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PRESS RELEASE

Tychos Analytics Group

Dan McShane

Dan.McShane@tychosgroup.org

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China Household Debt Grew CN¥7.8 trillion in 2020, Remains a Concern

In the first three quarters of 2020, household debt grew by €47 billion in France, and ₹571 billion in India; student loans grew £17 billion in the UK

Current trends show rapidly rising household indebtedness in four of the world's largest seven economies. "Growth in household debt across four of the Big Seven countries has raised concern about consumer borrowing, and is something we will be monitoring closely in the coming months," stated Dan McShane of the Tychos Analytics Group.

The five-year change in household debt to GDP ratio for China for the full year 2020 continued its rapid climb and now stands at 58 percent. For the first three quarters of 2020, France's reached 20 percent, up from 11 percent in the prior quarter, while India's remained very high at 32 percent. Consumer credit growth in the United Kingdom remained relatively benign except for a very rapid 86 percent five-year growth to GDP in student loans.

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.

China

Beyond the continuous household debt growth, overall five-year non-financial corporation debt growth to GDP declined to 1 percent, down from 6 percent in the prior quarter and 36 percent in 2016. Preliminary fourth quarter data was released on 01/18/2021, and 2021 first quarter preliminary data will next be updated on 04/18/2021. Complete data through the third quarter was released on 12/15/2020 and will next be updated on 03/01/2021.

Japan

In Japan, overall five-year country-level private debt growth to GDP grew 18%, largely due to a significant nominal growth in non-financial corporation debt, with areas of concern in transportation equipment, real estate, commodity leases, and utilities. Growth in consumer credit,

which had been an area of concern, has abated. This data was released on 12/12/2020 and will next be updated on 03/17/2021.

France

Total private debt growth remains a concern and is up sharply on a five-year basis in ratio to GDP reaching 23 percent, up from 9 percent in the prior quarter. Particular areas of concern include real estate and construction, wholesale and retail sectors, manufacturing, business support, transportation, health and education, and housing loans to consumers. A disproportionate amount of this growth is from non-bank financial institutions, and more recently, from debt security issuances. This data was released on 01/22/21 and will next be updated on 4/27/21.

Germany

In Germany, debt growth levels are accelerating, with particular concern in IT, and potential concern in construction and in both commercial and residential real estate. This data was released on 01/15/21 and will next be updated on 04/15/21.

United Kingdom

In the UK, the primary areas of concern are student loans as noted, which have skyrocketed by 86 percent relative to GDP over the course of five years, along with manufacturing and most recently, accommodation and food services. This data was released on 12/22/20 and will next be updated on 03/31/21.

India

Overall, debt to GDP has been relatively flat in India—helping contribute to its decelerating GDP. Within that, non-financial corporation debt is contracting in relation to GDP, and household debt is expanding rapidly, especially in the area of housing loans, which represents the highest area of credit risk concern. This data was released on 12/07/2020 and will next be updated on 03/01/2021.

For additional details, including commentary on recent U.S. trends, please visit www.tychosgroup.org.