



## **PRESS RELEASE**

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### **China Household Debt up CNY 3.5 trillion in first half of 2020**

Through the first six months of 2020, China's household debt continued to grow at highly accelerated levels, increasing by CNY3.5 trillion and posting an overall five-year growth rate to GDP of 58 percent.

“Growth in debt among China's households has remained very high across the board, especially in the mortgage and credit card sectors,” stated Dan McShane of the Tychos Analytics Group. Tychos is a not-for-profit data firm focusing on global trends in private sector debt in the seven largest economies in the world which together constitute over 60 percent of world GDP.

China's business debt, after posting moderated growth in recent years, has reaccelerated during 2020, posting growth of CNY13 trillion in the first six months as compare to CNY7.5 trillion in the first six months of 2019. Most of this growth has been in the commercial real estate sector.

As seen in prior crises, specific economic sectors that show overly rapid growth over several years often experience higher credit losses and thus warrant close attention regarding potential risk. Globally, private sector debt, at over \$123 trillion, is significantly larger than government debt, which stands at over \$70 trillion, and a much greater determinant of economic outcomes.

Japan's business debt totals, after almost a decade of moderate growth, have begun to accelerate. For the six months ended June 30, 2020, business debt was up ¥44 trillion, resulting in a five-year growth rate to GDP of 15 percent, as compared to ¥6.5 and 3 percent in the comparable period in 2019. Much of that loan growth was outside of the conventional banking industry. Leading growth sectors were utilities and commodity leasing.

Business debt growth has continued to accelerate in Germany, while household debt growth has remained moderate. For the six months ended June 30, business debt was up €81 billion for a five-year growth rate to GDP of 15 percent, as compared to €80 billion and 8.6 percent in 2019. Much of that loan growth was in commercial real estate, manufacturing and the information technology sector. The source of debt has been concentrated outside of domestic commercial banking. This includes loans from foreign lenders, nonbank financial institutions and a steep increase in corporate debt securities.

France's already high loan growth in both business and household debt accelerated. For the six months ended June 30, total private sector debt was up €312 billion with a five-year growth rate to GDP of 20 percent, as compared to €178 billion and 8.8 percent in 2019. Sectors with growth concentrations were consumer housing loans, commercial real estate, accommodations and restaurants, and business support.

UK loan growth was benign overall, though student loans remain a concern and loans from foreign lenders have been rising. For the six months ended June 30, student debt was up £12 billion with a five-year growth rate to GDP of 85 percent, continuing its sharp upward trend and reaching an all-time high of 7.6 percent of GDP.

In India, overall private debt to GDP levels remained low, typical of developing economies. Household debt growth moderated after rising sharply in 2019. For the six months ended June 30, household debt was up ₹357 billion with a five-year growth rate to GDP of 45 percent, as compared to prior year growth of ₹821. Alone among these largest seven economies, India has continued to post high inflation, which reached 7.7 percent in 2019.

**Additional details, including commentary on recent U.S. trends, are available at [www.tychosgroup.org](http://www.tychosgroup.org).**