

# Global Debt Monitor

## Devil in the details

January 15, 2019

Emre Tiftik, Deputy Director, Global Policy Initiatives, [etiftik@iif.com](mailto:etiftik@iif.com), +1 202 857 3321

Khadija Mahmood, Associate Economist, Global Policy Initiatives, [kmahmood@iif.com](mailto:kmahmood@iif.com), +1 202 857 3309

Editor: Sonja Gibbs, Managing Director, Global Policy Initiatives, [sgibbs@iif.com](mailto:sgibbs@iif.com), +1 202 857 3325

- Global debt has grown by over 12% (or \$27 trillion) since 2016, reaching \$244 trillion (318% of GDP) in Q3 2018.
- The corporate sector accounted for over a third of the rise, putting debt/GDP at a record high of 92% of GDP.
- Household debt in emerging markets topped \$12 trillion in Q3, up from \$9.3 trillion in 2016.
- Big shift towards bond markets over the past decade: globally, a persistent rise in reliance on non-bank credit.
- Growing reliance on FX-denominated debt—at multi-year highs for non-bank borrowers.
- Risk of dollar funding shortages: USD-denominated liabilities of non-U.S. banks stand at \$13.3 trillion (21% of GDP)
- Rollover risk is high: \$3.9 trillion of EM bonds/syndicated loans come due through end-2020.

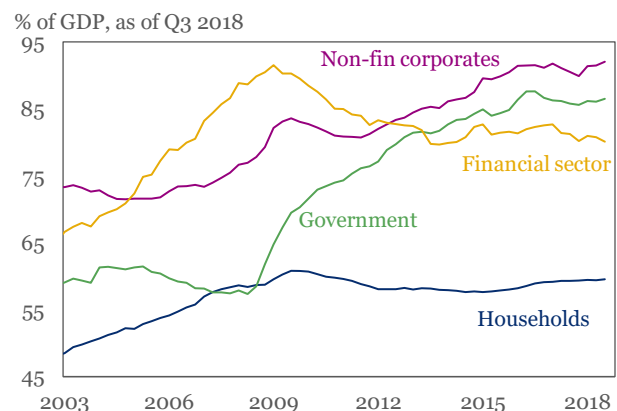
• **Global debt is now more than 3 times the size of the world economy:** Global debt has risen over 3 percentage points since 2017, exceeding 318% of GDP in Q3 2018. This is however slightly lower than the all-time high of 320% in Q3 2016, helped by the cyclical pickup in global growth in 2017/18 (Chart 1).

• **Persistent rise in government and corporate debt:** The corporate sector (ex-financials) and governments worldwide have accounted for over 75% of the rise in global debt levels since 2008 (Chart 2). Total government debt exceeded \$65 trillion in 2018, up from \$37 trillion a decade ago. Over the same period, non-financial corporate debt rose by \$27 trillion to over \$72 trillion last year, now hovering near a record high of 92% of GDP. While the surge in corporate debt was concentrated in emerging markets, government debt rose faster in mature markets. The rise in borrowing in other sectors has been relatively slow: household credit grew over 30% to \$46 trillion, and financial sector debt grew 10% to some \$60 trillion.

• **Rapid growth in EM household debt:** Since 2016, debt has been growing fastest in the household sector in emerging markets, up 30% to over \$12 trillion. China has accounted for much of this growth, with household debt up some 45% to \$6.8 trillion in nominal terms. However,

Czech Republic, India, Mexico, Korea, Malaysia, and Chile have all seen household debt grow by over 20% since 2016. A few mature markets—notably France, Belgium and Finland—have also seen significant growth in household debt.

Chart 1: Global debt/GDP levels by sector



Source: IIF, BIS, IMF

Table 1: Sectoral Indebtedness\*

\$ trillion	Households		Non-financial corporates		Government		Financial sector		Total	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Mature markets	34.0	33.4	42.3	41.2	50.2	49.4	49.3	48.9	175.8	172.8
Emerging markets	12.1	10.8	30.6	27.4	15.1	14.1	10.6	9.9	68.4	62.3
Global	46.1	44.2	72.9	68.6	65.2	63.5	60.0	58.8	244.2	235.1

Source: IIF, BIS, IMF, Haver, National Sources. \*Household debt incorporates outstanding bank loans. Financial sector debt and non-financial corporate debt incorporate cross-border and domestic bank loans as well as onshore/offshore outstanding bonds. Government debt is extrapolated with IMF-WEO database. For details, see the "General Information" section of our database.

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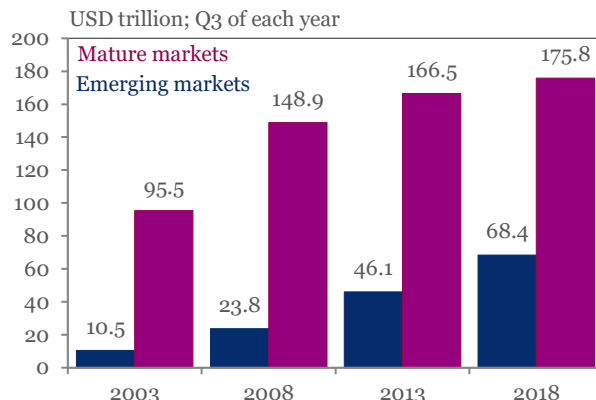
- Shift away from reliance on bank financing:** Corporations (ex-financials) and households around the world have made a significant shift towards non-bank financing—e.g. bond markets, mortgage lenders, specialized finance companies—over the past decade (Chart 3). Emerging markets have seen particularly rapid growth in non-bank financing, with nearly a quarter of total credit to non-financial private sector now originating from non-banks—vs. 17% in 2008. The share of non-bank financial intermediation in EMs grew the fastest in Chile, Korea, and China while Argentina, Russia and Turkey witnessed a significant decline. In mature markets, non-bank credit now accounts for over 50% of credit creation (vs 47% in 2008), with wide variation across markets—15% in New Zealand to over 82% in Ireland. In the U.S., big corporates (ex-financials) now get only about a third of their funding from banks, down from nearly 50% in 2007 (see our latest note on [U.S. corporate debt](#)). In the Euro Area, bank financing has declined to about 65% of total private sector debt (ex-financials), from over 75% in 2008, partly reflecting bank de-risking over the past decade. In contrast, reliance on non-bank financial intermediation has declined in Japan (down from almost 40% in 2008 to 30% in 2018).

- FX debt at multi-year highs:** Reliance on FX debt outside the banking sector has rising since 2014. At over 18% of GDP, non-bank FX debt/GDP is now around 3 percentage points higher than it was at the onset of the 2007/8 global financial crisis, mainly driven by mature markets. While the rise has been relatively moderate in emerging markets (up from 12% in 2014 to 14% in 2018), the pace of FX debt accumulation since 2014 has been a source of concern in some EM regions—notably in the [Africa/Middle East region](#) as we have noted [here](#) and [here](#) (Chart 8-next page).

- Assessing the risk of dollar funding shortages:** Banks outside the U.S. have seen USD liabilities (to fund their US dollar investments) rise from \$11.7 trillion in Q4 2015 to \$13.3 trillion in H1 2018—though these have been broadly stable as a percentage of GDP (Chart 4). During this period, France, Japan, China and Canada witnessed the largest increases, while banks in Germany, Sweden and Switzerland have seen a modest decline in US dollar funding needs.

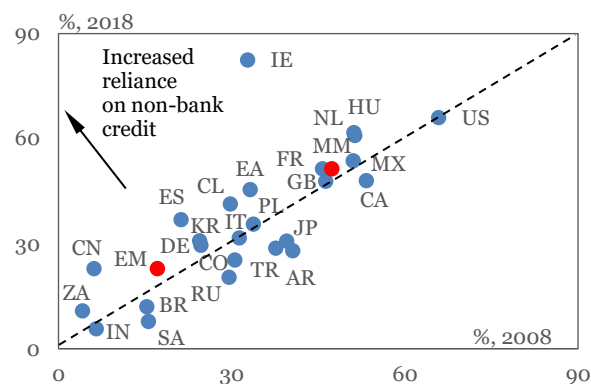
- Heavy upcoming refinancing needs in emerging markets:** Some \$3.9 trillion of EM bonds and syndicated loans will mature by the end of 2020—\$0.8 trillion for general government and \$1.9 trillion for non-financial businesses. FX redemptions are estimated to be some \$1.3 trillion. Refinancing needs in USD are relatively high for Egypt, Nigeria, and Colombia (nearly 80% of redemptions), followed by Lebanon (77%), Chile (72%), and Argentina (73%).

Chart 2: Global debt across mature and emerging markets



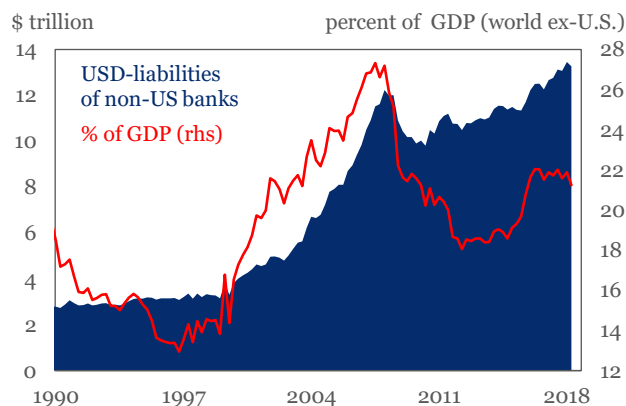
Source: IIF, BIS, IMF

Chart 3: Growing reliance on non-bank credit in both mature and emerging markets\*



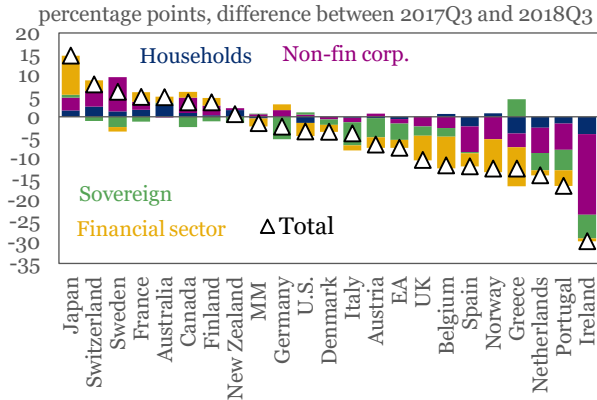
Source: BIS, IIF staff estimates; \*credit to households and non-financial corporates

Chart 4: Banks outside the U.S. have seen rapid growth in U.S. dollar liabilities\*



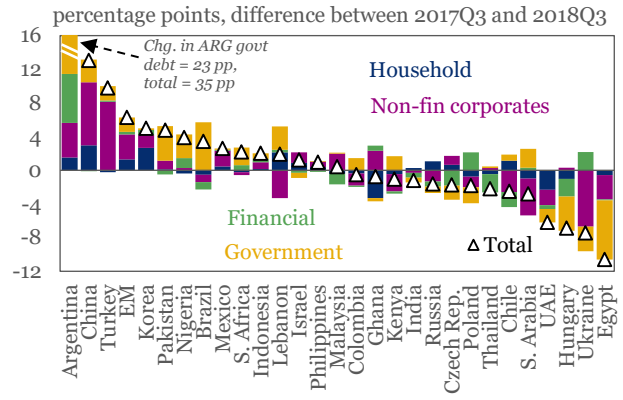
Source: BIS, IIF staff estimates; \* a proxy for banks USD funding needs to finance their dollar assets

**Chart 5: Change in mature market debt-to-GDP**



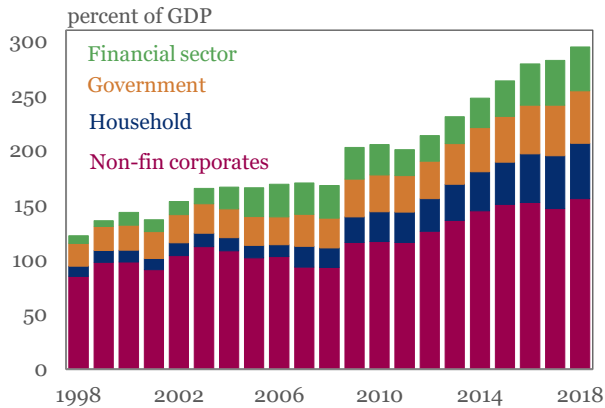
Source: BIS, Fed, ECB, BoJ, Haver, IIF.

**Chart 6: Change in emerging market debt-to-GDP**



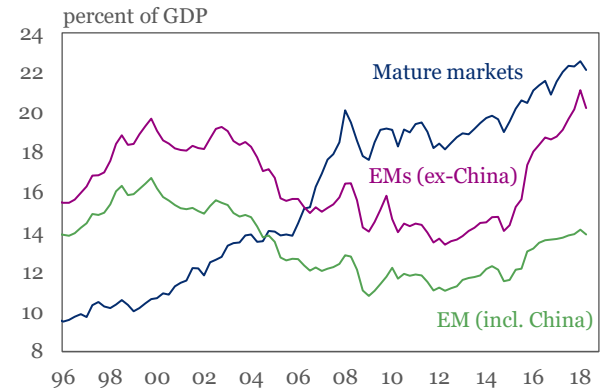
Source: BIS, Haver, IIF.

**Chart 7: China debt-to-GDP**



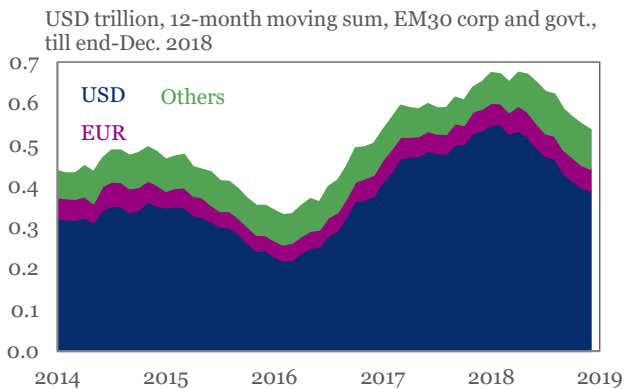
Source: BIS, Haver, IIF.

**Chart 8: FX denominated debt of non-bank borrowers**



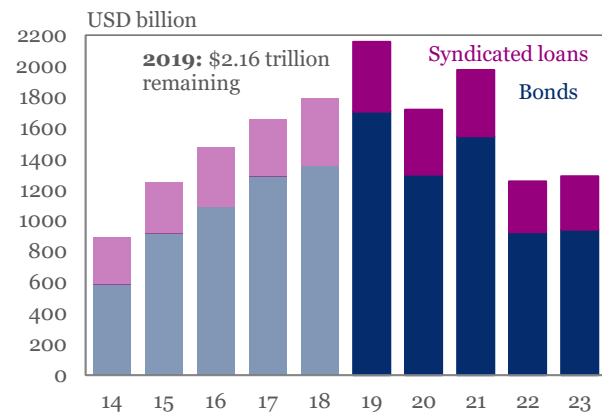
Source: BIS, IIF; 95Q1-99Q4 figures are estimated using BIS debt and banking statistics; only includes USD, EUR and JPY debt.

**Chart 9: EM FX-denominated bond issuance**



Source: Thomson One, IIF.

**Chart 10: EM debt maturity profile**



Source: Thomson One, IIF.

**Table 2: Total Global Debt by Sector**

% of GDP	Households		Non-financial corporates		Government		Financial Sector	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
<b>Global</b>	<b>59.6</b>	<b>59.3</b>	<b>92.0</b>	<b>90.5</b>	<b>86.5</b>	<b>85.8</b>	<b>80.1</b>	<b>81.2</b>
<b>Mature markets</b>	<b>72.7</b>	<b>73.1</b>	<b>91.1</b>	<b>90.5</b>	<b>108.7</b>	<b>108.6</b>	<b>107.9</b>	<b>109.8</b>
U.S.	75.0	76.4	72.6	72.1	100.8	100.2	78.0	81.1
Euro Area	57.6	58.2	106.5	107.5	97.9	101.8	125.5	127.4
Japan	55.3	53.7	101.6	98.5	223.1	222.4	157.0	147.7
UK	86.4	86.3	83.4	85.7	101.3	103.5	173.7	179.6
<b>Emerging markets</b>	<b>37.5</b>	<b>36.2</b>	<b>93.6</b>	<b>90.6</b>	<b>49.3</b>	<b>47.6</b>	<b>33.6</b>	<b>33.3</b>
EM Asia	47.9	45.8	124.0	119.2	50.2	48.9	41.9	41.6
China	51.0	48.0	157.1	149.6	48.5	45.8	40.5	41.1
Hong Kong	69.4	69.3	224.2	229.8	44.3	71.0	154.8	143.1
India	11.3	11.0	45.3	45.6	68.4	69.0	4.6	5.1
Indonesia	17.0	16.8	23.0	22.2	29.7	29.0	9.8	9.2
Malaysia	66.8	67.2	68.7	66.7	51.9	51.8	32.3	31.6
Pakistan	2.8	2.7	16.4	15.4	71.2	67.1	0.9	1.3
Philippines	15.7	15.4	62.6	61.9	39.8	39.7	10.9	11.0
S. Korea	96.9	94.2	100.9	99.4	39.2	39.0	86.2	83.7
Singapore	57.8	58.1	113.0	114.5	115.7	112.0	201.4	185.9
Thailand	68.0	68.5	48.0	47.7	32.7	32.5	37.8	38.2
EM Europe	19.9	19.5	54.5	53.5	30.2	30.8	19.0	18.8
Czech Republic	32.2	31.6	57.9	56.8	36.4	38.1	33.1	35.2
Hungary	18.5	19.5	67.0	66.7	75.9	80.0	22.7	23.5
Poland	34.8	35.6	45.9	47.2	51.9	53.8	24.6	22.4
Russia	16.5	15.4	47.2	48.5	15.1	15.9	11.5	12.2
Turkey	17.1	17.3	75.3	67.2	32.3	30.6	27.6	26.5
Ukraine	5.9	5.9	30.1	36.8	70.6	73.5	12.2	9.6
EM Latam	22.9	22.8	36.9	36.5	66.0	60.3	26.1	25.5
Argentina	7.9	6.4	17.4	13.3	79.1	55.9	15.7	11.1
Brazil	27.2	27.7	40.6	41.5	87.3	81.6	35.1	35.0
Chile	44.3	43.1	94.8	97.4	25.5	24.8	44.6	44.0
Colombia	26.2	26.6	34.4	35.8	50.9	49.4	5.2	5.3
Mexico	16.5	16.0	27.0	25.1	35.6	35.4	16.5	16.6
AFME	18.4	19.1	45.0	46.6	39.2	38.6	12.7	12.9
Egypt	7.0	7.6	25.9	28.8	94.7	101.8	5.4	5.7
Ghana	2.6	5.9	21.9	19.5	56.9	57.2	3.7	2.9
Israel	42.6	41.7	71.1	69.9	60.3	60.9	10.0	9.7
Kenya	7.6	8.1	25.2	27.2	55.7	54.0	2.6	2.6
Lebanon	74.8	72.7	102.3	105.6	149.2	146.5	8.5	8.2
Nigeria	4.1	4.5	12.0	11.8	24.1	21.3	3.9	2.9
Saudi Arabia	11.8	12.8	44.5	48.8	18.3	16.1	4.0	4.5
South Africa	33.1	33.3	38.4	38.7	56.8	54.7	23.6	24.3
UAE	21.9	24.3	86.4	88.2	18.3	19.9	42.1	43.4

Sources: IIF, BIS, Haver, National Sources.

**Table 3: Currency Breakdown of EM Sectoral Debt**

% of GDP <i>As of January, 2019</i>	Non-financial corporates				Government				Financial Sector				Households	
	LC	FC	o/w USD	o/w EURO	LC	FC	o/w USD	o/w EURO	LC	FC	o/w USD	o/w EURO	LC	FC
<b>Emerging markets</b>														
EM Asia														
China	149.8	7.3	6.2	0.7	48.1	0.4	0.4	0.0	34.4	6.1	4.9	0.6	50.9	0.0
Hong Kong	42.2	182.0	141.9	18.5	43.5	0.8	0.8	0.0	37.0	117.8	93.3	11.4	66.8	2.6
India	37.2	8.2	6.8	0.9	66.5	1.9	1.9	0.0	1.0	3.6	3.1	0.3	11.3	0.0
Indonesia	12.2	10.8	9.6	0.6	20.3	9.4	7.7	1.1	4.5	5.3	4.9	0.2	16.6	0.4
Malaysia	51.2	17.5	12.4	0.6	50.8	1.1	1.1	0.0	13.6	18.7	14.8	1.4	66.5	0.3
S. Korea	83.0	17.9	15.5	1.1	38.7	0.5	0.4	0.1	61.9	24.3	19.5	3.1	96.3	0.6
Singapore	50.1	62.9	48.1	5.1	115.7	0.0	0.0	0.0	46.7	154.7	112.4	14.3	46.7	11.2
Thailand	36.7	11.2	9.1	0.5	32.4	0.3	0.3	0.0	30.3	7.5	6.6	0.3	67.9	0.1
EM Europe														
Czech Republic	33.3	24.6	1.6	22.2	33.0	3.5	0.0	3.3	26.7	6.5	0.3	6.0	32.2	0.1
Hungary	34.3	32.7	9.6	22.8	59.3	16.6	11.8	4.4	6.5	16.2	6.6	9.3	18.3	0.1
Poland	32.3	13.6	2.4	9.8	36.1	15.8	2.8	11.9	15.7	8.9	1.3	4.4	21.2	13.6
Russia	31.9	15.3	8.7	5.6	11.4	3.7	3.5	0.2	5.8	5.7	4.6	0.8	16.3	0.2
Turkey	35.2	40.1	22.2	17.4	16.9	15.4	10.1	3.9	4.5	23.1	16.5	6.4	17.1	0.0
EM Latam														
Argentina	5.0	12.4	11.9	0.4	12.5	66.6	54.2	7.1	14.1	1.6	1.3	0.1	7.7	0.3
Brazil	23.9	16.8	15.6	0.9	83.7	3.6	3.0	0.6	26.2	8.9	8.4	0.3	27.2	0.0
Chile	64.9	29.9	32.9	0.6	20.2	5.3	3.0	2.3	36.2	8.5	7.2	0.3	42.3	2.0
Colombia	23.2	11.2	9.9	0.8	36.9	13.9	12.9	0.8	0.4	4.7	4.5	0.2	26.1	0.1
Mexico	7.8	19.1	14.4	3.2	29.5	6.0	4.3	1.1	13.6	2.9	2.3	0.5	16.4	0.0
AFME														
Israel	46.0	25.1	17.4	6.0	49.4	10.9	8.1	2.7	8.3	1.8	1.1	0.4	42.3	0.3
S. Arabia	35.6	8.9	8.1	0.5	9.6	8.8	8.8	0.0	0.7	3.4	3.0	0.1	11.8	0.0
S. Africa	22.8	15.6	10.8	3.0	49.5	7.3	6.3	0.6	13.2	10.4	3.8	1.4	32.7	0.4

Sources: IIF, BIS, Haver, National Sources, IIF estimates

\*LC=local currency; FC=foreign currency