



www.MortgageePROPERTY.com

Australian household GDP Debt Crisis is the highest in the world at 130 per cent of GDP. Australian mortgage debt burden has doubled.

AUSTRALIAN HOUSEHOLD GDP DEBT CRISIS

Since the GFC of 2008, Australian household GDP debt has doubled and is unparalleled in the world in excess of 130 per cent of GDP.



To put this into perspective, Australian public debt peaked above 170 per cent of GDP during the Great Depression but household debt has never been remotely close to its present to current levels. In 2016, Australians are so highly leveraged with Australian household debt that even a small decline in residential values will have harmful consequences.

According to the OECD, Australian household debt is 5th highest in the world and has increased in excess of the levels reached by countries where housing bubbles formed and burst, countries such as Ireland, Spain and the United States. Barclays chief economist Kieran Davies has stated that Australian household debt-to-income gearing is at an all-time high, double the pre-global financial crisis (GFC) placing Australia in the top 5 of the world when it comes to leverage.

Date: September 7, 2016
Published by: Mortgagee Property Limited
Reporter: Scott O. Talbot
Category: Australian household GDP debt
Youtube: Related Videos
Youku: Related Videos

<https://mortgageeproperty.com/australian-household-gdp-debt-crisis.html>
<https://mortgageeproperty.com/australian-household-gdp-debt-crisis.pdf>

Australian households are the most indebted in the world at 130 per cent of GDP.

Australian households are the most indebted in the world, according to research by Barclays, which warns that the country would be vulnerable in the event of another global financial shock. Barclays chief economist for Australia Kieran Davies says private sector debt-to-income gearing is currently at an all-time high of 206 per cent, up from a pre-global financial crisis (GFC) level of 191 per cent. This put Australia just within the top 25 per cent of the world when it comes to leverage. <http://www.smh.com.au/business/the-economy/australian-households-awash-with-debt-barclays-20150315-1lzyz4.html>

How Australian households became the most indebted in the world

The rapid rise of capital city house prices in the past two years has propelled Australia past Denmark with a ratio of 123.08% debt to GDP, analysis shows. The results are in: Australian households have more debt compared to the size of the country's economy than any other in the world. Research by the Federal Reserve has shown the consolidated household debt to GDP ratio increased the most for Australia between 1960 and 2010 out of a select group of OECD nations. Australia's household sector has accumulated massive unconsolidated debt compared with other countries. As of the third quarter of 2015, it now has the world's most indebted household sector relative to GDP, according to LF Economics' analysis of national statistics.

Secret report Australian households debt so high there was likely to be a tidal wave of defaults.

A secret official report was leaked this week saying the debt held by Australian households before the GFC was so high there was likely to be a tidal wave of defaults. That could have seriously hurt Australian banks and maybe even caused a recession, according to analysts. If household debt was big then, it is far greater now. Household debt has been building up for ages, and our regulator thinks our banks couldn't handle a house price crash. <http://www.news.com.au/finance/economy/australian-economy/the-great-australian-problem/news-story/55f9bad92c99869ceacdb76a5adc08d4>

Household debt the big threat to Australian economy

The debate around the proposed deficit levy has so far focussed on the economic impact of the Federal Government's debt burden. However, economists are warning there is a bigger threat to the country's future - the unrelenting growth in household debt. Consumer group Choice is also warning that borrowers are being offered new home loan products that create huge financial risks for the individual. <http://www.abc.net.au/news/2014-05-07/household-debt-the-big-threat-to-australian-economy/5435844>

Australians carry unprecedented debt burden

Mortgage debt levels have doubled since then. On just about every measure, Australians are carrying an unprecedented household debt burden, unparalleled in the world — 125 per cent of GDP. In his exit speech, Glenn Stevens commented on the focus on government debt while concerns about private debt are overlooked. <http://www.abc.net.au/news/2016-09-06/long-analysis-glenn-stevens/7818980>

Higher Australian household debt mounts to 'unsustainable' levels

"If something cannot go on forever, it will stop," said Herbert Stein, economic adviser to presidents Nixon and Ford. Stein was mocking concerns about the "unsustainable" US current account and budget deficits in the late 1980s. He had a point, both grew much larger. Calling things unsustainable is often a cover for expressing disapproval for other reasons. The federal budget has been in surplus in fewer than 20 of the 116 years since Federation, so deficits are clearly sustainable. What isn't sustainable is a rising stock of public debt (and interest payments) as a share of national income. <http://www.theaustralian.com.au/business/opinion/adam-creighton/higher-australian-household-debt-mounts-to-unsustainable-levels/news-story/be4ab3a4286cb0e802f2f396e8a126e7>

Households Debt in Australia increased to 124.30 percent of GDP

In the fourth quarter of 2015 from 123.10 percent of GDP in the third quarter of 2015. Households Debt To Gdp in Australia averaged 68.79 percent of GDP from 1977 until 2015, reaching an all time high of 124.30 percent of GDP in the fourth quarter of 2015 and a record low of 34.20 percent of GDP in the fourth quarter of 1977. Households Debt To Gdp in Australia is reported by the Bank for International Settlements. <http://www.tradingeconomics.com/australia/households-debt-to-gdp>

Australians owe more than ever with household debt to income double that of 20 years ago

THE problem with bubbles is they only become really apparent after they've burst. This applies in any market — be it for shares, commodities such as gold and oil, or Dutch tulips — when demand is in considerable part driven by speculation of future price rises rather than yield. Bubbles are further inflated when they are pumped with cheap credit, which leads us to the Australian housing sector. <http://www.couriermail.com.au/news/opinion/australians-owe-more-than-ever-with-household-debt-to-income-double-that-of-20-years-ago/news-story/1f1ea1694e33dd9b44d845e7a89c70fc>