Figure 1.7. Balance-Sheet Leverage Metrics by Sector and Region

Sources: Bank of Japan; Bloomberg Finance L.P.; China Insurance Regulatory Commission; European Central Bank; Haver Analytics; IMF, Financial Soundness Indicators; S&P Capital Market Intelligence; University of Singapore Risk Institute; and IMF staff calculations.

Note: Red shading indicates a value in the top 20 percent of pooled samples of advanced or emerging market economies for nonfinancial corporations, households, and the external sector, and of all countries for the remaining sectors shown in the figure from 2000 through 2018 (or longest sample available). Dark green shading indicates values in the bottom 20 percent. Other systemically important advanced economies include Australia, Canada, Denmark, Hong Kong SAR, Japan, Korea, Norway, Singapore, Sweden, Switzerland, and the United Kingdom. Other systemically important emerging economies include Brazil, India, Mexico, Poland, Russia, and Turkey. Leverage is measured as the ratio of net debt to earnings before interest, taxes, depreciation, and amortization (EBITDA), EBITDA to assets, interest coverage ratios, and corporate debt to GDP in the corporate sector; household debt-to-GDP and debt-service ratios (nonfinancial sector for emerging market economies) in the households sector; gross public debt to GDP in the sovereign sector; equity to assets and Tier 1 capital ratio in the banking sector; external debt to GDP in the external sector; assets to equity, credit to assets, portfolio fraction of bonds rated BBB or lower, and default probabilities within the next three years in the insurance sector; and assets to equity, credit to assets, incurred debt to assets, and loans to assets for asset management and other nonbank financial sectors. The category "other" includes broker-dealers, securitization companies, finance companies, funding companies, and holding companies depending on data availability (not all sectors are available for all countries). Indicators are aggregated within regions using GDP-weighted averages and within sectors using equal-weighted averages. Within sectors, indicators for existing subsectors are aggregated using assets to GDP as weights.