

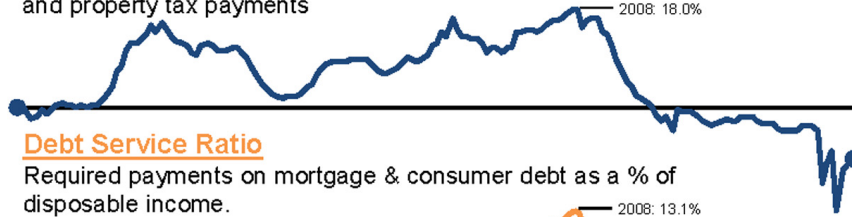
For Your Information...

Leverage Comes Full Circle

Since the height of the housing bubble, households have been in a consistent deleveraging trend.

Financial Obligations Ratio

Debt Service Ratio plus auto lease, rental, homeowners' insurance, and property tax payments

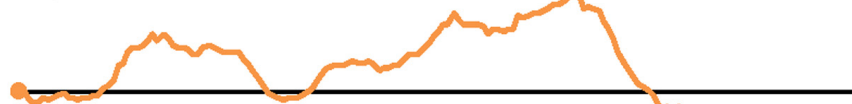


2021: 14.0%

1980: 15.4%

Debt Service Ratio

Required payments on mortgage & consumer debt as a % of disposable income.

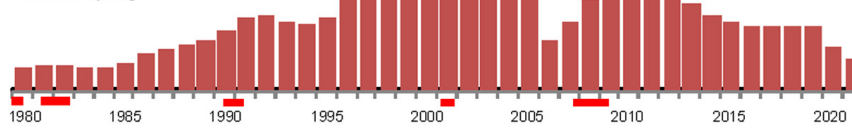


2021: 9.3%

1980: 10.6%

Bankruptcy Filings

Annual filings for non-business bankruptcy.



2021: 399,269

1980: 287,564

Sources: U.S. Federal Reserve, Administrative Office of the U.S. Courts

Timescale: Calendar Years 1980 – 2021
Red tick marks indicate recession periods.



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Household debt had been on the rise from the 1980's through the credit crisis of 2008 with non-business bankruptcy filings following suit. Bankruptcy filings spiked in 2005 due to the belief that The Bankruptcy Abuse Protection and Consumer Protection Act of 2005 would make filing for Chapter 7 bankruptcy more difficult.

Since 2008, many corporations and portfolios have been deleveraging. While US households have had leverage ratios lower than those seen in the 1980's for some time, bankruptcy filings remain higher.

Go to www.bellwetherconsulting.net for the December 31, 2006 and March 31, 2013 editions of Market Recap to find more discussion on the increase in leverage and its ramifications.

Bellwether Consulting is an independent investment advisor serving the needs of retirement plan sponsors and other institutional investors.

For more information, please have a look at our website at www.bellwetherconsulting.net, or call us at (646) 205-9346.