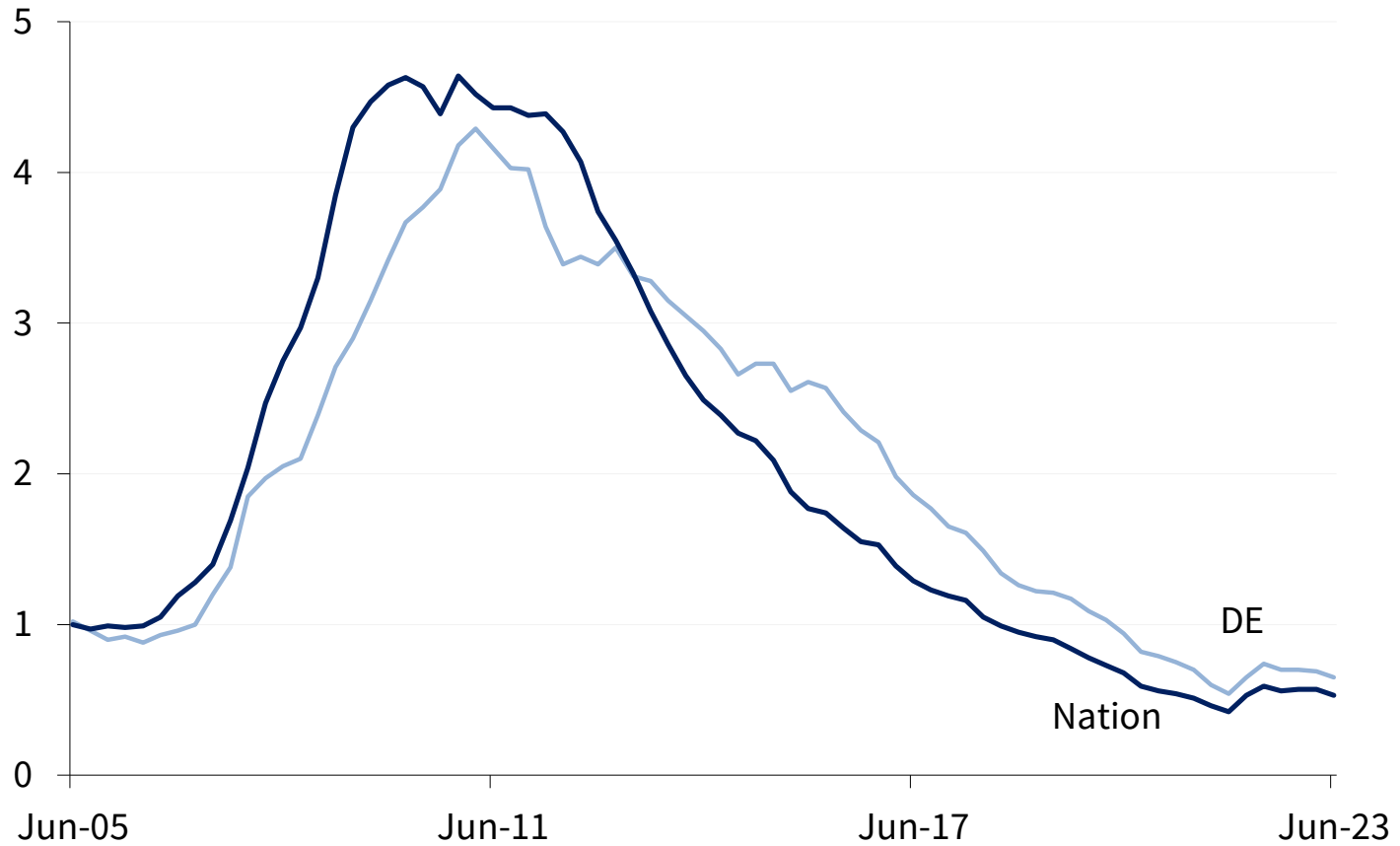
Bank Card			
<i>% of Consumers 30+ Days Past Due</i>			
	Jul-23	Jun-23	Jul-22
All States	4.31%	4.13%	3.59%
Delaware	4.64%	4.71%	3.88%
Auto			
<i>% of Consumers 30+ Days Past Due</i>			
	Jul-23	Jun-23	Jul-22
All States	4.40%	4.38%	3.96%
Delaware	5.67%	6.39%	5.10%
Unsecured Personal Loans			
<i>% of Consumers 60+ Days Past Due</i>			
	Jul-23	Jun-23	Jul-22
All States	3.56%	3.61%	3.41%
Delaware	3.57%	4.09%	2.93%

Source: TransUnion July 2023 Credit Industry Snapshot Report.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

The Rise in Mortgage Rates Had A Negligible Effect on Foreclosures

Share of Mortgages in Foreclosure, Percent

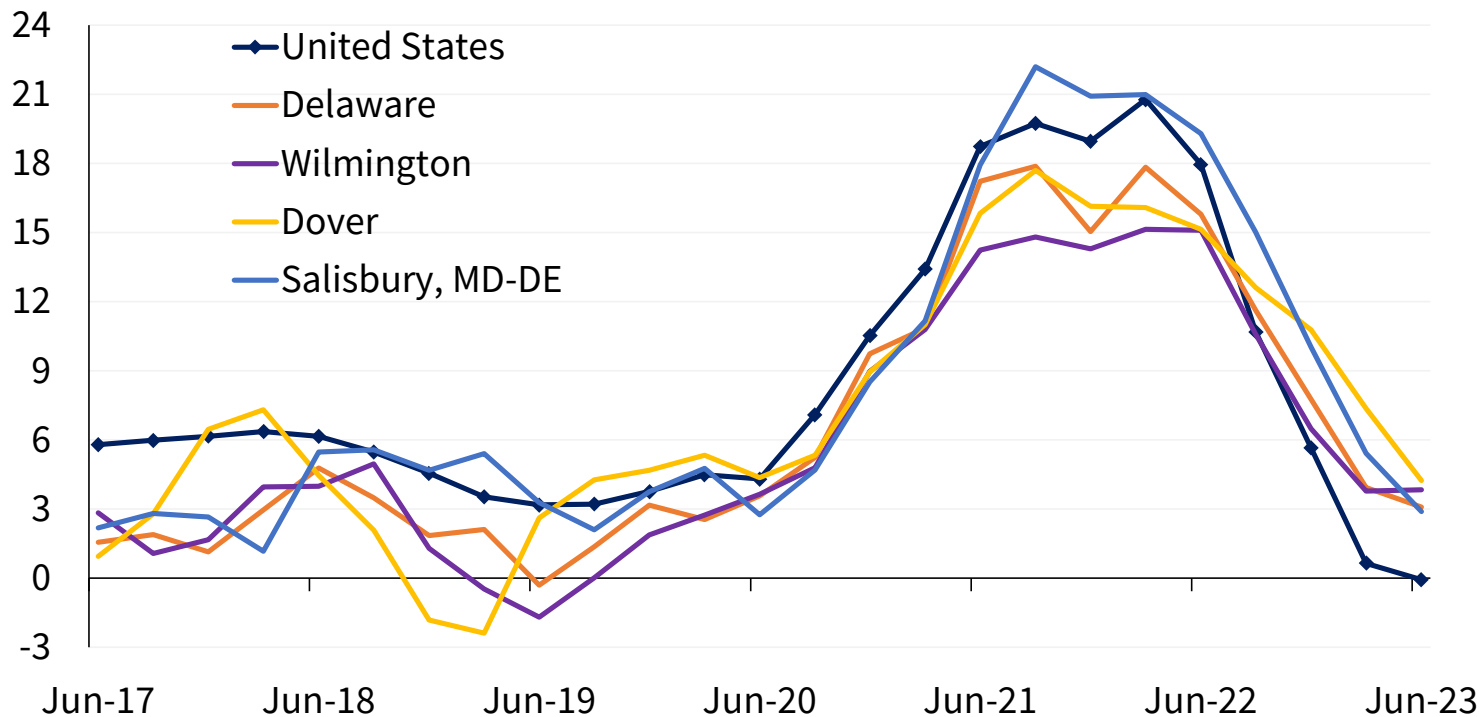


Source: Mortgage Bankers Association, data not seasonally adjusted.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Delaware Home Price Growth Moderated, Likely Levelling Out

Year-over-year Change in Home Prices
Percent

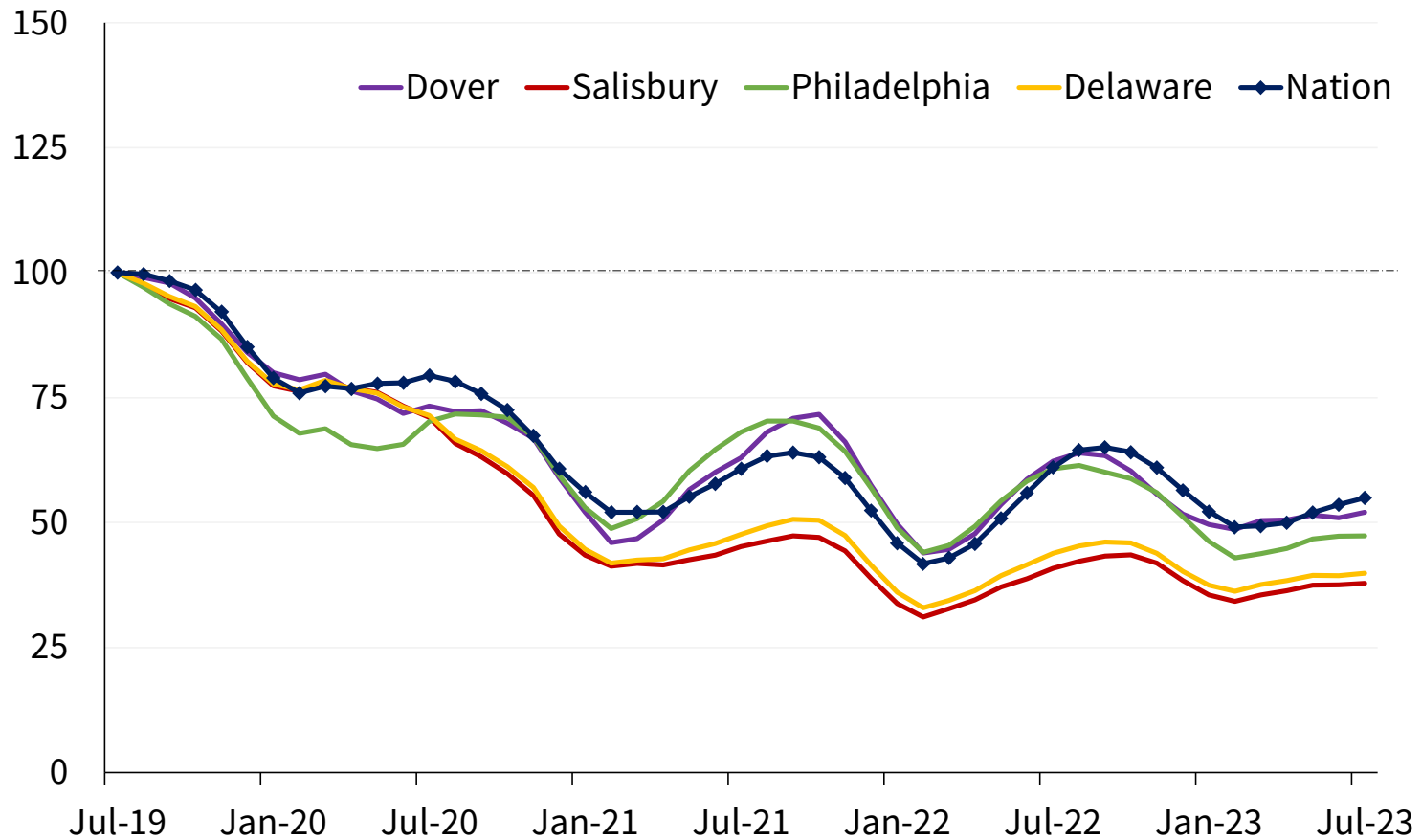


Sources: CoreLogic, Inc.: CoreLogic® Case-Shiller® Home Price Indexes; U.S. Federal Housing Finance Agency (FHFA), Moody's Analytics.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Dwindling Inventories Support Prices

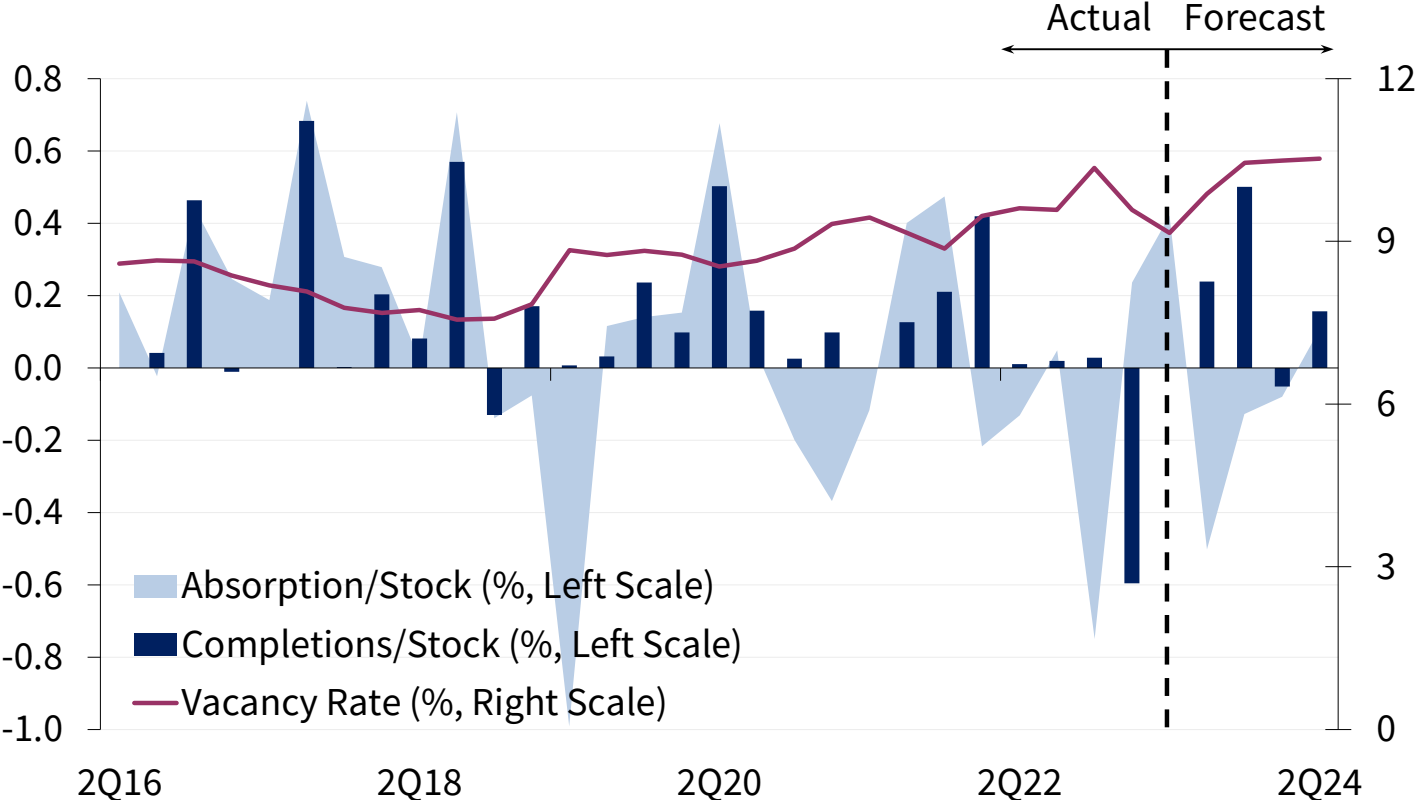
For Sale Inventory Index (July 2019 = 100)



Source: Zillow. Data are monthly.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Office Vacancy Has Been Rising Since Pre-pandemic Times



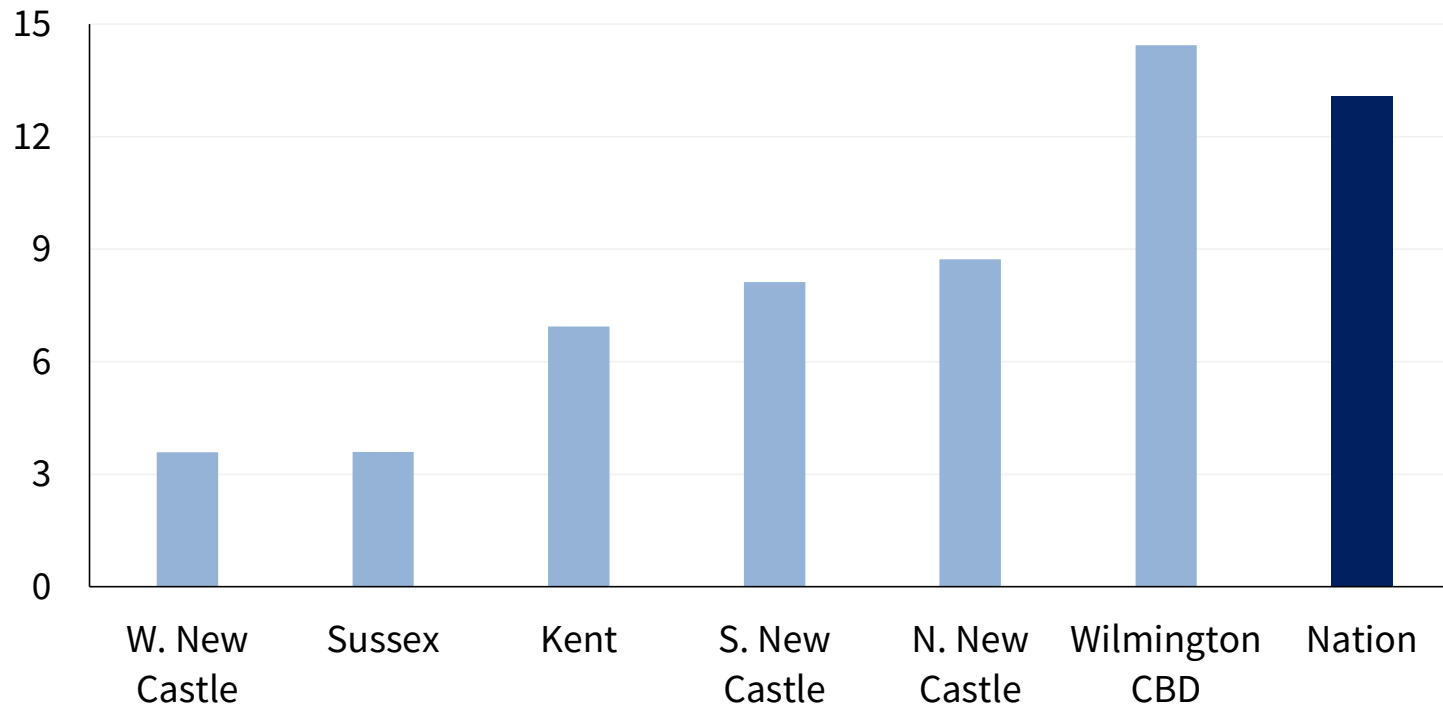
Source: CoStar.

Note: Data are weighted average of six Delaware submarkets in the Philadelphia, Dover and Salisbury markets. Data are as of second quarter 2023.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Wilmington CBD Office Vacancy Is Higher Than the Nation

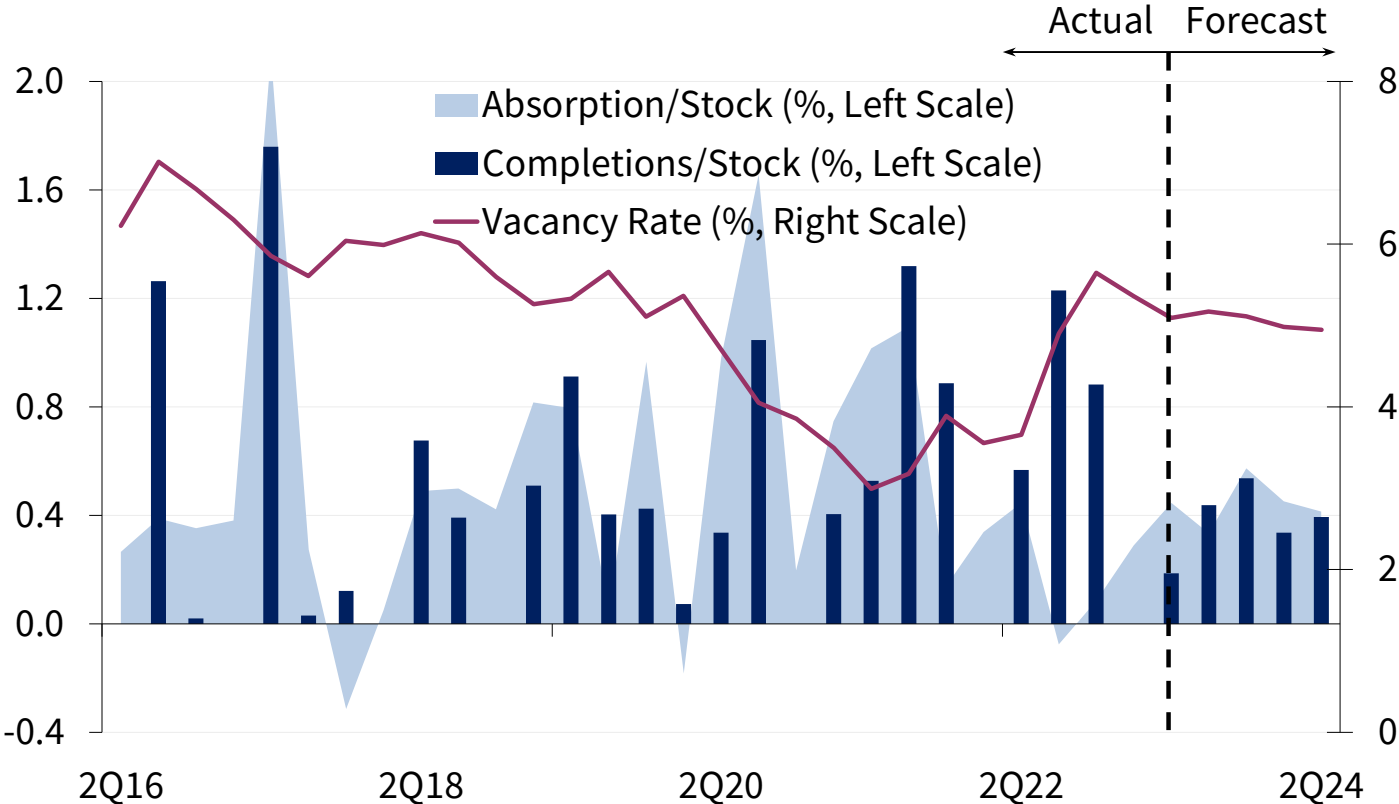
Vacancy Rate
Percent



Source: CoStar. Data are as of 2Q23.

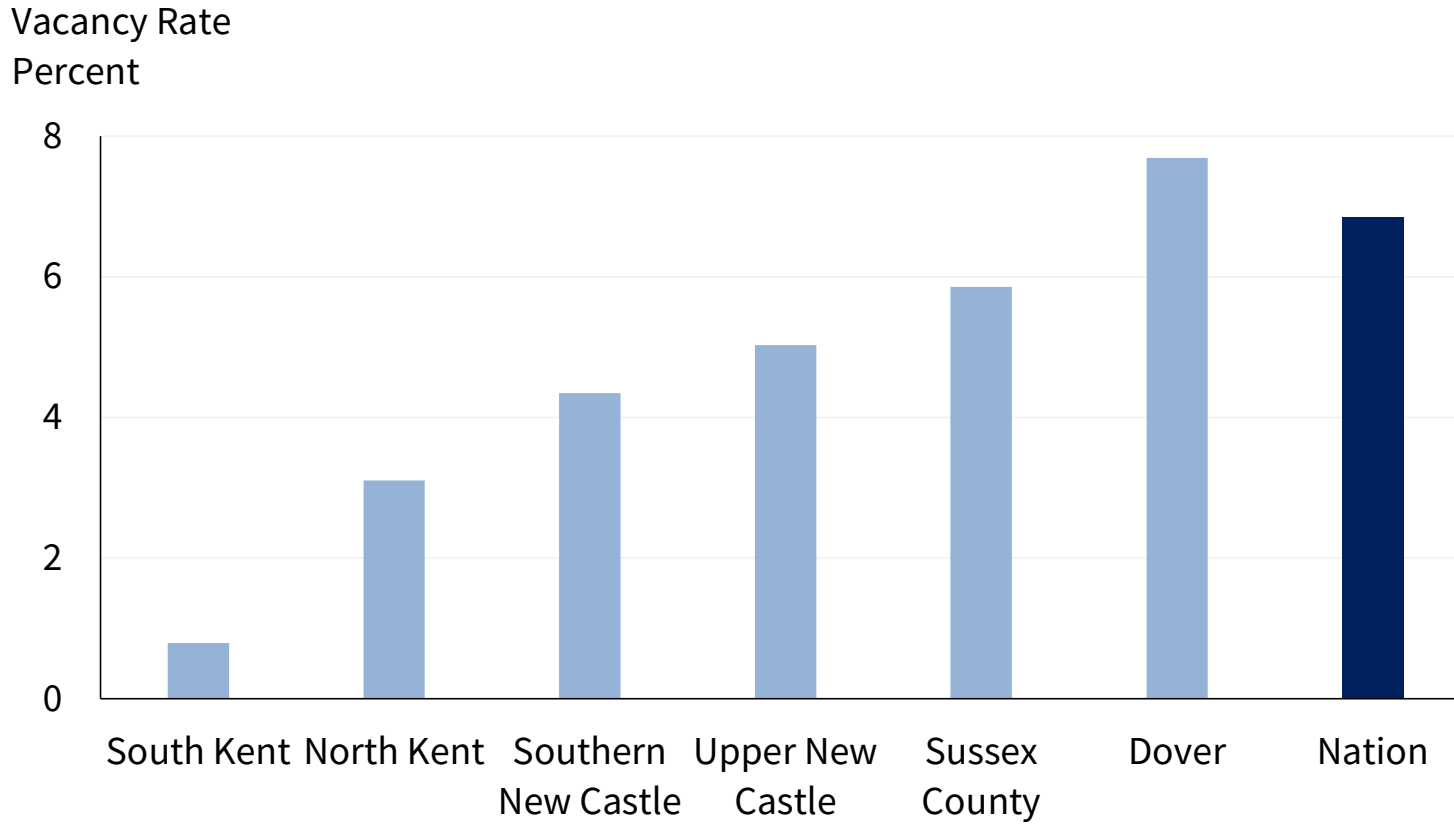
This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Apartment Supply Outpaced Demand Recently



Source: CoStar.
 Note: Data are weighted average of six Delaware submarkets in the Philadelphia, Dover and Salisbury markets.
 Data are as of second quarter 2023.

Only Dover's Multifamily Vacancy Is Higher Than the Nation

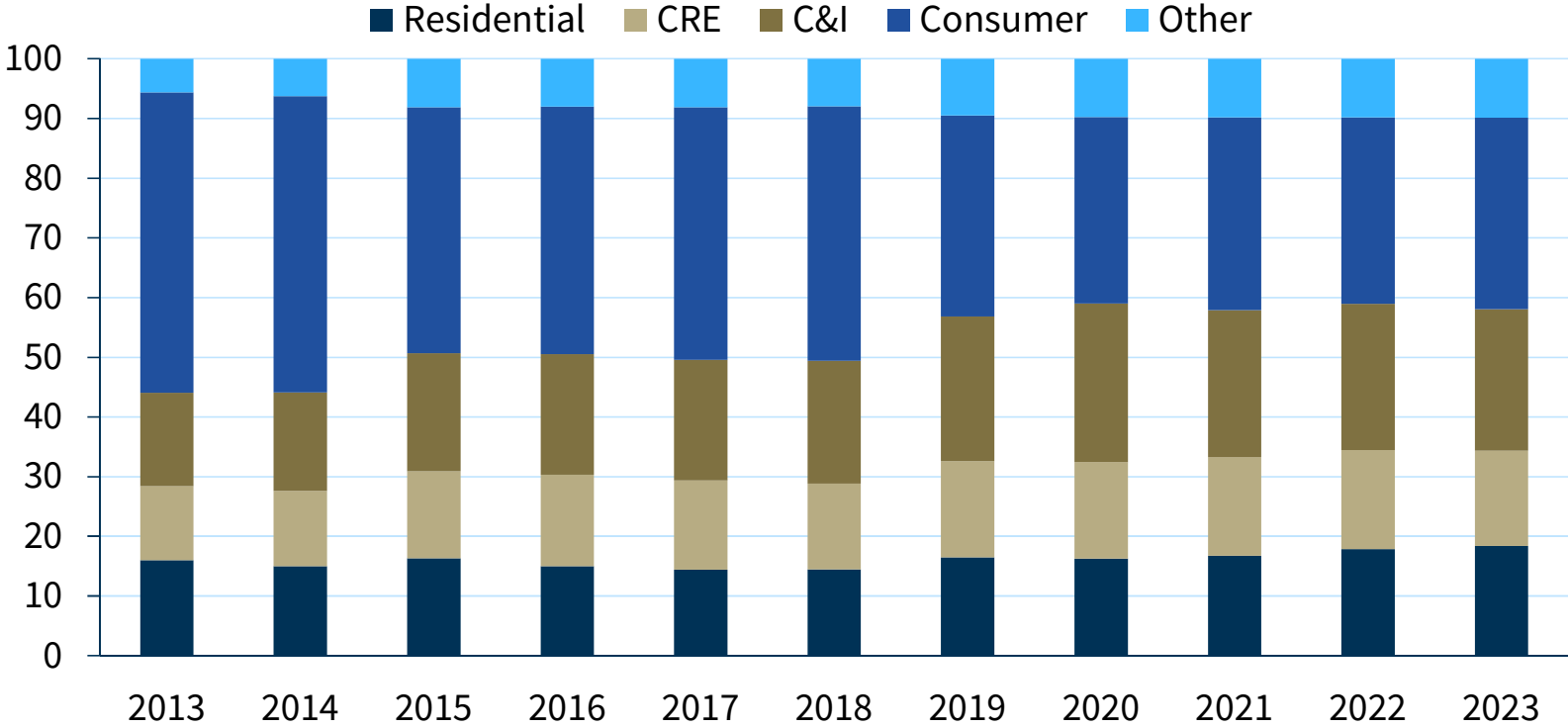


Source: CoStar. Data are as of 2Q23.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

About One-Third of Delaware Bank Portfolios Are Consumer Loans

Share of Total Loans
Percent



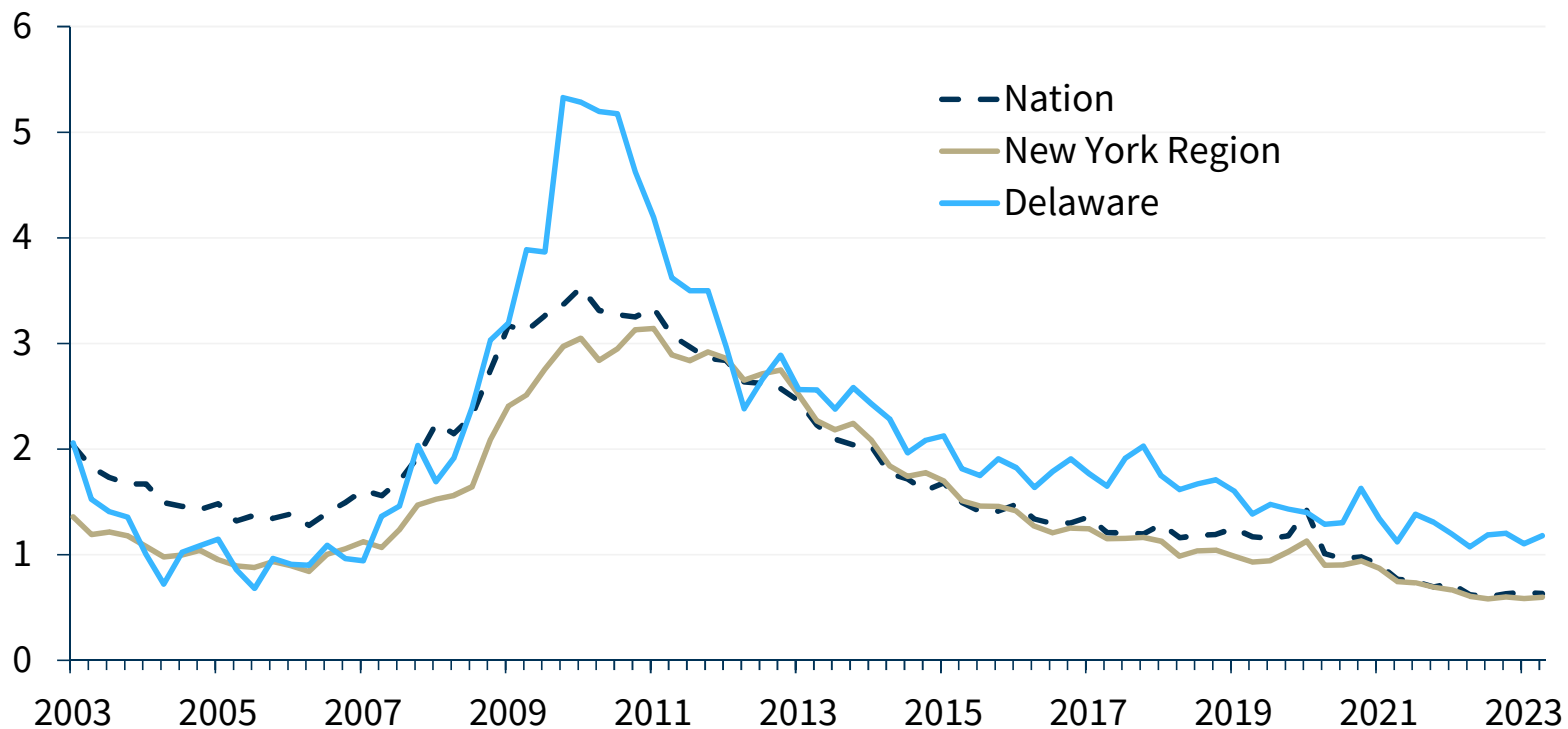
Source: FDIC.

Note: Data as of second quarter for each year shown.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Loan Delinquency Rates Remain Relatively Low

Past-Due and Nonaccrual Loans to Total Loans
Median percent



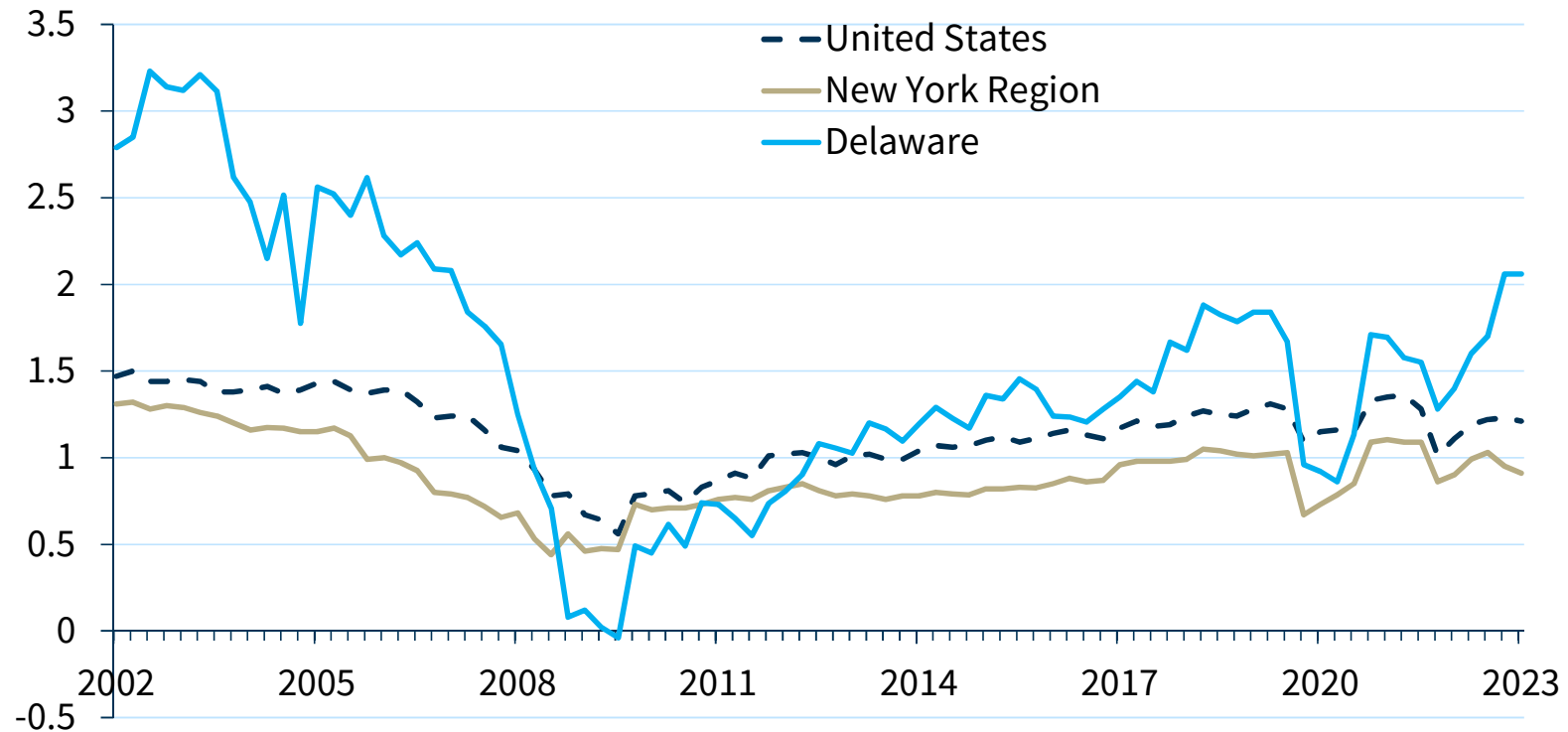
Source: FDIC.

Note: Data are quarterly figures through June 30, 2023.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.

Delaware Bank Earnings Improved Through First Half 2023

Pretax Return on Assets
Median percent



Source: FDIC.

Note: Data are quarterly annualized figures through June 30, 2023.

This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.



Questions?

agilchrist@fdic.gov



This presentation and comments are not for attribution, quotation, or distribution. Not official position of the FDIC.