



# Using financial accounts to gauge the strength of the economy

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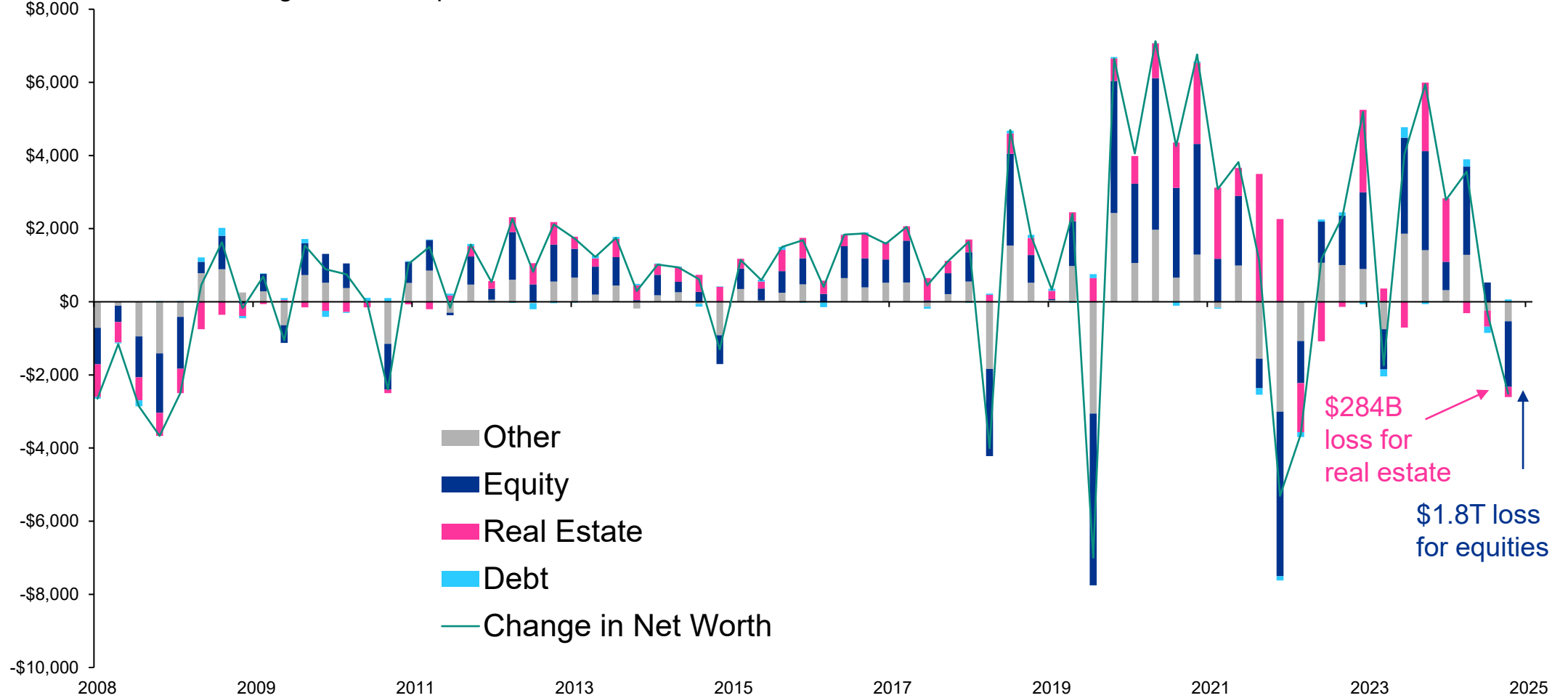
# Households

A person is walking a tightrope over a dense forest. The person is wearing a light-colored shirt, shorts, and a hat, and is holding a long pole for balance. The background is a lush green forest with many trees. The image is overlaid with a semi-transparent blue rectangle on the left side, which contains the word "Households" in white text.

# Household net worth

## Large drop in equities and real estate values in Q1 2025

Billions of dollars, change from last quarter, NSA



Source: Federal Reserve Board (Q1 2025), KPMG Economics

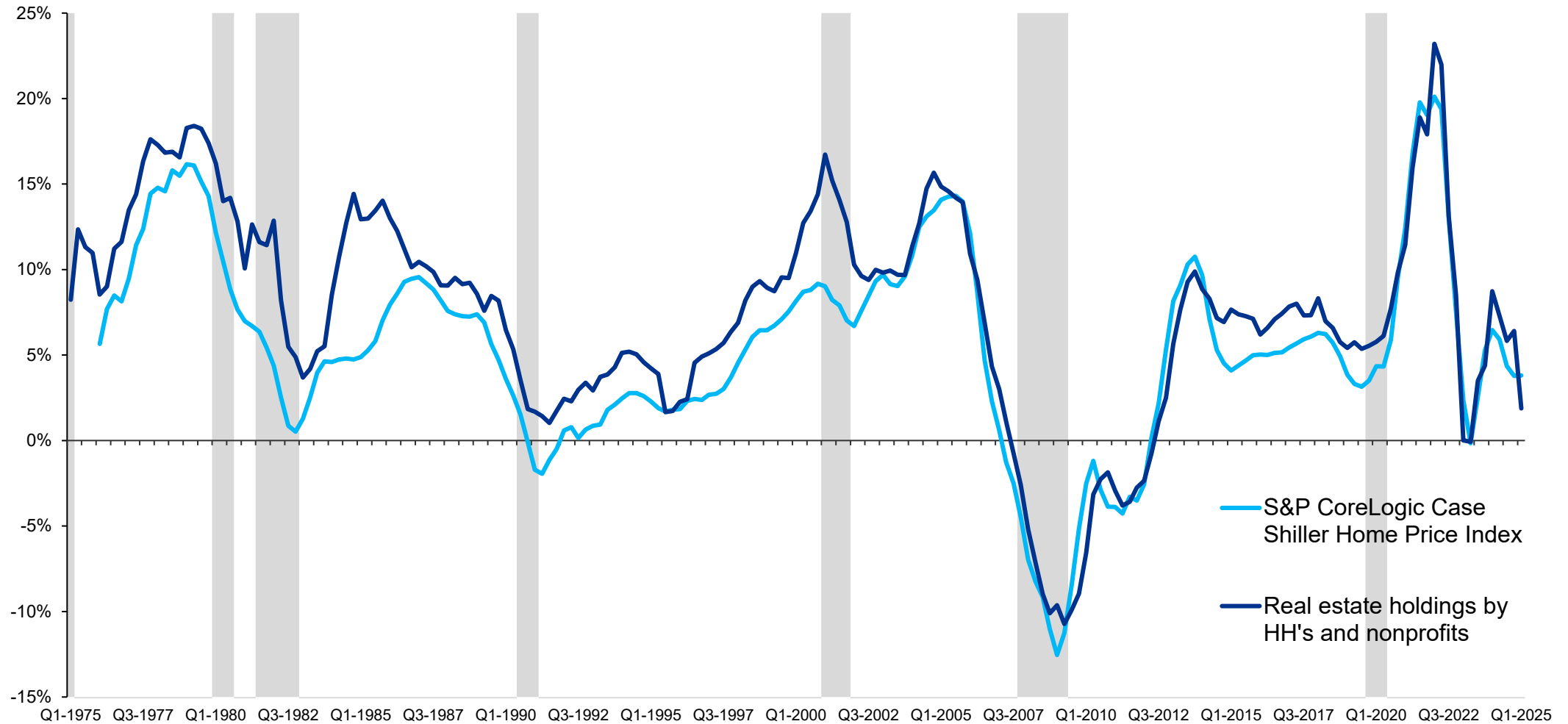


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# Housing assets

Home values still up on an annual basis but growth is decelerating

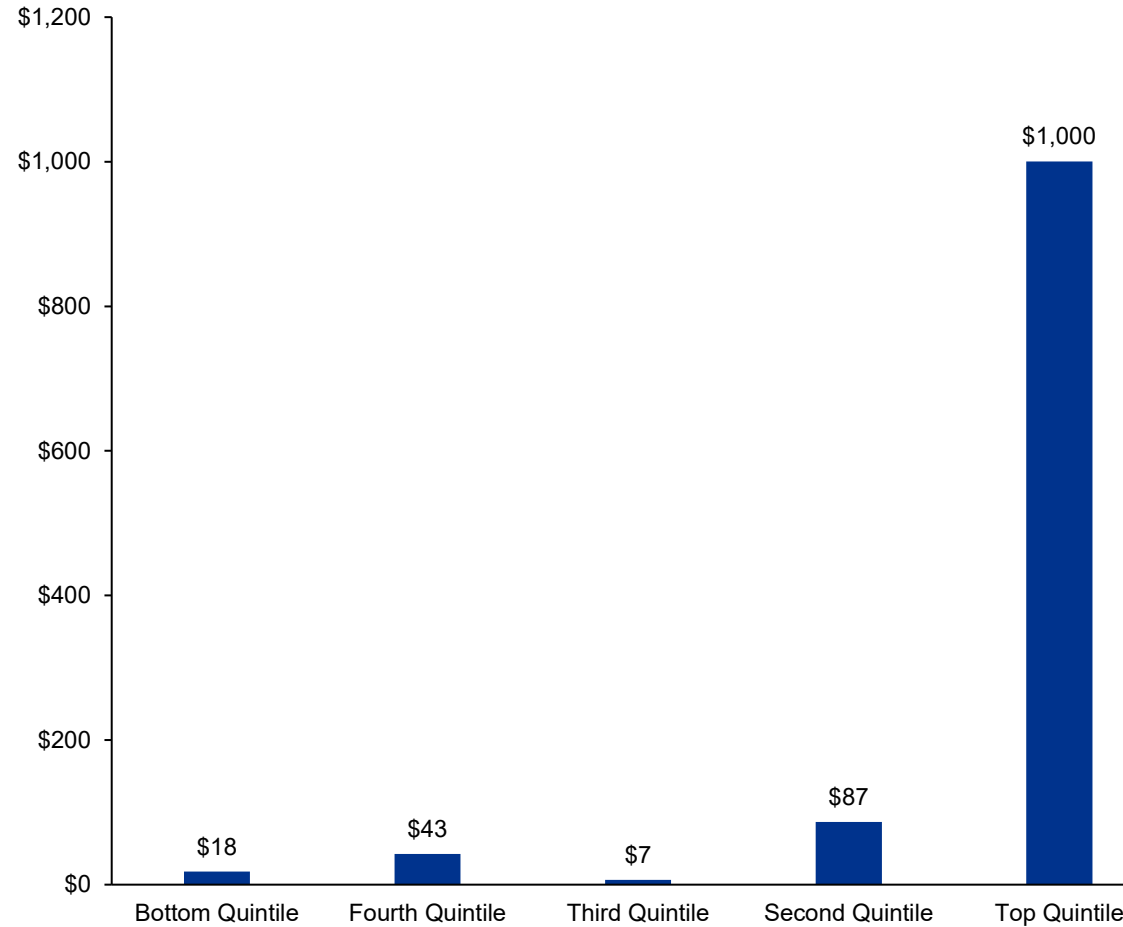
Percent change, year-over-year



# Lower income households have smaller cushions

## Liquid assets by income

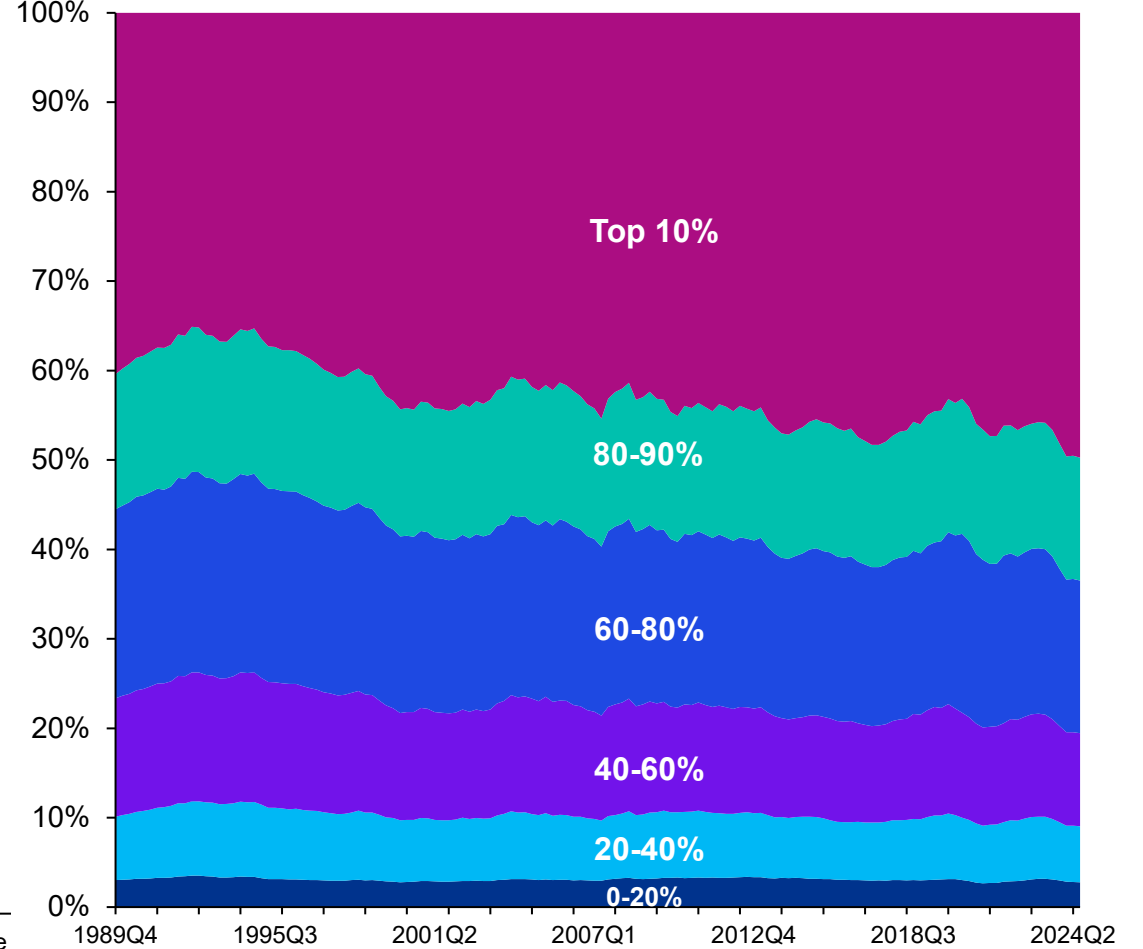
Change since Q2 2022, billions



Source: Federal Reserve Board (Q1 2025), KPMG Economics

## Top 10% account for half of all spending

Shares, 4-quarter moving average



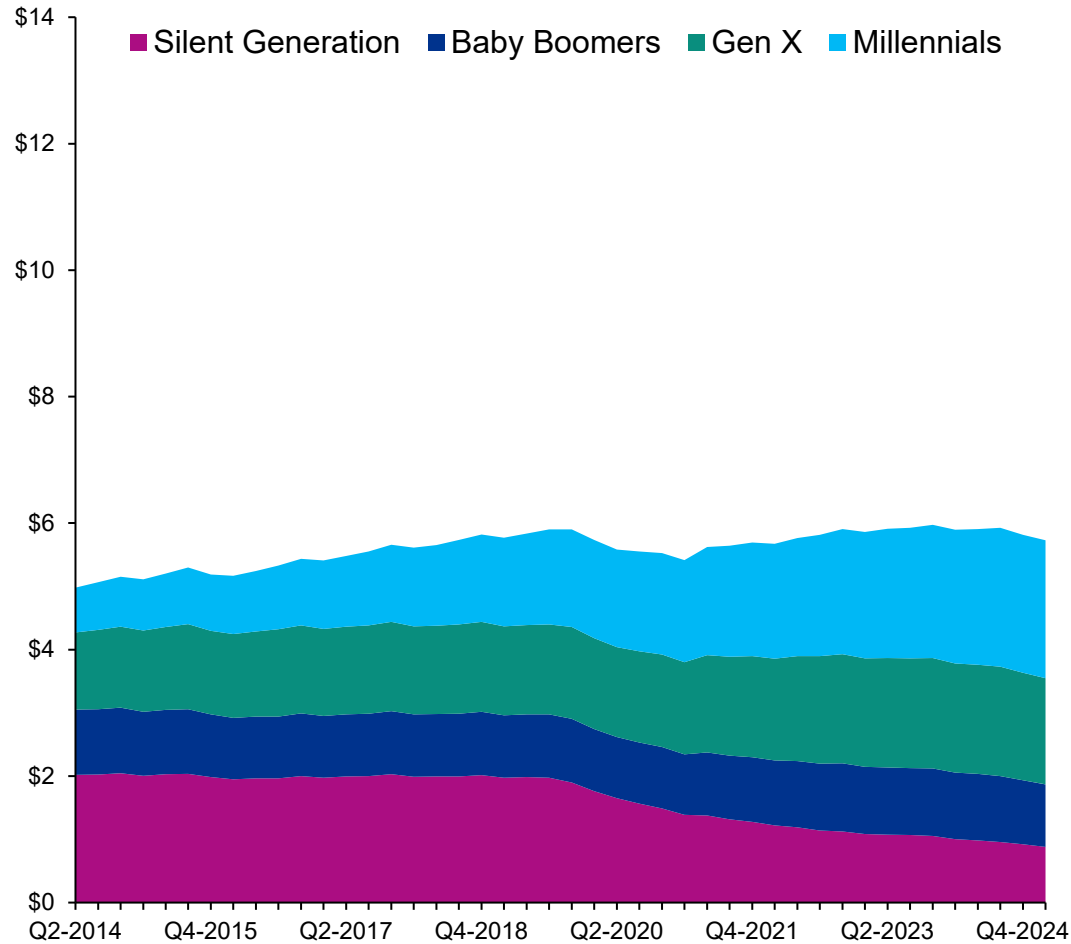
Source: KPMG Economics, Moody's Analytics



# Generational breakdown

## Consumer credit \$180B lower than 2019

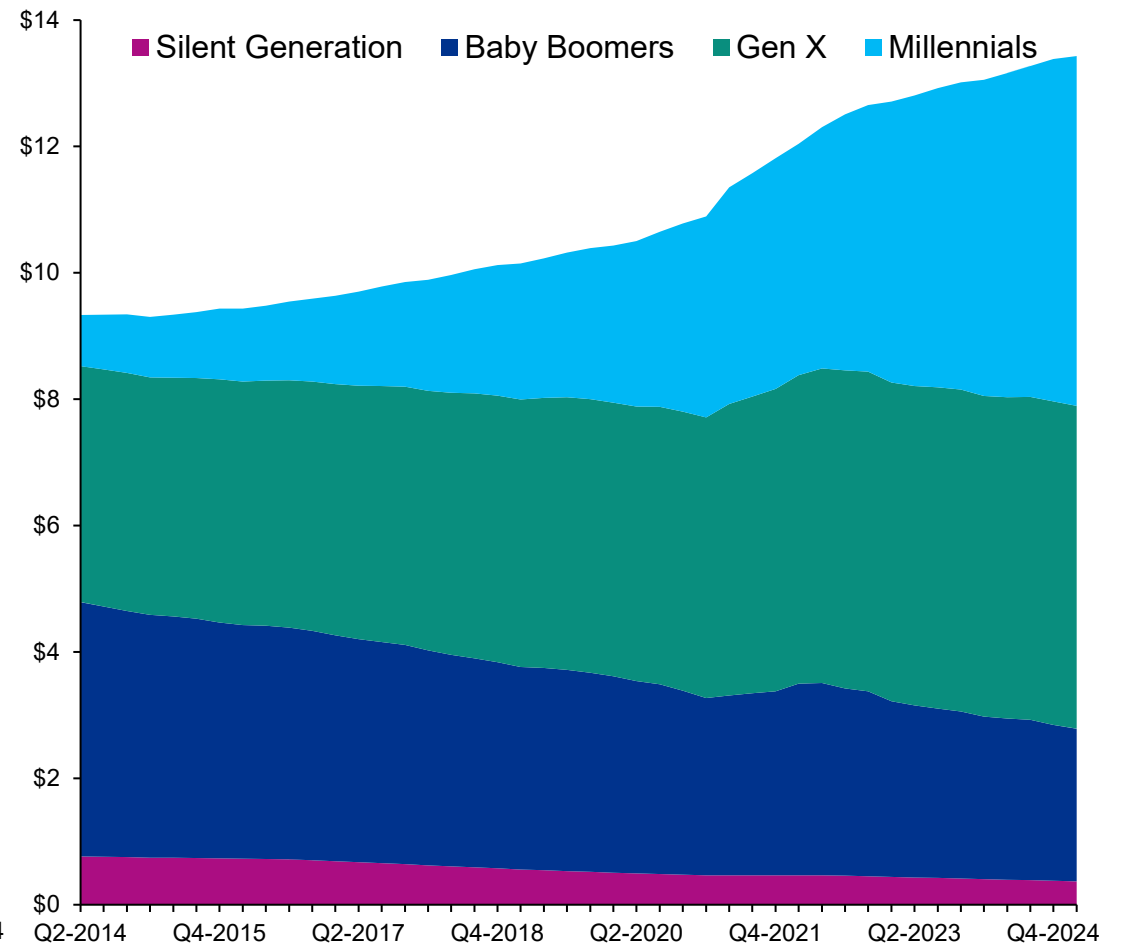
Trillions, NSA



Source: Federal Reserve Board (Q1 2025), KPMG Economics

## Mortgages have ballooned \$3T since 2019

Trillions, NSA

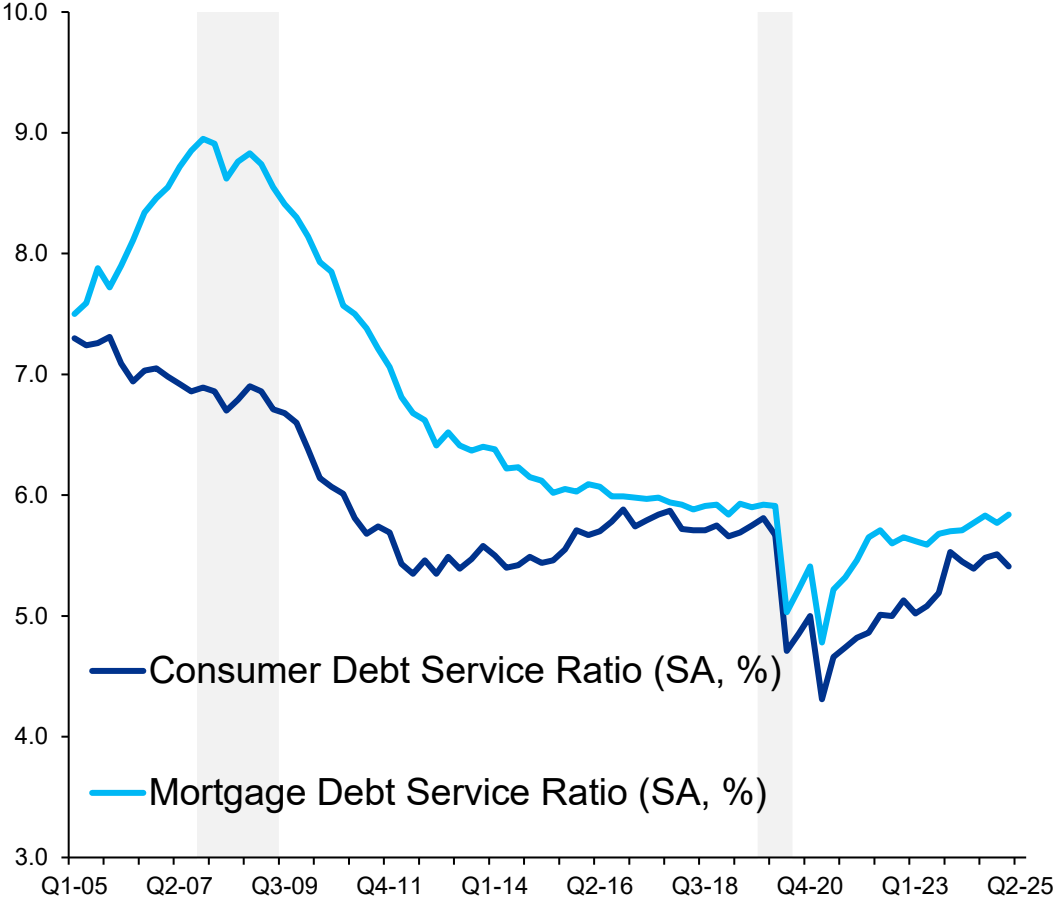


Source: Federal Reserve Board (Q1 2025), KPMG Economics

# Debt service ratios

## New methodology

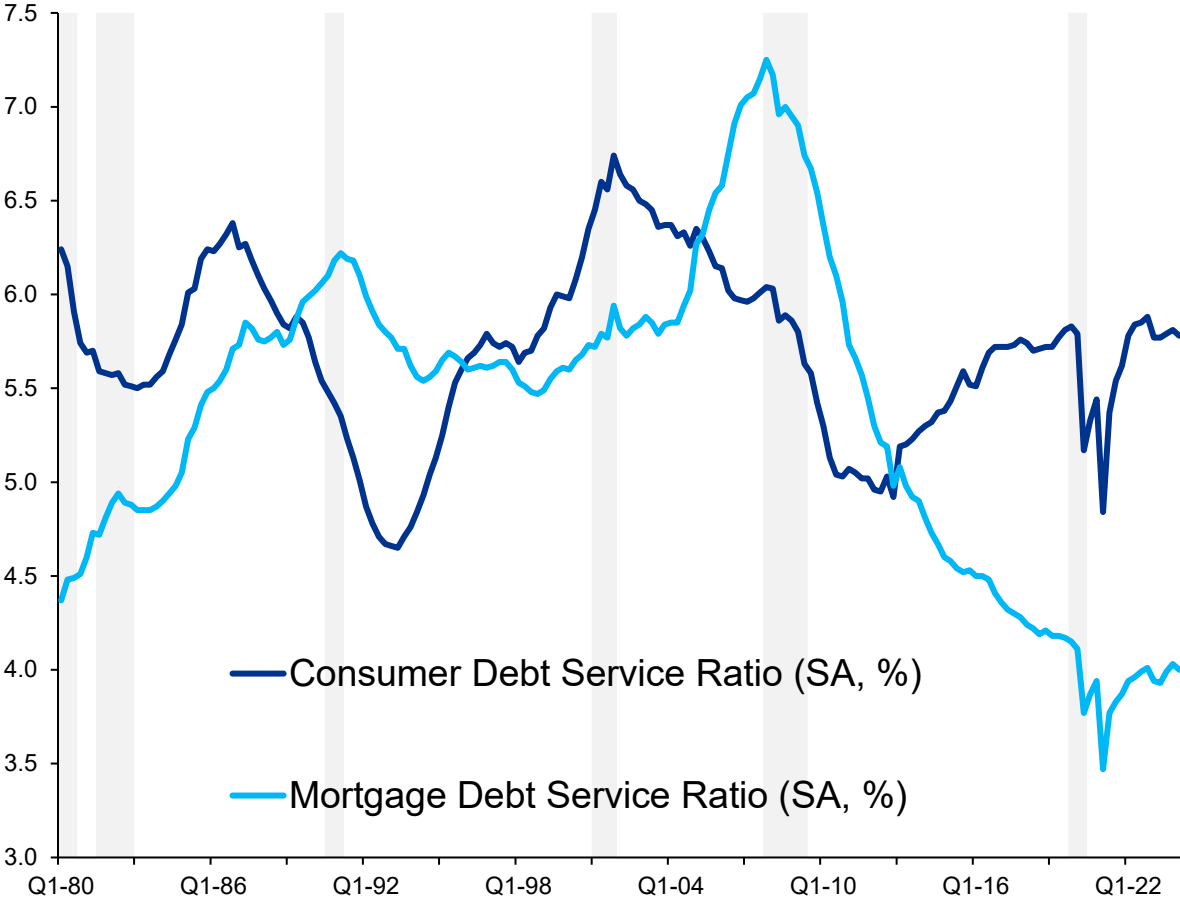
Percent, SA



Source: KPMG Economics, Federal Reserve Board

## Old methodology, discontinued

Percent, SA



Source: KPMG Economics, Federal Reserve Board



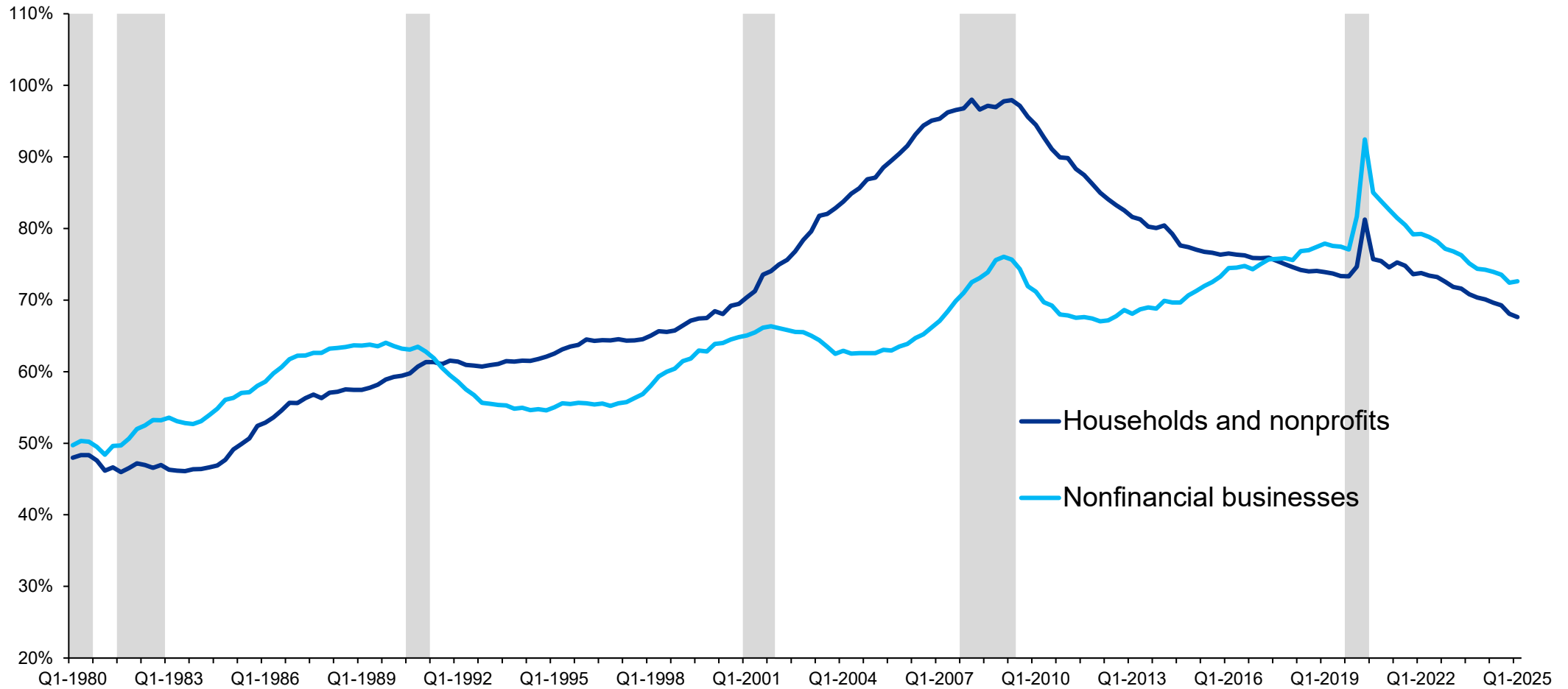
# Businesses

A person is walking a tightrope in a forest. The person is wearing a white t-shirt, shorts, and a hat. They are balancing on a thin rope that stretches across the frame. The background is a dense forest with green trees and a rocky cliff face. The image is overlaid with a semi-transparent blue rectangle on the left side, which contains the word "Businesses" in white text.

# Debt ratios falling for households, slight pickup for

## Businesses and households debt-to-GDP

Percent



Source: KPMG Economics, Federal Reserve Board, BEA

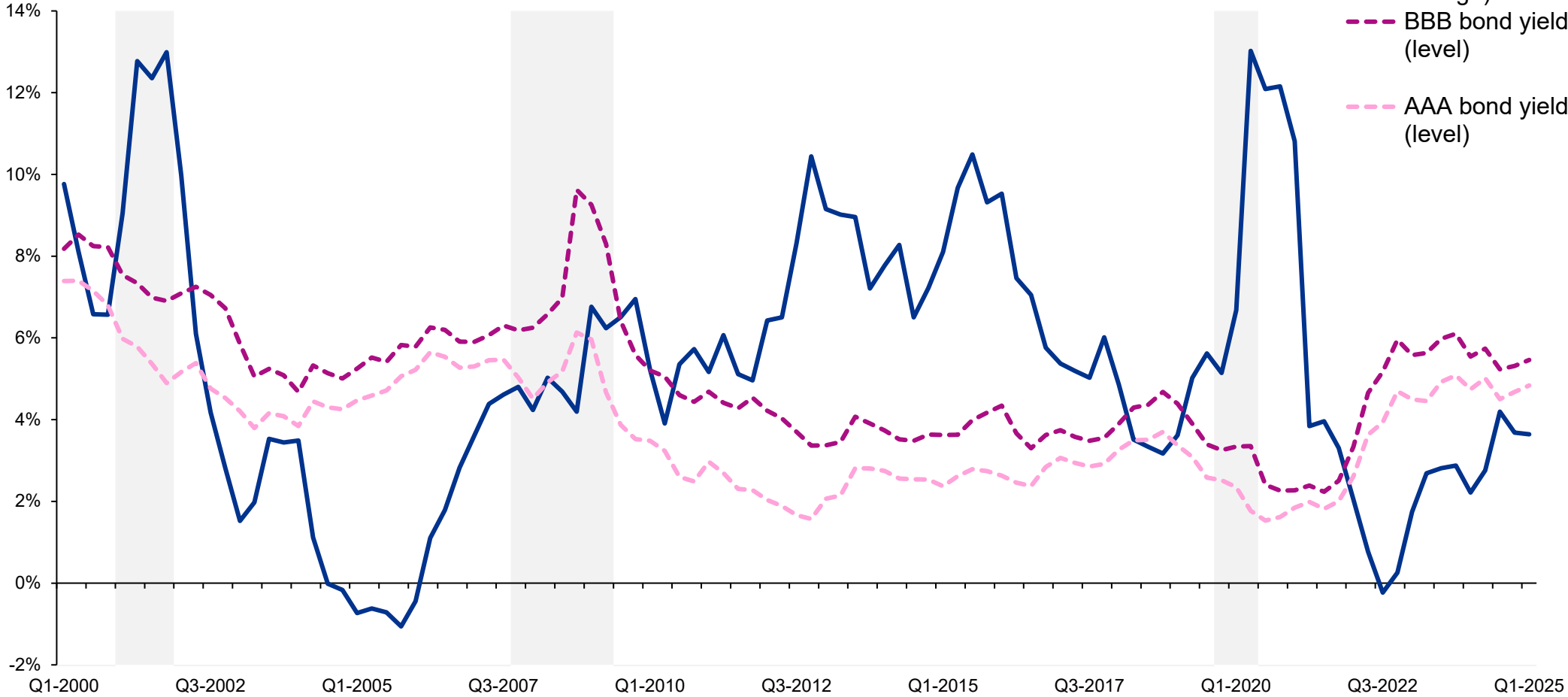


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# Nonfinancial business debt

Businesses ramped up borrowing during era of ultralow rates

Percent



Source: KPMG Economics, Federal Reserve Board

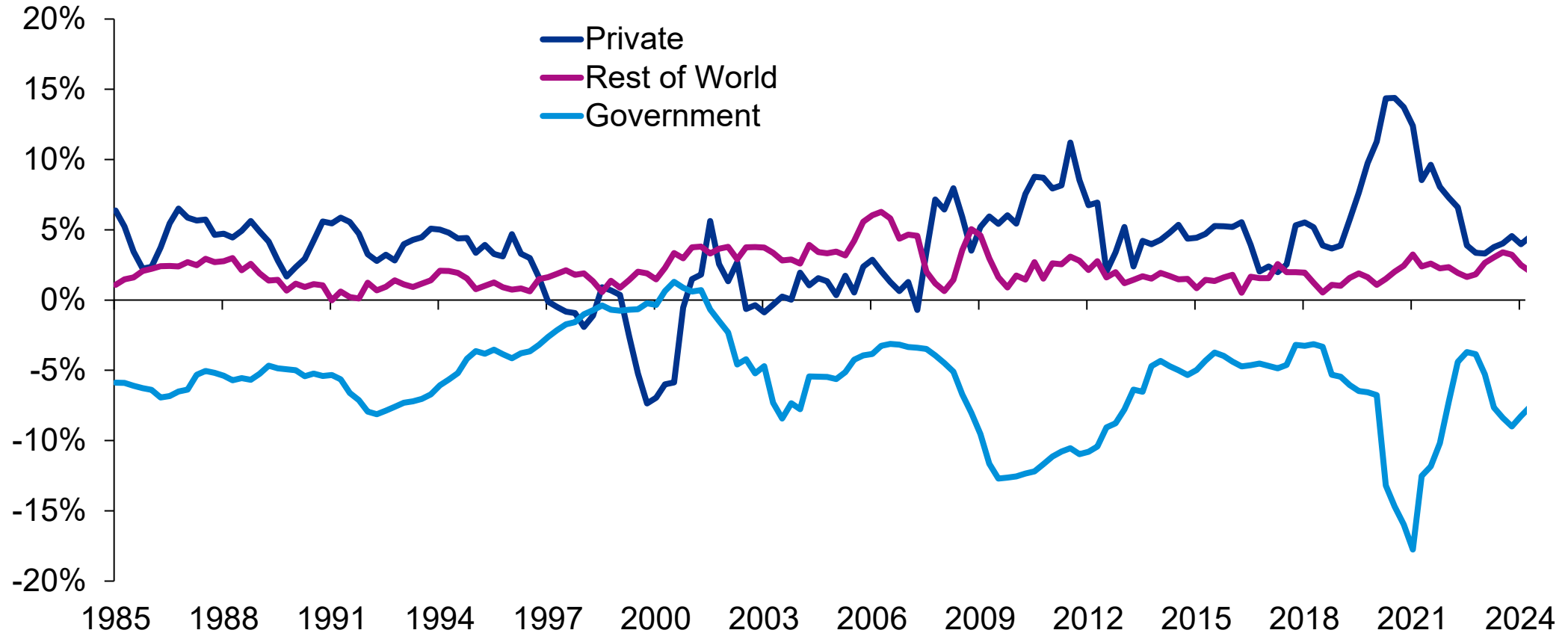


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# Private sector savings driven by households

## U.S. Financial Surplus/Deficit

Percent of GDP



Data are 4Q moving averages

Source: KPMG Economics, Federal Reserve Board, BEA

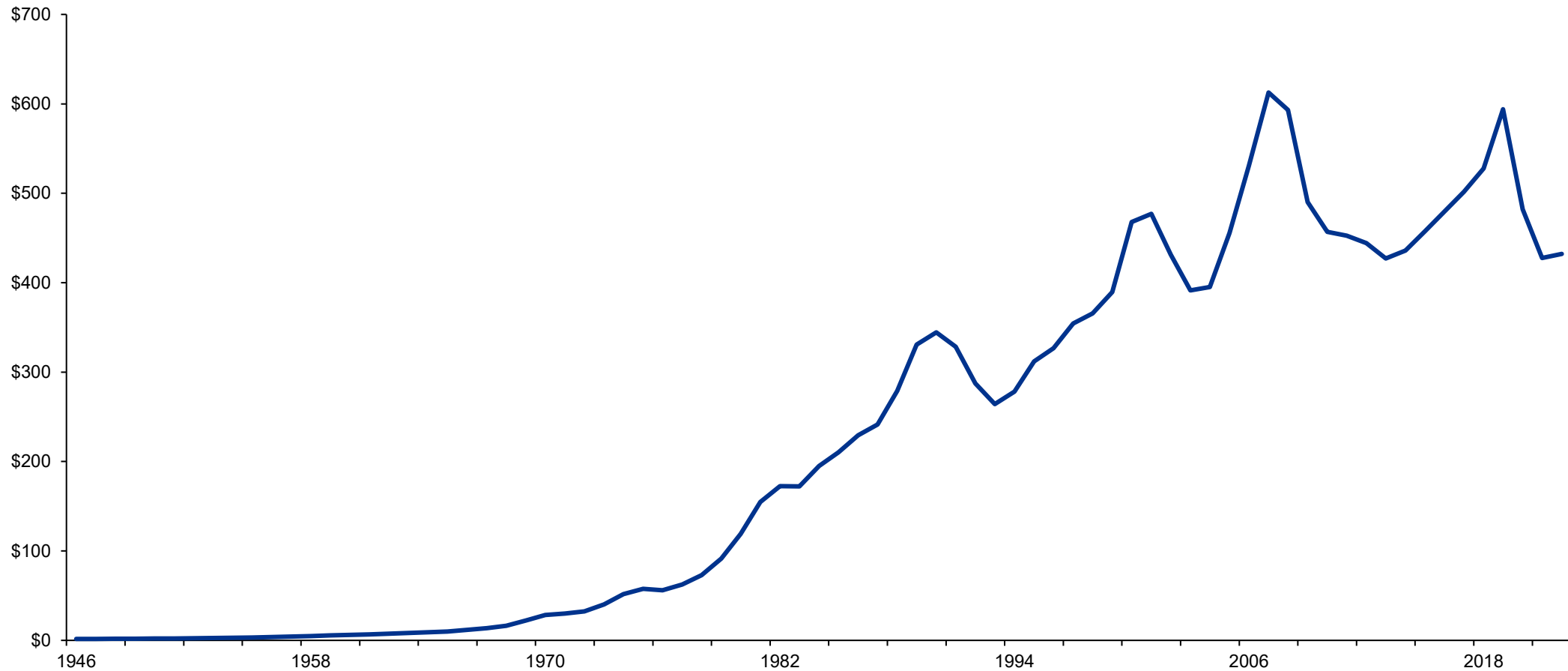


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# Interest paid rising in higher rate environment

## Interest paid by nonfinancial corporate businesses

Billions



Source: KPMG Economics, Federal Reserve Board



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