

# Global Debt Monitor

## Reassessing the Pandemic Impact

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Emre Tiftik, Director of Sustainability Research, [etiftik@iif.com](mailto:etiftik@iif.com)

Khadija Mahmood, Economist, [kmahmood@iif.com](mailto:kmahmood@iif.com)

Raymond Aycock, Research Analyst, [raycock@iif.com](mailto:raycock@iif.com)

Editor: Sonja Gibbs, Managing Director and Head of Sustainable Finance, [sgibbs@iif.com](mailto:sgibbs@iif.com)

- Some \$4.8 trillion was added to the global debt mountain in Q2 2021, bringing it to an all-time high of \$296 trillion.
- The rise was sharpest in emerging markets, with total debt topping \$92 trillion in Q2—up from over \$87 trillion in 2020.
- Better news: the global debt/GDP ratio declined significantly in Q2 2021, though this follows a large spike in 2020. Debt ratios are still well above pre-pandemic levels across many mature and emerging market economies.
- Households contributed most to increasing global debt levels in 2021 H1, in part fueling housing prices.
- In contrast, many low-income countries still face challenges in accessing international debt markets; greater fiscal transparency would help attract capital and support debt sustainability.

**Global debt soared to a new record in Q2 2021.** Following a slight decline in Q1 2021, the global debt pile increased by some \$4.8 trillion in Q2 2021. At a fresh all-time high of \$296 trillion, global debt is now more than \$36 trillion above the pre-pandemic level.

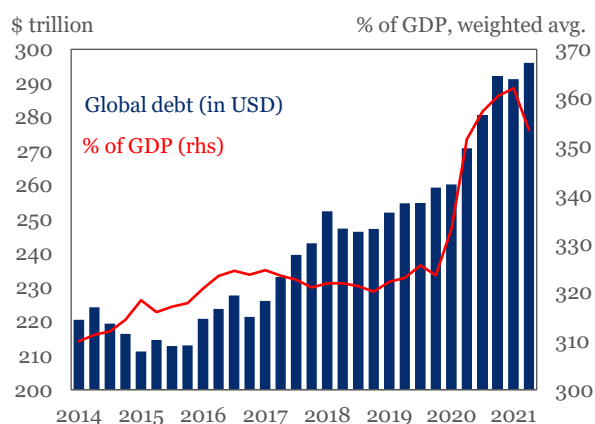
**However, the global debt-to-GDP ratio declined for the first time since the onset of the pandemic.** At around 353%, in Q2 2021, the global debt-to-GDP ratio is 9 percentage points below the all-time high of 362% in Q1 2021. Overall, 51 of the 61 countries in our sample recorded a decline in debt-to-GDP ratios in Q2. The drop is mostly attributable to a robust pickup in economic activity. However, the recovery has not been strong enough to bring debt ratios below pre-pandemic levels in most cases. At present, total debt-to-GDP ratio (ex-financials) is below pre-pandemic levels in only five countries: Mexico, Argentina, Denmark, Ireland, and Lebanon.

**Mature market debt heading higher again—albeit more slowly:** After a slight decline in Q1 2021, total debt in mature markets resumed its upward march in Q2, increasing by over \$1.3 trillion to near \$205 trillion (418% of GDP).

- The debt buildup was most substantial in the Euro Area. Largely driven by Germany and France, the USD value of total debt in the Euro Area increased by \$1.3 trillion to over \$56 trillion in Q2.

- At around \$490 billion, debt accumulation in the U.S. in Q2 was the slowest since the onset of the pandemic. However, household debt increased at a record pace (see below); corporate debt declined.
- Japan was the only country in our sample to record a relatively large decline in debt levels—down by over \$1 trillion to \$30 trillion in Q2 2021. The decline was largely driven by financial institutions.

Chart 1: Global debt is fast approaching \$300 trillion



Source: IIF, BIS, IMF, National sources

Table 1: Sectoral Indebtedness\*

\$ trillion	Households		Non-financial corporates		Government		Financial sector		Total	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
Mature markets	38.1	35.1	47.6	45.9	63.2	58.6	55.6	53.6	204.5	193.1
Emerging markets	17.1	14.3	38.6	33.6	22.5	18.5	13.3	11.4	91.5	77.8
Global	55.3	49.4	86.2	79.5	85.7	77.0	68.8	64.9	296.0	270.9

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.

The Global Debt Monitor and updated global debt database are available to IIF members on our website at <https://www.iif.com/publications/global-debt-monitor>. If you would like to receive regular updates about this publication, please subscribe [here](#).

**Steady increase in EM debt levels—although debt ratios are lower:** Total debt across emerging markets rose by some \$3.5 trillion in Q2 2021, and now stands at nearly \$92 trillion—over \$15 trillion higher than pre-pandemic levels. Against the backdrop of a strong rebound in economic activity and higher [inflation](#) readings, EM debt-to-GDP slipped from 250% in Q1 2021 to around 246% in Q2 2021.

- **China’s debt levels rising rapidly:** With total sectoral debt up by an estimated \$2.3 trillion in Q2 to reach an all-time high of over \$55 trillion, the pace of China’s debt buildup has been much steeper than in other countries. The non-financial sector accounted for over 40% of the rise. Although the rate of growth in total debt remained slower than in H2 2020, government bond issuance rebounded to hit a new record of some \$780 billion in Q2.

- **EM debt (ex-China) reached a fresh record high of near \$36 trillion in Q2 2021—up over \$3 trillion since the onset of the pandemic.** The rise was mainly driven by government borrowing. Brazil, Korea, and Russia witnessed the largest debt buildup while the decline in debt levels was strongest in India, Argentina, and Nigeria.

- **Fewer defaults:** Following a record number of sovereign bonded debt defaults in 2020, there have been only three in 2021: one from Zambia which was already in default on its Eurobonds, while Belize and Suriname launched consent solicitations to defer payments (Table 4).

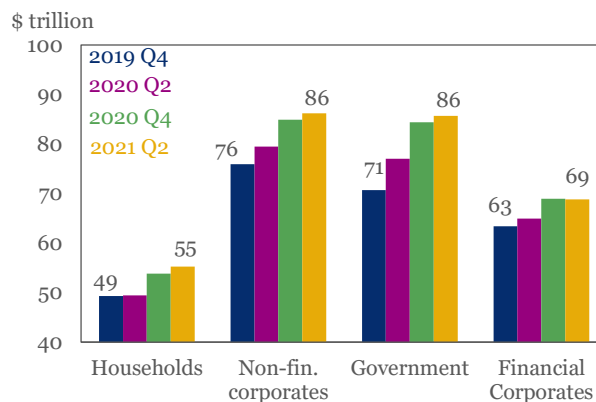
- **EM FX-denominated debt now tops \$9 trillion—up over \$430 billion since end-2019—see our [GDM database](#).**

- **More Eurobonds:** after a sharp contraction in 2020, Eurobond issuance by low-income countries has picked up this year and is now on track to top \$20 billion by year-end. However, access for most of these countries to international debt markets remains limited relative to middle income countries, as [concerns about debt and fiscal transparency](#) practices deter many foreign creditors.

**Households in the spotlight:** With housing prices on the rise, global household indebtedness increased by \$1.5 trillion in the first six months of 2021 and now stands at some \$55 trillion. During the same period, government and corporate debt grew by slightly less, at around \$1.3 trillion and \$1.2 trillion, respectively. Nearly one-third of the countries in our sample saw an increase in household debt-to-GDP ratios in H1 2021, particularly in Switzerland, Russia, and Korea. Of note, the U.S., China, and Brazil witnessed the largest rise in the USD value of household debt.

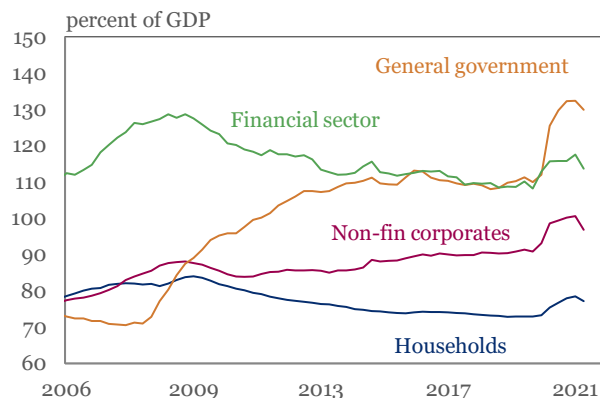
**Sustainable debt markets** have expanded rapidly this year. Total sustainable debt issuance (bond and loans) year to date has surpassed \$800 billion, exceeding full-year results in 2020. Global issuance is projected to reach \$1.2 trillion in 2021, though the pace of ESG integration in EM debt markets remain slow—See [IIF Sustainable Debt Monitor](#).

**Chart 2: Global Sectoral Indebtedness**



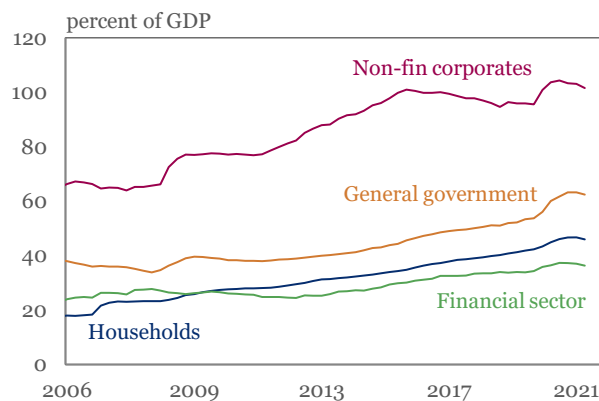
Source: IIF, BIS, IMF, National sources

**Chart 3: Mature markets - Sectoral Indebtedness**



Source: IIF, BIS, IMF, National sources

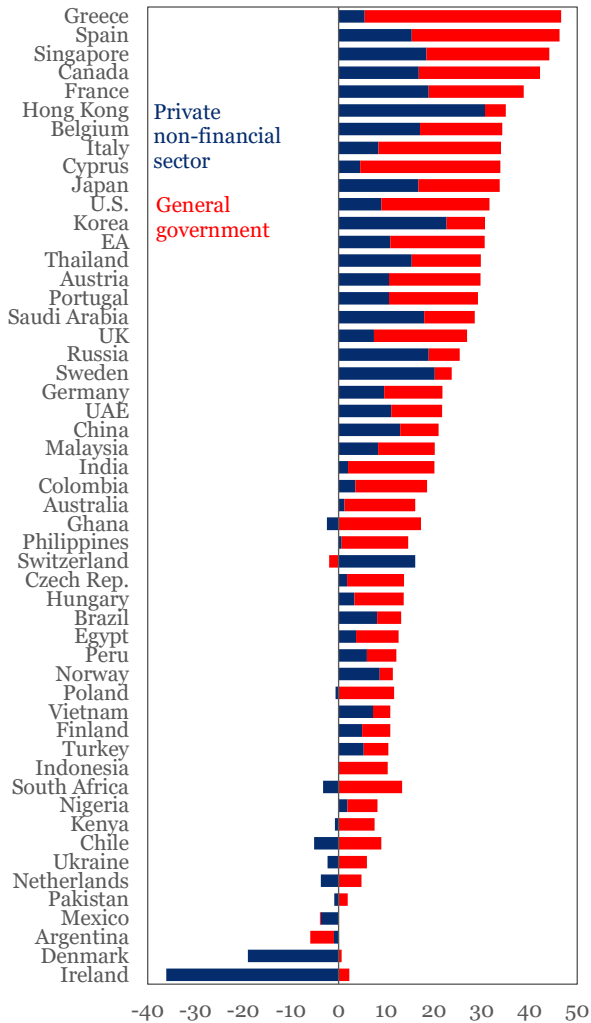
**Chart 4: Emerging markets - Sectoral Indebtedness**



Source: IIF, IMF

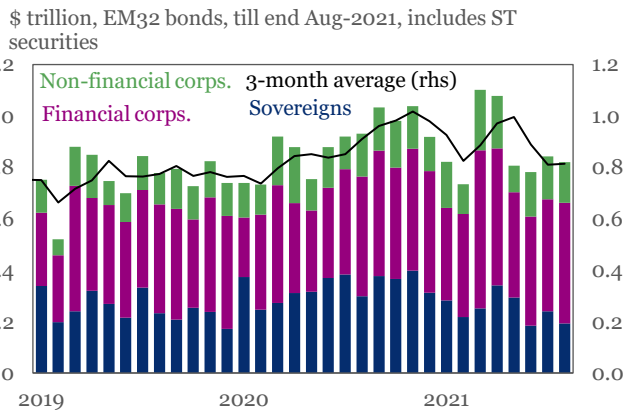
**Chart 5: Sharp surge in debt-to-GDP ratios since 2019**

percentage points, estimated change in debt ratios since end-2019



Source: IIF, BIS, IMF, National sources

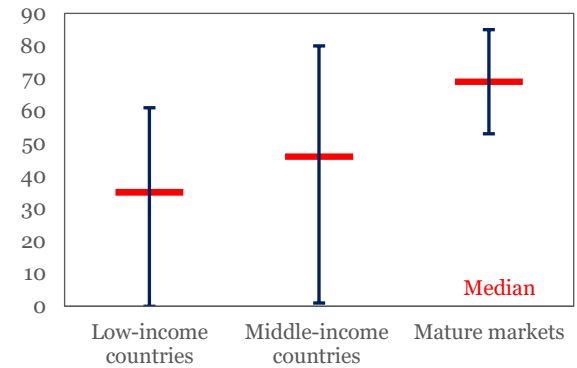
**Chart 8: EM corporate and sovereigns have issued around \$6.9 trillion in bonds year to date**



Source: IIF, Bloomberg

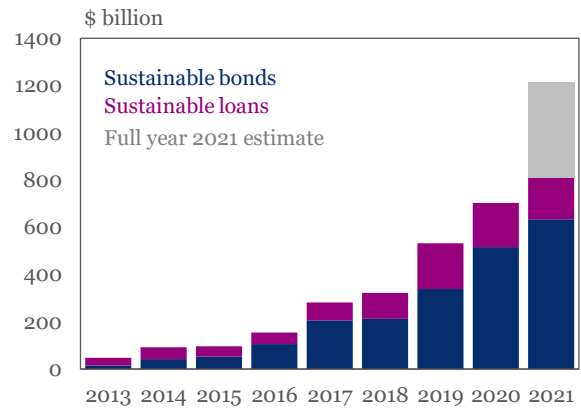
**Chart 6: Lack of transparency about public debt is a big problem for many countries—particularly low-income**

index, fiscal transparency, score 0-100; 100=best



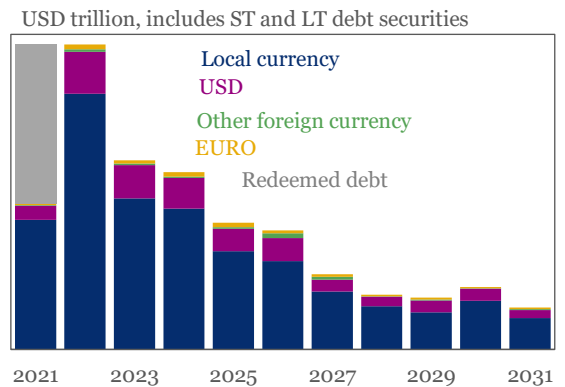
Source: IIF, OBI

**Chart 7: Sustainable debt issuance on an exponential track**



Source: IIF, Bloomberg

**Chart 9: About \$8 trillion of EM bonds/loans come due through end-2022**



Source: IIF, Bloomberg

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

% of GDP	Households		Non-financial corporates		Government		Financial Sector	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
<b>Global</b>	<b>65.5</b>	<b>64.0</b>	<b>98.6</b>	<b>100.5</b>	<b>104.6</b>	<b>101.0</b>	<b>84.7</b>	<b>86.1</b>
<b>Mature markets</b>	<b>77.2</b>	<b>75.4</b>	<b>96.8</b>	<b>98.6</b>	<b>129.9</b>	<b>125.5</b>	<b>113.6</b>	<b>115.7</b>
U.S.	79.2	76.9	80.6	83.9	126.2	121.9	81.1	82.4
Euro Area	61.5	60.4	111.9	111.6	118.2	111.2	121.0	127.3
Japan	63.9	61.9	113.5	111.9	242.9	238.0	188.0	174.0
UK	89.4	87.4	74.3	79.5	124.9	126.4	191.5	205.7
<b>Emerging markets</b>	<b>46.0</b>	<b>44.9</b>	<b>101.5</b>	<b>103.7</b>	<b>62.4</b>	<b>60.0</b>	<b>36.3</b>	<b>36.4</b>
EM Asia	57.9	56.4	127.2	130.2	66.7	62.9	44.2	43.4
China	60.5	59.2	157.6	163.0	65.4	63.3	45.5	45.3
Hong Kong	92.0	86.1	247.0	244.5	71.3	71.7	167.3	150.2
India	36.3	36.8	52.9	56.1	90.0	79.6	3.9	3.9
Indonesia	17.5	16.9	22.1	23.0	40.4	33.9	8.3	8.3
Malaysia	73.4	71.8	71.4	72.2	64.3	59.0	32.4	28.6
Pakistan	2.9	2.6	13.3	13.6	87.4	86.4	1.0	1.6
Philippines	16.2	16.3	31.5	32.3	50.9	41.7	11.8	10.9
S. Korea	104.2	98.2	115.0	107.9	47.1	44.9	85.4	83.0
Singapore	54.3	52.0	139.3	131.7	151.3	140.0	185.3	180.9
Thailand	77.5	72.7	53.7	51.1	48.5	39.1	40.1	39.5
Vietnam	24.1	25.2	125.0	119.0	47.2	45.1	4.2	4.1
EM Europe	23.4	22.3	72.6	71.6	36.9	34.9	18.8	18.6
Czech Republic	34.0	32.4	55.4	57.0	43.5	42.6	37.7	38.5
Hungary	21.2	19.7	64.0	66.7	80.3	74.3	8.1	9.8
Poland	33.8	34.9	43.9	45.4	59.1	59.2	25.0	24.4
Russia	23.3	20.4	92.0	85.4	21.2	16.4	10.8	10.2
Turkey	16.6	17.3	68.7	74.9	39.8	41.6	27.8	27.8
Ukraine	5.1	5.5	19.0	21.6	56.2	57.4	11.1	10.2
EM Latam	25.1	26.2	41.6	45.2	66.8	72.5	27.1	32.0
Argentina	4.3	4.9	14.6	18.9	74.4	98.3	5.3	7.6
Brazil	36.2	33.8	53.0	49.5	91.9	91.0	43.6	48.4
Chile	42.9	48.4	110.0	125.0	42.0	38.7	50.3	58.7
Colombia	30.6	31.6	33.5	34.3	67.4	61.4	6.5	7.4
Mexico	14.4	19.8	22.2	34.9	35.3	48.7	14.1	21.5
Peru	14.4	16.8	49.4	52.1	33.3	32.2	13.5	14.3
AFME	20.3	19.4	47.8	45.7	54.5	49.0	15.4	14.5
Egypt	8.7	7.6	21.5	20.7	88.4	83.3	4.2	4.5
Ghana	2.7	2.5	17.3	18.2	79.9	69.4	4.2	4.3
Israel	43.4	42.4	71.3	67.4	72.7	65.1	11.0	10.0
Kenya	7.8	7.2	18.4	19.7	69.7	65.3	1.8	1.8
Lebanon	26.8	31.4	61.4	67.8	155.3	160.4	2.8	4.1
Nigeria	7.6	7.7	9.6	8.6	35.5	32.5	5.6	4.7
Saudi Arabia	15.3	12.8	61.5	54.1	33.3	27.6	5.1	4.2
South Africa	31.5	31.6	31.3	37.4	71.1	64.2	22.0	24.6
UAE	24.7	23.6	85.0	82.3	37.5	31.9	56.4	51.0

Sources: IIF, BIS, Haver, National Sources.

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

% of GDP <i>As of Q2-2021</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>														
<b>EM Asia</b>														
China	151.8	5.7	5.0	0.6	64.5	0.8	0.6	0.2	40.5	5.0	4.0	0.4	60.5	0.0
Hong Kong	17.0	230.0	174.6	39.4	67.2	4.1	3.3	0.0	38.0	129.3	98.4	14.0	88.6	3.4
India	45.4	7.5	6.2	1.1	87.4	2.6	2.6	0.0	1.4	2.5	2.2	0.1	36.3	0.0
Indonesia	13.6	8.4	7.9	0.4	30.1	10.4	8.1	1.7	3.4	4.9	4.6	0.2	17.2	0.3
Malaysia	57.6	13.8	10.8	0.0	61.4	2.9	2.2	0.0	12.4	20.0	16.1	1.9	73.0	0.4
S. Korea	98.0	17.0	13.8	2.1	46.1	1.0	0.7	0.3	62.8	22.7	18.0	2.9	103.6	0.6
Singapore	75.2	64.1	52.3	7.4	151.3	0.0	0.0	0.0	47.6	137.7	102.5	17.6	43.8	10.5
Thailand	45.0	8.7	7.5	0.2	48.1	0.4	0.4	0.0	32.6	7.5	6.6	0.5	77.3	0.2
<b>EM Europe</b>														
Czech Republic	31.0	24.5	0.9	22.8	42.8	0.7	0.0	0.7	33.8	3.9	0.4	3.4	33.9	0.1
Hungary	37.6	26.4	4.3	22.1	67.0	13.4	4.9	7.8	3.9	4.2	1.2	3.0	21.1	0.1
Poland	30.2	13.7	0.6	13.0	44.7	14.4	1.5	12.5	16.8	8.2	2.5	2.2	23.4	10.3
Russia	71.6	20.4	8.7	10.4	17.9	3.3	2.8	0.5	6.9	3.9	3.2	0.4	23.2	0.1
Turkey	34.9	33.8	15.2	17.9	16.6	23.2	14.9	5.4	4.8	23.0	17.6	5.3	16.6	0.0
Ukraine	10.9	8.0	6.3	1.6	23.4	32.8	23.9	8.9	1.0	10.2	5.5	4.6	4.5	0.6
<b>EM Latam</b>														
Argentina	7.0	7.7	7.5	0.2	21.6	52.8	39.6	1.8	1.9	3.4	0.5	0.1	4.2	0.1
Brazil	34.7	18.3	16.6	1.4	87.0	4.9	4.4	0.5	35.0	8.6	7.8	0.4	36.2	0.0
Chile	77.8	32.1	31.1	0.5	30.2	11.8	6.9	4.8	42.8	7.5	6.0	0.3	41.3	1.6
Colombia	21.9	11.7	10.4	0.7	44.7	22.7	21.7	1.0	0.7	5.8	5.8	0.0	30.5	0.1
Mexico	6.1	16.1	12.8	2.2	28.4	6.9	5.2	1.3	11.0	3.1	2.3	0.4	14.4	0.0
<b>AFME</b>														
Israel	48.5	22.8	15.6	5.9	60.8	11.9	7.8	4.0	9.0	2.0	1.7	0.2	43.2	0.2
S. Arabia	49.0	12.4	12.1	0.2	20.4	12.9	12.9	0.0	1.3	3.9	3.5	0.1	15.3	0.0
S. Africa	18.7	12.7	7.2	3.0	65.1	6.1	5.8	0.2	12.1	9.9	4.0	0.9	31.1	0.3

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

\*LC=local currency; FC=foreign currency

**Table 4: Sovereign Bond Defaults**

Country	Default Date	Currency	Status
Russia	Jan-99	FC	resolved
Pakistan	Jan-99	FC	resolved
Indonesia	Mar-99	FC	resolved
Dominican Republic	Apr-99	LC	resolved
Suriname	Jan-00	LC	resolved
Indonesia	Apr-00	FC	resolved
Argentina	Nov-01	FC, LC	resolved
Indonesia	Apr-02	FC	resolved
Paraguay	Feb-03	FC	resolved
Uruguay	May-03	FC	resolved
Cameroon	Sep-04	LC	resolved
Grenada	Dec-04	FC	resolved
Venezuela	Jan-05	FC	resolved
Grenada	Jan-05	LC	resolved
Dominican Republic	Feb-05	FC	resolved
Belize	Dec-06	FC	resolved
Grenada	Dec-06	LC	resolved
Seychelles	Aug-08	FC	resolved
Ecuador	Dec-08	FC, LC	resolved
Jamaica	Jan-10	FC, LC	resolved
Greece	Feb-12	FC, LC	resolved
Belize	Aug-12	FC	resolved
Grenada	Oct-12	FC	resolved
Greece	Dec-12	FC, LC	resolved
Jamaica	Feb-13	FC, LC	resolved
Grenada	Mar-13	FC, LC	resolved
Cyprus	Jun-13	FC, LC	resolved
Argentina	Jul-14	FC	resolved
Ukraine	Sep-15	FC	resolved
Mozambique	Apr-16	FC	resolved
Republic of Congo	Aug-16	FC	resolved
Mozambique	Jan-17	FC	resolved
El Salvador	Apr-17	FC, LC	resolved
Belize	May-17	FC	resolved
Republic of Congo	Aug-17	FC	resolved
El Salvador	Oct-17	FC, LC	resolved
Venezuela	Nov-17	FC	<b>ongoing</b>
Barbados	Jun-18	FC	resolved
Barbados	Aug-18	LC	resolved
Argentina	Aug-19	FC, LC	resolved
Argentina	Dec-19	FC	resolved
Argentina	Jan-20	LC	resolved
Lebanon	Mar-20	FC	<b>ongoing</b>
Argentina	Apr-20	FC	resolved
Ecuador	Apr-20	FC, LC	resolved
Suriname	Jul-20	FC	resolved
Belize	Aug-20	FC	resolved
Zambia	Oct-20	FC	<b>ongoing</b>
Suriname	Nov-20	FC	resolved
Zambia	Jan-21	FC	<b>ongoing</b>
Suriname	Mar-21	FC	<b>ongoing</b>
Belize	May-21	FC	<b>ongoing</b>

Source: S&P, Moody's, IMF, IIF