

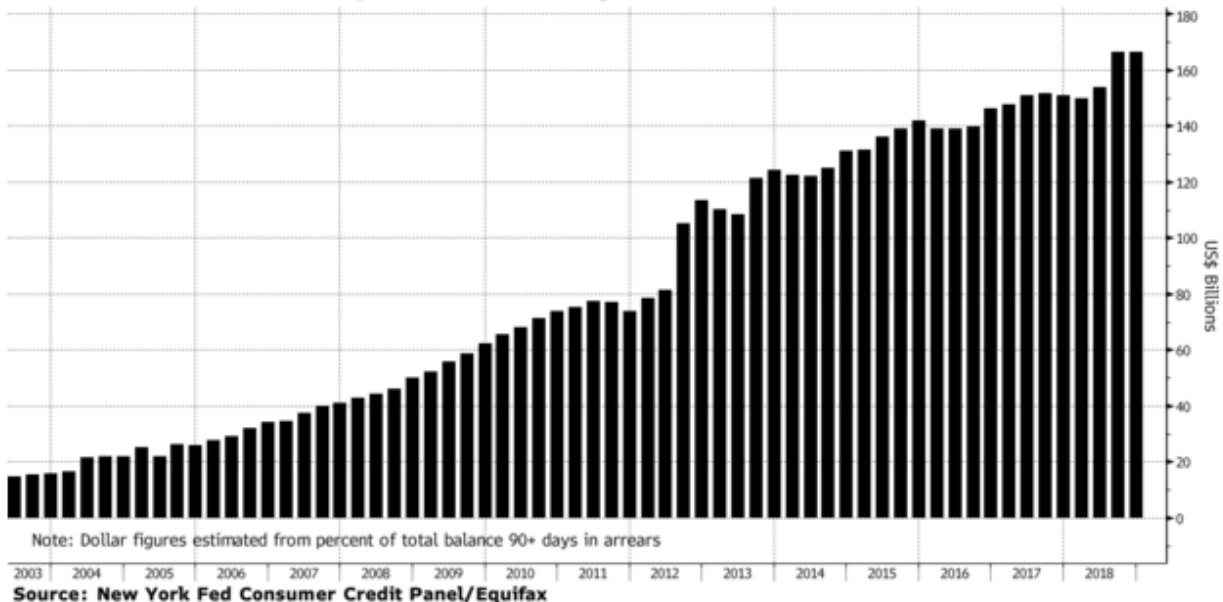
U.S. student-loan delinquencies surged in 2018, hitting a record \$166.4 billion in the fourth quarter. Bloomberg [reports](#) -

Delinquencies continued to climb even as the unemployment rate fell below 4 percent, suggesting the strong U.S. job market hasn't generated enough wage growth to help some people manage their outstanding obligations.

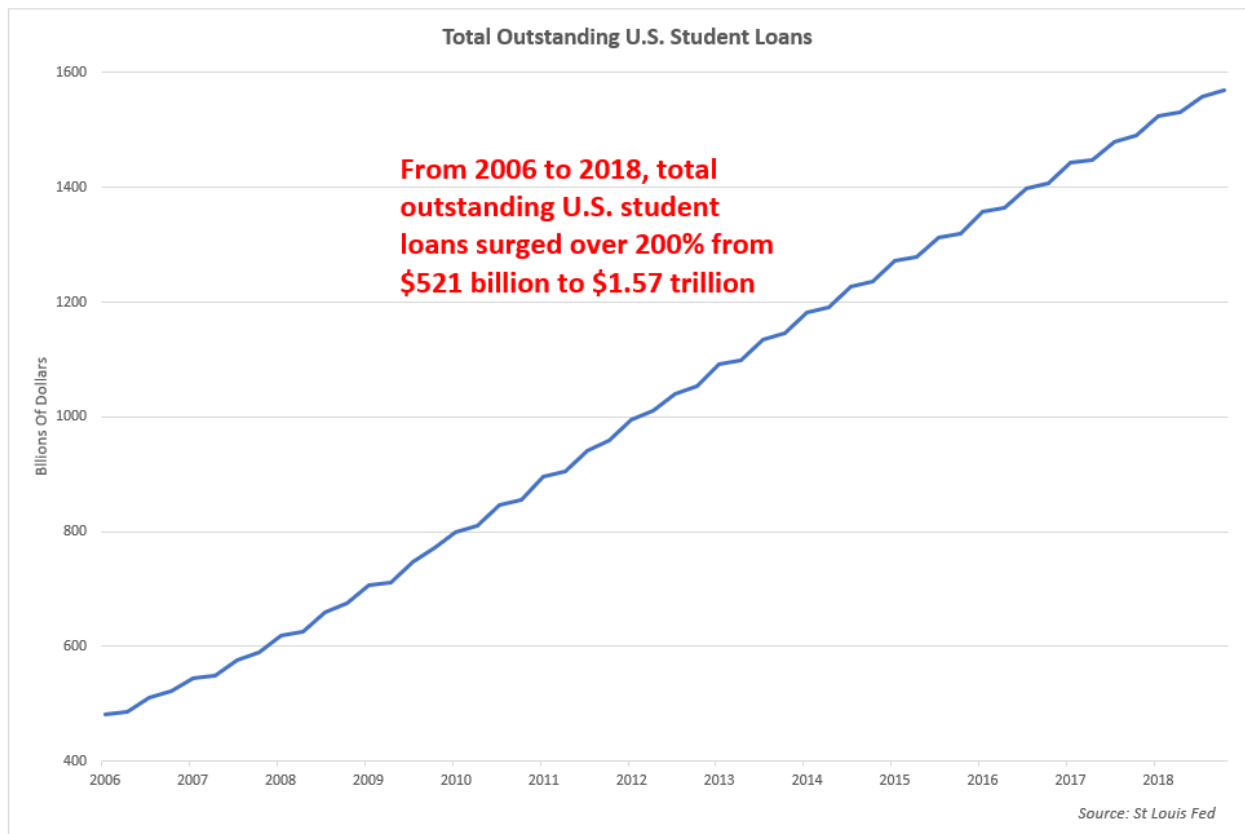
Income levels for graduates are not necessarily high enough for debt payments overall, said Ira Jersey, Bloomberg Intelligence interest-rate strategist. If you have a choice to pay your student loan or for food or housing, which do you choose??

Payback Pain

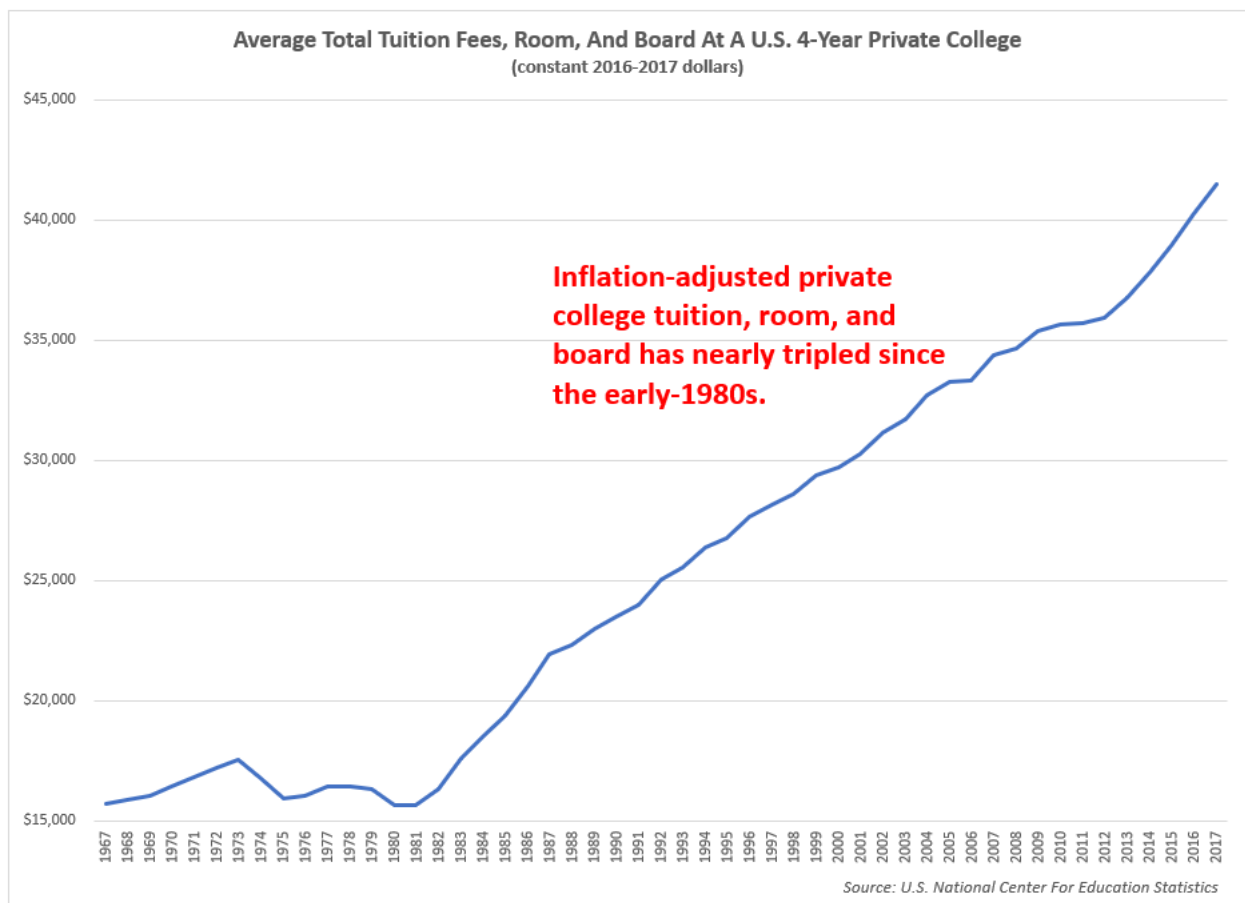
U.S. student debt 90-days or more delinquent or in default



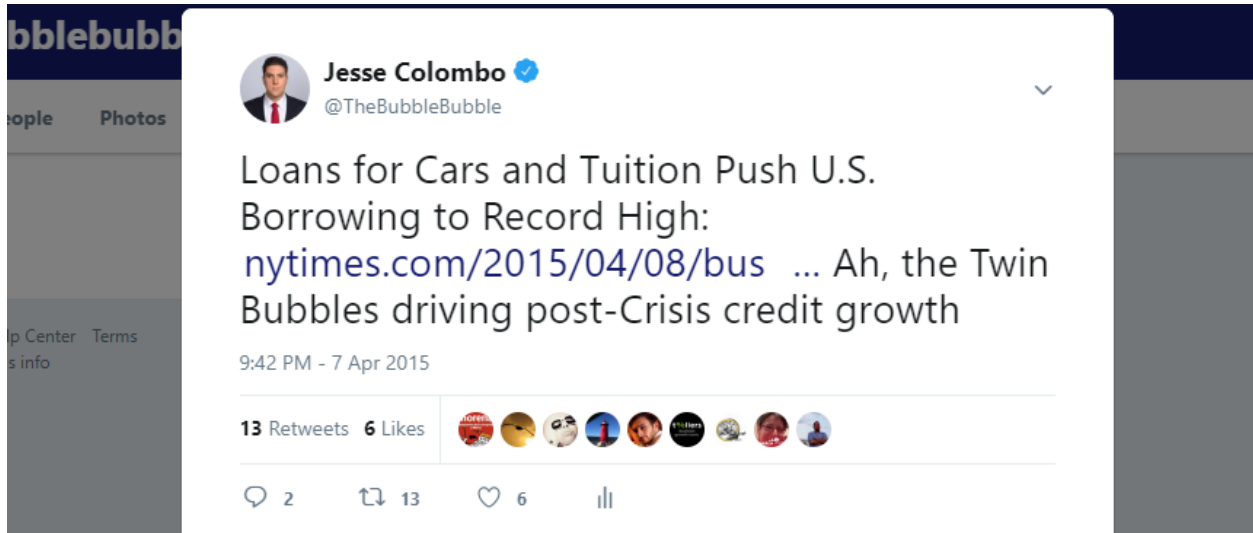
Record student loan delinquencies are a direct byproduct of the student loan bubble that I've been warning about [for years](#). Since 2006, total outstanding U.S. student loans surged by over 200% from \$521 billion to \$1.57 trillion:



One of the main reasons for the student loan bubble is the soaring cost of a college degree (it's actually a self-reinforcing relationship - the student loan bubble also enables tuition inflation). On average, inflation-adjusted private college tuition, room, and board has nearly tripled since the early-1980s:



The spike in student loan delinquencies parallels the spike in U.S. auto loan delinquencies, which I [wrote about](#) last week. I've been warning about the growth of outstanding student and auto loans for several years, calling them "the Twin Bubbles [that are] driving post-Crisis credit growth":



Rising student and auto loan delinquencies are very concerning, especially due to the fact that they are occurring during an economic expansion in which the unemployment rate is at a multi-decade low of just 4%. In the next recession, which is a more [imminent threat](#) than most people realize, I expect excessive debt loads to result in a serious bust in the U.S. automobile and higher education industries.

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