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CREDIT SUISSE

Research Institute

Global wealth report 2021

Thought leadership from Credit Suisse and the world's foremost experts

Introduction

Now in its twelfth year, I am proud to present to you the 2021 edition of the Credit Suisse Global Wealth Report.

This report delivers a comprehensive analysis on available global household wealth, underpinned by unique insights from leading academics in the field, Anthony Shorrocks and James Davies.

This year's edition digs deeper into the impact of the COVID-19 pandemic and the response of policymakers on global wealth and its distribution. Mindful of the important wealth differences that have built over the last year, our report also offers perspectives and, indeed, encouraging prospects, for wealth accumulation throughout the global wealth pyramid as we look to a world beyond the pandemic.

I hope you find the insights of this edition of the Global Wealth Report to be of particular value in what remain unprecedented times.

António Horta-Osório
Chairman of the Board of Directors
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Cover photo: Getty Images, Onfokus; photo right: Getty Images, Niccolo Guasti

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Photo: GettyImages, Steve Strike

Global wealth levels 2020

Anthony Shorrocks, James Davies and Rodrigo Lluberas

Now in its twelfth edition, the Credit Suisse Global Wealth Report is the most comprehensive and up-to-date source of information on global household wealth. Wealth creation in 2020 was largely immune to the challenges facing the world due to the actions taken by governments and central banks to mitigate the economic impact of COVID-19. Total global wealth grew by 7.4% and wealth per adult rose by 6% to reach another record high of USD 79,952. Overall, the countries most affected by the pandemic have not fared worse in terms of wealth creation.

Uncertain times

The short-term consequences of the COVID-19 pandemic for household wealth are now much clearer than they were last summer. They confound expectations. The widespread negative impact on gross domestic product (GDP) was recognized early in 2020, and since reductions in the level of economic activity are typically associated with reductions in household wealth, financial markets responded in a predictable way and share prices dived in February and March. No region was immune. By the second half of March, the S&P 500 had fallen by 34%, the FTSE100 by 35%, the DAX by 39%, and the Nikkei by 31%. China was more resilient, but this did not prevent the Shanghai index from also falling, albeit by a more modest 13%. As a result, we estimate that USD 17.5 trillion was lost from total global household wealth between January and March 2020, equivalent to a fall of 4.4%. Global wealth per adult declined by 4.7%.

Reassured by the prompt action of governments and central banks, financial markets regained confidence and the losses in equity markets were largely reversed by the end of June. That much was understandable. But what happened in the second half of 2020 was unforeseen. Share prices continued on an upward path, reaching record levels by the end of the year. After initially pausing to take stock, housing markets were also infected by the prevailing optimism, and house prices rose at rates not seen for many years. These asset price increases have led to major gains in household wealth throughout the world. The net result was that USD 28.7 trillion was added to global household wealth during the year. At the end of 2020, it totaled USD 418.3 trillion, up 7.4%. Wealth per adult rose 6.0% to a new record high of USD 79,952. Depreciation of the US dollar flatters these gains: adjusting for exchange rate changes, total wealth would have risen by 4.1% and wealth per adult by 2.7%. Nevertheless, bearing in mind the widespread economic disruption, household wealth and macroeconomic indicators seem to be on different trajectories. Stranger still, countries most affected by the COVID-19 pandemic have often been those recording the greatest gains in wealth per adult. The contrast between what has happened to household wealth and what is happening in the wider economy can never have been more stark.

We believe the core reasons for this disconnect are clear. Many governments and central banks in more advanced economies, anxious to avoid the mistakes made during the global financial crisis, have taken pre-emptive action in two primary ways: first, by organizing massive income transfer programs to support the individuals and businesses most adversely affected by the pandemic, and second, by lowering interest rates – often to levels close to zero – and making it clear that interest rates will stay low for some time.

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> The lowering of interest rates by central banks has probably had the greatest impact

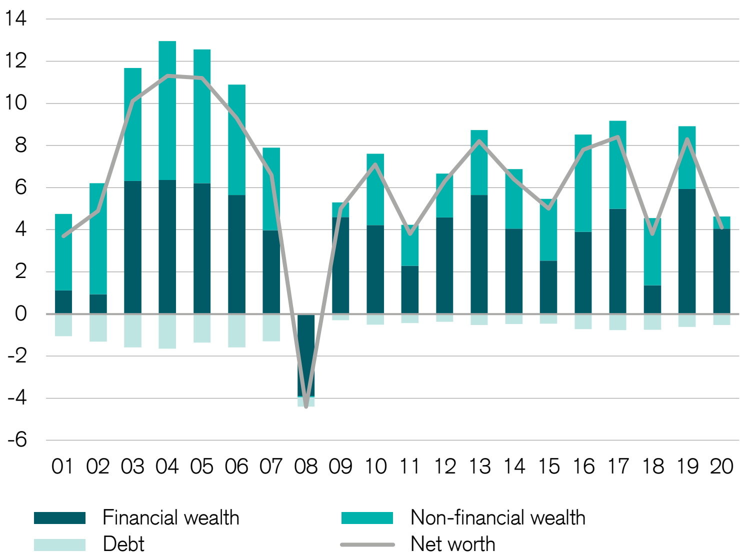
There is little doubt that these interventions have been highly successful in meeting their immediate objectives. However, they have come at a great cost. Public debt relative to GDP has risen throughout the world by 20 percentage points or more in many countries. In essence, there has been a huge transfer from the public sector to the household sector, which is one of the reasons why household wealth has been so resilient. In one respect, these transfers overcompensated households. Generous payments have meant that disposable household income has been relatively stable and has even risen in some countries. In combination with restricted consumption opportunities, this has led to a surge in household saving, which has inflated household financial assets and caused household debts to be lower than they would be otherwise. This increase in savings was an important source of household wealth growth last year.

The lowering of interest rates by central banks has probably had the greatest impact. It is a major reason why share prices and house prices have flourished, and these translate directly into our valuations of household wealth. Lower interest rates also seem to be a cost-free option, except perhaps to those relying on interest payments to supplement their income. Lower interest rates have no direct impact on public expenditure and coordinated action by central banks can even reduce expenditure via reduced public debt interest. There are inflation implications in the longer run and also questions related to future rises in interest rates. However, these are relatively unimportant compared to the more immediate economic challenges.

Trends in wealth per adult

Figure 1 places the performance of household wealth in 2020 in the context of annual wealth growth since the turn of the century. Smoothed exchange rates are used for this series in order to minimize year-on-year fluctuations due to short-term changes in exchange rates. The overall pattern suggests steady growth in household wealth over the years, with minor variations most likely linked to shifts in share prices and house prices. But there are two unusual episodes. The most obvious is the decline in wealth during 2008 due to the collapse of asset prices during the financial crisis. The second aberration is unusually high wealth growth in the “golden age” preceding the financial crisis, when wealth grew at double the rate achieved in the long term. This episode was triggered by a combination of favorable factors – most notably the rapid transformation of China into a fully fledged market economy – which is unlikely to be repeated in future.

Figure 1: Annual change in net worth and its components using smooth exchange rates (%), 2000–20



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Compared to the overall trend since 2000, wealth growth in 2020 is slightly below average. But is not dissimilar to the growth achieved in 2001, 2009, 2011 and 2018. In short, there is nothing in the chart to suggest that the economic upheaval in 2020 bore any resemblance to that experienced in 2008. Household wealth appears to have simply continued on its way, paying little or no attention to the economic turmoil that should have hampered progress.

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The contrast between what has happened to household wealth and what is happening in the wider economy can never have been more stark

An overview of 2020

Table 1 summarizes the main features of wealth growth during 2020. Aggregate global wealth rose by USD 28.7 trillion to reach USD 418.3 trillion at the end of the year. In terms of current US dollars, total wealth grew by 7.4% and wealth per adult was up 6.0%. However, widespread depreciation of the US dollar accounted for 3.3 percentage points of the growth. If exchange rates had remained the same as in 2019, total wealth would have grown by 4.1% and wealth per adult by 2.7%. Wealth per adult reached a new record high in 2020 of USD 79,952. For comparison, global average wealth in the year 2000 was USD 31,378. So, without making allowance for inflation, average wealth is now 2.5 times its value at the start of the century.

The regional breakdown shows that total wealth rose by USD 12.4 trillion in North America and by USD 9.2 trillion in Europe. These two regions accounted for the bulk of the wealth gains in 2020, with China adding another USD 4.2 trillion and the Asia-Pacific region (excluding China and India) another USD 4.7 trillion. Total wealth scarcely changed in Africa, and exchange rate appreciation accounted for what little change there was. India and Latin America both recorded losses in 2020. Total wealth fell in India by USD 594 billion, or 4.4% in percentage terms. This loss was amplified by exchange rate depreciation: at fixed exchange rates, the loss would have been 2.1%. Latin America appears to have been the worst-performing region, with total wealth dropping by 11.4% or USD 1.2 trillion. With the major economies stricken by the pandemic, this would not have come as a surprise.

Table 1: Change in household wealth 2020, by region

	Total wealth	Change in total wealth		Wealth per adult	Change in wealth per adult	Change in financial assets		Change in non-financial assets		Change in debts	
	USD bn	USD bn	%	USD	%	USD bn	%	USD bn	%	USD bn	%
Africa	4,946	36	0.7	7,371	–2.1	–24	–1.0	26	0.9	–34	–8.5
Asia-Pacific	75,277	4,694	6.7	60,790	5.0	2,974	7.4	2,549	6.4	829	8.9
China	74,884	4,246	6.0	67,771	5.4	3,389	10.2	1,912	4.3	1,055	15.3
Europe	103,213	9,179	9.8	174,836	9.8	6,648	14.0	3,969	6.6	1,438	10.3
India	12,833	–594	–4.4	14,252	–6.1	119	3.8	–782	–6.8	–70	–5.8
Latin America	10,872	–1,215	–10.1	24,301	–11.4	–655	–11.1	–796	–10.5	–236	–17.0
North America	136,316	12,370	10.0	486,930	9.1	10,037	10.0	3,145	7.7	812	4.7
World	**418,342**	**28,716**	**7.4**	**79,952**	**6.0**	**22,486**	**9.7**	**10,023**	**4.8**	**3,794**	**7.5**

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

However, currency depreciation was commonplace in Latin America, averaging 9.6% against the US dollar. So, holding exchange rates constant, total wealth dropped by only 1.8% in Latin America, a better outcome than India.

> Exchange rate fluctuations are often the source of the biggest gains and losses

Overall, financial assets accounted for most of the gain in total wealth as they have done in most years since the financial crisis. The increase of USD 22.5 trillion was slightly over double the USD 10.0 trillion rise in non-financial assets. A rough 2-to-1 split is also evident in the regional breakdowns for North America, Europe and China, but the contributions were roughly equal in the Asia-Pacific region. Total debts increased by 7.5% and would likely have increased much more if households had not been obliged to save more by the constraints on spending. Total debt rose markedly in China and Europe, but declined in Africa and in Latin America, even after allowance is made for exchange rate depreciation.

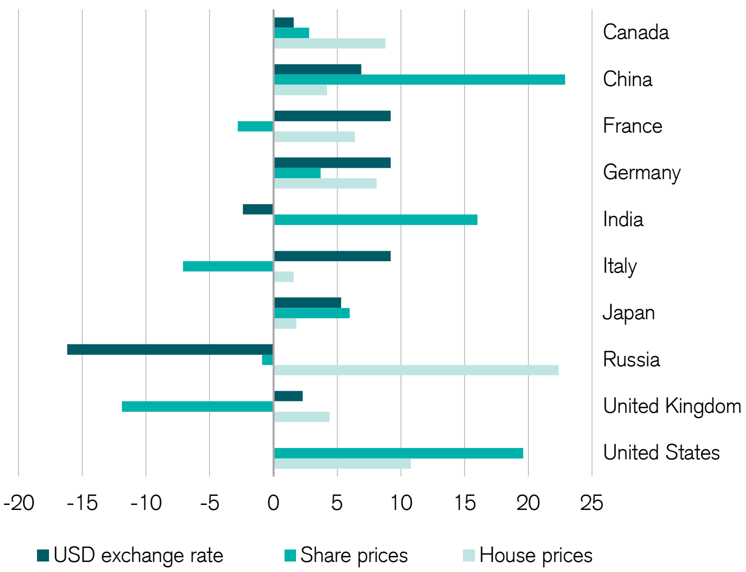
Asset prices and exchange rates

Turning attention to individual countries, it is worth looking first at the factors that usually account for much of the change in household wealth measured in USD units: asset prices and exchange rates. Exchange rate fluctuations are often the source of the biggest gains and losses, and it is already evident that USD depreciation had a significant impact on the outcome for 2020. Among the countries covered in **Figure 2** (G7 countries plus China, India and Russia), the Eurozone countries gained the most (9.2%). But China and Japan also appreciated by more than 5%. The only substantial depreciation occurred in Russia (down 16.2%). Elsewhere, currency appreciation in Egypt, Switzerland, Australia, Denmark and Sweden exceeded that of the Eurozone, while double-digit depreciation was recorded in Chile, Turkey, Nigeria and, most notably, Brazil (down 22.4%).

Share prices declined everywhere in the first few months of 2020, so that the net outcome for the year depends on the speed and magnitude of the recovery, which varied across countries. Among the countries covered in **Figure 2**, shares rose by around 20% in China and the United States. India was not far behind with a rise of 16%, and Canada, Germany and Japan had also moved into positive territory by the end of the year. France was slightly down for the year and Italy by a little more. But Britain was the main casualty in this group of nations, with share prices falling by 11.9%. Severe pandemic upheaval and post-Brexit uncertainty are clearly not an attractive combination for investors. Declines by more than 10% were also recoded in Israel, Spain, Singapore, Greece, Austria, Chile, Egypt, Kenya and Colombia. In contrast, share prices forged ahead in Taiwan (Chinese Taipei) by 23%, in Denmark by 29% and in Korea by 33%.

House prices are less volatile than share prices, and significant year-on-year drops are relatively uncommon. For much of the year, housing markets were in limbo, with reduced activity from both buyers and sellers. Windfalls from unplanned savings and weariness from working from home in confined spaces led buyers

Figure 2: Percentage change in USD exchange rate, share prices and house prices, 2020



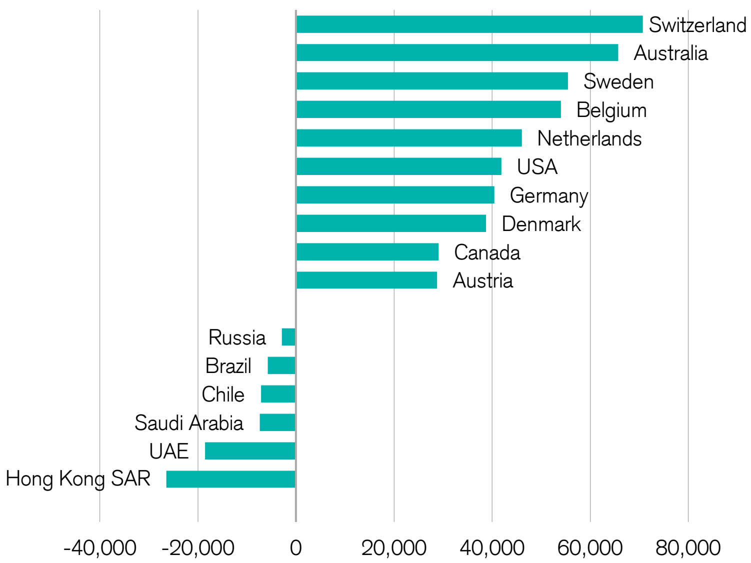
Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

to surface during the second half of 2020, encouraged also by the low interest rates on offer. The net result was a better-than-average year for home owners in most countries. House prices moved ahead in the United States by 10.8%, one of the fastest rates on record. They rose even more in Russia (up 22%) and Turkey (up 31%), although these gains should be set against the high currency depreciation in both countries. Elsewhere, house prices rose robustly in Austria, Canada, Czechia, Denmark, Germany, Poland and Sweden, all of which recorded increases between 8% and 11%. **Figure 3** shows that house prices also rose in China, Japan, Italy and the United Kingdom, but never by more than 5%. They were broadly representative of the other countries for which we have house price data.

Leaders and laggards among countries

Given the prevailing economic conditions, countries were not expected to record large increases in household wealth. However, the confluence of rising asset prices and currency appreciation has resulted in many substantial gains. In terms of total wealth, we have come to expect the United States to head the list, and it does so again. But the size of the increase is a surprise: USD 11.4 trillion was added to the global wealth stock. This is well above the contribution of second-placed China (USD 4.2 trillion). It is even higher than the combined contributions of China, Germany (USD 2.8 trillion), Japan (USD 1.8 trillion) and the United Kingdom (USD 1.1 trillion). Losses were less common, with only six countries recording drops of more than USD 100 billion. Only India (down USD 594 billion) and Brazil (down USD 839 billion) lost more than USD 500 billion.

Figure 3: Change in wealth per adult (USD), 2020: Biggest gains and losses



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

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> Household wealth has been extremely resilient to the adverse economic conditions

The change in wealth per adult is a better guide to the comparative performances of different countries. **Figure 3** lists the countries where wealth per adult – measured in current US dollars – has risen most. Switzerland (up USD 70,729) and Australia (up USD 65,695) top the list. Belgium and Sweden also gained more than USD 50,000, and Germany, the Netherlands and the United States more than USD 40,000 each. Asset price rises played a role in some of these countries, most notably the United States. But currency appreciation is the main explanation for most of these increases in average wealth. Unexpectedly, given the circumstances, few countries suffered a loss of wealth in 2020, and the losses that did occur were quite modest. Currency depreciation caused wealth per adult to fall in Brazil, Chile and Russia, but by less than USD 10,000. Our estimates suggest that the United Arab Emirates (down USD 18,540) and Hong Kong SAR (down USD 26,419) suffered the greatest losses.

Wealth growth versus GDP growth

The evidence so far has documented the fact that household wealth has been extremely resilient to the adverse economic conditions. Even so, wealth outcomes would be expected to be more subdued in countries with worse macroeconomic outcomes. This does not appear to be the case, however. Indeed, there is a hint that the countries facing the biggest economic challenges have achieved higher-than-average wealth gains.

To explore this issue, **Figure 4** plots the difference between wealth growth and GDP growth (on the vertical axis) against GDP growth (on the horizontal axis) for a sample of 32 countries for which we have more reliable data. The figures on both axes are percentage values computed using domestic currency units, so that exchange rate issues play no part in the results.

One notable aspect of **Figure 4** is that so many countries lie above the dashed line. This means that household wealth has risen despite a fall in GDP. The earlier discussion outlines the reasons why this may have happened, e.g. rises in share prices and house prices. But that leaves open the question of why equity and housing markets have done so well in the countries facing the greatest economic hardship. Most likely, it is testament to the success of government support programs and lower interest rates following central bank intervention.

The most surprising feature of **Figure 4** is the suggestion that the countries most affected by the pandemic, as captured by losses in GDP, have done disproportionately well in wealth terms. Belgium, Canada, Singapore and the United Kingdom provide the main support for this hypothesis. Despite being among the worst-affected countries, with an average GDP loss of 7.1%, they achieved unusually high wealth gains averaging 7.7% net of exchange rate considerations. Thus the size of the wealth gain exceeded the magnitude of the GDP loss. This evidence is not conclusive, with the United States providing a counterexample: the 9.9% rise in wealth is more than triple the size of the reduction in GDP. But even if it is not accepted that higher GDP losses are associated with higher wealth gains, there is compelling evidence that higher GDP losses have not suppressed wealth gains, which is surprising in itself.

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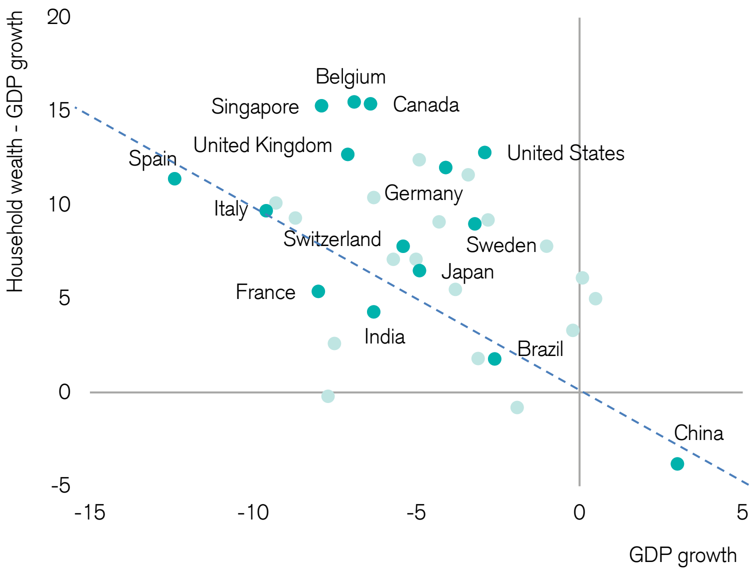
Countries facing the biggest economic challenges have achieved higher-than-average wealth gains

In a normal year, household wealth growth would be expected to move roughly in line with GDP growth, so that the points would be scattered around the horizontal axis, or perhaps slightly above the horizontal axis since household wealth tends to grow a little faster than GDP. Given that the GDP reductions in 2020 are unlikely to persist, it is not surprising that household wealth has not declined by as much as GDP, so that most of the points are above the horizontal line. The dashed line indicates zero household wealth growth (in domestic currency units). For the countries on or close to this line – Spain, Italy, Brazil and China – wealth growth has been roughly neutral to GDP growth: GDP losses are not associated with wealth losses, nor are they linked to wealth gains. Any gains or losses in wealth measured in US dollars are attributable to changes in exchange rates versus the US dollar. France, India, Japan and Switzerland also lie close to this line, as they too experienced little wealth growth net of exchange rate changes.

Figure 4: Growth of household wealth relative to GDP 2020 (%)

Dashed line indicates no change in household wealth in 2020 in domestic currencies



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Wealth per adult across countries

Turning to the broader distribution of wealth across countries and regions, the huge disparity in average wealth levels is well illustrated by the World Wealth Map (**Figure 5**). Nations with high wealth per adult (above USD 100,000) are located in North America, Western Europe, and among the richer parts of East Asia, the Pacific and the Middle East, with a sprinkling of outposts in the Caribbean. China and Russia are the core members of the "intermediate wealth" group of countries with mean wealth in the range of USD 25,000–100,000. This group also includes more recent members of the European Union and important emerging-market economies in Latin America and the Middle East. One step below, the "frontier wealth" range of USD 5,000–25,000 per adult is a heterogeneous group that covers heavily populated countries such as India, Indonesia, Iran and the Philippines, plus most of Latin America and leading sub-Saharan nations such as South Africa. Fast-developing Asian countries like Cambodia, Laos and Vietnam also fall within this category. Countries with average wealth below USD 5,000 comprise the final group, into which most of central Africa falls.

The overall regional disparities evident in **Figure 5** are reflected in the fact that North America and Europe together account for 57% of total household wealth, but contain only 17% of the world adult population. The wealth share in the Asia-Pacific region (excluding China and India) is similar to its share of adults, and the same is true for China. However, the adult population share is three times the wealth share in Latin America, five times the wealth share in India, and over ten times the wealth share in Africa.

Among the 60 countries with the highest total wealth, the ranking of the top 20 countries by mean and median wealth is given in **Table 2**. Other countries such as Liechtenstein and Monaco likely have very high average wealth, but we lack the evidence to make judgements with confidence. As usual, Switzerland heads the list with wealth per adult of USD 673,960, up USD 70,730 on the year.

A relentless series of gains by the United States (USD 505,420, up USD 41,870) have now pushed Hong Kong SAR (USD 503,340, down USD 26,420) into third place, with Australia (USD 483,760, up 65,700) close behind. There is then a substantial gap until the cluster of the Netherlands, Denmark, Belgium, New Zealand, Sweden, Singapore and Canada appears with wealth per adult in the range of USD 330,000 to USD 380,000. Average wealth rose in 2020 in each of the top 20 countries listed, apart from Hong Kong SAR.

Ranking countries by median wealth per adult favors those with lower levels of wealth inequality and results in a different list. Switzerland (USD

Figure 5: World wealth map 2020

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Table 2: Country rankings by mean and median wealth per adult, 2020

Rank	Country	Mean wealth per adult (USD)		Country	Median wealth per adult (USD)	
2020		2020	Change 2019–20		2020	Change 2019–20
1	Switzerland	673,960	70,730	Australia	238,070	32,280
2	United States	505,420	41,870	Belgium	230,550	35,330
3	Hong Kong SAR	503,340	–26,420	Hong Kong SAR	173,770	–10,550
4	Australia	483,760	65,700	New Zealand	171,620	7,180
5	Netherlands	377,090	46,030	Denmark	165,620	16,980
6	Denmark	376,070	38,750	Switzerland	146,730	14,090
7	Belgium	351,330	54,030	Netherlands	136,110	16,880
8	New Zealand	348,200	15,150	France	133,560	7,090
9	Sweden	336,170	55,460	United Kingdom	131,520	8,100
10	Singapore	332,990	25,460	Canada	125,690	11,330
11	Canada	332,320	29,070	Japan	122,980	7,630
12	France	299,360	16,770	Italy	118,880	9,900
13	United Kingdom	290,750	20,200	Norway	117,800	1,870
14	Austria	290,350	28,790	Spain	105,830	7,960
15	Norway	275,880	1,630	Ireland	99,030	4,960
16	Germany	268,680	40,450	Taiwan (Chinese Taipei)	93,040	5,860
17	Ireland	266,150	12,450	Austria	91,830	8,820
18	Japan	256,600	17,140	Sweden	89,850	15,770
19	Italy	239,240	20,390	Korea	89,670	8,170
20	Taiwan (Chinese Taipei)	238,860	15,270	Singapore	86,720	6,660

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

146,730, up USD 14,090) places sixth by this criterion. The United States (USD 79,274, up USD 10,157) disappears from the table altogether, ranking 23rd overall. The top places are occupied by Australia (USD 238,070, up 32,280), closely followed by Belgium (USD 230,550, up USD 35,330). Hong Kong SAR retains third place, and New Zealand, Denmark and the Netherlands are also little affected. France, the United Kingdom and Canada are promoted into the top ten, replacing Sweden and Singapore, which each drop about ten places.

The impact on women, minorities and the millennials

Wealth impacts of the pandemic have differed among population subgroups due to two main factors: portfolio composition and income shocks. Although stock markets struggled in some countries like the United Kingdom, they performed well in most countries after their initial dive in March 2020. This tends to boost the wealth of those with a higher share of equities among their assets, e.g. late middle-age individuals, men, and wealthier groups in general. However, those who had invested heavily in the industries worst affected – such as bricks and mortar, retail, hospitality or airlines – would have lost ground. Home owners in most markets, on the other hand, have seen capital gains due to rising house prices. The Knight Frank global house price index indicates that, across 56 countries, house prices rose by an average of 5.6% in 2020, the fastest pace for three years, although there was some variation, with India and Spain seeing small declines.

There have been large differences in income shocks during the pandemic. In many high-income countries the loss of labor or business income was softened by emergency benefits and employment policies. In some high-income countries, this assistance was so generous that disposable personal income rose overall – by 0.8% for 2020 versus 2019 in Germany, by 2.3% in Canada, and by 7.2% in the United

States, for example. Similar interventions were attempted in some other countries, but many middle-income countries and most low-income countries lacked the means to offset income shocks strongly. This lack has become a more serious problem in parts of Africa and Asia in 2021, as the pandemic intensified in countries like India where it had previously been relatively mild. The absence of income support in these countries has especially affected vulnerable groups like women, minorities and young people, no doubt generating wealth shocks.

So far, there is little data on the distribution of income shocks within countries, although some aspects are evident. The pattern of shocks to labor earnings can be gauged to some extent from unemployment data. Effects have varied considerably across countries: high in North America; low in much, but not all, of Europe and Latin America; high in India; and low in China, for example. In many countries, unemployment peaked in April 2020, tripling in India to 24% and quadrupling in the United States to 14.8% compared with pre-pandemic levels. In contrast, over the same interval, unemployment rose only from 3.3% to 4.2% in Germany and from 5.3% to 6.0% in urban China. After April 2020, unemployment began to fall gradually in many countries and, by the end of 2020, it was below its spring peak in most countries. For the 27 countries of the OECD as a whole, for instance, the unemployment rate in December 2020 was 6.5% versus 5.3% a year earlier.

Looking across subgroups, the differential job impact of the pandemic shows up in features common across countries. Female and young workers fared particularly poorly. For example, while the overall number of people employed in the United States fell by 13.0% between February and May 2020, the drop for workers aged less than 35 was 17.1%. Recent employment data by education level are readily available for only a few countries, but there it shows that a greater proportion of the less educated lost their jobs. In Canada, for example, between February and May 2020, employment of workers who did not graduate from high school fell 17.1%, while employment fell 14.7% for high school graduates and only 5.6% for university graduates. In the absence of emergency benefits, those losing their jobs are likely to run down their liquid assets or take on more debt, so that women, the young and the less educated would see a differential reduction in wealth. In countries with strong emergency benefits, however, this has not necessarily been the case. The reduction in consumption opportunities due to lockdowns, combined with income-support programs, led to a rise in saving for many people. As a result, household net saving rates rose in OECD countries, e.g. in the European Union from 5.8% of disposable income in 2019 to 12.57% in 2020. Globally, Moody's Analytics estimates that excess saving due to the pandemic totaled USD 5.4 trillion.

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The reduction in consumption opportunities due to lockdowns, combined with income-support programs, led to a rise in saving for many people

Female workers initially suffered disproportionately from the pandemic, partly because of their high representation in businesses and industries badly affected by the pandemic, such as restaurants, hotels, personal service and retail. The International Labor Office reports that, before the pandemic, 40% of female workers globally were employed in industries destined to be worst affected, while 36.6% of men were in those industries. The results were evident in labor force statistics at the start of the pandemic. For the OECD as a whole, for example, the female unemployment rate rose from 5.6% in Q4 2019 to 9.3% in Q2 2020, widening the gap with men, whose unemployment rate rose less, from 5.3% to 8.5%. By Q4 2020, however, the female unemployment rate was down to 7.2%, while the male rate was 7.0%, giving a gender difference similar to the pre-pandemic gap. Some significant differences in the patterns are evident across countries. In the United States, for example, while female unemployment rose more than male unemployment at the start of the pandemic, the female unemployment rate was down to 6.7% by Q4 2020, compared to 7.1% for men. In the euro area, unemployment rose a little faster for men than for women at the beginning of the pandemic, but, by Q4 2020, the 0.6 percentage-point gap between female unemployment, at 8.4%, and male unemployment, at 7.8%, was the same as the Q4 2019 gap.

There are several reasons why the gender gap in unemployment rates at the end of 2020 was similar to that before the pandemic. While some female workers returned to their original work or similar jobs, many had the flexibility to find alternative work in less severely affected or expanding industries. Others left the labor force entirely – the “discouraged worker” effect. However, this has not distorted gender differences in unemployment rates. Labor force participation declined over the course of 2020 for both men and women, but the size of the decline was similar, at least in most advanced economies. In the United States, the participation rate of women fell just 0.1 percentage points more than that of men, while, in the euro area, it fell 0.5 percentage points less than for men.

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> ## The COVID-19 pandemic has meant a “double whammy” for the millennial generation

Health and other non-economic impacts for women have also clearly been very important during the pandemic. Across 140 countries studied by the World Health Organization, women form 70% of the labor force in health and social care, where rates of infection have been high. And lockdown may have caused women greater stress than men due to increased home and childcare duties as schools and restaurants closed, and family incomes fell. Single mothers suddenly faced with round-the-clock childcare duties and possible job loss provide one illustration of the kind of challenges faced. Such stresses may show up in wealth effects as well as health and social impacts.

The age range of the millennial generation (the cohort that came of age after the year 2000), now 20–40, is sufficiently broad that the oldest members likely did not fare worse in employment terms than the population as a whole, while the younger ones – especially women and the less educated – may have fared quite poorly, as indicated in the numbers cited above. The disadvantage associated with millennials is partly attributable to the consequences of the 2007–08 crisis, which left many unemployed. The COVID-19 pandemic has meant a “double whammy” for the millennial generation. They have, however, at least been spared the worst health impacts of the pandemic.

Some visible minorities suffered worse than average in terms of both health and economic shocks during the pandemic. In the United States, for example, rates of infection and hospitalization for key minorities were much higher than for the white population. The Center for Disease Control and Prevention reported recently that compared with Caucasians, COVID-19 deaths per capita were 1.9 times higher for African Americans, 2.3 times higher for Hispanics and 2.4 times higher for Indigenous people. With job losses also being higher than for the white population, these groups suffered even more. From February to June 2020, 7.5% of white workers lost their jobs, but 11.5% of African Americans and 12.3% of Hispanics lost their jobs. Ironically, the size of wealth impacts may have been smaller for these minorities because they had little wealth to begin with and poor borrowing opportunities. According to the 2019 Survey of Consumer Finance in the United States, the median wealth of Hispanics was just 19.2% of that of Caucasians, and the African American median only 12.8%.

Household wealth in times of emergency

Wealth is a key component of the economic system. It is used as a store of resources for future consumption, particularly during retirement. It also enhances opportunities for informal sector and entrepreneurial activities when used either directly or as collateral for loans. But, most of all, wealth is valued for its capacity to reduce vulnerability to shocks such as unemployment, ill health, natural disasters or indeed a pandemic. These functions are important even in countries that have generous state pensions, adequate social safety nets and good public healthcare. But they have special significance in countries that have rudimentary social insurance schemes and healthcare limitations, as is the case in much of the developing world.

The contrast between those who have access to an emergency buffer and those who do not is evident at the best of times. When, as over the past year, vast numbers of individuals are simultaneously subjected to an adverse shock, the importance of household wealth is difficult to exaggerate. Countries with low wealth have been more exposed to the negative consequences of COVID-19. Individuals with low wealth have had fewer options when facing emergency situations. In short, household wealth has played a crucial role in determining the resilience of both nations and individuals to the shocks caused by the pandemic.

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Household wealth has played a crucial role in determining the resilience of both nations and individuals

The household wealth outcomes in 2020 were unforeseen. Given the health and economic challenges, an optimistic forecast would have hoped that household wealth would not collapse as much as GDP. Instead, the determinants of wealth levels seem to have become detached from the those affecting daily life in a pandemic-stricken economy. Wealth levels have continued to grow as if nothing unusual is happening. So it appears that either the rules governing wealth evolution have changed in a fundamental way, or else the stage is set for some type of re-alignment. Future wealth reports are likely to return to this question.

The next chapter focuses on the changes in the distribution of wealth that occurred during 2020. We then look ahead in Chapter 3 to the way that household wealth could evolve over the next five years. Our calculations are based on forecasts of GDP growth, exchange rate movements, etc., which may well turn out to be highly inaccurate, but which are the best estimates we have. Chapter 4 is an expanded version of our usual country pages, in which we compare and contrast the experiences of selected groups of countries during the pandemic era.

Our estimates for past years are regularly updated when new or revised data from reliable sources become available. We also strive continuously to improve the methods used to estimate the level and distribution of household wealth. The Credit Suisse Global Wealth Databook 2021 provides details of the data sources and outlines the research methods underpinning our results. It also contains much additional data.

Notes on concepts and methods

Net worth, or “**wealth**,” is defined as the value of financial assets plus real assets (principally housing) owned by households, minus their debts. This corresponds to the balance sheet that a household might draw up, listing the items which are owned, and their net value if sold. Private pension fund assets are included, but not entitlements to state pensions. Human capital is excluded altogether, along with assets and debts owned by the state (which cannot easily be assigned to individuals).

Valuations are usually expressed in terms of US dollars using end-period exchange rates, but “smoothed exchange rates” are sometimes used to control for short-term fluctuations in exchange rates. The figures for all years refer to **year-end** values.

For convenience, we disregard the relatively small amount of wealth owned by children on their own account, and frame our results in terms of the global **adult population**, which totaled 5.2 billion in 2020. For convenience also, residence location is referred to as “region” or “country,” although the latter also includes economically self-governing territories such as Hong Kong SAR China, Macau SAR China, and Taiwan (Chinese Taipei). The “Asia-Pacific” region excludes **China** and **India**, which are treated separately due to the size of their populations.

The Forbes annual global list of billionaires is used to improve the estimates of wealth holdings above USD 1 million. The Forbes data are pooled for all years since 2000, and well-established statistical techniques are then applied to estimate the intermediate numbers in the top tail. This produces plausible values for the global pattern of asset holdings in the high net worth (HNW) category from USD 1 million to USD 50 million, and in the ultra high net worth (UHNW) range from USD 50 million upward. Further details are given in the Credit Suisse Global Wealth Databook 2021.

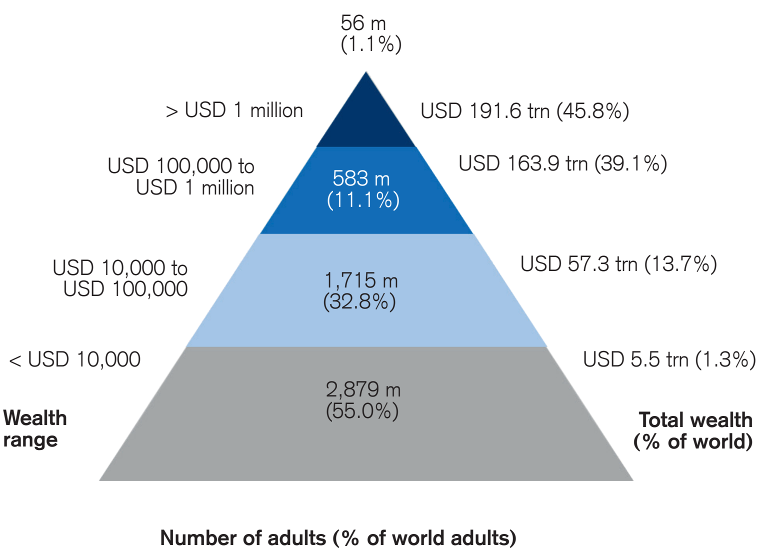
Photo: GettyImages, NurPhoto

Global wealth distribution 2020

Anthony Shorrocks, James Davies and Rodrigo Lluberas

Wealth differences between adults widened in 2020 for the world as a whole and also in most countries. The global number of millionaires expanded by 5.2 million to reach 56.1 million. As a result, an adult now needs more than USD 1 million to belong to the global top 1%. The ultra high net worth (UHNW) group added 24% more members, the highest rate of increase since 2003.

Figure 1: The global wealth pyramid 2020



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Distribution of wealth across individuals

The great variation in average wealth levels across countries is matched by high wealth disparity within nations. This section reports on wealth distribution in individual countries. But our focus of attention is the way that household wealth is distributed across the entire adult population of the world. This requires us to combine our estimates of average wealth levels in countries with information on the patterns of wealth distribution within countries.

The wealth pyramid in **Figure 1** summarizes the distribution of wealth among all global adults. The large base of low-wealth holders underpins higher tiers occupied by progressively fewer adults. We estimate that 2.9 billion individuals – 55% of all adults in the world – had wealth below USD 10,000 in 2020. The next segment, covering those with wealth in the range of USD 10,000–100,000, has seen the biggest rise in numbers this century, more than trebling in size from 507 million in 2000 to 1.7 billion in mid-2020. This reflects the growing prosperity of emerging economies, especially China, and the expansion of the middle class in the developing world. The average wealth of this group is USD 33,414, slightly less than half the level of average wealth worldwide. Total assets amounting to USD 57.3 trillion provide this segment with considerable economic leverage.

The upper-middle segment, with wealth ranging from USD 100,000 to USD 1 million, has also expanded significantly this century, from 208 million to 583 million. They currently own net assets totaling USD 163.9 trillion or 39.1% of global wealth, which is nearly four times their share of the adult population. The middle class in developed nations typically belong to this group. Above them, the top tier of high net worth (HNW) individuals (i.e. USD millionaires) remains relatively small in size, but has expanded rapidly in recent years. It now numbers 56 million, or 1.1% of all adults. Adults now need more than USD 1 million to qualify for the top 1% in the global distribution, so the group now covers all members of the global top 1% plus around half a million USD millionaires who fall short. HNW adults are increasingly dominant in terms of total wealth ownership and their share of global wealth. The aggregate wealth of HNW adults has grown nearly four-fold from USD 41.5 trillion in 2000 to USD 191.6 trillion in 2020, and their share of global wealth has risen from 35% to 46% over the same period.

Membership of the layers of the wealth pyramid is quite distinctive in terms of residence and personal characteristics. The base tier has the most even distribution across regions and countries, but also the widest spread of personal circumstances. In developed countries, about 30% of adults fall within this category and, for the majority of these individuals, membership is either transient – due to business losses or unemployment, for example – or a lifecycle phase associated with youth or old age. In contrast, in many lower-income countries, more than 80% of the adult population fall within this wealth range, so life membership of the base tier is often the norm.

The main feature of the two middle pyramid segments is the dominance of China, which accounts for 38% of the total membership, compared to 9% from India, 6% from Latin America, and just 3% from Africa. Regional representation is skewed further still among millionaires, where 42% of all members reside in North America, 28% in Europe and 17% in Asia-Pacific (excluding China and India). Thus, in marked contrast to the base of the wealth pyramid (which is characterized by a wide variety of people from all countries and all stages of the lifecycle), HNW individuals are heavily concentrated in particular regions and countries, and tend to share similar lifestyles – participating in the same global markets for luxury goods, vacations and education opportunities for their children, for example, even when they reside on different continents. The wealth portfolios of these individuals are also likely to be more similar, with a focus on financial assets and particularly equities, bonds and other securities traded in international markets.

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2020 marks the year when, for the first time, more than 1% of all global adults are dollar millionaires

The global wealth distribution

The regional pattern of wealth distribution can be explored further by assigning adults to their corresponding global wealth positions. Our calculations suggest, for example, that a person needed net assets of just USD 7,552 to be among the wealthiest half of world citizens at end-2020. However, USD 129,624 was required to be a member of the top 10% of global wealth holders, and USD 1,055,337 to belong to the top 1%. A year ago, the requirement for a top 1% membership was USD 988,103. So 2020 marks the year when, for the first time, more than 1% of all global adults are dollar millionaires. Among other things, this reflects appreciating currencies versus the USD in 2020, and erosion of the real value of the USD in the longer run due to inflation.

Determining global wealth percentiles in this way enables the regional membership of each global decile (i.e. 10% slice) to be established. **Figure 2** provides a visual representation for the years 2000 and 2020. The charts confirm some of the features already noted: the

Figure 2a: Regional composition of global wealth distribution in 2000

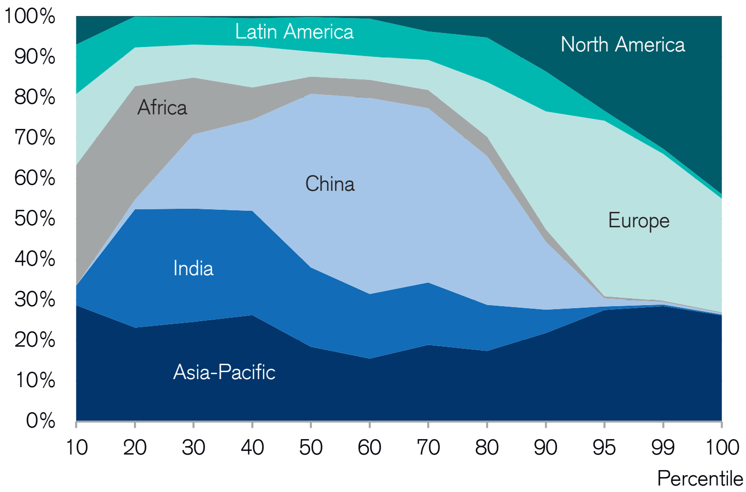


Figure 2b: Regional composition of global wealth distribution in 2020

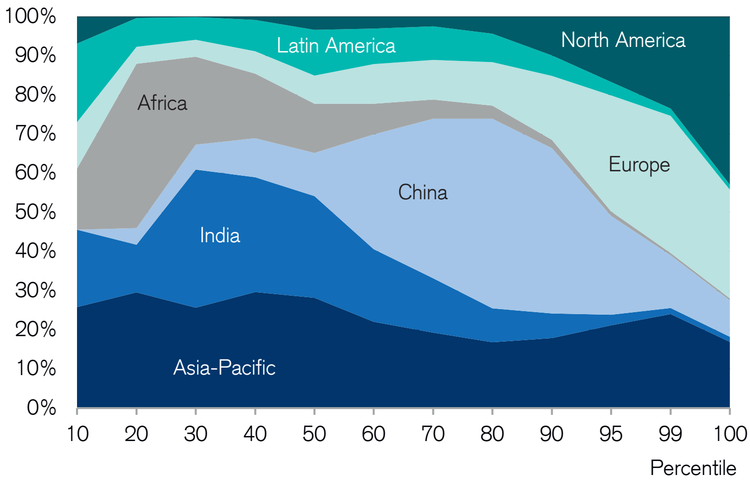
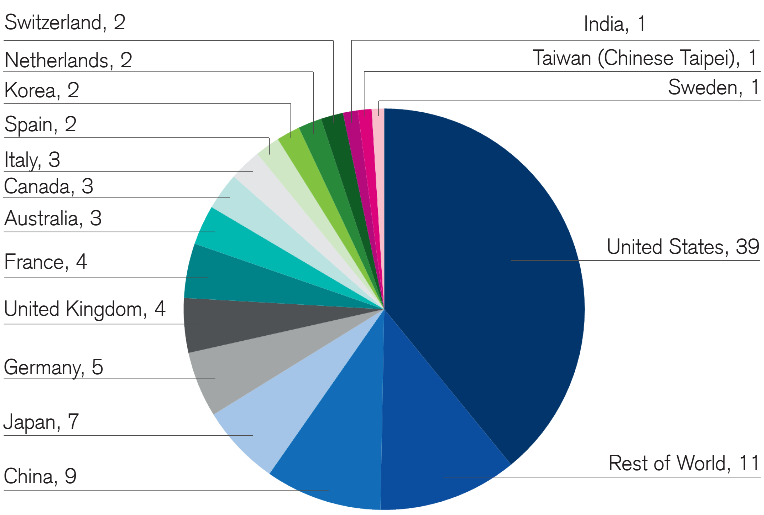


Figure 3: Number of dollar millionaires (% of world total) by country 2020



Source Figures 2 and 3: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

concentration of African and Indian citizens in the base segment of the wealth pyramid, the dominance of China in the middle tiers and the substantial over-representation of North America and Europe in the top percentile. Also evident is the sizeable number of North American and European residents in the bottom global wealth decile, a reflection of the ease with which individuals – especially younger adults – acquire debt in advanced economies, resulting in negative net wealth. Note too, that while the bulk of Indian citizens are located in the bottom half of the global distribution, significant numbers of Indian citizens also occupy the top wealth echelons. This is less true for Africa.

The most notable feature of **Figure 2** is the prominence of China in the central section of the charts. In 2020, China was firmly centered in the middle, with the bulk of its citizens occupying global deciles 4–8. However, China's exceptional rate of wealth growth has moved the country profile to the right over time, displacing the countries and regions with less-vigorous growth records. As the comparison of **Figures 2a and 2b** shows, China has squeezed out members of the top decile and top 5% previously residing in Europe, in particular, and North America to a lesser degree. These ex-members of the top decile were simply overtaken by their counterparts in China.

High net worth individuals by country

We now turn to a more detailed analysis of the upper echelons of wealth holders, beginning with the number of dollar millionaires in individual countries. For any given country, the number depends on three factors: the size of the adult population, average wealth and wealth inequality. The United States scores highly on all three criteria and has by far the greatest number of millionaires: 22.0 million, or 39.1% of the world total (**Figure 3**). This is far ahead of China, which is in second place with 9.4% of all global millionaires. The percentage in third-placed Japan (6.6%) has steadily eroded over the years and its position is now threatened by Germany (5.3%). Next come the United Kingdom (4.4%), France (4.4%), Australia (3.2), Canada (3.0%) and Italy (2.6%). Spain, Korea, the Netherlands and Switzerland each host around 2% of global millionaires, with India and Taiwan (Chinese Taipei) adding another 1% each, along with Sweden, which has met the 1% threshold for the first time, replacing Hong Kong SAR.

Table 1: Change in the number of millionaires by country, 2020

Main gains	Adults (thousand) with wealth above USD 1 m		
Country	2019	2020	Change
United States	20,222	21,951	1,730
Germany	2,319	2,953	633
Australia	1,412	1,805	392
Japan	3,272	3,662	390
France	2,159	2,469	309
United Kingdom	2,233	2,491	258
China	5,022	5,279	257
Canada	1,436	1,682	246
Netherlands	826	1,039	214
Italy	1,293	1,480	187
World	**50,873**	**56,084**	**5,211**

Main losses	Adults (thousand) with wealth above USD 1 m		
Country	2019	2020	Change
Brazil	315	207	–108
India	764	698	–66
Russia	313	269	–44
Hong Kong SAR	560	520	–40
United Arab Emirates	208	169	–39
Saudi Arabia	268	236	–32
Thailand	108	86	–21
Kuwait	93	79	–14
Chile	77	64	–12
Mexico	274	264	–10
World	**50,873**	**56,084**	**5,211**

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Millionaire trends

Worldwide, we estimate that there were 56.1 million millionaires at the end of 2020, up 5.2 million from a year earlier (**Table 1**). This increase reflects the disconnect between the improvement in the financial and real assets of households and the economic disruption caused by the pandemic. The United States added a third of the global total – 1.7 million new millionaires – a striking increase in the circumstances, but not enough to prevent its share of global millionaires from falling.

> “Worldwide, we estimate that there were 56.1 million millionaires at the end of 2020, up 5.2 million from a year earlier

The rising numbers of millionaires in the other countries listed in **Table 1** – Germany, Australia, Japan, France, the United Kingdom, China, Canada, the Netherlands and Italy – are all inflated by currency appreciation against the US dollar, which for some countries is likely to have been the main reason for the expansion of numbers. Reductions in millionaire numbers were less pronounced, although Brazil shed more than 100 thousand. Currency depreciation accounts for much of the loss recorded for the countries listed in **Table 1**, e.g. Brazil, India, Russia and Hong Kong SAR.

Millionaire density by country

Roughly 1% of adults in the world are dollar millionaires. But how does this proportion vary across countries? The results recorded in **Table 2** are illuminating.

Starting at the lower end, millionaires are uncommon in India, Indonesia or even Russia: around one in a thousand adults. The frequency is not much greater in China. Despite the large expansion in the number of millionares, the huge population size means that millionaires remain relatively rare: about one for every 200 adults. In contrast, the chance of encountering a millionaire at random picks up in southern Europe as millionaire density begins to rise. Millionaires account for 3% of adults in Italy and Spain. Prospects increase if you travel north to France, Austria or Germany (about 4%), improving still further if you continue on to Belgium, the

Table 2: Density of millionaires 2000–20, selected countries

	Percentage of millionaires				
Country	**2000**	**2005**	**2010**	**2015**	**2020**
Switzerland	3.6	5.7	9	8.9	14.9
Australia	0.8	2.9	6.4	5.7	9.4
United States	3.8	5.3	5.8	7	8.8
Hong Kong SAR	2.3	2.1	3.4	5.8	8.3
Netherlands	2.1	4.6	4	3.8	7.7
Sweden	0.8	2	4.6	4.7	7.3
Denmark	1	2.4	3.6	3.4	6.7
New Zealand	0.7	2.4	3.2	4.9	6.3
Belgium	1.2	2.7	4.2	3.4	5.7
Canada	1.2	2.2	3.9	3.5	5.6
Singapore	1.1	1.4	3.3	3.1	5.5
Ireland	1.4	3.5	3.3	3.5	5
France	0.9	2.4	4.6	3.3	4.9
Austria	1.7	3	4.2	2.7	4.8
United Kingdom	1.7	3.3	3	4.2	4.7
Germany	1	1.8	2.5	2.5	4.3
Norway	1.2	2.9	4.1	3.2	4.2
Japan	2.4	2	3.7	2.2	3.5
Taiwan (Chinese Taipei)	0.7	1	1.6	2.2	3.1
Spain	0.5	2	2.7	1.8	3
Italy	0.9	2	2.9	2.5	3
Korea	0.3	0.8	1.4	1.8	2.5
China	0	0	0.1	0.3	0.5
Mexico	0.1	0.1	0.2	0.2	0.3
Russia	0	0.1	0.1	0.1	0.2
Indonesia	0	0	0	0.1	0.1
India	0	0	0	0.1	0.1

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Netherlands, Denmark or Sweden (around 6%). But millionaire density is higher still in the United States or Hong Kong SAR (above 8%), Australia (9%), and highest of all in Switzerland (15%). As before, we disregard countries like Monaco, for which we have no firm evidence, but where millionaire density could well be even higher.

Note that our estimates of the numbers of USD millionaires are sometimes much higher than those given in other wealth reports. We believe our estimates are more accurate because they derive from the application of standard statistical techniques to solid data from reliable sources.

One reason why other wealth reports report lower numbers is that they cover only "investable assets," which disregard owner-occupied homes. We use a comprehensive definition of net worth that encompasses both financial assets and non-financial assets together with debts (but not "human capital").

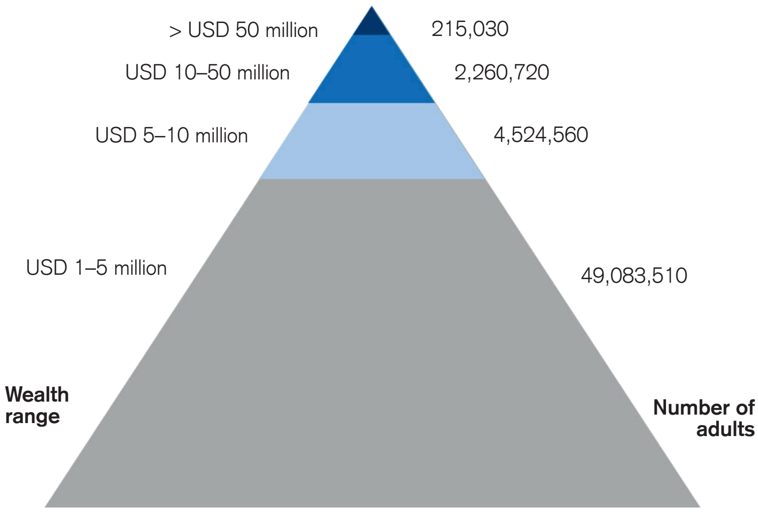
Second, our estimates are firmly founded on the household balance sheets produced by national statistical agencies. These aim to provide a comprehensive coverage of the assets that people would recognize as part of their personal wealth: dwellings, land, savings, investments, etc. But they also generally cover the market value of pension funds assembled for the purpose of paying current and future pensions to those enrolled in occupational pension schemes. This is a significant component of household financial assets overall, and one that people may tend to overlook.

The third reason why our millionaire numbers are higher than elsewhere is that we make improvements to the shape of wealth distribution. Wealth distribution data usually derive from sample surveys that generally fail to capture the top end of the wealth distribution accurately. Projecting forward from the survey evidence, the predicted number of wealth holders with net worth above USD 10 million is likely to be close to zero. We rectify this under-recording using the evidence provided by rich lists, in particular the annual Forbes list of wealth billionaires. While the Forbes data can be criticized in some respects, there is no better source that applies consistent methods to numerous countries. We use well-recognized methods to adjust the top tail of the wealth distribution to match the Forbes data, making allowance for the fact that the billionaire sample for any given country may be quite small and subject to year-to-year variation.

The apex of the wealth pyramid

The rise in the number of millionaires in 2020 was accompanied by a sizable increase in the number of adults in the highest echelons of the wealth distribution. The vast majority of the 56.1 million millionaires in 2020 have wealth between USD 1 million and USD 5 million: 49.1 million or 88% of the HNW group (**Figure 4**). Another 4.5 million adults (8.1%) are worth between USD 5 million and USD 10 million, and 2.5 million have wealth above USD 10 million. Of the latter, 2.3 million have assets in the USD 10–50 million range, leaving 215,030 ultra high net worth (UHNW) individuals with net worth above USD 50 million at the end of 2020. This is 41,410 more than the 173,620 recorded a year earlier, a rise of 23.9%. That would be a very high rise in any year, but it is particularly striking in a year experiencing social and economic turmoil. The nature of the policy response to the pandemic has of course been a major influence here.

Figure 4: The top of the pyramid, 2020



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

> In 2020, the repercussions of the COVID-19 pandemic contributed to a sizeable increase in wealth inequality, albeit to levels still below those recorded before 2016

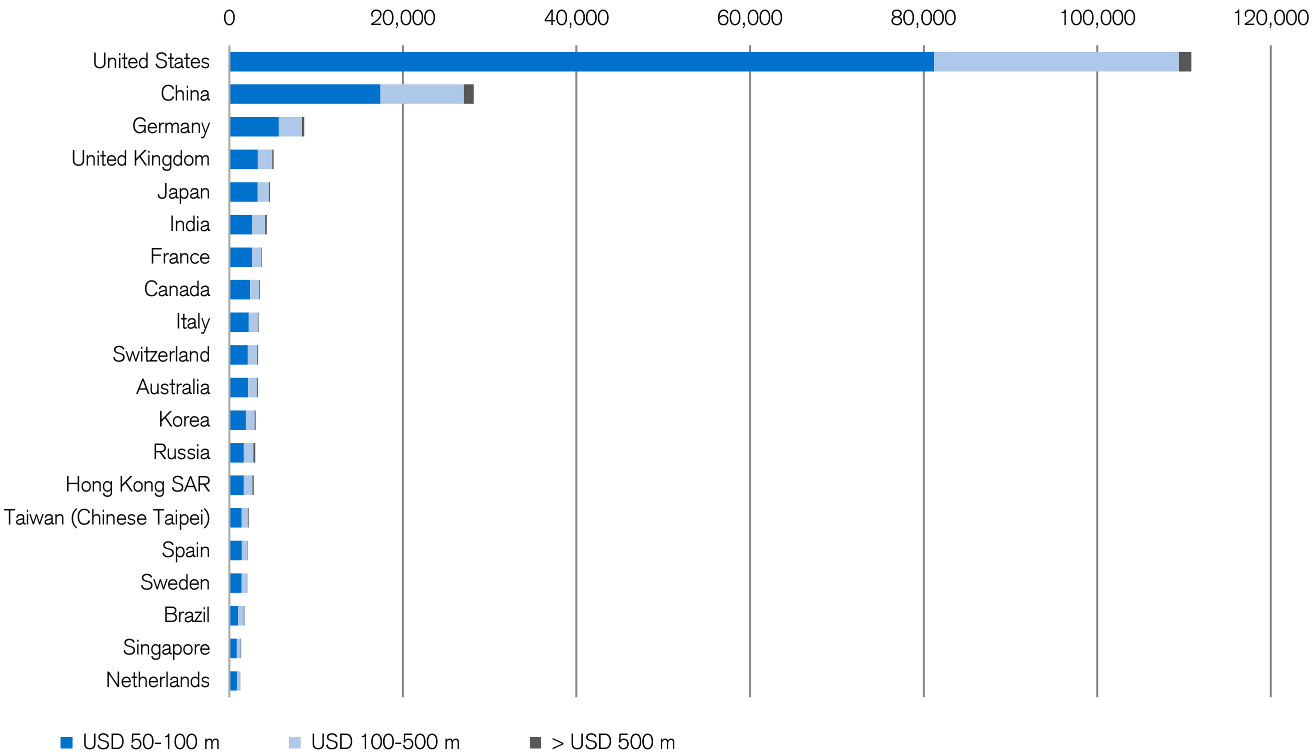
Ultra high net worth individuals

Further examination of the UHNW group at end-2020 reveals 68,010 adults with wealth above USD 100 million, of which 5,332 are worth more than USD 500 million. The regional breakdown of the UHNW group as a whole is dominated by North America with 114,380 members (53%), while Europe has 38,110 (18%), and 28,130 (13%) live in Asia-Pacific countries, excluding China and India. Among individual countries, the United States leads by a huge margin with 110,850 members, equivalent to 55% of the world total (**Figure 5**). China is a clear second with 28,130 UHNW individuals, followed by Germany (8,630), the United Kingdom (5,100), Japan (4,670) and India (4,320).The remaining countries in the top ten nations are France (3,750), Canada (3,510), Italy (3,560) and Switzerland (3,300).

In 2020, the UHNW group expanded by 41,420 adults, a rise of 24%, which exceeds the rate in any year this century except 2003. Most regions contributed to this rise, with Africa and Latin America the only exceptions. North America, up 21,640 (23%), added the most members. China added fewer members, an extra 9,830. But this represents a 54% increase on the number in 2019. The percentage rises were also substantial in Europe (up 17%) and Asia-Pacific (up 20%).

The United States was the country that gained the most members (21,313). Along with China, UHNW membership increased by more than a thousand in Germany (1,630), Japan (1,580), the United Kingdom (1,400) and Korea (1,010). Reductions in UHNW individuals were uncommon and relatively small, with the biggest falls occurring in Greece (down 110) and Hong Kong SAR (down 194).

Figure 5: Ultra high net worth individuals in 2020, top 20 countries



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Wealth inequality

For most purposes, analysis of wealth inequality can be reduced to two simple questions: how far are top wealth groups ahead of the average citizen, and how far below the average do the bottom groups lie? Discussion of the first of these issues is very often framed in terms of the share of wealth owned by the top 10%, the share of the top 1%, and so on. These statistics are insensitive to changes in wealth distribution in the bottom half of the distribution. The Gini coefficient is a more broad-based measure of inequality that captures changes at both ends of the wealth spectrum.

The repercussions of the COVID-19 pandemic led to widespread rises in wealth inequality in 2020. Inequality rises were also widespread in 2009, and were sometimes much greater in magnitude, although the biggest jumps at that time were linked to marked falls in inequality during 2008. Where government transfers and other support such as government-backed furlough schemes have not been implemented, the economic impact of the pandemic on employment and incomes in 2020 are likely to have damaged the lowest groups of wealth holders, forcing them to draw down their savings and/or incur higher debt. In contrast, the top wealth groups are relatively unaffected by reductions in the overall level of economic activity and, more importantly, they have also benefited from the impact of lower interest rates on share prices and house prices. We have already documented the impact on the aggregate wealth of those at the top of the wealth pyramid and the resulting rise in the numbers of millionaires and UHNW individuals. This would be expected to raise wealth inequality, measured either in terms of the top shares or in terms of the Gini coefficient.

As regards the bottom half of the wealth distribution, it is likely to be some years before survey data give a clear indication of the wealth impact of the pandemic in different countries. For population subgroups of interest, such as women, minorities or younger generations, there is only the anecdotal evidence that was reviewed in the previous chapter. The single source of hard data is the Federal Reserve Board in the United States, which now publishes key wealth distribution statistics on a quarterly basis in its Distributional Financial Accounts (DFA). However, it is not based on actual observations. Instead, it adjusts the assets and debts of individual households recorded in the latest Survey of Consumer Finances (SCF) to match the latest official household balance sheet totals. Asset coverage is also extended to include consumer durables and employer-based pensions not covered in the SCF. These additional assets are more evenly distributed, so that the net result is lower estimates of inequality than those usually reported for the United States.

The DFA show a share of 31.1% for the top 1% of households at the end of 2019, falling to 31.0% at the end of March 2020, and then gradually rising to reach 31.4% at the end of 2020. These trends reflect the short, sharp drop of the stock market in Q1 2020 and its subsequent strong recovery. The bottom 50% of families in the United States actually saw a gradual rise in their small share of wealth from 1.8% at the end of 2019 to 2.0% at the end of 2020. Those between the 50th and 99th percentiles lost 0.5% of aggregate household wealth. Note that the small rise estimated for the bottom half of the distribution overestimates the true figure because of mobility effects on the membership of the "bottom half": those who gained wealth are more likely to move out of the bottom half; those who lose wealth are more likely to join.

Changes of this magnitude in the lower half of the distribution have little impact on Gini coefficient values and even less impact on the shares of the top wealth groups. **Table 3** summarizes our assessment of what happened to wealth inequality in 2020 within selected countries, placed in the context of wealth inequality trends this century.

By any standard, wealth inequality is high in all countries and exceptionally high in some. As a rough guide, typical values would be 35% for the share of the top 1% and 65% for the share of the top 10%. A Gini value of 70 would be relatively low and a Gini above 80 relatively high. These values are much higher than the corresponding values for income inequality or any other standard welfare indicator.

In most countries, wealth inequality declined in the early years of the century, reflecting a rise in the importance of non-financial assets, which tend to be distributed more evenly than financial assets. China and India are two notable exceptions, recording a strong upward inequality trend from 2000 to 2010. After the financial crisis, robust growth in financial assets caused wealth inequality to rise at a fast pace in most countries until 2015, when it began to level out. The trends shown by the top wealth shares and the Gini coefficient are broadly consistent in this respect. For the countries covered in **Table 3**, the wealth Gini in 2019 was above the 2000 level in all countries except Germany and Japan, and the share of the top 1% in 2019 was similar to or above the 2000 level everywhere bar France, Italy and Japan.

For the countries listed in **Table 3**, the wealth Gini rose everywhere during 2020 bar the United States, where it declined marginally. Except for France and Germany, the wealth share of the top 1% also increased, but remains at or below the typical 35% share in all developed countries among those listed. Thus the evidence points to widespread rises in wealth inequality within countries during the pandemic year. However, the rise in wealth inequality was likely not caused by the pandemic itself, nor its direct economic impacts, but was instead a consequence of actions undertaken to mitigate its impact, primarily lower interest rates.

Table 3: Wealth inequality trends, 2000–20, selected countries

	Gini coefficient						Wealth share of top 1%					
	2000	2005	2010	2015	2019	2020	2000	2005	2010	2015	2019	2020
Brazil	84.7	82.8	82.2	88.7	88.2	89	44.2	45.1	40.5	48.6	46.9	49.6
China	59.9	63.6	69.8	71.1	69.7	70.4	20.9	24.3	31.4	31.5	29	30.6
France	69.7	67	69.9	70	69.9	70	25.7	21.1	21.1	22.5	22.4	22.1
Germany	81.2	82.7	77.5	79.3	77.9	77.9	29.3	30.5	25.9	32.3	29.4	29.1
India	74.7	81	82.1	83.3	82	82.3	33.5	42.2	41.6	42.5	39.5	40.5
Italy	60.1	59.5	63	67.1	66.4	66.5	22.1	18.3	17.3	22.8	21.8	22.2
Japan	64.7	63.2	62.5	63.5	64.2	64.4	20.6	19.1	16.9	18.2	17.8	18.2
Russia	84.7	87.2	90	89.5	87.3	87.8	54.3	60.3	62.6	63	57.1	58.2
United Kingdom	70.7	67.7	69.2	73.1	71.4	71.7	22.5	20.8	23.8	25.2	22.4	23.1
United States	80.6	81.1	84	84.9	85.1	85	32.8	32.7	33.3	34.9	35	35.3

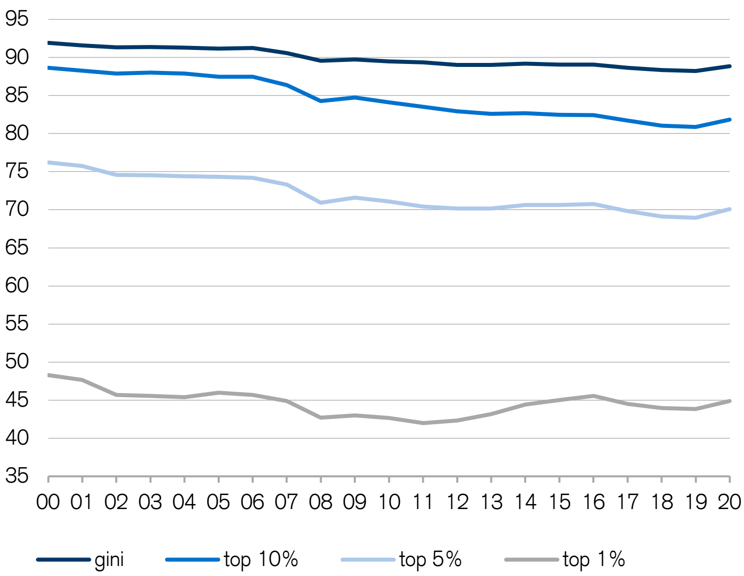
Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Global wealth inequality

Our dataset provides a unique opportunity to construct the distribution of wealth for the whole world. From this, we estimate that the bottom 50% of adults in the global wealth distribution together accounted for less than 1% of total global wealth at the end of 2020. In contrast, the richest decile (top 10% of adults) owns 82% of global wealth and the top percentile alone has nearly half (45%) of all household assets.

The trend over time in global economic wealth inequality is the outcome of two underlying factors. Global inequality rises or falls in response to changes in wealth inequality within countries: the so-called "within-country" component. But it is also affected by changes in the average wealth levels in countries relative to the global average: the "between-country" component. This century, the rise of household wealth in emerging markets, most notably China and India, has narrowed wealth differences between countries, so that the between-country component has declined quite rapidly. This has been the dominant factor governing the overall downward inequality trend evident in **Figure 6**. However, its influence has waned as average wealth in China has become closer to average global wealth and may change direction if wealth per adult in China overtakes the global mean.

Figure 6: Global wealth inequality trends, 2000–20



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

During the early part of this century, a decline in the within-country component reinforced the decline in the between-country component, leading to a pronounced drop in global inequality. The share of the top 10% fell from 88.7% to 84.3% between 2000 and 2008, the share of the top 1% from 48.3% to 42.7%, and the Gini from 91.9 to 89.6. From 2009 onward, the different inequality measures give different verdicts, reflecting the weight given to different parts of the distribution. The share of the top 10% and the Gini coefficient continued downward, recording 80.9% and 88.2%, respectively, at the end of 2019. However, the wealth share of the global top 1% moved up over this period, reaching 43.8% in 2019.

Regarding what happened in 2020, the verdict is unanimous. The indices all agree that global wealth inequality rose in 2020 by a substantial amount: the share of the top 10% increased by 0.9 percentage points, the share of the top 1% by 1.1 percentage points, and the Gini by 0.6 points. Furthermore, with a single exception – the share of the top 1% in 2014 – the inequality rise in 2020 was significantly greater than that recorded in any year this century. Of course, as on previous occasions, this rise may be temporary. In particular, the exit from current monetary policy in the months and years to come may well reverse part or all of the rises seen in 2020.

Summary

As documented in the previous chapter, wealth creation in 2020 appears to have been completely detached from the economic woes resulting from COVID-19. If asset price increases are set aside, then global household wealth may well have fallen. But any such tendency has been masked by the repercussions of actions undertaken by governments and central banks to mitigate the economic impact of the pandemic. These have led to rapid share price and house price rises that have benefited those in the upper wealth echelons. In contrast, those in the lower wealth bands have tended to stand still, or, in many cases, regressed. The net result has been a marked rise in inequality in many countries, although the overall level remains below levels recorded before 2016. Some of the underlying factors may self-correct over time. For example, interest rates will begin to rise again at some point, and this will dampen asset prices.

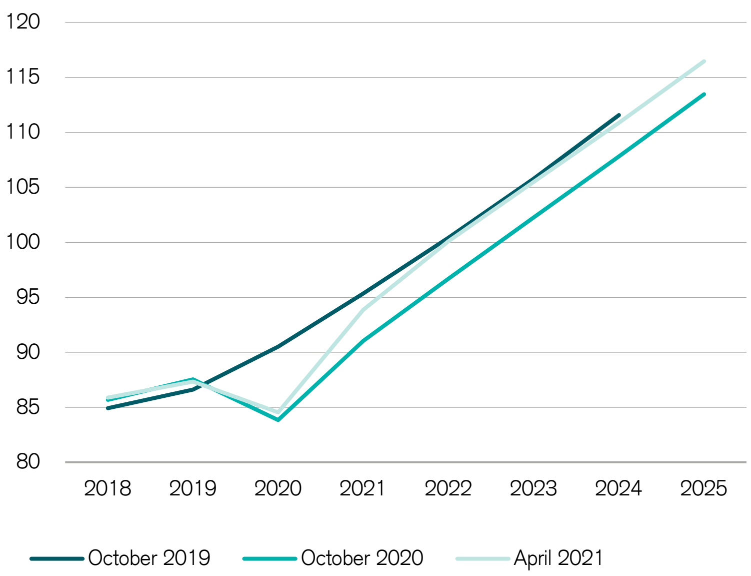

Photo: GettyImages, Bloomberg

Wealth outlook for 2020–25

Anthony Shorrocks, James Davies and Rodrigo Lluberas

Global wealth is projected to rise by 39% over the next five years, reaching USD 583 trillion by 2025. Low- and middle-income countries are responsible for 42% of the growth, although they account for just 33% of current wealth. Wealth per adult is projected to increase by 31%, passing the watershed mark of USD 100,000. The number of millionaires will also grow markedly over the next five years, reaching 84 million, while the number of UHNWIs should reach 344,000.

Figure 1: Global GDP forecasts (in USD trillion)



Source: Estimates by the International Monetary Fund

Future prospects

This chapter provides our assessment of how household wealth is likely to evolve over the next five years. In October 2019, before the pandemic began, the International Monetary Fund (IMF) predicted that global gross domestic product (GDP) would increase from USD 86.6 trillion in 2019 to USD 90.5 trillion in 2020, and then continue rising at an annual rate of 5.4% (see **Figure 1**). By October 2020, the IMF GDP forecast for 2020 had been revised downward to USD 83.8 trillion, a fall of 3.2% for the year and 7.4% below their previous prediction. At that time, the IMF also believed that, compared to the pre-pandemic forecast, COVID-19 would result in a permanent loss in GDP of about USD 4 trillion.

The consensus now is that the world can expect robust GDP growth in the coming years, and especially in 2021. The latest estimates by the IMF in April 2021 suggest that global GDP in 2021 will total USD 93.9 trillion, just USD 1.5 trillion below the pre-pandemic forecast, and that the shortfall will narrow to USD 0.7 trillion by 2024. Growth in 2021 alone is predicted to be 11.0%. These GDP projections, together with forecasts for exchange rate movements, provide the background to our wealth estimates for the next five years.

Changes in equity prices and house prices can be very important in the short run too, as our results for 2020 bear witness. There is less agreement here on what the future has in store. However, with current values above trend in many countries, most notably the United States, it seems likely that – in some countries at least – asset price movements will rise more slowly in the immediate future. The pattern of wealth distribution may also change, but whether wealth differentials will widen or narrow is not easy to foresee. In short, there are many factors that will determine the difference between our wealth projections and the eventual outcomes.

The link in normal times between GDP growth and household wealth growth, combined with the expected rapid return of economic activity to its pre-pandemic time path, leads us to believe that wealth will grow at a fast pace over the next five years. Since the year 2000, global wealth in US dollars has increased at an average annual rate of 6.5%. Our projections envisage wealth growing at a slightly faster pace, averaging 6.9% per annum over the next five years. Total wealth should increase by USD 165 trillion to reach USD 583 trillion in 2025. Wealth per adult is expected to rise by USD 24,750 to reach USD 104,710, which would be a watershed: it would mean that average wealth for the world as a whole will have passed the USD 100,000 threshold that we use to distinguish "high wealth" countries in the world wealth map. In other words, we would have a "high wealth world" for the first time.

The contribution of low- and middle-income countries

This century, the household wealth of low- and middle-income countries – which we refer to collectively as "emerging economies" for convenience – has risen at a faster rate than high-income countries. Between 2000 and 2019, the wealth share of emerging economies more than tripled from 9.3% to 30.3%. However, as **Figure 2** shows, the share rose at a slower rate during the last five years and fell for the first time in 2020 to 28.9%. This dip reflects the heavy damage done to many emerging economies by the COVID-19 pandemic. But it also reflects the fact that emerging economies have been unable to offer the generous support packages and credit facilities that have been common in many high-income nations, and which we believe spawned wealth increases via asset price inflation.

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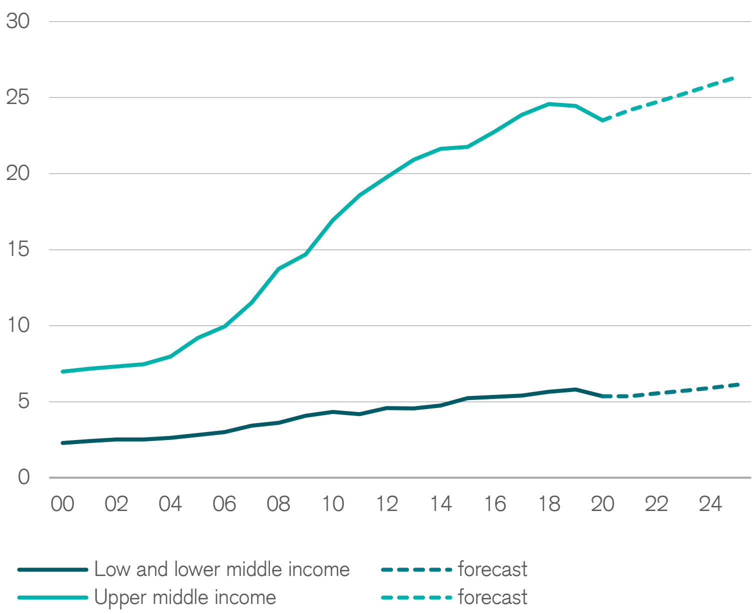
Between 2000 and 2019, the wealth share of emerging economies more than tripled from 9.3% to 30.3%

Figure 2: Trend in wealth share of emerging economies



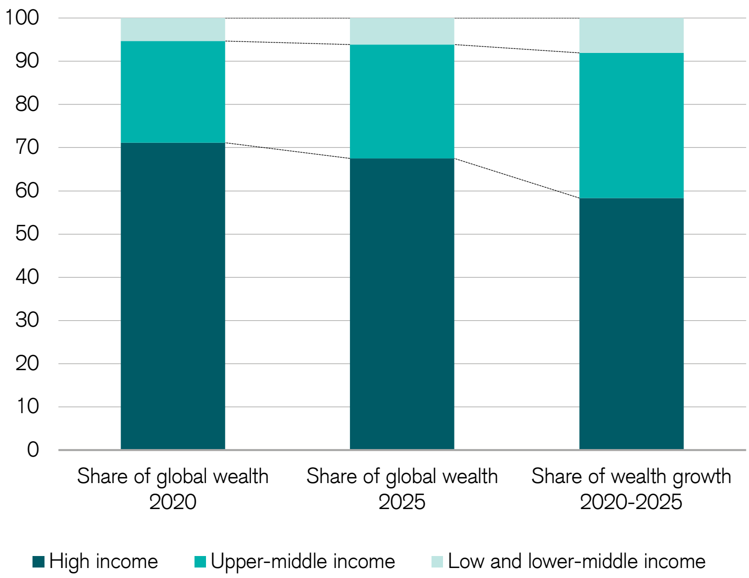
Source: Original estimates by authors

We believe the below-par performance in 2020 was a one-off event. Emerging economies should regain momentum after this setback and wealth should grow faster than in developed markets over the next five years. Household wealth is projected to grow at an average annual rate of 9.7% in low- and low-middle-income countries, and 9.4% in upper-middle-income countries, compared to 5.8% in high-income nations. As a consequence, emerging economies will account for 41.7% of the increase in household wealth over the 5-year period and their share of total global wealth will rise from 28.9% to 32.5% (see **Figure 3**).

The bulk of the wealth gain by emerging economies can be traced to its two largest economies: China and India. We expect wealth in India to grow very rapidly once the pandemic comes under control and memory fades of the decline in 2020. We predict growth of 59.0% over five years, raising wealth per adult to USD 20,880.

“The bulk of the wealth gain by emerging economies can be traced to its two largest economies: China and India

Figure 3: Share of global wealth and contribution to wealth growth by country income group



Source: Original estimates by authors

China has made by far the biggest contribution to emerging market growth this century and this dominance should continue. Indeed, between now and 2025, we envisage that China will account for more than a quarter of the rise in household wealth recorded for the whole world. The big question is how long China can continue to be regarded as an emerging market. Our projections suggest that its wealth per adult in 2025 will be USD 105,400, which means China will qualify as a “high-wealth” country in our classification scheme. China began this century with wealth averaging USD 4,250 per adult, placing them in the lowest of our country wealth categories. Transiting to the highest of our wealth categories within a 25-year timespan would be an extraordinary achievement by any standard.

Regarding other regions, we foresee Africa growing robustly at roughly the same rate as China and India. We also expect Latin America, the region with the worst performance in 2020, to recover well, rising by 8.1% per year on average, of which exchange rate appreciation will account for about 1 percentage point. We project wealth in the region to rise by USD 5.2 trillion between 2020 and 2025, with Brazil contributing USD 1.5 trillion and Mexico another USD 1.6 trillion. North America, Europe and the Asia-Pacific region (excluding China and India) are likely to perform less well because wealth in 2020 was artificially inflated, shored up by the actions taken to mitigate the impact of COVID-19. Future wealth growth will be constrained as the impact of these interventions wears off.

Leapfrogging

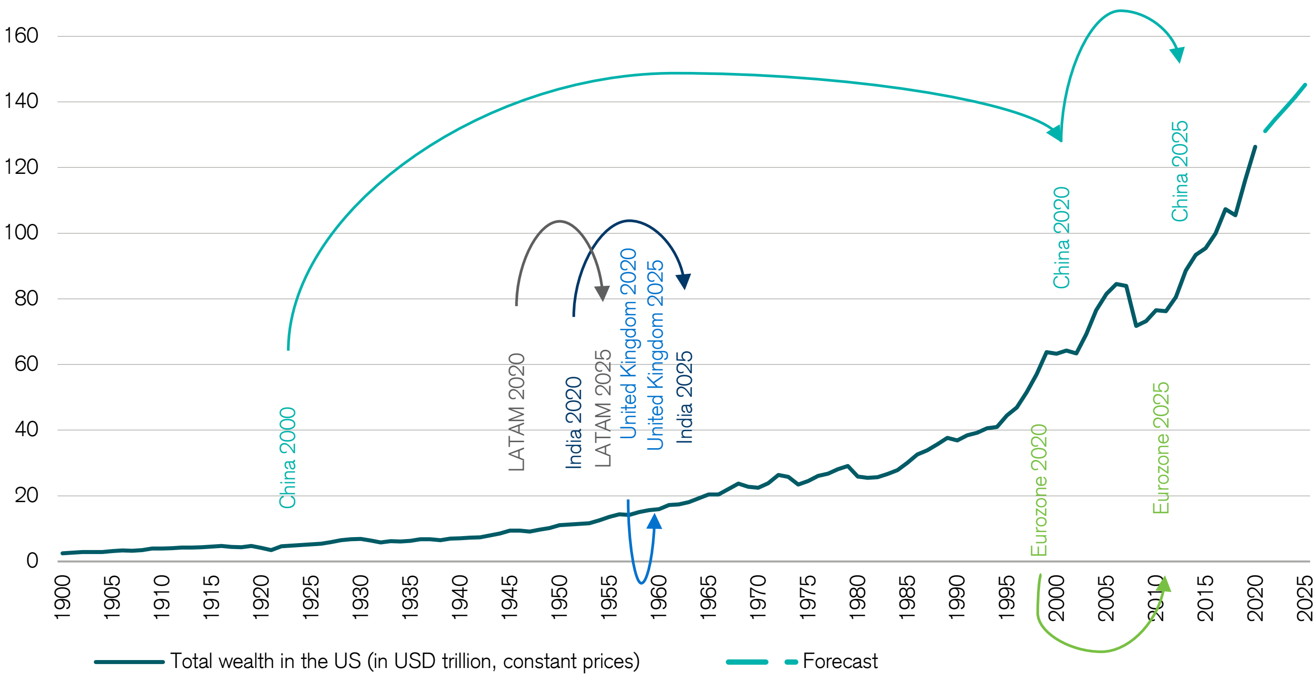
The better-than-average performance of low- and middle-income economies leads us to expect a big improvement in their global position over the next five years. **Figure 4** compares the total wealth of some of the largest economies today, and five years from now, with the wealth of the United States during the course of the 20th century, after adjusting for inflation. Household wealth in the United States increased at an average annual rate of 3.3% in real terms between 1900 and 2020. The chart shows the position of the Eurozone, Latin America, the United Kingdom, China and India relative to the United States from a historical perspective.

The Eurozone's total wealth of USD 69 trillion in 2020 is comparable to the total wealth of the United States in 2003. We expect that the Eurozone's total wealth in 2025 will correspond to that of the USA in 2014, so the 5-year improvement equates to 11 years of growth in the context of the history of the United States. Measured in a similar way, China's progress between 2000 and 2020 is striking. The rise in wealth between 2000 and 2020 corresponds to almost 80 years of wealth growth in the United States from 1925 onward, but it will inevitably slow in future. If China achieves the USD 107 trillion in real terms that we predict for 2025, this would be similar to the United States' level in 2017, meaning that China had advanced by the equivalent of thirteen US years between 2020 and 2025.

India's progress is also noteworthy. Total wealth in India increased eight-fold between 2000 and 2020, reaching USD 12.8 trillion in 2020. Despite this remarkable increase, and despite having four times the population of the United States, total wealth in India is comparable to the level for the United States 70 years ago. We expect it to be USD 18.4 trillion in real terms in 2025, similar to the level in the United States in the mid-1960s.

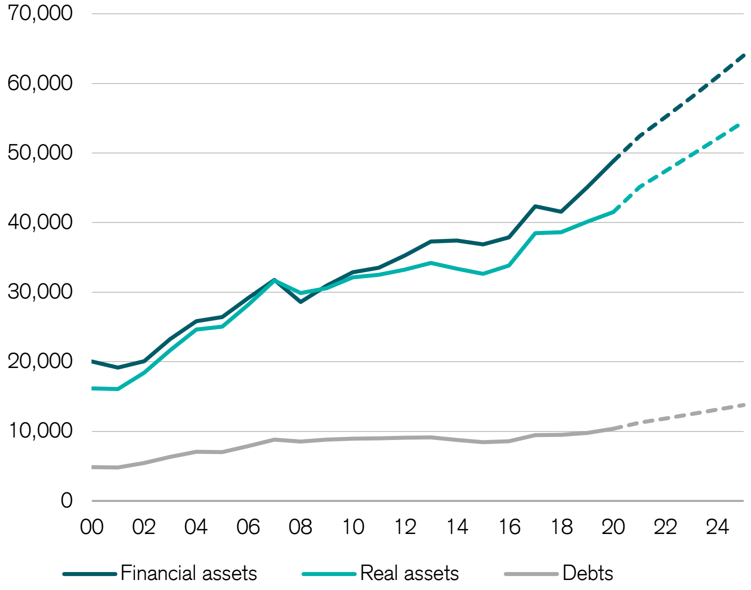
> Total wealth in India increased eight-fold between 2000 and 2020

Figure 4: Total wealth in the United States, 1900–2025, and relative position of selected economies (USD trillion, constant prices)



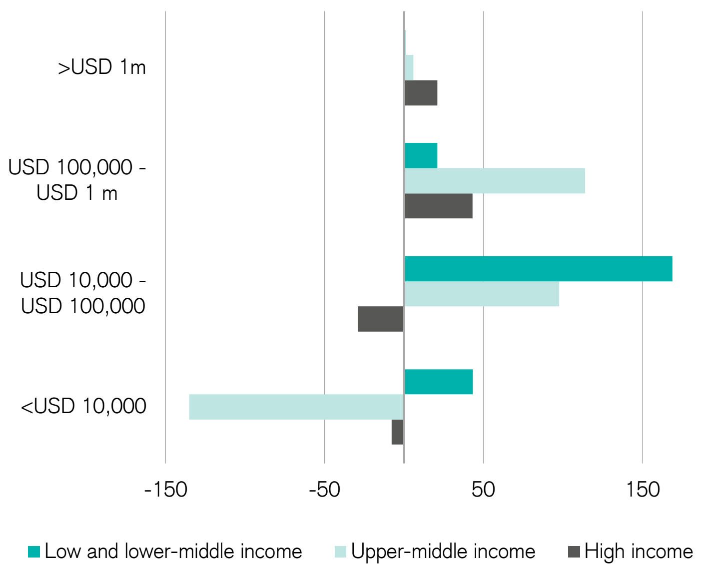
Source: Original estimates by authors

Figure 5: Evolution of global wealth per adult by component



Source: Original estimates by authors

Figure 6: Change in adult numbers (millions) by wealth segment and income group



Source: Original estimates by authors

The contrast between India and the United Kingdom is interesting. Total wealth in the United Kingdom currently corresponds to that of the United States in 1959. It is expected to reach USD 17.7 trillion in 2025, an improvement of only three "USA years," reflecting the likely effect of Brexit and the COVID-19 pandemic on the economy. As a consequence, we expect total household wealth in India to overtake that of its former colonial ruler within the next five years. Fast recovery in Latin America in the aftermath of the economic slowdown and the wealth decline seen in 2020 lead us to predict that total wealth in Latin America will be almost USD 14.5 trillion in real terms in 2025, a gain equivalent to nine "US years" of growth starting in 1948.

The components of wealth

Although global financial wealth has exceeded global non-financial wealth in every year this century except 2008 (see **Figure 5**), financial wealth has grown at a slower rate. While the latter suffered badly during the financial crisis, and again during the first quarter of 2020, financial assets recovered quickly afterward and grew faster than non-financial assets for 2020 as a whole.

Our forecasts indicate that financial and non-financial wealth will grow at similar rates over the next five years. After a period of stability between 2007 and 2019, household debt is expected to rise 41% by 2025, slightly outpacing both financial and non-financial assets. By 2025, we envisage debts amounting to 11.6% of gross assets, still well below the 13%–14% range recorded during the first decade of this century.

Wealth distribution in the 21st century

The lowest wealth band, covering adults with a net worth below USD 10,000, will likely shed around 108 million members over the next five years. Population growth will add 38 million adults from low-income countries, but this should be offset by a net decline from middle-income countries (132 million) and high-income countries (14 million, see **Figure 6**). We expect the global middle class – adults with a net worth between USD 10,000 and USD 100,000 – to expand by 237 million, pushing total numbers close to two billion by 2025. This represents growth of about 14%, some from upper-middle-income countries, but most (183 million new members) from lower-income countries.

The upper-middle segment, consisting of adults with wealth between USD 100,000 and USD 1 million, will likely have an extra 178 million members. Of these, 114 million will come from upper-middle-income countries, 43 million from high-income countries, and 21 million from lower-income countries.

Trends in millionaires and UHNWIs

Catching-up by emerging economies is also evident in the increasing representation in the top tiers of global wealth distribution. According to our estimates, the number of global millionaires could exceed 84 million in 2025, a rise of almost 28 million from 2020 (see **Table 1**). While millionaire numbers in lower-income countries are still far below the levels in the United States or Europe, they are expected to increase rapidly in the next five years.

> The number of global millionaires could exceed 84 million in 2025, a rise of almost 28 million from 2020

The United States has by far the largest number of millionaires, well ahead of second place China. But the gap will be eroded. We project a 28% rise in the number of millionaires in the United States in 2025 compared to 2020, but the number in China could increase by as much as 93% to reach 10.2 million. Countries with the next highest numbers of millionaires – Japan, Germany, the United Kingdom and France – will likely see percentage rises somewhere between those of the United States and China, and we may well see France overtaking the United Kingdom here.

We predict that Indian millionaires will number 1.3 million in 2025, an increase of 82% over the next five years. Despite the recent economic turbulence, not only during the 2020 pandemic, but also in the preceding years, we expect the number of millionaires in Latin America to rise by 68%, reaching 1.3 million in 2025. The percentage rise in Latin America will likely

Table 1: Number of millionaires in 2020 and 2025, by region and for selected countries

	Number (thousand)		Change	
	2020	2025	Thousand	%
United States	21,951	28,055	6,104	27.8
China	5,279	10,172	4,893	92.7
Japan	3,662	5,411	1,749	47.8
France	2,469	4,201	1,732	70.1
Canada	1,682	2,981	1,299	77.2
Germany	2,953	4,240	1,287	43.6
Australia	1,805	3,071	1,266	70.1
United Kingdom	2,491	3,711	1,220	49.0
Korea	1,051	1,772	721	68.6
Spain	1,147	1,804	657	57.3
Netherlands	1,039	1,666	627	60.3
Italy	1,480	2,060	580	39.2
India	698	1,269	571	81.8
Switzerland	1,035	1,596	561	54.2
Taiwan (Chinese Taipei)	609	1,031	422	69.3
Hong Kong SAR	520	831	311	59.8
Belgium	515	786	271	52.6
Denmark	307	560	253	82.4
Sweden	570	809	239	41.9
Austria	346	577	231	66.8
Russia	269	455	186	69.1
Mexico	264	434	170	64.4
Singapore	270	437	167	61.9
Brazil	207	361	154	74.4
Poland	149	295	146	98.0
Africa	276	483	207	75.0
Asia-Pacific	9,656	15,291	5,635	58.4
China	5,279	10,172	4,893	92.7
Europe	15,784	24,491	8,707	55.2
India	698	1,269	571	81.8
Latin America	752	1,262	510	67.8
North America	23,638	31,045	7,407	31.3
World	**56,084**	**84,014**	**27,930**	**49.8**

Source: Original estimates by authors

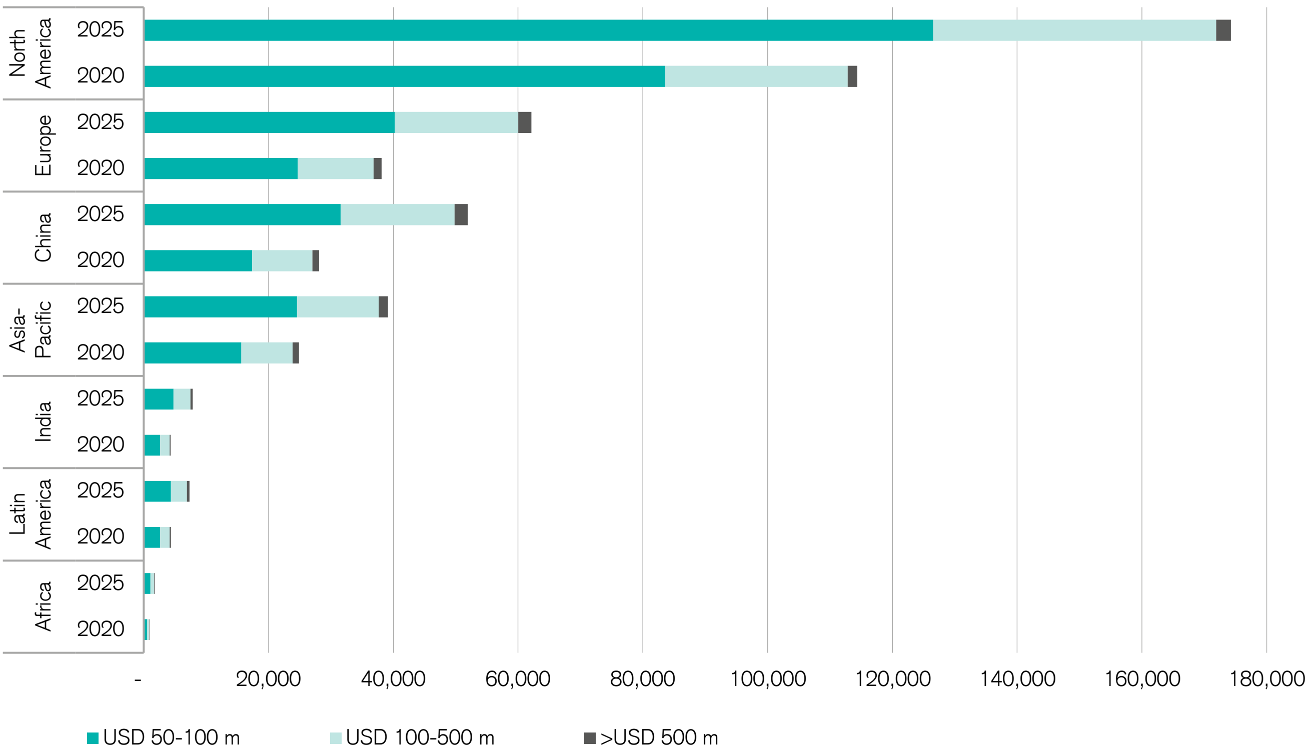
underperform Africa, where the number of millionaires is likely to increase by 75% to reach 483,000 in 2025.

Ultra high net worth individuals

The number of Ultra High Net Worth Individuals (UHNWI) is expected to speed up as increasing numbers of individuals pass the USD 50 million threshold. We envisage this number increasing by more than 25,000 each year on average, adding 129,000 over five years, a rise of 60% (**Figure 7**).

More than half of all UHNWIs currently reside in North America, while countries in the APAC region (Asia-Pacific, including China and India) are home to more than 57,000. This is already considerably more than the roughly 38,000 living in Europe, and this difference in favor of APAC should increase further. By 2025, the APAC region will likely host another 42,000 UHNWIs, reaching a total of nearly 99,000, of whom 57% will be from China. While Latin America accounts for 9% of global adults, only 2% of global UHNWIs reside in the region. Given the projected modest performance of the larger countries in the region, we expect this trend to continue and the region to add only 3,000 UHNWIs in the next five years.

Figure 7: Numbers of ultra high net worth individuals by region: 2020 and 2025



Source: Original estimates by authors

Photo: GettyImages, Anadolu Agency

Country experiences

Anthony Shorrocks, James Davies and Rodrigo Lluberas

The COVID-19 pandemic made 2020 an exceptional year. For this reason, it seemed appropriate to depart from our usual practice of providing country pages that summarize wealth evolution and wealth distribution in a number of key countries, and instead try to better capture the range of experiences that have been seen around the world. This is done by comparing the health challenges posed by the pandemic, the economic impacts, the responses of governments and central banks, and the consequences for household wealth for country groupings, which are broadly representative of experiences around the world.

The selection of countries is constrained by the availability of reliable data. For the most part, we confine attention to countries that have official balance sheet data. Most of these countries have reported figures for the total financial wealth of households at the end of 2020, and sometimes total non-financial wealth as well. Typically, the same nations have share price and house price series covering the whole of 2020 and beyond, which helps to fill any gaps. However, some countries do not meet our highest standards. Brazil is one example, but it is difficult to describe the experiences of Latin America during the pandemic year without reference to its largest economy. Even less is known about Nigeria, but in the absence of an obvious alternative, we chose it to partner South Africa.

The country experiences begin with a brief summary of the health consequences of COVID-19 and the timing of the waves of infections. These patterns differ very widely across countries and regions. Some countries have faced extreme health challenges, while others have gotten off lightly. The economic impact has also varied across countries, although fewer have emerged unscathed.

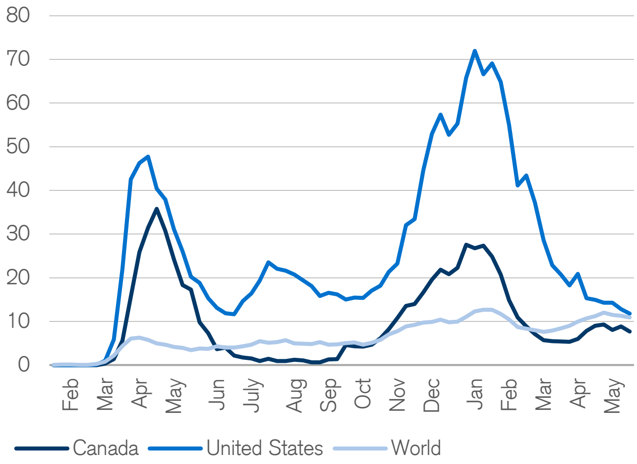
As regards the implications for household wealth, the determining factor has not been the scale of the health crisis, but the extent to which governments have intervened to limit the economic consequences for employment and household finances, and the extent to which central banks have promoted relaxed credit facilities. In general, these interventions have been confined to the richer nations. On the whole, the actions have been well targeted and highly successful in the short run, most especially among the groups that have benefited from the share price and house price rises fostered by those interventions. However, the massive rise in public debt in those countries may well prompt remedial action, which could dampen wealth prospects in future.

Canada and the United States

The COVID-19 pandemic hit North America hard. Until its successful vaccination drive in 2021, the United States was one of the most badly affected countries in health terms. Canada fared better than the United States in 2020, but its recovery in 2021 was slower than the USA.

The economic effects of the pandemic were severe in both the United States and Canada. In Q2 2020, real GDP fell by 9.0% in the United States and by 11.3% in Canada. Although GDP recovered somewhat in the summer in both countries, it was still significantly lower in 2020 as a whole than in 2019 – by 3.5% in the United States and by 5.4% in Canada. Unemployment increased sharply, from a pre-pandemic 3.7% in the United States and 5.7% in Canada to 13.1% in both countries in Q2 2020 before falling to 6.8% in the United States and 8.8% in Canada during Q4 2020. Impacts were cushioned by generous relief payments, loans to business and other public assistance; and while stock markets in both countries crashed in February-March, they recovered steadily. As a result of these trends, real disposable personal income rose in 2020: by 1.5% in Canada and 6.0% in the United States. On the other hand, private consumption fell, so that households engaged in "excess saving," amounting to USD 1.6 trillion in the United States according to recent estimates. At the same time, public debt rose markedly as a percentage of GDP during 2020: from 86.8% to 117.8% in Canada, and from 108.2% to 127.1% in the United States.

Figure 1: Weekly COVID-19 deaths per million
February 2020 – May 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

In current dollars, wealth per adult was USD 215,146 in the United States in the year 2000 and USD 114,618 in Canada. It rose in both countries until 2006, before falling in 2008 due to the global financial crisis – by 13.9% in the United States and 22.9% in Canada. Wealth per adult had recovered to its pre-crisis level by 2010 in Canada and by 2013 in the United States. At the end of 2020, it stood 38.8% above its 2007 level in Canada and 61.4% above the 2007 figure in the United States.

Macroeconomic indicators

	Canada	United States	
Population	38	332	million
Adult population	30	250	million
GDP	53,616	83,239	USD per adult
Mean wealth	332,323	505,421	USD per adult
Median wealth	125,688	79,274	USD per adult
Total wealth	9.9	126.3	USD trillion
US dollar millionaires	1,682	21,951	thousand
Top 10% of global wealthholders	14,767	100,350	thousand
Top 1% of global wealthholders	1,546	20,914	thousand
Wealth inequality	71.9	85.0	Gini index

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021/EIU

The composition of wealth growth in these two countries is revealing. The US housing market was in poor shape for several years after the global financial crisis, reflected in a 24.6% drop in average non-financial wealth between 2006 and 2011. It took until 2018 before this component of wealth regained its 2006 level. In Canada, growth of non-financial wealth was hardly interrupted by the global financial crisis, perhaps suggesting what would have happened in the United States without the boom and bust in sub-prime mortgages and related assets in the years leading up to the crisis. Financial assets have risen more quickly in the United States than in Canada, reflecting the better performance of its stock markets, where high tech bulks larger and resource stocks smaller compared to Canada.

Gross assets in the United States rose in value by 8.4% in 2020, but household net worth increased even faster at 9.0% The difference was due to debt not keeping pace with assets – rising only 3.5% – itself a reflection of reduced consumption and higher saving. Within the subcategories of assets, corporate equity showed the biggest increase (14.9%), while the important housing component rose 7.1%. More than half the rise in assets and net worth occurred during the final quarter of 2020. The year began less well, with net worth falling 6.2% in Q1 2020, largely due to the stock market crash in February-March. But net worth recovered fully in the second quarter. Canada saw a similar increase in net worth (9.9%) – but the rise was linked more to real assets and less to stocks and equities.

Canada and the United States show contrasting trends in wealth inequality. In Canada, the Gini coefficient and the wealth share of the top 10% have been on a gradual decline since 2000. The share of the top 1% also drifted down until 2012, after which it rose slightly. Things have been different in the United States, where all three of these measures have trended upward. The contrast is most evident in the wealth share of the top 10% of wealthholders, which has risen substantially in the United States since 2007 – from 71.6% to 75.7% – but has fallen in Canada from 57.1% to 56.5%. Since the global financial crisis, stock prices have risen more in the United States than in Canada, raising the shares of top wealth groups, while house prices have risen faster in Canada, lifting the wealth share of middle groups instead. The US stock market outperformed the Canadian stock market again in 2020, with Q4 share prices up 19.6% year-on-year compared to 2.8% in Canada. According to the Federal Reserve, the wealth share of the top 1% in the United States rose from 31.0% to 31.4% in 2020. It is unlikely that wealth concentration in Canada has risen to a similar degree, given the much smaller rise in Canadian stock prices.

Figure 2: Wealth per adult 2000–20 (USD)

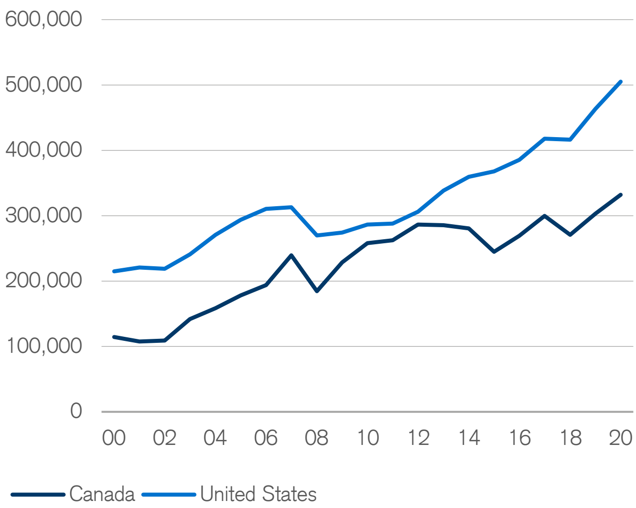


Figure 3: Composition of wealth per adult (USD)

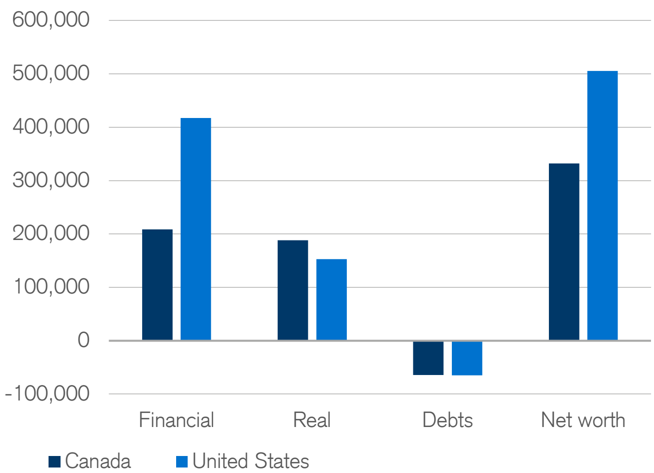
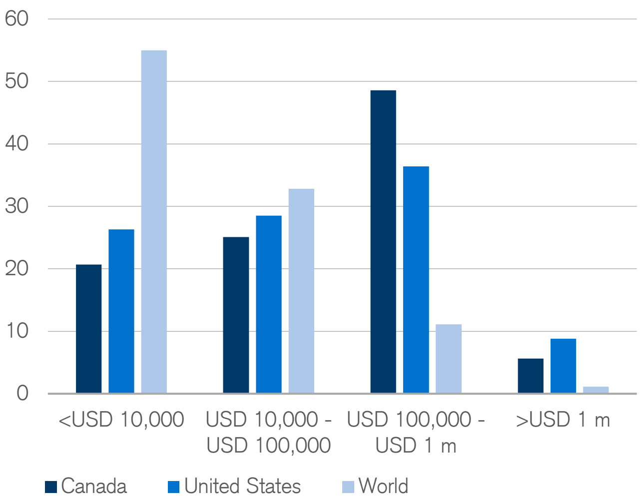


Figure 4: Wealth distribution relative to world (%)



Source Figures 2–4: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

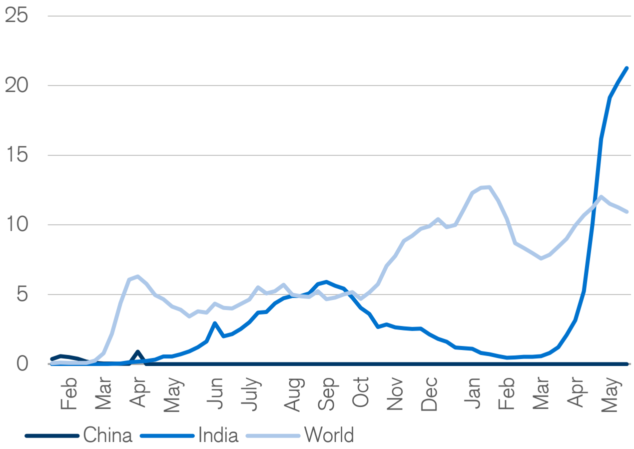
China and India

China and India have had very different experiences with the COVID-19 pandemic. The pandemic first surfaced in China, but was brought under control there quickly. It arrived in India later and spread at a rising rate in the summer of 2020, when weekly deaths reached the global average. The second wave, beginning in the early fall of 2020, was initially less severe in India than in many other countries, but gathered force. By the end of the first quarter of 2021, health impacts in India were rapidly becoming much more serious than at any earlier point. These aspects are reflected by macroeconomic developments in the two countries.

China was hit hardest in Q1 2020, when GDP fell by 6.8%. Recovery began in Q2, with GDP growing by 3.1%. Real GDP for the year as a whole was 2.3% higher than in 2019, and the IMF predicts growth of 8.4% in 2021 and 5.6% in 2022. The second quarter of 2020 was the worst for India, with a GDP decline of 25.6%. Recovery was relatively slow. Real GDP fell 8.0% in 2020 compared with 2019. The IMF forecasts a 12.6% rise this year, and 6.9% in 2022. Quarterly stock market trends moved in the same direction in China and India, but volatility was greater in India: in Q1 2020, the market fell 8.9% in China, but by 26.8% in India. After the first quarter, the markets recovered in both countries. At the end of 2020, year-on-year share prices were up 16.0% in India and 22.9% in China.

Wealth per adult was USD 4,247 in China at the start of the century and USD 3,069 in India. It rose in real terms in China in every subsequent year, and only fell slightly in India in three years: in 2008 and 2011 due to exchange rate depreciation, and in 2009 in both local currency and USD. In 2020, wealth per adult was USD 67,771 in China and USD 14,252 in India. From 2000 to 2020, it grew at an average annual rate of 14.9% in China and 8.8% in India. Both of these growth rates comfortably exceeded the average annual growth rate (4.8%) for the world as a whole over this period.

Figure 1: Weekly COVID-19 deaths per million
February 2020 – May 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Macroeconomic indicators

	China	India	
Population	1,442	1,387	million
Adult population	1,105	900	million
GDP	13,394	2,902	USD per adult
Mean wealth	67,771	14,252	USD per adult
Median wealth	24,067	3,194	USD per adult
Total wealth	74.9	12.8	USD trillion
US dollar millionaires	5,279	698	thousand
Top 10% of global wealthholders	99,114	11,059	thousand
Top 1% of global wealthholders	4,887	649	thousand
Wealth inequality	70.4	82.3	Gini index

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021/EIU

The composition of wealth growth has differed in these two countries. The relative importance of financial assets has steadily risen In China. They now account for 44.2% of gross assets compared to 36.4% in 2000. The corresponding ratios In India are 23.3% and 24.1%. The growth of financial assets has been quicker in China due to both high saving and strong stock market performance in most years. Since 2000, financial assets per adult have risen by 16.5% on average in China, far ahead of what is still a good performance in India, where the average annual growth rate was 8.7%.

At the end of 2020, wealth per adult in China was 5.4% higher than a year earlier. Gross assets per adult rose by 6.3%. Gross assets outpaced net worth because debt increased faster than assets, rising 14.6% over the year. Most of the increase was in financial assets, which rose 9.6% compared to the 3.7% recorded for non-financial assets. In India, financial assets per adult gained 2.0%, while non-financial assets fell 8.4%, leading to a 6.2% decrease in gross assets, while there was a 7.4% fall in debt. Net worth per adult fell 6.1% in USD, but the drop was only 3.7% in Indian rupees.

Wealth inequality trends in China and India have similar features, although China started from a lower base. Spurred by its transition to a market economy, wealth inequality in China has risen steadily this century. Its wealth Gini coefficient rose from 59.9 in 2000 to 69.8 in 2010, and continued on until it peaked at 71.6 in 2016. The Gini value then eased back to 69.7 in 2019, close to where it was in 2010. However, the trend reversed again in 2020, with the Gini rising to 70.4. These movements were echoed by the behavior of the wealth share of the top 1%, which rose from 20.9% in 2000 to 31.4% in 2010, then edged back to 29.0% by 2019, before rising to 30.6% in 2020. The rise in wealth inequality between 2000 and 2010 was a predictable consequence of market reform and the high saving rates that were also seen previously in the "Asian miracle" economies. But it was also fed by a substantial increase in urban house prices, which rose about 80% during this period. This effect contrasts with more advanced economies, where higher house prices tend to reduce wealth concentration. In China, home ownership is more skewed toward high net worth groups.

Wealth inequality in India has risen at a slower pace than in China, but was already very high in 2000. The Gini coefficient increased from 74.7 in 2000 to 82.0 in 2019, and reached 82.3 at the end of 2020. The wealth share of the top 1% went up from 33.5% in 2000 to 39.5% in 2019, and rose further to 40.5% by the end of 2020. The increases in both China and India in 2020 partly reflect the sizable gains in share prices over the year in the two countries.

Figure 2: Wealth per adult 2000–20 (USD)

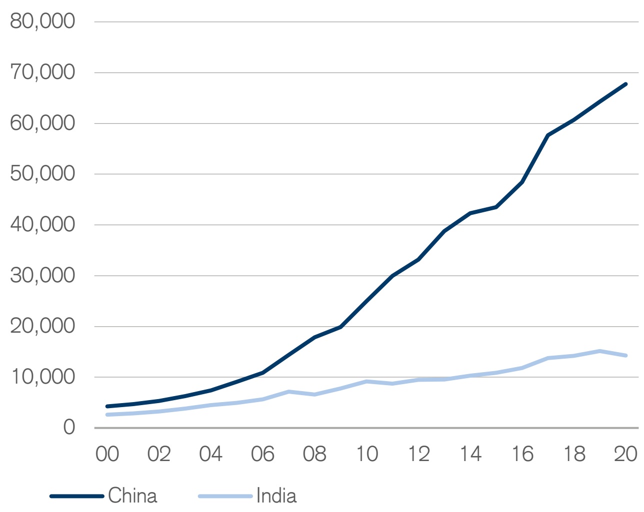


Figure 3: Composition of wealth per adult (USD)

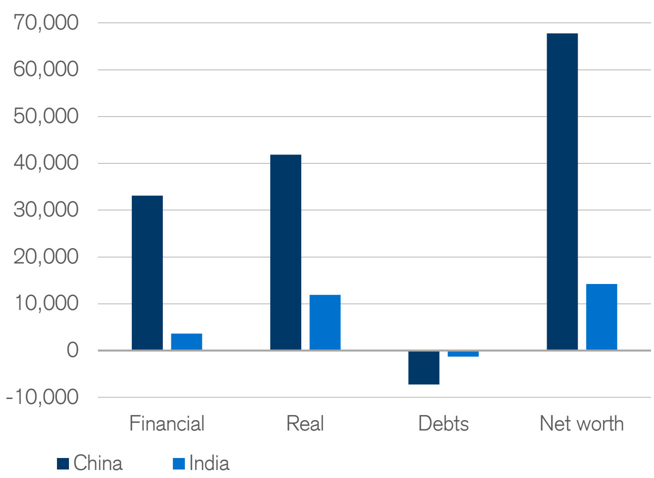
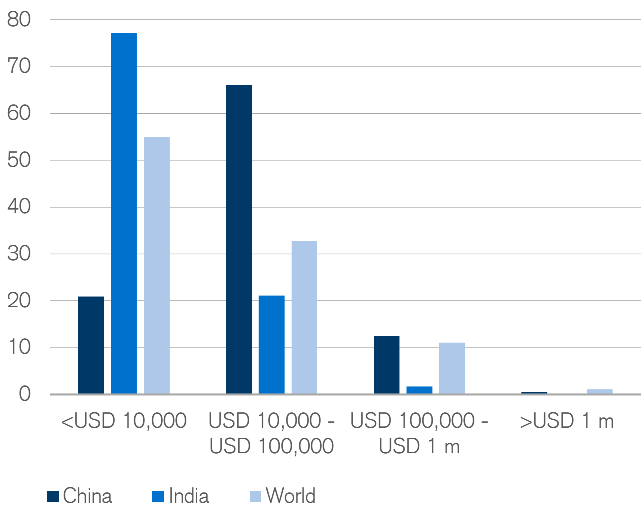


Figure 4: Wealth distribution relative to world (%)



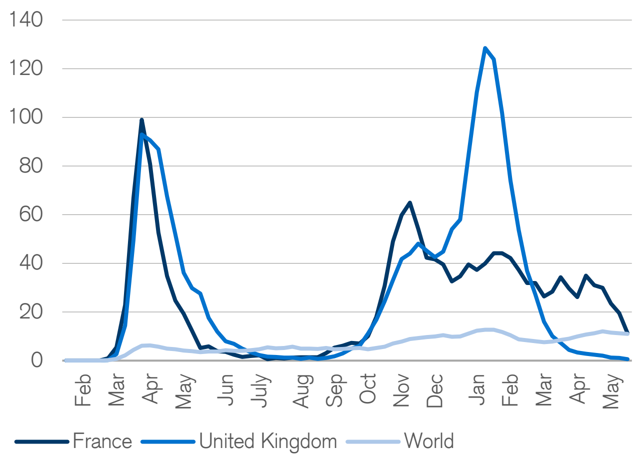
Source Figures 2–4: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

France and the United Kingdom

France and Britain both suffered badly in health terms during the COVID-19 pandemic, especially Britain. COVID-19 had similar impacts in spring 2020, but France recovered more quickly and its second wave in late 2020 was less severe. However, the United Kingdom began to recover quickly in the first quarter of 2021, partly due to a vigorous vaccination campaign, whereas the pandemic resurged in France. Both countries responded to the first wave with lockdowns, although Britain was slow to take decisive action. Lockdowns were again imposed in both countries in response to the second wave.

As in many other countries, GDP was hit hardest for 3–4 months beginning March 2020. Over the first two quarters, GDP fell 18.4% in France and 21.4% in Britain. Recovery began in Q3 2020, with quarterly growth close to 20.0% in each country. For 2020 as a whole, real GDP was down 8.3% in France and 9.9% in Britain. Growth for 2021 is forecast to be 5.8% in France and 5.3% in Britain. Unemployment rose much less in the pandemic than it did in North America due to furlough schemes and other measures. Unemployment rates increased from pre-pandemic levels of 8.5% and 3.8% in France and Britain, respectively, to 9.1% and 4.8% in Q3 2020. Relief payments led disposable income to rise somewhat in both France and Britain in 2020 by 0.4% on average; it is expected to continue growing in France at 1.6% in 2021, while falling 1.1% in Britain. Last year, private consumption fell 8.3% in the two countries, pushing the household saving rate in Q2 2020 to 26.5% in Britain and 26.8% in France. Most of the additional savings are likely to be spent by the end of 2021. There was a large increase in public debt, which rose in France from 98.1% of GDP to 113.5% in 2020, and from 85.2% to 103.7% in Britain.

Figure 1: Weekly COVID-19 deaths per million
February 2020 – May 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Macroeconomic indicators

	France	United Kingdom	
Population	65	68	million
Adult population	50	53	million
GDP	51,057	50,112	USD per adult
Mean wealth	299,355	290,754	USD per adult
Median wealth	133,559	131,522	USD per adult
Total wealth	15	15.3	USD trillion
US dollar millionaires	2,469	2,491	thousand
Top 10% of global wealthholders	26,013	26,383	thousand
Top 1% of global wealthholders	2,257	2,280	thousand
Wealth inequality	70.0	71.7	Gini index

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021/EIU

Stock markets fell and then rose again in both France and Britain in 2020, but UK equities performed less well overall due to a more severe impact of COVID-19 and the looming prospect of post-Brexit trade barriers with the EU. Share prices hit their low on 20 March in both countries; by then the French CAC 40 had fallen 32.9% and the UK FTSE-100 had dropped 32.1%. Year-on-year, French shares fell 2.8% in 2020 and UK stocks were down 11.9%.

Wealth per adult has been similar in France and Britain during 2000–20, with exchange rate changes accounting for most of the year-on-year variation. At the end of 2020, wealth per adult was USD 299,355 in France, very close to the British figure of USD 290,754. In terms of real domestic currencies, Britain has grown fastest – up 24.0% since 2000 compared to 14.9% in France.

The composition of wealth has changed over the years in both France and Britain, with financial assets falling in importance before the global financial crisis and then rebounding to different degrees. In France, financial assets were 46.2% of gross assets in 2000, but had dropped to 35.2% by 2007, reflecting the stronger performance of non-financial assets due to rising house prices. The share of financial assets in Britain fell from 63.9% to 50.0% over these years. Since 2008, that share has risen to 43.5% in France and 55.5% in Britain, but has not regained its 2000 level in either country.

In 2020, net worth per adult in France rose 5.9%, while gross assets increased 6.9%. The smaller rise in net worth is due to debt rising 13.4%, outpacing asset growth. Financial assets per adult increased 14.0%, while non-financial assets went up only 1.9%. In Britain, non-financial assets rose by 5.0%, financial assets by 8.7%, and gross assets by 7.1%. Debt rose only 4.7%, so growth of net worth (7.5%) outpaced that of gross assets.

Wealth inequality trends have been similar in France and Britain. Inequality declined in both countries between 2000 and 2007, partly reflecting the fall in the share of financial assets, which are held disproportionately by high net worth individuals. Over those years, the wealth Gini coefficient fell from 69.7 to 67.7 in France and from 70.7 to 66.7 in Britain. Since the global financial crisis, the trend has been in the opposite direction. By 2020, the wealth Gini had surpassed its 2000 level in both countries, standing at 70.0 in France and 71.7 in Britain. Top wealth shares tell a fairly similar story, although the post-2007 rebound was not as strong as for the Gini. In France, the wealth share of the top 1%, for example, fell from 25.7% in 2000 to 20.3% in 2007, but had risen to 22.1% by 2020. In Britain, this share fell from 22.5% in 2000 to 20.2% in 2007, and was at 23.1% in 2020.

Figure 2: Wealth per adult 2000–20 (USD)

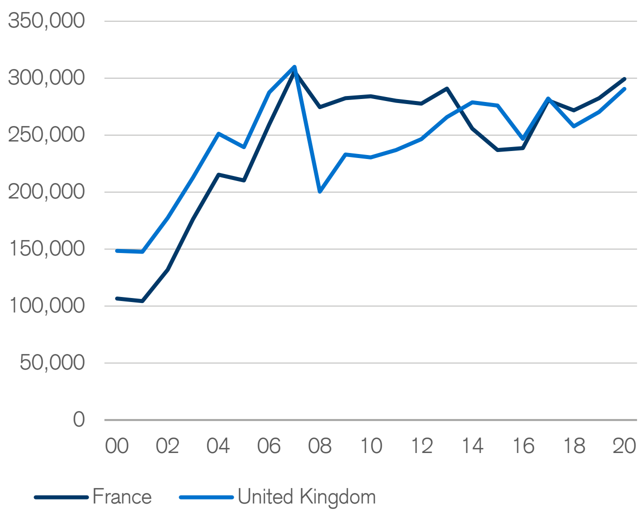


Figure 3: Composition of wealth per adult (USD)

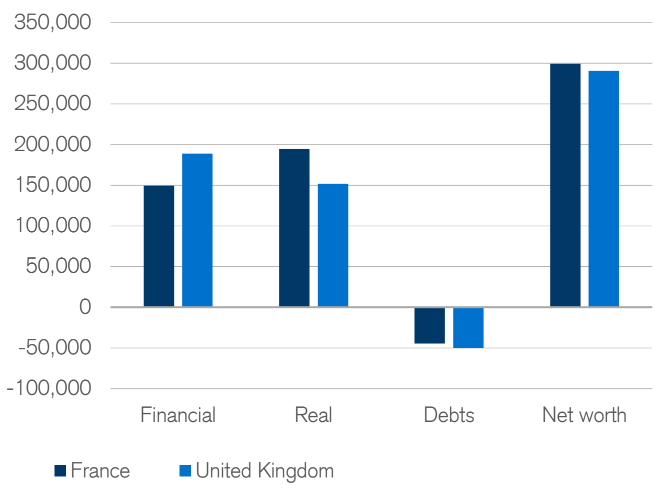
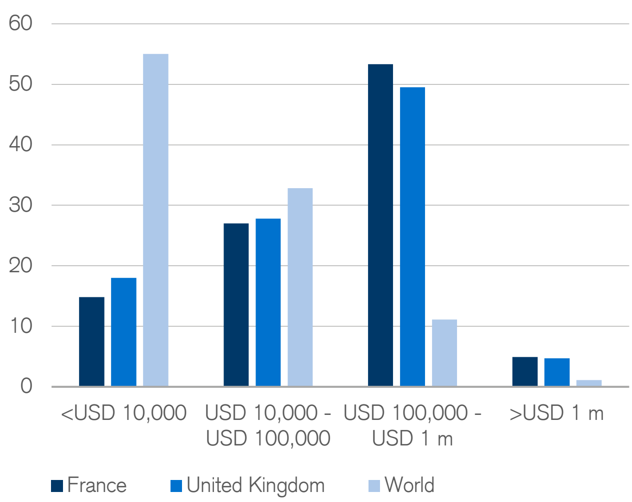


Figure 4: Wealth distribution relative to world (%)



Source Figures 2–4: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

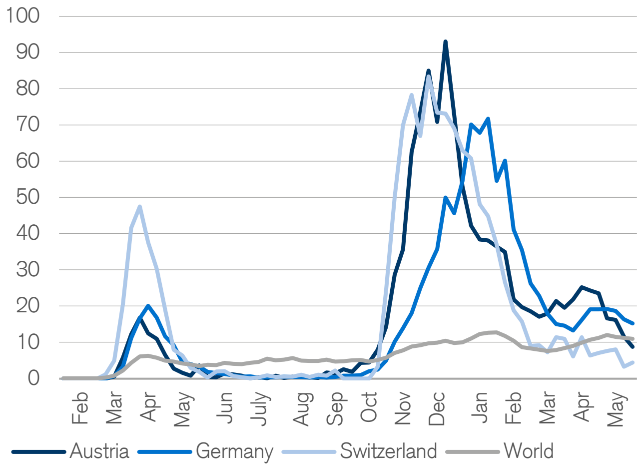
Germany, Austria and Switzerland

Compared with some other high-income countries, Germany and Austria had mild health impacts in the first wave of COVID-19, which was widely credited to good public health measures. Switzerland had more COVID cases than its neighbors, likely because of its closer contact with Italy, which had a very severe first wave. In the second wave, Austria and Switzerland had both a higher peak and a more rapid rise in cases than Germany. As elsewhere, lockdowns and other regulations reduced output and consumption, especially in spring and autumn of 2020. Similar economic effects were felt in the pandemic's third wave, which began in March 2021.

GDP was hit hardest for three months beginning March 2020. Hence real GDP fell sharply in the first two quarters of 2020: 11.4% on average across the three countries. It then rose 8.3% in the final two quarters of the year. The most severe initial drop (14.0%) and the smallest rebound (7.1%) were in Austria. Over the full year 2020, real GDP fell 3.0% in Switzerland, 4.9% in Germany, and 6.6% in Austria. The IMF forecast GDP growth of 3.5% for both Austria and Switzerland during 2021, after which it is expected to gradually fall to 1.8% by 2026. In Germany, real GDP growth is predicted to be 3.6% in 2021 and to fall to 1.1% by 2026.

As in other major European economies, unemployment rose less because of the pandemic than it did in North America – from an average pre-pandemic level of 3.3% in Germany, Austria and Switzerland to a peak of 4.5% in Q3 2020.

Figure 1: Weekly COVID-19 deaths per million
February 2020 – May 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Disposable income rose slightly in 2020 – at an average rate of 1.2% across these three countries – and is predicted by the IMF to rise by 1.5% in 2021. Meanwhile, private consumption fell by 5.7% on average during 2020, creating a temporary increase in saving and liquid assets that is well positioned to be mostly reversed by consumption growth outstripping income growth over the next two years.

Macroeconomic indicators

	Austria	Germany	Switzerland	
Population	9	84	9	million
Adult population	7	68	7	million
GDP	59,370	55,578	105,577	USD per adult
Mean wealth	290,348	268,681	673,962	USD per adult
Median wealth	91,833	65,374	146,733	USD per adult
Total wealth	2.1	18.3	4.7	USD trillion
US dollar millionaires	346	2,953	1,035	thousand
Top 10% of global wealthholders	3,308	26,446	3,578	thousand
Top 1% of global wealthholders	317	2,735	954	thousand
Wealth inequality	73.5	77.9	78.1	Gini index

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021/EIU

The Swiss stock market was relatively stable in 2020. The Swiss Performance Index fell only 11.8% in the first quarter and then steadily recovered to finish the year up 4.2%. The DAX index in Germany showed larger fluctuations, dropping 25.0% in the first quarter and bounding back 23.9% in the second quarter. Like the Swiss index, it was up for the year by 3.6%. The Austrian ATX index was the most volatile, falling 37.2% in the first quarter and falling again by 6.1%, in the third quarter. It ended the year down 12.8%.

Wealth per adult at the end of 2020 was USD 268,681 in Germany, USD 290,348 in Austria and USD 673,962 in Switzerland. From 2000 to 2020 it grew by a factor of 2.6 in Austria, 2.9 in Switzerland and 2.8 in Germany. Growth was strong in the years between 2000 and 2007, averaging an annual rate of 9.9%. But the depreciation of the euro in 2008 prompted a drop in wealth by 5.6% in Germany and 6.4% in Austria. Switzerland countered the prevailing trends to achieve a 1.0% gain in 2008. Since 2009, the average annual growth rate of real wealth per adult has been 3.2% in Germany, 1.4% in Austria, and 4.4% in Switzerland.

Wealth composition in these countries has changed relatively little over the years. This reflects smaller fluctuations in the relative price of financial and non-financial assets compared to other leading European economies such as France, Spain or Britain. On average across the three countries, financial assets were 47.6% of gross assets in 2000, 47.5% in 2007 and 45.7% in 2020.

In 2020, net worth per adult rose 11.0% in Austria, 11.7% in Switzerland and 17.7% in Germany, for an average increase of 13.5% across the three countries. Gross assets increased at a similar rate of 13.4%, indicating that debt rose at about the same rate as assets. The relative importance of financial and non–financial assets in household portfolios changed little over 2020: the share of financial assets rose from 38.1% to 39.7% in Austria, stayed steady at 41.2% in Germany, and fell from 57.1% to 56.3% in Switzerland.

Wealth inequality is modest in Austria, which had a Gini coefficient of 73.5 in 2020. It is higher in Germany and Switzerland, which had Ginis of 77.9 and 78.1, respectively. All three countries have seen a decline in wealth inequality since 2000, when the Gini coefficient was 79.2 in Austria, 80.9 in Switzerland, and 81.2 in Germany. The fall occurred after the global financial crisis in Germany, while it occurred gradually over the two decades in Austria and Switzerland. Like the Gini coefficient, the share of the top 1% has declined since 2000 in Austria from 30.7% to 24.1%, and in Switzerland from 32.4% to 28.0%. However, in Germany, while it fell from 29.3% in 2000 to 27.4% in 2008, it has since risen to 29.1%, almost back to the 2000 level. The stability of this top share in Germany coupled with the drop in overall wealth inequality suggests that wealth differences have narrowed lower down in the distribution.

Figure 2: Wealth per adult 2000–20 (USD)

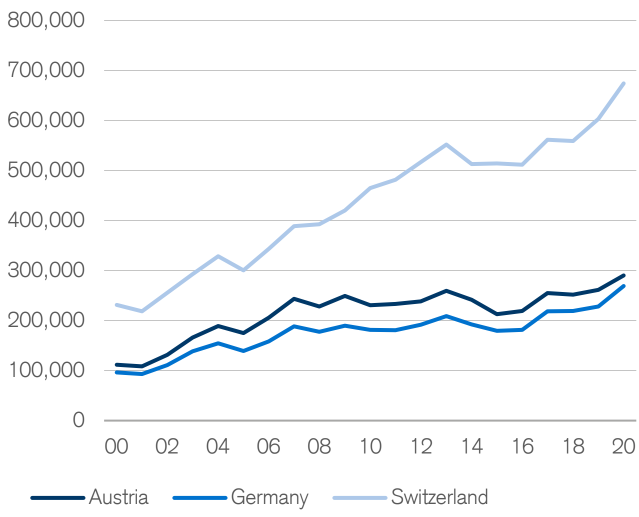


Figure 3: Composition of wealth per adult (USD)

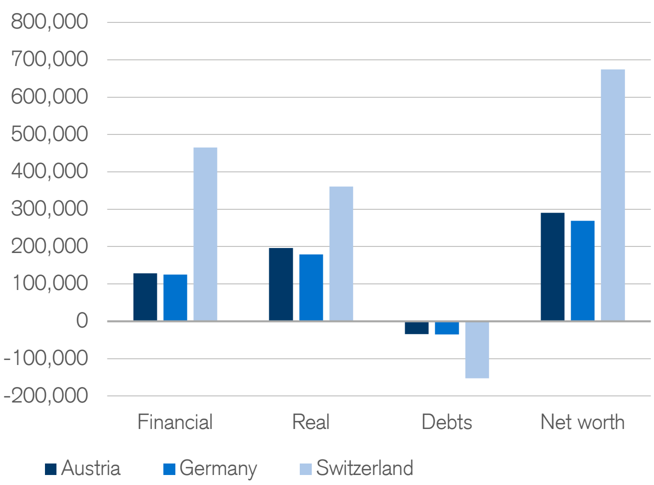
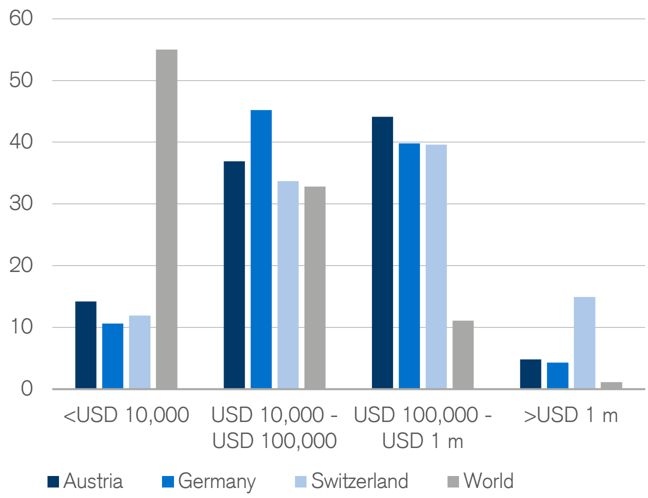


Figure 4: Wealth distribution relative to world (%)



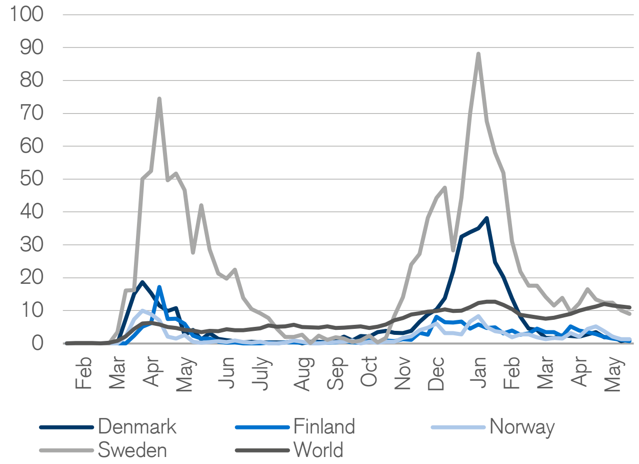
Source Figures 2–4: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Denmark, Finland, Norway and Sweden

The health impacts of the pandemic have varied across the Nordic nations. Denmark, Finland and Norway had a less difficult experience in the first wave than most of the high-income countries we feature. That was also true for Finland and Norway in the second wave in December 2020 and January 2021, but cases in Denmark rose more steeply than earlier. The third wave, which peaked in April 2021, was milder than the earlier waves in each country. Throughout the pandemic, Sweden, which had less restrictive public health measures, suffered more severe health impacts.

All four Nordic countries experienced serious economic impacts as a result of COVID-19, although initially Sweden, without a broad lockdown, was less affected. Sweden's GDP rose 0.3% in Q1 2020, in contrast to an average fall of 1.4% in the three other countries. However, Sweden had the highest decline (8.0%) in the second quarter and finished 2020 with a 3.0% year-on-year drop in GDP, close to the average 2.9% fall for all four countries. Denmark was most severely affected for the year as a whole, with a 4.0% drop in GDP; Norway was the least affected, suffering only a 1.4% decline. Unemployment rates, which rose only slightly in Denmark and Norway, increased significantly in the run-up to the third quarter of 2020 both in Finland from a pre-pandemic 6.8% to 8.5%, and Sweden from 6.8% to 9.0%. Stock market fluctuations varied, with first-quarter losses ranging from 5.9% in Norway to 20.4% in Finland. The fourth quarter saw year-on-year gains from 10.1% in Finland to 28.5% in Denmark.

Figure 1: Weekly COVID-19 deaths per million
February 2020 – May 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

As in many other advanced countries, disposable personal income rose in Denmark, Finland and Norway in 2020 by an average of 2.2%, while private consumption fell by 4.3%. Consumption increases in 2021 are expected to largely reverse the resulting rise in personal savings. The trend was slightly different in Sweden, where disposable income fell by 0.2% in 2020 and consumption declined by 4.1%, causing a smaller rise in personal saving.

Macroeconomic indicators

	Denmark	Finland	Norway	Sweden	
Population	6	6	5	10	million
Adult population	5	4	4	8	million
GDP	75,188	61,247	87,560	67,876	USD per adult
Mean wealth	376,069	167,711	275,880	336,166	USD per adult
Median wealth	165,622	73,775	117,798	89,846	USD per adult
Total wealth	1.7	0.7	1.2	2.6	USD trillion
US dollar millionaires	307	85	177	570	thousand
Top 10% of global wealthholders	2,506	1,312	1,992	3,235	thousand
Top 1% of global wealthholders	282	79	163	529	thousand
Wealth inequality	73.6	74.0	78.5	87.2	Gini index

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021/EIU

On average across these four countries, public debt rose from 42.1% of GDP in 2019 to 47.6% in 2020. A small further rise to 48.1% is expected in 2021. The biggest increase was in Denmark, from 33.0% in 2019 to 43.4% in 2020; the smallest was in Norway, from 40.9% to 41.4%.

Wealth per adult in 2000 was USD 110,450 in Denmark, USD 96,282 in Norway, USD 77,253 in Sweden and USD 72,499 in Finland. These levels were lower than in many countries with comparable income per capita. The likely explanation is that more generous social benefits, especially pensions and healthcare, make personal saving less pressing in these countries. From 2000 to 2020, real personal wealth per adult grew at an average annual rate of 5.9% in the Nordic countries, with Sweden in the lead with 7.6% and Finland recording the lowest growth (4.3%). This growth was strongest from 2000 to 2007, averaging 14.0% per year across the countries. All of them except Finland saw a drop in 2008. Since 2009, the average annual growth rate has been 0.7% in Norway, 1.1% in Finland, 3.9% in Denmark and 5.0% in Sweden. Wealth per adult in Denmark is now USD 376,069, above Sweden's USD 336,166 and Norway's USD 275,880. Finland still lags, at USD 167,711.

Composition of wealth differs across these countries. While financial assets are now on average 54.5% of gross assets, that share ranges from 39.3% in Norway to 69.3% in Denmark where non-financial assets are lower due to a relatively low home ownership rate. Asset composition changed little prior to the global financial crisis. The rise in recent years has been caused partly by share prices rising more rapidly than house prices in Denmark and Sweden. Indebtedness, on the other hand, rose in the run-up to 2007, but, at 23.5% of gross assets, is now little changed from its level of 22.8% in 2007.

In 2020, wealth per adult in US dollars rose 0.6% in Norway, 1.2% in Finland, 11.5% in Denmark and 19.8% in Sweden. Exchange rate changes played a role. Against the US dollar, local currencies appreciated by 2.9% in Norway, 13.7% in Sweden, 10.2% in Denmark and 2.1% in Finland. On average financial assets rose 17.0%, non–financial assets fell 5.3% and debt increased 10.8%.

Although income inequality is low in the Nordic countries, wealth inequality is not. Even middle-class people tend to have relatively low personal assets because generous public pensions and other forms of social insurance make wealth accumulation less important. As a consequence, the relative wealth of the top groups that hold shares or business assets is greater than in many other countries. On average across these four countries, the Gini coefficient is now 78.4, somewhat higher than the 76.1 recorded in 2000. The share of the top 1% has also increased, from an average of 26.2% to 28.6%. Sweden has the most wealth inequality in this group, with a current Gini coefficient of 87.2 and a top 1% wealth share of 34.9%. Denmark is at the opposite end of the spectrum with a Gini of 73.6 and top 1% share of 23.5%.

Figure 2: Wealth per adult 2000–20 (USD)

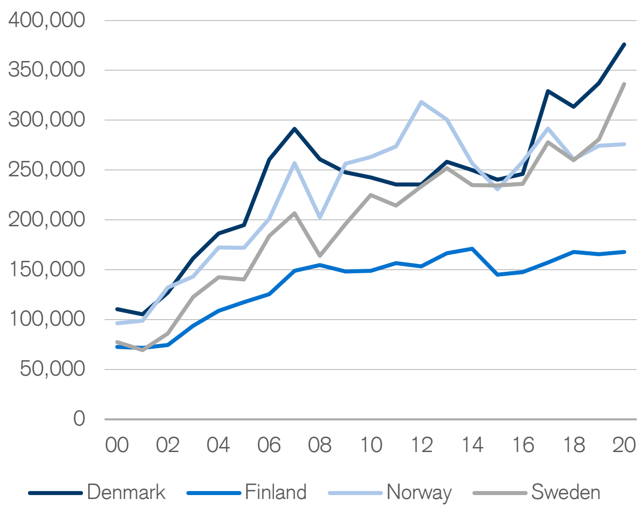


Figure 3: Composition of wealth per adult (USD)

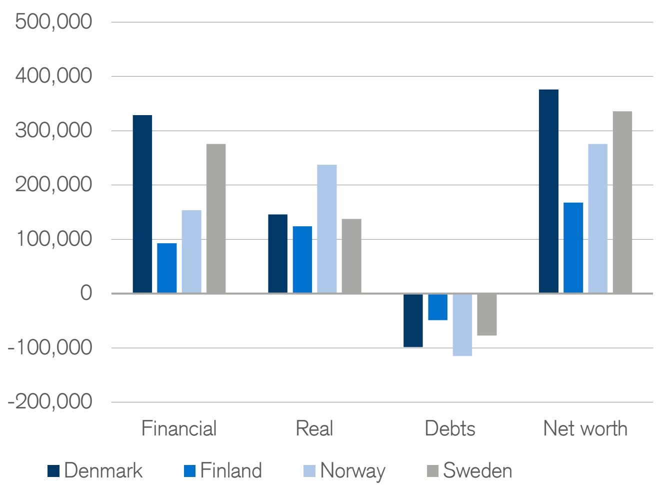
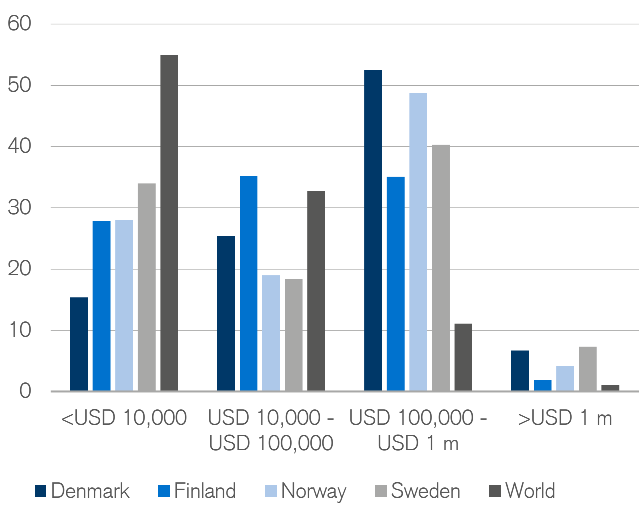


Figure 4: Wealth distribution relative to world (%)



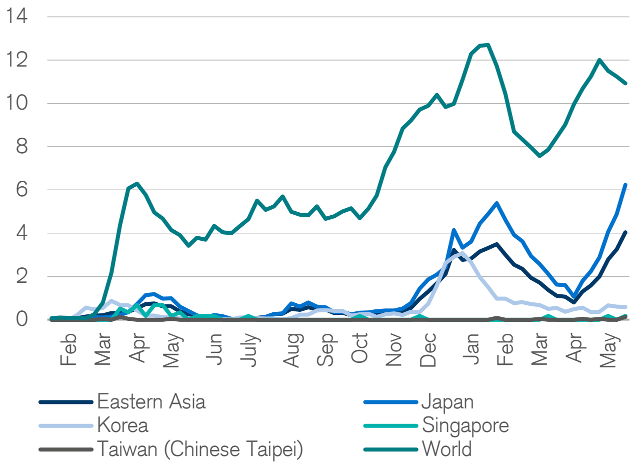
Source Figures 2–4: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Japan, Korea, Singapore and Taiwan (Chinese Taipei)

Like China and several other East Asian economies, Japan, Korea, Singapore and Taiwan (Chinese Taipei) experienced much less severe health impacts from COVID-19 than the world as a whole. Taiwan (Chinese Taipei) has been virtually COVID-free. Nevertheless, all three have suffered economic impacts as a result of public health restrictions or reduced international trade. These effects were strongest in Japan and Singapore, and weakest in Taiwan (Chinese Taipei).

Each of these economies saw a drop in real GDP in the first quarter of 2020 and all except Taiwan (Chinese Taipei) had a further decline in the second quarter. On average, the total fall over the first two quarters was 8.7%. The largest decline (14.8%) was in Singapore. Japan was hit second hardest, with a drop of 8.8%. All four of them had positive growth in the second half of 2020. Year-on-year, 2020 GDP was down in Japan, Korea and Singapore, by 3.7% on average, but increased in Taiwan (Chinese Taipei) by 3.1%. Japan, Korea and Singapore saw unemployment rates rise from an average of 2.9% in Q4 2019 to 3.7% in Q4 2020. But unemployment did not change in Taiwan (Chinese Taipei).

Figure 1: Weekly COVID-19 deaths per million
February 2020 – May 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Like the major European and North American economies, personal disposable income rose by 2.9% in Korea in 2020, but fell in Japan, Singapore and Taiwan (Chinese Taipei) by 3.5% on average. However, private consumption fell in all of the countries by 6.3% on average, so that personal saving rose somewhat. As elsewhere, public debt rose as a percentage of GDP from an average of 105.0% across the four countries in 2019 to 116.5% in 2020 and a forecast 117.4% in 2021.

At the end of 2020, wealth per adult was USD 211,369 in Korea, USD 238,862 in Taiwan (Chinese Taipei), USD 256,596 in Japan and USD 332,995 in Singapore. This century, household wealth per adult in US dollars grew at an average annual rate of 4.9% in these four countries. Korea and Singapore led with growth rates of 7.4% and 5.8%, respectively, with Taiwan (Chinese Taipei) close behind at 4.9% and Japan at only 1.5%. Overall, growth was skewed toward financial assets, which on a per-adult basis rose at an

Macroeconomic indicators

	Japan	Korea	Singapore	Taiwan (Chinese Taipei)	
Population	126	51	6	24	million
Adult population	105	42	5	20	million
GDP	46,812	37,340	69,049	32,371	USD per adult
Mean wealth	256,596	211,369	332,995	238,862	USD per adult
Median wealth	122,980	89,671	86,717	93,044	USD per adult
Total wealth	26.9	9	1.6	4.7	USD trillion
US dollar millionaires	3,662	1,051	270	609	thousand
Top 10% of global wealthholders	50,576	17,441	1,828	7,657	thousand
Top 1% of global wealthholders	3,327	966	250	563	thousand
Wealth inequality	64.4	67.6	78.3	70.8	Gini index

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021/EIU

average rate of 5.6% across the four countries, compared with 3.7% for non-financial assets. Debt per adult increased at 3.5% per year.

Wealth growth in these countries was most robust before the global financial crisis. Wealth per adult grew at an average rate of 6.4% from 2000 to 2007. Since 2010, wealth per adult has declined in Japan by 0.6% p.a., partly due to exchange rate depreciation, without which wealth per adult would have risen at an annual average rate of 1.8%. Over the same period, wealth per adult grew at 3.9% p.a. in Singapore, 5.1% in Taiwan (Chinese Taipei) and 5.5% in Korea. These post-2010 wealth growth rates averaged 3.5% across the four countries. Wealth growth has been less dominated by financial assets during the last decade relative to the pre-global financial crisis years, although they still grew at a faster annual rate (4.2%) than non-financial assets (2.5%). Growth of debt per adult has fallen to 2.8% per year.

Financial assets account for over half of personal wealth in Japan, Singapore and Taiwan (Chinese Taipei), ranging from 58.5% of gross assets in Singapore at the end of 2020 to 68.7% in Taiwan (Chinese Taipei). The situation is different in Korea, where non-financial assets contributed 62.1% of total household assets at the end of 2020. Over the years, the importance of financial assets has risen in each of the countries. On average, they made up 50.1% of gross assets in 2000, but 56.8% in 2020. Household debt, on the other hand, has fallen slightly compared with assets. The ratio of debt to assets was 14.8% in 2000, but fell to 14.2% in 2007 and declined further to 13.0% by 2020.

During 2020, net worth per adult rose in Japan, Korea, Singapore and Taiwan (Chinese Taipei) by 7.1% on average. This breaks down into a 9.8% gain in financial assets per adult, a 4.0% rise in non-financial assets, and a 4.5% increase in debt.

Like income inequality, wealth inequality is relatively low in Japan, Korea and Taiwan (Chinese Taipei), with 2020 wealth Gini coefficients of 64.4, 67.6, and 70.8 in these countries, respectively. The wealth shares of top groups are similarly low, with the share of the top 1% recorded at 18.2% for Japan, 23.6% for Korea and 27.7% for Taiwan (Chinese Taipei). This lower-than-average wealth inequality partly reflects the more equal distribution of income in these countries, which in turn reflects the outcomes of post-World War II land reforms, high and even education quality, and lower earnings differentials within firms than seen in the West. Relatively heavy inheritance taxes in Korea and Japan also play a role. Singapore is different. Its wealth Gini, at 78.3, is much higher than in the other three countries, as is the wealth share of the top 1%, which was 33.9% at the end of 2020. In a small country like Singapore, higher wealth inequality can result from an unrepresentative cluster of very high net-worth individuals.

Figure 2: Wealth per adult 2000–20 (USD)

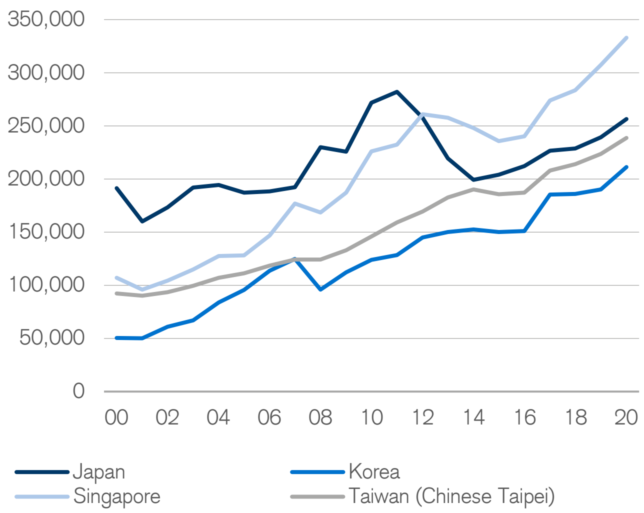


Figure 3: Composition of wealth per adult (USD)

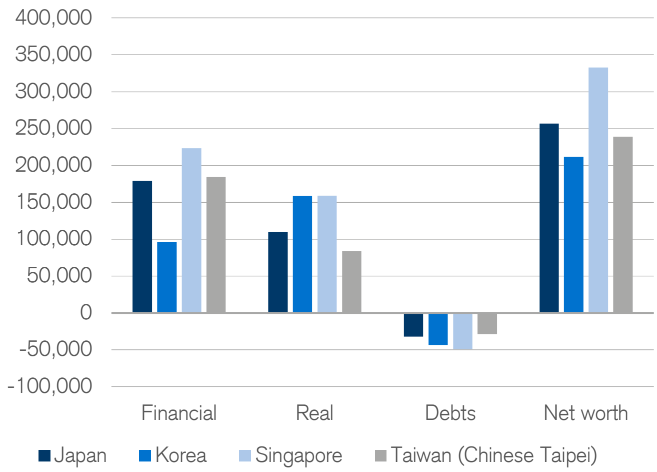
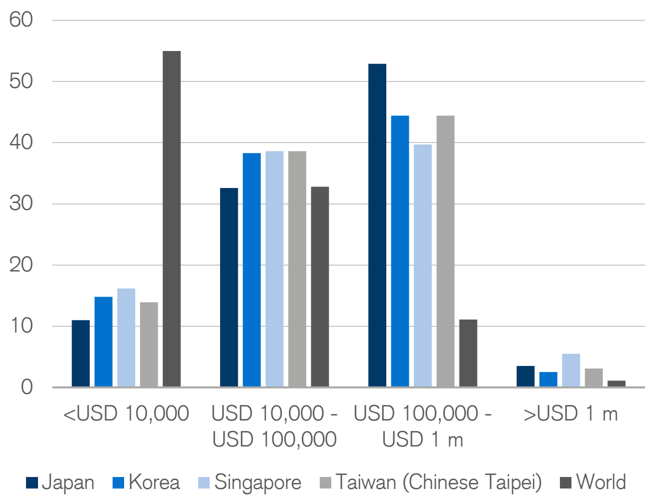


Figure 4: Wealth distribution relative to world (%)



Source Figures 2–4: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

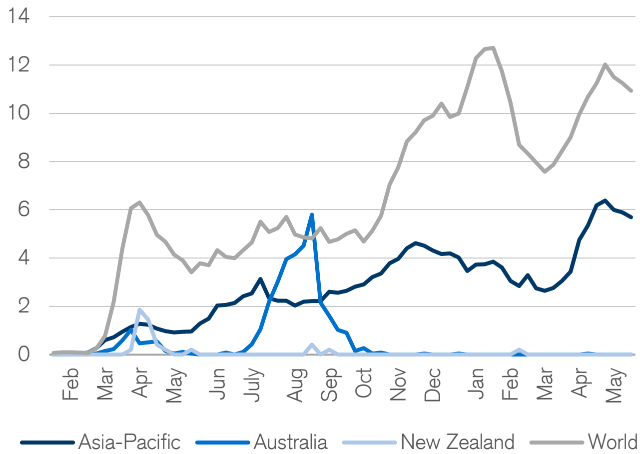
Australia and New Zealand

After suffering COVID-19 health impacts in the first wave in 2020, first New Zealand and then Australia took control of the pandemic and had few additional cases. New Zealand was virtually COVID-free after May 2020. Australia followed suit in October. Despite this, like many other countries in East Asia and the Pacific, both suffered economic impacts due to lockdowns and constraints on international trade. However, the economic impact was weaker than in the high-income countries of Europe and North America, where the pandemic repercussions were much more severe.

Australia's real GDP fell 7.3% in the first two quarters of 2020, while New Zealand's dropped by 10.3%. This compares with average declines of 11.6% in North America and 14.8% for France, Germany and the UK. GDP rebounded in the last two quarters of 2020, but finished the year as a whole down 0.3% in New Zealand and down 2.9% in Australia. The IMF expects GDP growth in 2021 of 4.5% in Australia and 4.0% in New Zealand, followed by rates edging downward to 2.4% in both countries by 2025. Unemployment in New Zealand rose from a pre-pandemic rate of 4.1% to a peak of 5.3% in Q3 2020. Australia saw a larger increase from 5.2% to 7.1%. The unemployment rate has now returned close to its pre-pandemic level in both countries.

Unlike most other high-income countries we review here, disposable income fell in Australia and New Zealand in 2020 by 3.9% and 3.5%, respectively, and is not expected to rebound completely in 2021. In addition, although private consumption fell more than disposable income in Australia

Figure 1: Weekly COVID-19 deaths per million
February 2020 – May 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

(5.9% versus 3.9%), the difference was small. Consumption in New Zealand declined by only 2.5%, less than disposable income, so that there was little change in personal saving. There was also a smaller rise in public debt than seen in other advanced economies. Australia's public debt rose from 47.5% of GDP in 2019 to 63.1% in 2020, and New Zealand's went up from 32.1% to 41.3%. For comparison, the average rise of 12.4 percentage points is roughly two-thirds of the average rise of 19.3 percentage points among G7 countries.

Macroeconomic indicators

	Asia-Pacific	Australia	New Zealand	
Population	1,874	26	5	million
Adult population	1,238	19	4	million
GDP	13,429	69,318	54,173	USD per adult
Mean wealth	60,790	483,755	348,198	USD per adult
Median wealth	4,793	238,072	171,624	USD per adult
Total wealth	75.3	9.3	1.3	USD trillion
US dollar millionaires	9,656	1,805	225	thousand
Top 10% of global wealthholders	114,288	12,453	1,971	thousand
Top 1% of global wealthholders	8,862	1,654	214	thousand
Wealth inequality	88.4	65.6	69.9	Gini index

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021/EIU

During 2020, stock markets fell and then rose again in both Australia and New Zealand. However, the fluctuation was greater in Australia, where share prices declined in Q1 2020 by 24.7% versus 17.7% in New Zealand. By the end of 2020, Australian share prices were down 0.7% compared to a year earlier, but up by 13.1% in New Zealand.

Wealth per adult at the end of 2020 was USD 483,755 in Australia, 38.9% above New Zealand's USD 348,198. This difference was similar to the 37.3% gap recorded in 2000. Unsurprisingly, the average annual growth rates for wealth per adult were also similar: 7.8% in Australia and 7.7% in New Zealand.

The overall composition of assets or wealth has changed little in Australia since 2000. Financial assets comprised 39.5% of gross assets in 2000 versus 42.1% at the end of 2020. The importance of debt has risen only slightly from 16.5% in 2000 to 17.5% in 2020. Change is more evident in New Zealand, where financial assets made up 65.5% of gross assets in 2000, implying a low share of non-financial assets, partly due to low house prices. Between 2000 and 2020, the share of financial assets in gross assets fell to 54.1% – a ratio more typical for high-income countries. But debts have scarcely changed. Debt now accounts for 11.4% of gross assets in New Zealand, little different from the 11.0% of gross assets recorded in 2000.

Wealth inequality trends differ in Australia and New Zealand. Both countries saw a slight decline in inequality from 2000 to 2007, but the paths have diverged since the global financial crisis. In 2007, the wealth Gini was 63.4 in Australia and the share of the top 1% of adults by wealth was just 19.7%. Both of those figures are low in terms of global comparisons. By 2020, the wealth Gini was up to 65.6 and the share of the top 1% was 20.5%. This rise in inequality is in line with the moderate increase in financial assets relative to non-financial assets since the former are less equally distributed. Having started with higher wealth inequality than Australia in 2000, New Zealand tracked Australia's small decline from 2000 to 2007. However, wealth inequality continued to fall in New Zealand after 2008. By 2020, its wealth Gini had fallen from the 72.0 level recorded in 2000 to 69.9, and the share of the top 1% had dropped from 25.4% to 20.3%. The contrast with Australia is explicable in terms of the large drop in the relative importance of financial assets in New Zealand over this period.

Figure 2: Wealth per adult 2000–20 (USD)

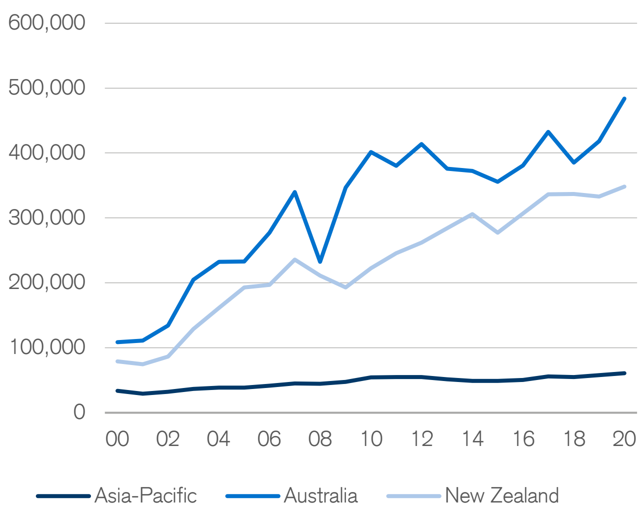


Figure 3: Composition of wealth per adult (USD)

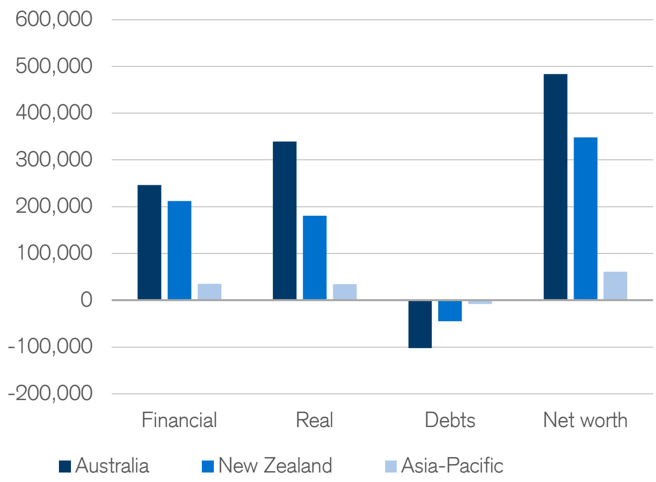
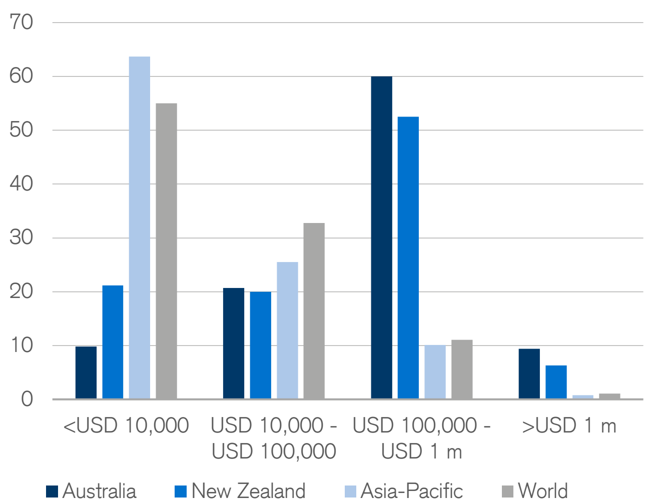


Figure 4: Wealth distribution relative to world (%)



Source Figures 2–4: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

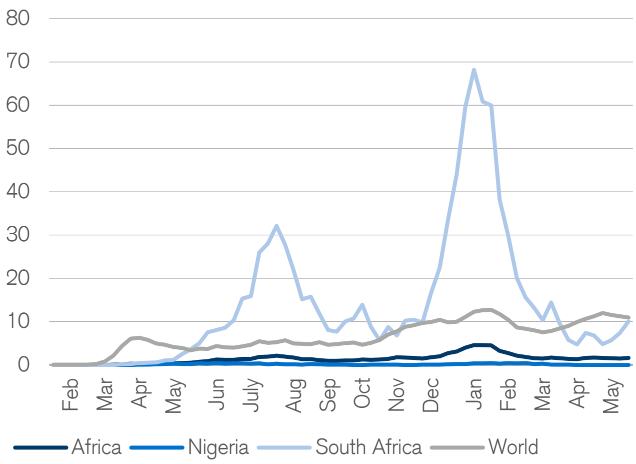
Nigeria and South Africa

Nigeria and South Africa – the two largest economies in sub-Saharan Africa – have had very different experiences during the pandemic. This stems from the fact that South Africa experienced one of worst health impacts in 2020 and early 2021, while Nigeria had much lower-than-average reported COVID-19 cases. Both countries have suffered significant economic impacts, but these have been more severe in South Africa.

In the first half of 2020, real GDP fell by 7.5% in Nigeria, while South Africa, battered by the pandemic, saw a drop of 17.0%. GDP rose in both countries in the second half of 2020. For 2020 as a whole, real GDP was down 1.9% in Nigeria compared with 2019, and down 7.0% in South Africa. The IMF expects GDP growth of 1.1% in Nigeria and 2.0% in South Africa for 2021. The unemployment rate in South Africa rose from 28.7% in 2019 to 29.2% in 2020, but is expected to jump much higher to 34.8% in 2021, reflecting the greater severity of the COVID-19 second wave and the associated economic disruption. Comparable unemployment data are not available for Nigeria.

Real private consumption declined by 0.3% in Nigeria in 2020, but this does not appear to be because of the pandemic: it fell 1.0% in 2019 and is forecast by the IMF to drop 0.8% in 2021. In contrast, real private consumption fell by 5.4% in 2020 in South Africa, but a 1.2% rise is predicted for 2021. Again, one sees the greater impact of the pandemic at work in South Africa. The decline in consumption in South Africa mirrors the drop in national income, so that the increase in personal saving in 2020 seen in many OECD countries does not appear to have occurred in South Africa. As elsewhere, public debt rose as a percentage of GDP in both Nigeria and South Africa in 2020, and is forecast to do so again in 2021. The increase from 2019 to 2020 was 5.9 percentage points in Nigeria and 10.6 percentage points in South Africa. Both of those increases are relatively small compared to the average 19.3 percentage-point increase recorded for the G7 countries.

Figure 1: Weekly COVID-19 deaths per million
February 2020 – May 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Macroeconomic indicators

	Africa	Nigeria	South Africa	
Population	1,357	209	60	million
Adult population	671	96	38	million
GDP	3,547	4,970	7,519	USD per adult
Mean wealth	7,371	6,451	20,308	USD per adult
Median wealth	1,068	1,474	4,523	USD per adult
Total wealth	4.9	0.6	0.8	USD trillion
US dollar millionaires	276	32	58	thousand
Top 10% of global wealthholders	4,628	509	1,103	thousand
Top 1% of global wealthholders	255	30	54	thousand
Wealth inequality	87.1	85.8	88.0	Gini index

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021/EIU

In both Nigeria and South Africa, share prices fell in the first half of 2020 and rose in the second half. At the end of 2020, share prices were down –0.9% year-on-year in South Africa, but up 18.0% in Nigeria.

Wealth per adult amounted to USD 20,308 in South Africa at the end of 2020, which was much higher than the Nigerian figure of USD 6,451. South Africa is the outlier here: the average for Africa as a whole is USD 7,371. But there has been some convergence over the last two decades. In 2007, for example, the corresponding levels were USD 1,953 in Nigeria and USD 25,185 in South Africa, i.e. wealth per adult in South Africa was 13 times that in Nigeria in 2007, compared to a multiple of about three times in 2020.

The current composition of assets in South Africa is similar to 2000. Financial assets were 68.1% of total assets in 2000 and 64.4% in 2020. But the share of financial assets fell prior to the global financial crisis, registering 59.8% in 2008, and then rebounded, reflecting the rise in share prices. In Nigeria, the share of financial assets has risen throughout the period: it was 46.9% in 2000, 57.7% in 2008 and 70.3% in 2020. Both countries saw an increase in debt from 2000 to 2008 and a subsequent fall. The debt-to-asset ratio in 2020 in South Africa was 16.2% versus 15.7% in 2000; in Nigeria the ratio fell from 6.1% to 4.5%.

Over the course of 2020, net worth per adult decreased by 5.7% in South Africa, mostly attributable to exchange-rate depreciation of 4.7%. Financial assets fell from 65.5% of all assets to 64.4%, while debt also dropped from 16.9% to 16.2% of gross assets. In Nigeria, wealth per adult fell 7.0%, again reflecting exchange-rate depreciation of 24.1%. As in South Africa, financial assets dropped slightly as a percentage of gross assets, from 70.6% to 70.3%. Debt also fell slightly from 5.1% to 4.5% of gross assets.

Wealth inequality has trended upward in Nigeria this century. It has also risen in South Africa since 2007, although it was relatively constant before that. At the end of 2020, the Gini coefficient for wealth was 85.8 in Nigeria and 88.0 in South Africa, up from 72.0 and 80.5 in 2000, respectively. The share of the top 1% shows a similar story in Nigeria, increasing from 28.3% to 44.2% over these years. However, the share of the top 1% in South Africa changed little, only increasing from 39.3% to 40.8%. The sharper rise in the Gini coefficient in South Africa is explained by rising wealth inequality lower down in the distribution: the share of the bottom 90%, for example, fell from 29.7% to 20.1%. The trend toward greater wealth inequality is not representative for the Africa region as a whole, which saw a fall in the Gini coefficient from 88.6 in 2000 to 87.1 in 2020, and a drop in the share of the top 1% from 46.6% to 43.4%.

Figure 2: Wealth per adult 2000–20 (USD)

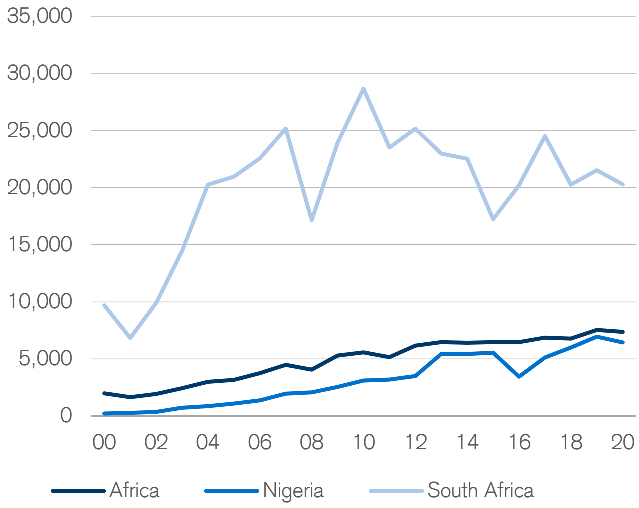


Figure 3: Composition of wealth per adult (USD)

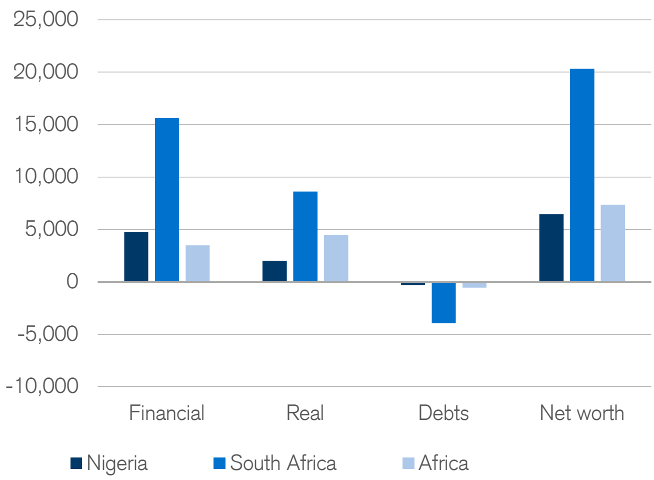
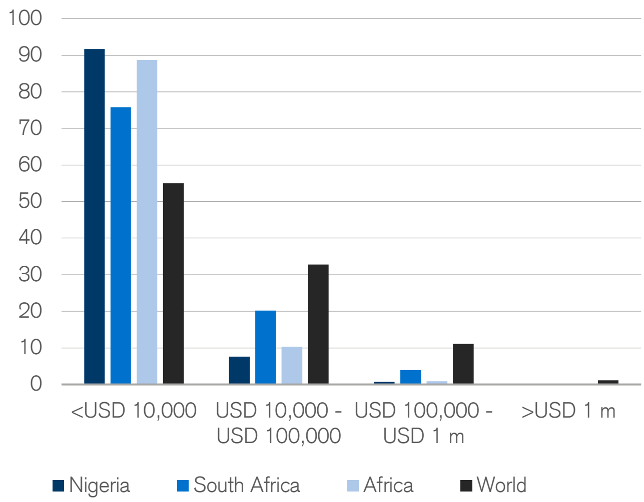


Figure 4: Wealth distribution relative to world (%)



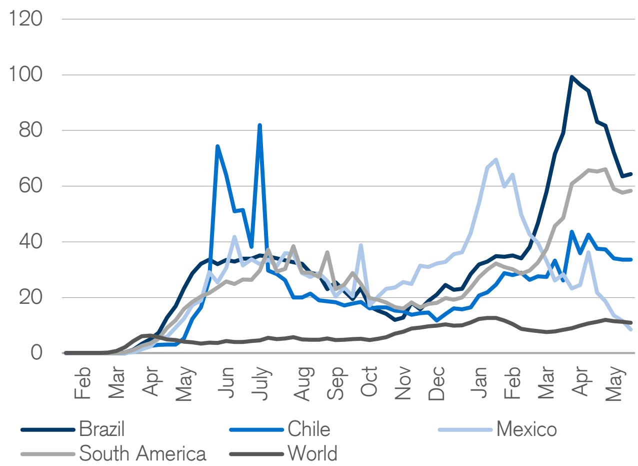
Source Figures 2–4: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Brazil, Chile and Mexico

Latin America is the world region hit hardest by COVID-19 health impacts. Brazil and Mexico have its largest economies and are the most populous countries in the region. Chile has a smaller economy, but has been one of the most dynamic in Latin America in recent decades. All three countries suffered badly during the first wave of the pandemic in the spring and summer of 2020, with infection rates above the average for Latin America and much above the world average. During the second and third waves that began in late 2020, Brazil and Mexico stood out even more, compared with both their region and the rest of the world. Chile, on the other hand, has been less severely affected than Latin America as a whole from the summer of 2020 onward. Economic impacts have been severe in all three countries.

In the first half of 2020, real GDP fell by 11.0% in both Brazil and Chile, while Mexico, similarly affected in health terms, saw a larger drop of 18.1%. GDP rose in all three countries in the last half of 2020, but by varying amounts. For 2020 as a whole, real GDP was down 4.1% in Brazil, 5.8% in Chile and 8.2% in Mexico. The IMF expects Chile to grow most in 2021 by 6.2%, followed by Mexico at 5.0% and Brazil at 3.7%. Unemployment rose significantly in each country from an average rate of 7.5% at the end of 2019 to 10.7% in 2021 Q3, after which it edged down to 10.0% in Q4 2020.

Figure 1: Weekly COVID-19 deaths per million
February 2020 – May 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

Personal disposable income dropped by an average of 1.6% in the three countries during 2020. Private consumption fell 2.4%, implying that any rise in personal saving was modest, unlike the experience in many advanced economies. Public debt has risen in Latin America as elsewhere. On average, across the three countries, public debt rose from 56.4% of GDP in 2019 to 64.0% in 2020. Further small increases are expected

Macroeconomic indicators

	Brazil	Chile	Mexico	
Population	213	19	130	million
Adult population	153	14	85	million
GDP	8,938	17,215	12,203	USD per adult
Mean wealth	18,272	53,591	42,689	USD per adult
Median wealth	3,469	17,747	13,752	USD per adult
Total wealth	2.8	0.8	3.6	USD trillion
US dollar millionaires	207	64	264	thousand
Top 10% of global wealthholders	3,206	985	5,417	thousand
Top 1% of global wealthholders	193	60	243	thousand
Wealth inequality	89.0	79.7	80.5	Gini index

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021/EIU

in 2021. Brazil went into the pandemic with the largest public debt – 87.7% of GDP in 2019 – and saw the largest increase in 2020 to 98.9% – a rise of 11.2 percentage points. In contrast, the ratio rose by 7.3 percentage points in Mexico and by just 4.3 percentage points in Chile. Part of the explanation is that, despite having a skeptical president, Brazil provided sizeable relief payments to low-income people, pushing its pandemic-related spending to 7% of GDP.

In all three countries, share prices fell in the first half of 2020 and rose in the second half. At the end of 2020, year-on-year share prices were up 1.3% in Brazil and 3.1% in Mexico, but down 14.9% in Chile. In the first four months of 2021, they rose 1.7% in Brazil, 9.7% in Chile and 10.0% in Mexico.

At the end of 2020, wealth per adult was USD 18,272 in Brazil, USD 42,689 in Mexico and USD 53,591 in Chile. The corresponding figure for Latin America as a whole is USD 33,475. Since 2000, wealth per adult has risen at an average annual rate of 4.6% in Chile, 5.1% in Mexico and 5.8% in Brazil. These figures are broadly in line with the average growth rate of 5.1% recorded for the Latin American region.

Financial assets have become relatively more important in Brazil and Chile since 2000, but less important in Mexico. As a share of gross assets, they have risen from 41.4% to 50.2% in Brazil, and from 47.4% to 54.4% in Chile. The decline in Mexico was from 43.7% to 36.9%. These trends imply, of course, that non-financial assets, principally houses, have fallen in relative importance in Brazil and Chile, but have risen in Mexico. The ratio of household debt to gross assets has declined in Brazil and Mexico – from 24.6% in 2000 to 16.6% in 2020 in Brazil, and from 3.2% to 2.5% in Mexico. The opposite has happened in Chile, where debt rose as a share of gross assets from 8.0% in 2000 to 13.9% in 2020.

Wealth inequality is high in Latin America, especially in Brazil, which has one of the highest levels of wealth inequality in the world. Its wealth Gini coefficient in 2020 was 89.0, up from 84.7 in 2000. The wealth share of the top 1% is now 49.6% versus 44.2% in 2000. This century, overall wealth inequality has changed little in Chile or Mexico, where Gini values in both 2000 and 2020 round off to 80 in Chile and 81 in Mexico. However, the share of the top 1% has fallen in both countries since 2000 – from 40.1% to 33.6% in Chile and from 42.8% to 31.0% in Mexico. In these two countries, wealth inequality has risen among the bottom 90% of the population, offsetting a decline in inequality at the top.

Figure 2: Wealth per adult 2000–20 (USD)

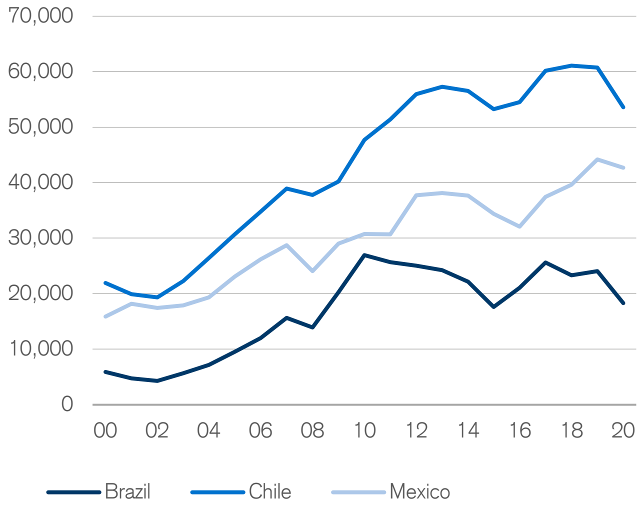


Figure 3: Composition of wealth per adult (USD)

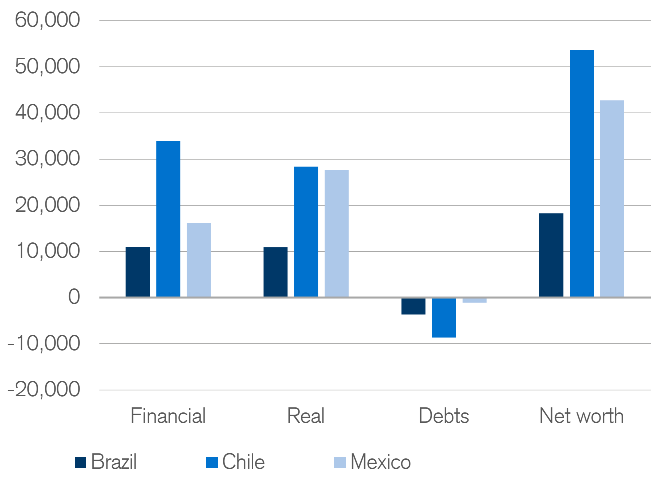
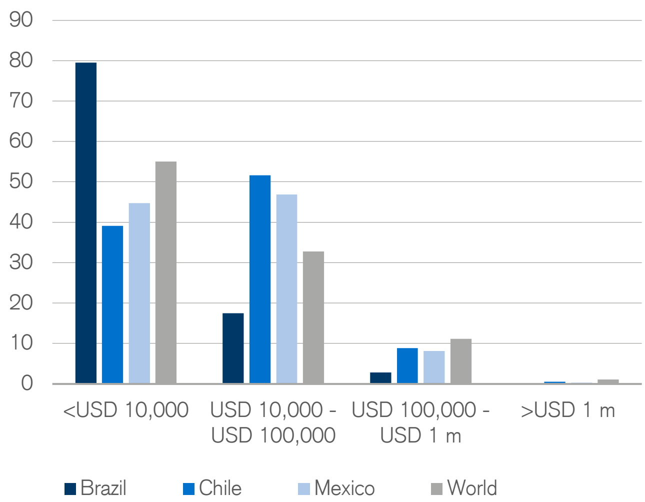


Figure 4: Wealth distribution relative to world (%)



Source Figures 2–4: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

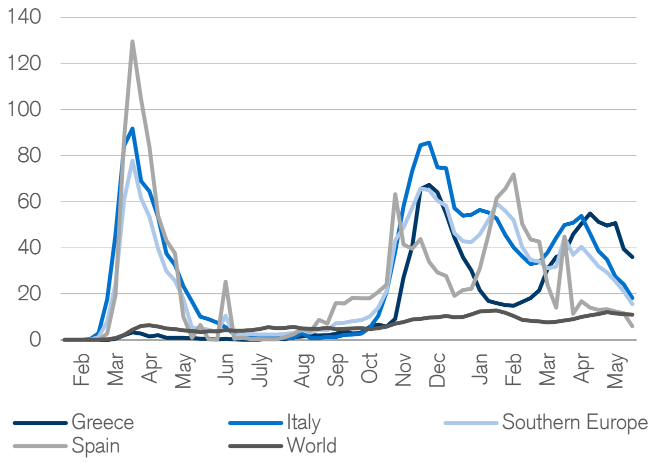
Greece, Italy and Spain

Southern European countries have been among those hardest hit by the pandemic. Italy was the first country after China to suffer a critically serious outbreak of COVID-19, beginning in March 2020. Spain was also severely affected shortly afterward. Greece initially had relatively few cases of the disease but all three countries have had very trying periods since late 2020. They have also all experienced major economic impacts, including those due to reduced tourist flows from northern Europe.

Real GDP declined in Greece, Italy and Spain in 2020 by an average of 9.4% and within a relatively narrow range: Greece saw a drop of 8.3%, Italy 8.9% and Spain 11.0%. As elsewhere in Europe, the effects on unemployment were relatively small, with the average unemployment rate rising from 13.4% at the end of 2019 to 14.1% in Q3 2020. Unemployment grew most in Spain, where the rate rose from 13.8% to 16.6% in 2020 before easing back slightly in Q4 2020. Among these countries, the IMF expects real GDP growth to average 4.8% in 2021 and 4.4% in 2022, before falling to 1.2% in 2025. For 2021–22, the average annual GDP growth rate is forecast to be 3.9% in Italy, 4.4% in Greece and 5.5% in Spain.

In Italy, gross household saving averaged 17.6% of GDP during the first three quarters of 2020, compared to 10.3% at the end of 2019. In Spain, the rise was from 6.3% to 16.6% (fully comparable data are not available for Greece).

Figure 1: Weekly COVID-19 deaths per million
February 2020 – May 2021



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

These increases reflect the fact that, while personal disposable income fell by 2.2.% on average in 2020 across the three countries, private consumption fell even more, by 8.9%. However, consumption is expected to rise 6.8% in 2021, outstripping growth in disposable income by 2.8%. Hence the 2020 rise in personal saving may well be short-lived.

Macroeconomic indicators

	Greece	Italy	Spain	
Population	10	60	47	million
Adult population	8	50	38	million
GDP	22,473	37,192	32,985	USD per adult
Mean wealth	104,603	239,244	227,122	USD per adult
Median wealth	57,595	118,885	105,831	USD per adult
Total wealth	0.9	11.9	8.6	USD trillion
US dollar millionaires	72	1,480	1,147	thousand
Top 10% of global wealthholders	1,786	23,460	16,402	thousand
Top 1% of global wealthholders	66	1,358	1,055	thousand
Wealth inequality	65.7	66.5	69.2	Gini index

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021/EIU

The rise in public debt, on the other hand, is likely to persist. The ratio of public debt to GDP rose in Greece, Italy and Spain from an average of 138.3% in 2019 to 161.9% in 2020 – a larger increase than seen, for example, in France, Germany or the UK. The biggest rise was in Greece from 184.9% to 213.1%. The IMF expects a small decline in the debt ratio over 2021–25 in all three countries.

Share prices fell in the first half of 2020 by 17.8% in Italy, 21.9% in Spain and 27.8% in Greece. They partially rebounded in the second half of 2020, but, at the end of 2020, they were still down year-on-year by 7.1% in Italy, 11.4% in Spain and 13.4% in Greece. The rebound continued in the first five months of 2021, with the main stock market indexes of Spain and Italy both recording increases of 13.3% at the end of May and Greece having a 10.6% rise.

At the end of 2020, wealth per adult stood at USD 104,603 in Greece, USD 239,244 in Italy and USD 227,122 in Spain. From 2000 to 2020, wealth per adult rose at an average annual rate of 2.0% in Greece, 3.5% in Italy and 5.6% in Spain, thus increasing the wealth gaps among the three countries.

The period 2000–20 saw the composition of assets in Greece, Italy and Spain shift to some extent from financial assets to non-financial assets. Financial assets averaged 37.7% of gross assets in 2000, but 35.4% in 2020. The ratio of debt to gross assets rose in Greece and Italy from an average of 5.3% in 2000 to 10.6% in 2019, but fell in Spain from 11.3% to 9.8%. These debt ratios are low to moderate by international standards.

Although wealth inequality is relatively low in these three southern European countries, the wealth Gini coefficient has risen in Italy from 60.1 in 2000 to 66.5 in 2020, and in Spain from 65.6 to 69.2. In contrast, the wealth share of the top 1% has changed little in these two countries: the wealth share of the top 1% was 22.1% in Italy in 2000 versus 22.2% in 2020, and 24.2% in Spain in 2000 versus 23.0% in 2020. The conjunction of a rising Gini value and a constant share for the top 1% indicates that the rise in overall inequality occurred lower down in the distribution. The trend in Greece was different. The Gini value fell from 69.6 in 2000 to 65.7 in 2020, and the share of the top 1% also declined from 25.3% to 20.4%. Falling wealth inequality in Greece reflects the long-drawn-out crisis of the Greek economy in the aftermath of the global financial crisis. This reduced the value of shares and businesses of most kinds, inflicting large capital losses on higher net worth individuals.

Figure 2: Wealth per adult 2000–20 (USD)

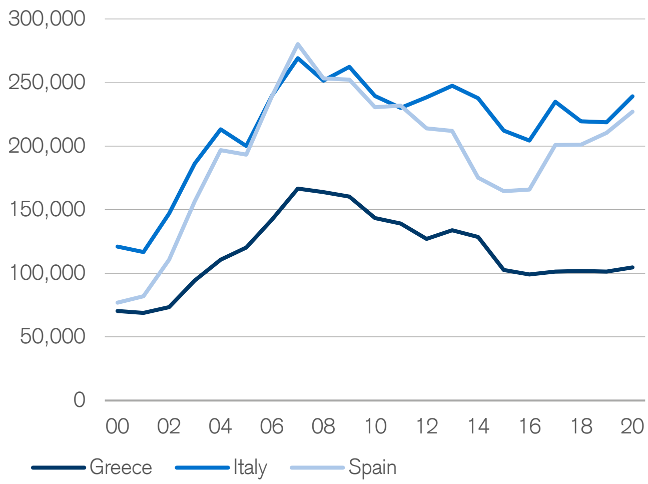


Figure 3: Composition of wealth per adult (USD)

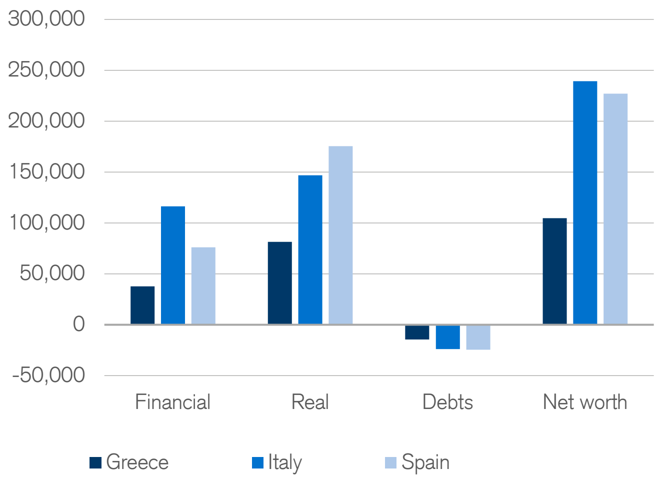
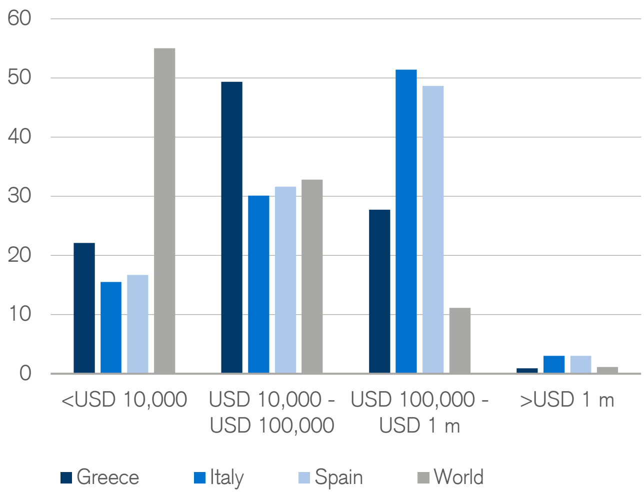


Figure 4: Wealth distribution relative to world (%)



Source Figures 2–4: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2021

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Professor Anthony Shorrocks is an Honorary Professorial Research Fellow at the University of Manchester, a Senior Research Fellow at the World Institute for Development Economics Research UNU-WIDER) in Helsinki, and Director of Global Economic Perspectives Ltd. After receiving his PhD from the London School of Economics (LSE), he taught at the LSE until 1983, when he became Professor of Economics at Essex University, serving also as Head of Department and Director of Economic Research for the British Household Panel Study. From 2001 to 2009, he was Director of UNU-WIDER in Helsinki. He has published widely on income and wealth distribution, inequality, poverty and mobility, and was elected a Fellow of the Econometric Society in 1996. Publications include "The age-wealth relationship: A cross section and cohort analysis" (Review of Economics and Statistics 1975), "The portfolio composition of asset holdings in the United Kingdom" (Economic Journal 1982), and, with Jim Davies and others, "Assessing the quantitative importance of inheritance in the distribution of wealth" (Oxford Economic Papers 1978), "The distribution of wealth" (Handbook of Income Distribution 2000), "The world distribution of household wealth" in Personal Wealth from a Global Perspective (Oxford University Press 2008), "The global pattern of household wealth" (Journal of International Development 2009), "The Level and Distribution of Global Household Wealth" (Economic Journal 2011), "Estimating the Level and Distribution of Global Wealth, 2000–2014" (Review of Income and Wealth, 2017), and "Comparing Global Inequality of Income and Wealth", chapter 3 of Inequality in the Developing World (Oxford University Press, 2021).

Professor James Davies has been a member of the Department of Economics at the University of Western Ontario in Canada since 1977 and served as chair of that department from 1992 to 2001. He received his PhD from the London School of Economics in 1979. Jim was the director of the Economic Policy Research Institute at UWO from 2001 to 2012. In 2010, he completed a five-year term as managing editor of the academic journal Canadian Public Policy. He has authored two books and over 70 articles and chapters in books on topics ranging from tax policy to household saving and the distribution of wealth. Publications include a number of articles and chapters on the distribution of wealth authored jointly with Anthony Shorrocks and others, including "Estimating the Level and Distribution of Global Wealth, 2000–2014" (co-authored with Anthony Shorrocks and Rodrigo Lluberas, Review of Income and Wealth, 2017). Jim has also written a series of articles on wealth in Canada, including "Long Run Canadian Wealth Inequality in International Context" (co-authored with Professor Livio Di Matteo, Review of Income and Wealth, 2021). In addition, he was the editor of the volume, "Personal Wealth from a Global Perspective" (Oxford University Press 2008) and of "The Economics of the Distribution of Wealth," (Edward Elgar Publishers, 2013). Recently he wrote "Economic inequality and COVID-19 death rates in the first wave: A cross-country analysis" (Covid Economics, March 2021).

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