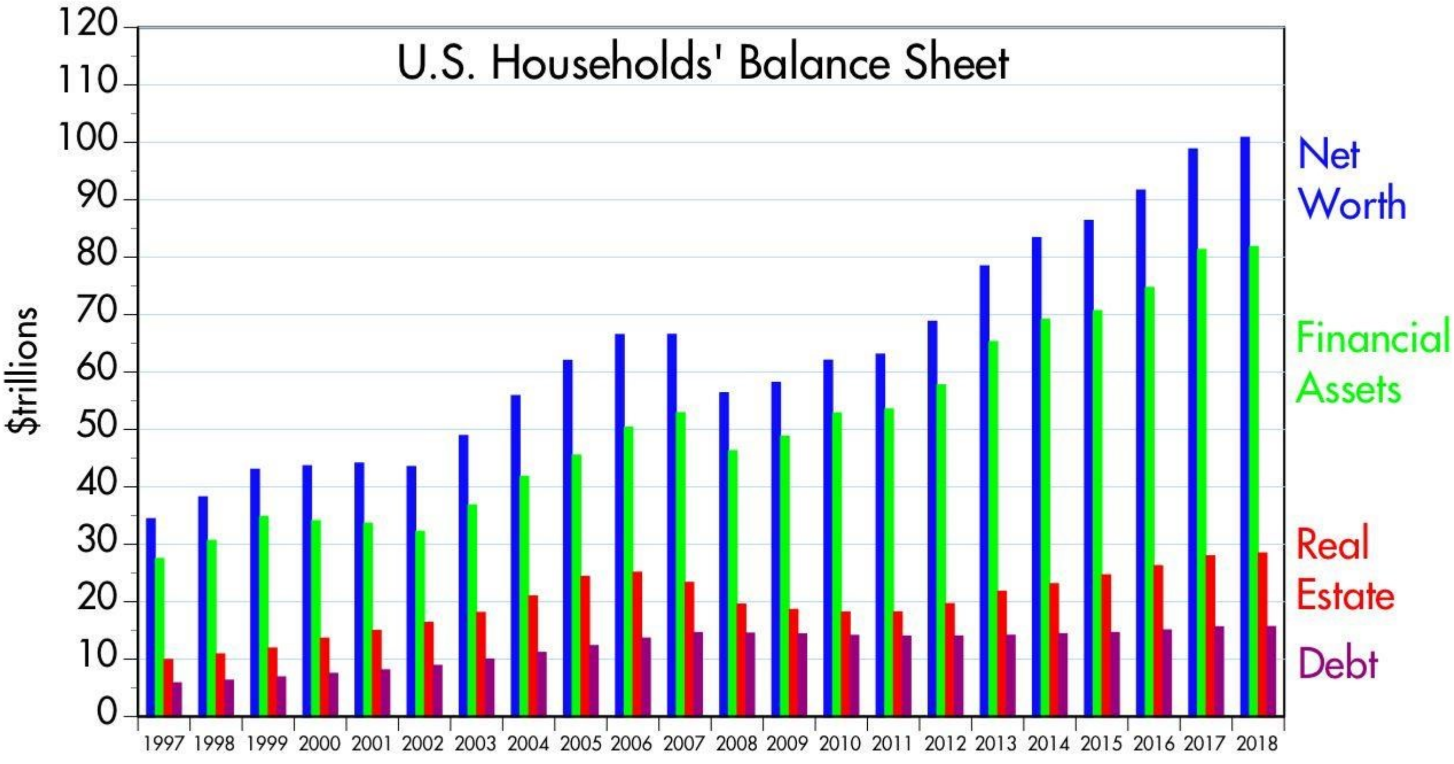
Chart of the Month

June 2018



Source: Federal Reserve, scottgrannis.blogspot.com

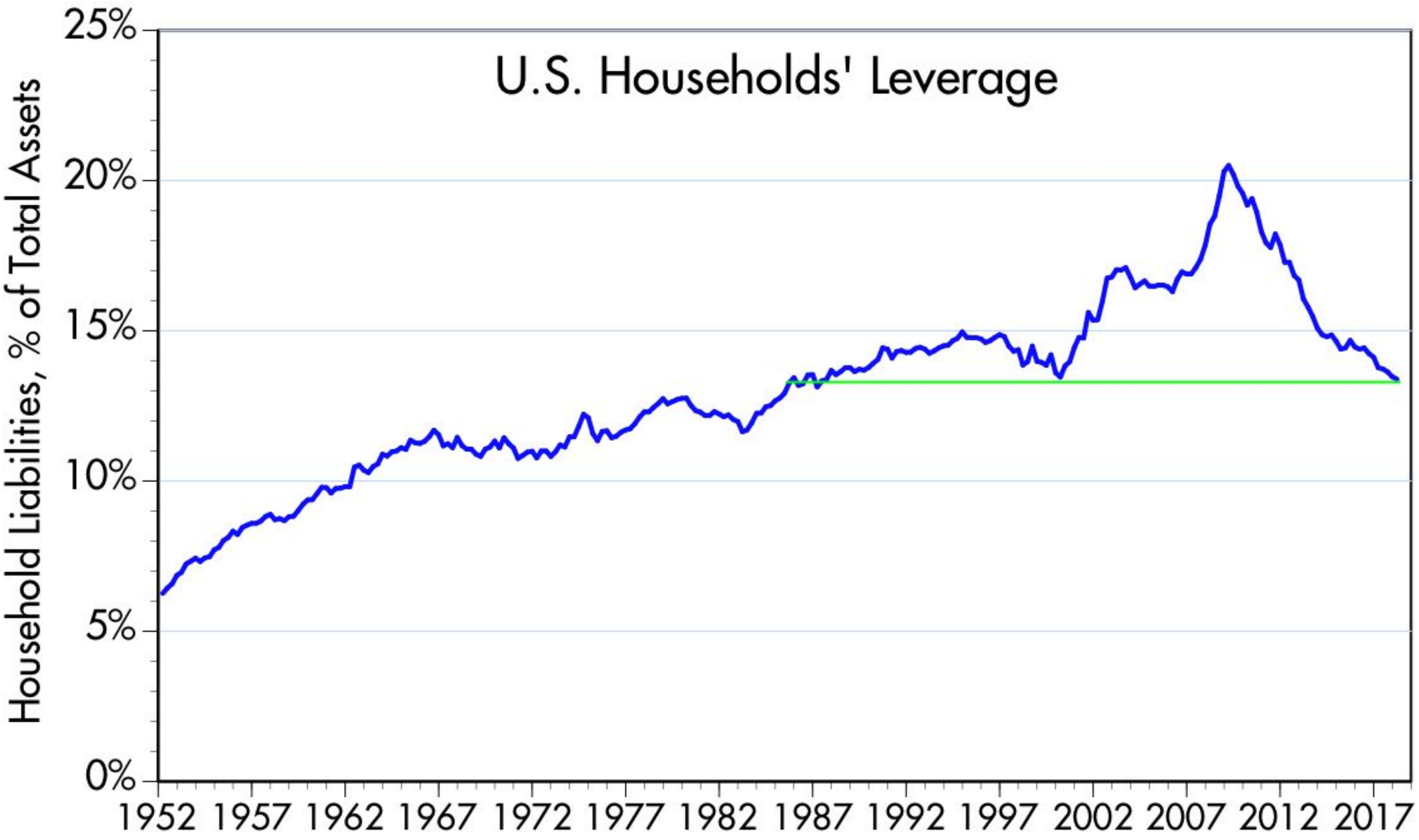
Boosted by rising stock prices and home values, the net worth of U.S. households topped $100 trillion for the first time ever as of the end of March according to data released by the Federal Reserve earlier this month.

The value of financial assets and real estate have rebounded from their lows while the level of debt has remained relatively steady over the past ten years. As a result, households' leverage (liabilities as a percent of total assets) has fallen from a peak of more than 20% to a 30-year low at 13%.

The bottom line is that household balance sheets have never been stronger. The combination of saving, investing, and deleveraging has produced all-time highs in nominal, real, and per capita wealth. The average person in the U.S. today is worth $308,000, a figure that has been increasing by about 2.2% per year, adjusted for inflation, since the middle of the last century.

While the number of billionaires may skew the average net worth above the median, there is no question that living standards for the vast majority are higher than at any point in history.

Unfortunately, the federal government's balance sheet (with $21 trillion in debt and growing) is not nearly as strong as the typical household, especially when accounting for the unfunded liabilities. The overall picture is mixed with strong and improving household finances offset by a steady increase in public debt.



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