October 2015

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Global Wealth Report 2015

Introduction

Now in its sixth edition, the Credit Suisse Global Wealth Report offers a comprehensive portrait of global wealth, covering all regions and countries, and all parts of the wealth spectrum, from the very base of the wealth pyramid to ultra-high net worth individuals (UHNWIs). We believe that an inclusive picture of wealth across regions and incomes is essential to the understanding of wealth creation and its implications on consumption, retirement savings, and asset allocation. In providing that full picture, the report has grown to an indispensable source to scholars, policymakers, and corporate decision-makers alike.

Today, wealth is still predominantly concentrated in Europe and the United States. However, the growth of wealth in emerging markets has been most impressive, including a fivefold rise in China since the beginning of the century. The fact that financial assets accounted for most of the wealth growth in China highlights the relevance of financial markets in the creation of wealth, but also points to short-term vulnerabilities of wealth to financial shocks. Stock prices in China gained over 150% between June 2014 and mid-June 2015, only to decline sharply thereafter. At the end of June 2015, the date on which our wealth estimates are based, the stock market had weakened by over 20% from its peak. When this report went into press at the end of September, it was down an additional 25%.

At the very top of the pyramid, there are now over 120,000 UHNWIs, each worth more than USD 50 million. The fortunes created in China led to the rapid emergence of a sizable UHNW population, which now makes up 8% of global UHNWIs. Further below the spectrum, the group of millionaires still only accounts for 0.7% of population, but owns 45.2% of global wealth. While the distribution of wealth is skewed towards the wealthy, the considerable economic importance of the base and middle sections should not be overlooked. Together, these sections account for USD 39 trillion in wealth, driving a significant part of demand for a wide range of consumer goods and financial services.

Every year, we try to contribute to the household wealth debate by extending our analysis to a special topic of interest. We devote this year's report to middle-class wealth. Notably, we find that middle-class wealth has grown at a slower pace than wealth at the top end. This has reversed the pre-crisis trend, which saw the share of middle-class wealth remaining fairly stable over time. These results reinforce our findings from last year's edition of this report, which argued that wealth inequality had widened in most countries in the years after the 2008 crisis. Still, the middle class will continue to expand in emerging economies overall, with a lion's share of that growth to occur in Asia. As a result, we will see changing consumption patterns as well as societal changes as, historically, the middle class has acted as an agent of stability and prosperity.

We trust that you will find our latest compendium of global wealth insightful and look forward to your reaction.

Tidjane Thiam
Chief Executive Officer, Credit Suisse

For more information, please contact

Richard Kersley, Head Global Thematic and ESG Research, Credit Suisse Investment Banking, richard.kersley@credit-suisse.com

Markus Stierli, Head of Fundamental Micro Themes Research, Credit Suisse Private Banking & Wealth Management, markus.stierli@ credit-suisse.com

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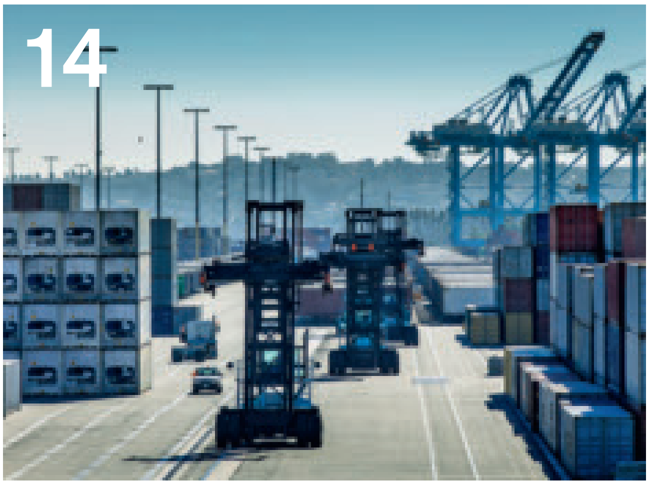

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Global wealth 2015: The year in review

Now in its sixth edition, the Credit Suisse Global Wealth Report is the most comprehensive and up-to-date source of information on global household wealth. This year, the United States continued adding to global wealth at an impressive rate, with solid growth also evident in China. Elsewhere, local currency wealth gains were offset by depreciation against the US dollar, so that world wealth declined overall by USD 12.4 trillion. The share of financial assets rose again as a percentage of total wealth and may help explain why wealth inequality is edging upwards. The top 1% of wealth holders now own half of all household wealth.

Underlying growth in household wealth offset by adverse exchange rates

For the year to mid-2015, the United States again led the world with a substantial rise in household wealth of USD 4.6 trillion. This continues a remarkable streak since the financial crisis, which has seen seven successive years of wealth gains and new record levels of household net worth for the past three years. China also posted a large annual rise of USD 1.5 trillion. Elsewhere, the underlying wealth trends have been generally positive, but the gains valued in domestic currencies have been more than offset by adverse exchange rate movements against the US dollar. As a consequence, total global wealth, which would have risen by USD 13 trillion between mid-2014 and mid-2015 if valued at constant exchange rates, fell instead by USD 12.4 trillion (see Table 1). At USD 250.1 trillion, total global household wealth just kept ahead of the USD 250 trillion threshold which was passed for the first time in 2013. Wealth per adult fell by 6.2% to USD 52,400 and is now also back below the level of two years ago.

The regional breakdown in Table 1 reveals that Europe was responsible for USD 10.7 trillion of the aggregate loss, twice the USD 5.4 trillion lost by the Asia-Pacific region excluding China and India. In percentage terms though, the declines in Europe and Asia-Pacific are quite similar (12.4% vs 10.4%, respectively) and below the 17.1% reduction experienced by Latin America. It is also noteworthy that, in percentage terms, China is significantly ahead of North America (7.0% vs. 4.4%), in part because the gains in the United States were offset by losses in Canada.

Interestingly the losses recorded for the regions all vanish when currencies are valued at constant (average) exchange rates rather than the rates prevailing in mid-2014 and mid-2015. Figure 1

PHOTO: ISTOCKPHOTO.COM/LEONARDO PATRIZI

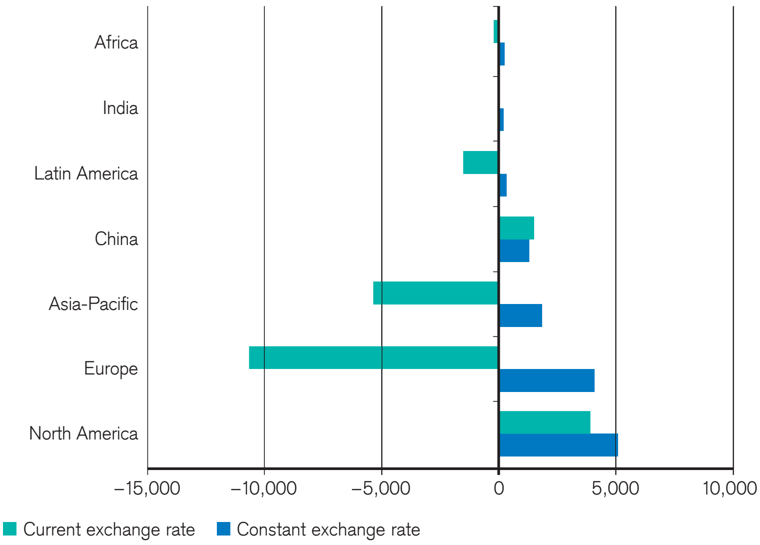
Table 1

Change in household wealth, 2015, 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	
	2015	2014-15	2014-15	2015	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15
	USD bn	USD bn	%	USD	%	USD bn	%	USD bn	%	USD bn	%
Africa	2,596	–223	–7.9	4,536	–10.3	–126	–8.3	–100	–6.3	–4	–1.4
Asia-Pacific	45,958	–5,355	–10.4	40,505	–12.0	–3,168	–9.9	–2,843	–9.9	–656	–7.0
China	22,817	1,494	7.0	22,513	5.9	1,762	15.8	34	0.3	301	18.0
Europe	75,059	–10,664	–12.4	128,506	–12.5	–4,695	–10.4	–7,976	–14.3	–2,006	–13.4
India	3,447	–35	–1.0	4,352	–3.1	–15	–2.8	10	0.3	30	12.3
Latin America	7,461	–1,535	–17.1	18,508	–18.5	–722	–18.9	–1,059	–15.7	–246	–15.7
North America	92,806	3,897	4.4	342,302	3.2	1,515	2.1	2,623	8.1	241	1.5
World	250,145	–12,420	–4.7	52,432	–6.2	–5,450	–3.3	–9,311	–6.6	–2,341	–5.4

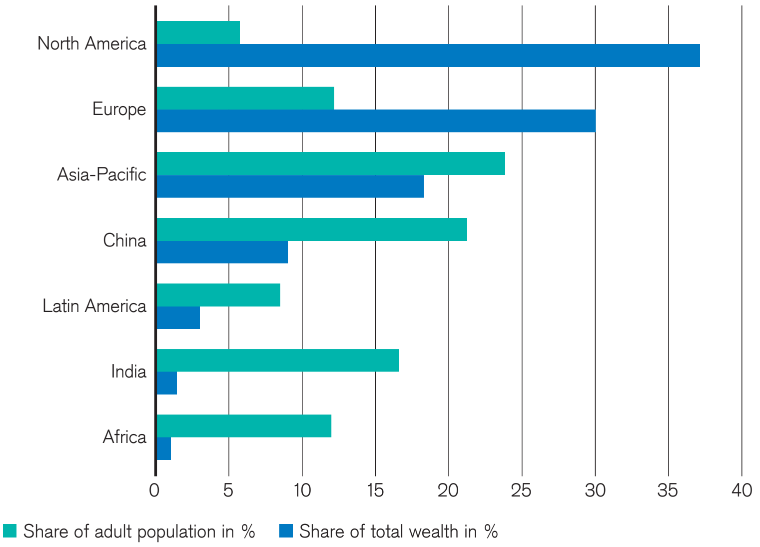
Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Figure 1
Change in total wealth (USD bn) by region, 2014–2015: Current vs. constant exchange rates



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Figure 2
Wealth and population by region, 2015



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

shows that Europe did almost as well as North America if exchange rates are held constant and Asia-Pacific did better than China. In both India and Africa small losses are transformed into small gains. The fact that the wealth declines observed last year depend so heavily on the prevailing exchange rate cautions against giving too much attention to the consequences of these setbacks, which may well be reversed in the near future.

Another point to note in Table 1 is that financial assets fell by only 3.3% worldwide while non-financial assets declined by 6.6%, so the share of financial assets rose in the global household portfolio. This is consistent with the increasing importance of financial assets observed in recent years, which has been driven in turn by rapidly increasing equity prices in the United States and other countries. It also reflects the fact that countries with greater shares of non-financial assets have more often been subject to adverse exchange rate movements. The breakdown in Table 1 shows no consistent pattern of financial assets across regions. Instead the overall global trend appears to originate primarily from two sources: the growth of financial assets in Europe, relative to non-financial assets (and before exchange rate changes are factored in); and the fact that financial assets accounted for the entire wealth growth in China.

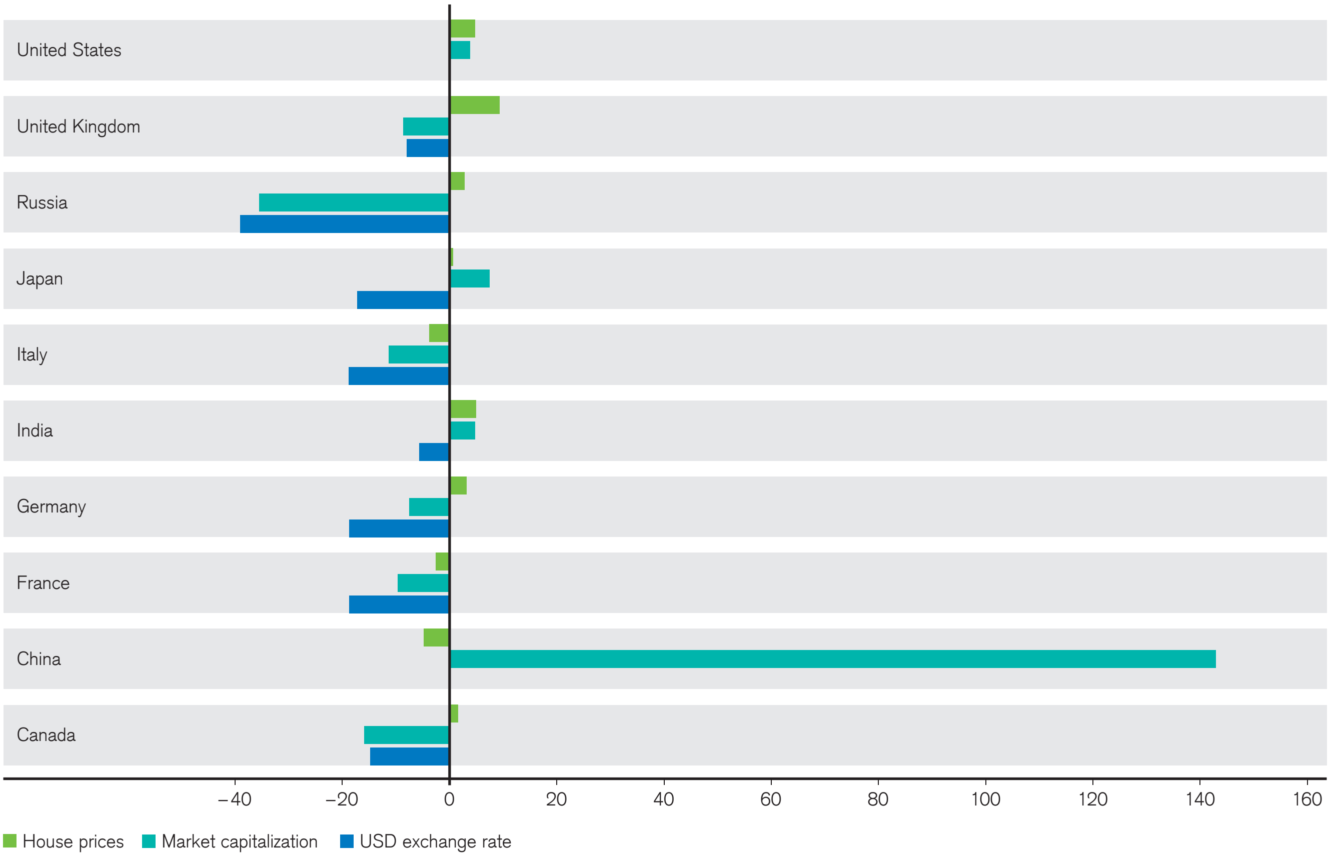
The regional distribution of wealth

The geographical imbalance in global household wealth is evident from Figure 2, which compares the share of net worth of each region with its share of the adult population. North America and Europe together account for 67% of total household wealth but contain only 18% of the adult population. The shares of global wealth in the two regions have been quite similar recently, with Europe's greater population compensating for much higher average wealth in North America. This is no longer the case: the divergence in growth performance this year has propelled North America further ahead with a current share of 37% compared to 30% for Europe.

In each of the other regions, the share of wealth fails to match the population share. The deficiency is modest in the Asia-Pacific region (excluding China and India), where 24% of global adults account for 18% of global wealth; but elsewhere, the disparity between population and wealth is increasingly apparent. Despite enormous gains this century, China accounts for 21% of the adult population of the world, yet only 9% of global wealth. The ratio is similar for Latin America: 8% to 3%. However, for Africa and India, the population share exceeds the wealth share by a factor of more than ten.

Figure 3

Change in market capitalization, house prices and USD exchange rate (%), 2014–2015



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

China has been the outlier in equity price movements

Over long periods, trends in household wealth are strongly related to economic growth, saving rates and other economic and demographic factors. Over shorter timespans, however, changes in household wealth across regions and countries are often easy to comprehend by considering movements in asset prices and exchange rates. A year ago, the global picture reflected a worldwide surge in equity prices averaging above 20%. This year they have tended to move in the opposite direction. Market capitalization fell by 35% in Russia, the most among the G8 countries shown in Figure 3. Canada and Italy also experienced double-digit losses and declines in France, Germany and the United Kingdom averaged 8%. Equity prices moved slightly upwards in the United States and India, and by a little more in Japan, although this reflects yen depreciation against the dollar. The exception is clearly China, for which market capitalization rose by almost 150% in the year to end-June 2015. At one point during the year, equity prices had more than trebled. This had less impact on household wealth in China than might be expected, because financial assets account for just half of household wealth and equities comprise a small proportion of financial assets. By the same token, the subsequent sharp reversal in equity values experienced from mid-June will have had a limited downside effect, although this will be magnified during the forthcoming year by any yuan-USD depreciation.

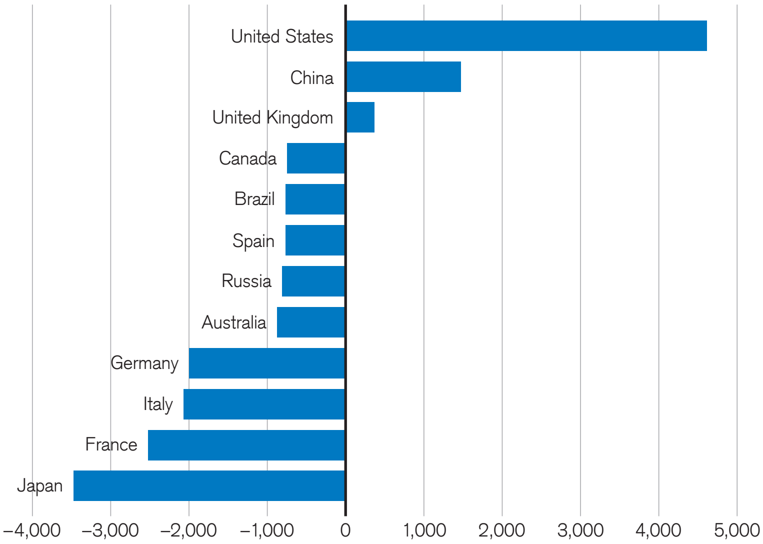
Excluding China, the market capitalization pattern shown in Figure 3 is broadly representative of the rest of the world. Hong Kong SAR[1] rose 40% on the coat tails of China, and Ukraine posted gains even greater than China, although that was largely due to inflation. Among the losses, Brazil, Norway and Portugal were among the countries (in addition to Russia) shedding more than 25% of value, and Greece – unsurprisingly – came at the bottom, with a loss of 55%.

Movements in equity prices and market capitalization reflect changes in the financial wealth of households. For the non-financial component, house price movements are a useful proxy. Around the globe, house prices were relatively stable with 75% of countries recording gains, typically between the 3% achieved in Germany and the 9% recorded for the United Kingdom. Hong Kong SAR, Ireland

[1] For the sake of comparison we have included the likes of Hong Kong, which is a Special Administrative Region.

Figure 4

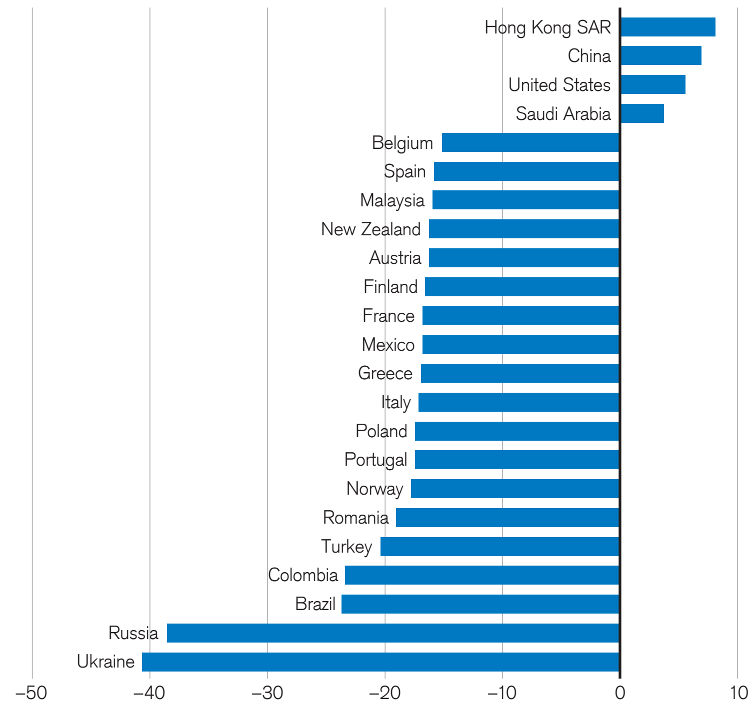
Change in total wealth, 2014 (USD bn): Biggest gains and losses



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Figure 5

Change in household wealth (%), 2014–2015: Biggest gains and losses



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

and Turkey did slightly better. Greece was again among the biggest losers, but this time tied with Poland and China with a loss of about 5%.

Exchange rate changes reduce global wealth by USD 25 trillion

As Figure 3 suggests, equity and house price movements have been dwarfed by exchange rate changes. Unusually, every country depreciated against the dollar apart from China, which recorded a tiny appreciation (0.1%) and those countries whose currencies are pegged to the dollar. The United Kingdom fell by 8%, Canada by 15%, Japan by 17% and the Eurozone by 19%. At the end of June 2015, the Russian ruble was down 39%, albeit much improved from several months earlier when the loss peaked at 51%. Ukraine depreciated by a similar amount. The USD exchange rate also worsened in Brazil, New Zealand, Norway and Turkey by more than 20%. Overall, dollar appreciation against other currencies reduced global wealth by roughly 10%, eliminating more than half of the rise in wealth per adult since the end of the financial crisis.

Winners and losers among countries

The United States again tops the list of countries with wealth rises, with an increase of USD 4.6 trillion. This is well below the USD 9 trillion gained the year before, but still substantial in the global context. Wealth also increased in China by a significant USD 1.5 trillion and in the United Kingdom by a more modest USD 360 billion. However, no other country gained more than USD 100 billion. In contrast, wealth fell by USD 100 billion or more in 27 countries and in excess of USD 500 billion in nine countries (see Figure 4). Some of these – most notably France, Germany, Italy and Spain – were Eurozone countries which exchange rate fluctuations had favored a year ago. Australia and Canada also shed more than USD 1.5 trillion between them and wealth fell substantially again in Japan, this time by USD 3.5 trillion.

The larger, richer countries are better placed to absorb these losses, especially when they reflect exchange rate movements which impinge little on daily life. Expressing the wealth changes in percentage terms focuses attention on smaller countries, for which the gains and losses may have greater significance. As Figure 5 indicates, the large absolute gain in the United States translates into a relatively modest rise of 6%, a little more than Saudi Arabia (which is pegged to the US dollar) but less than China, which registered a rise of 7%. Hong Kong SAR topped the list by a small margin with an increase of 8%, reflecting solid rises in equity values and house prices combined with a dollar peg.

Significant percentage losses were common this year, so only those exceeding 15% are displayed

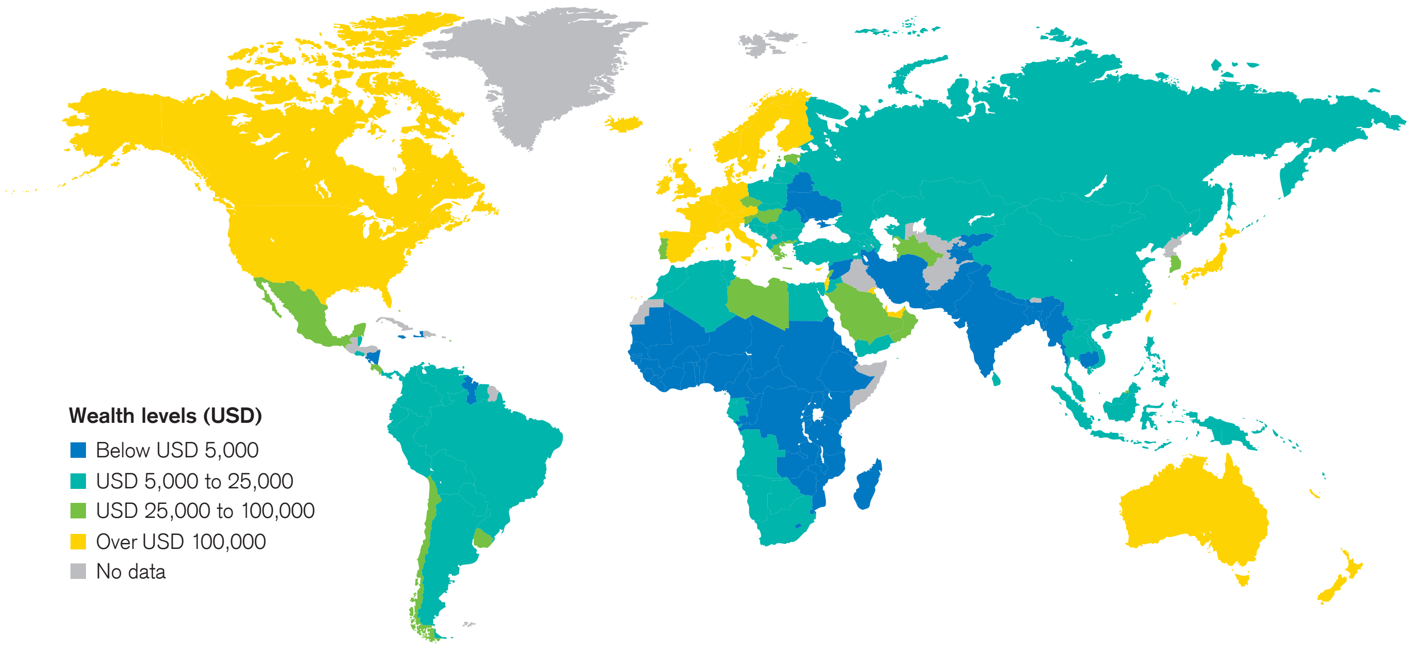
in Figure 5. Greece might have been expected to prop up the table, given adverse equity and house price movements combined with a depreciating euro. However, the resultant 17% drop in household wealth was in the midst of many other Eurozone countries: Austria, Finland, France, Italy and Portugal, and better than Norway, Turkey and Brazil, none of whose economic setbacks received the same attention as those of Greece. Russia and Ukraine fared significantly worse than any other country, shedding around 40% of net worth, mainly due to adverse exchange rate movements.

Wealth per adult across countries

The global average net worth figure of USD 52,400 per adult masks considerable variation across countries and regions, as is evident in Figure 6. The richest nations, with wealth per adult over USD 100,000 are found in North America, Western Europe and among the rich Asia-Pacific and Middle Eastern countries. This year there was more movement than usual among the country positions at the very top. The average wealth of Switzerland was down by USD 24,800 to

Figure 6

World wealth levels, 2015



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

USD 567,000, but Switzerland still heads the list and remains the only country where wealth per adult has exceeded USD 500,000. Official New Zealand estimates for household financial assets have been revised substantially upwards, leading us to place New Zealand in second position both this year and last, despite a fall from USD 484,800 to USD 400,800. Australia also experienced a drop in average wealth from USD 422,400 to USD 364,900, but retained its ranking (now third).

The United States moved up to fourth place with USD 353,000 per adult, overtaking Norway (USD 321,400) which moved in the opposite direction. Sweden (USD 311,400), France (USD 262,100) and Belgium (USD 259,400) also experienced significant declines in average wealth and slipped down the ranking, while the gain in the United Kingdom (USD 320,400, up USD 5,300) and the more modest loss in Singapore (USD 269,400, down USD 20,900) move both countries up two places to sixth and eighth respectively.

The ranking by median wealth per adult favors countries with lower levels of wealth inequality and produces a somewhat different ranking. On the basis of the revised data, we put New Zealand in second place in mid-2014 and conclude that this year its median wealth of USD 182,600 displaces Australia (USD 168,300) at the top of the list, where it had remained since 2008. Both countries are significantly ahead of third placed Belgium (USD 150,300) and the United Kingdom (USD 126,500), which moved up to fourth place. Norway follows with median wealth of USD 119,600, then Switzerland (USD 107,600), Singapore (USD 98,900), Japan (USD 96,100), Italy (USD 88,600) and France (USD 86,200). Despite a rise in median wealth this year to USD 49,800, the United States still lags well behind all these countries, although the value is similar to that of Spain and Denmark, and is above the median value of USD 43,900 in Germany.

The rich country group with wealth per adult above USD 100,000 has had a very stable membership over time. Greece has been on the margin of the group for many years, moving in and out in response to changes in the euro-dollar exchange rate. The decline this year to USD 81,300 places it firmly outside the top group, alongside Portugal with wealth per adult of USD 73,800. Wealth per adult in Greece peaked at USD 136,800 in 2007, so it is likely to be many years before Greece recovers to the pre-crisis level.

Intermediate wealth

The "intermediate wealth" group portrayed in Figure 6 covers countries with mean wealth in the USD 25,000 to USD 100,000 range. Some European Union (EU) countries (Greece, Portugal and Slovenia) are situated at the top end of the band, while more recent EU entrants (Czech Republic, Estonia, Hungary) tend to be found lower down. The intermediate wealth group also encompasses a number of Middle Eastern nations (Bahrain, Oman, Lebanon and Saudi Arabia) and important emerging markets in Asia and Latin

America (Chile, Costa Rica, Korea and Uruguay). However, the adverse exchange rate movements this year have been sufficient to push a number of countries below the USD 25,000 threshold, including Colombia, Malaysia and a quartet in Europe (Croatia, Lithuania, Poland and Slovakia).

Frontier wealth

The "frontier wealth" range from USD 5,000 to 25,000 per adult covers the largest area of the world and most of the heavily populated countries including China, Russia, Brazil, Egypt, Indonesia, the Philippines and Turkey. The band also contains most of Latin America (Argentina, Bolivia, Columbia, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru and Venezuela), many countries bordering the Mediterranean (Algeria, Jordan, Morocco, Tunisia and West Bank and Gaza) and many transition nations outside the EU (Albania, Armenia, Azerbaijan, Bosnia, Georgia, Kazakhstan, Macedonia, Mongolia and Serbia). South Africa was once briefly a member of the intermediate wealth group, but now resides in this category alongside other leading sub-Saharan nations: Angola, Botswana, Equatorial Guinea and Namibia. Sri Lanka, Thailand and Vietnam are promising Asian members of the group, alongside Malaysia which may well soon return to the group above. As already noted, Lithuania, Poland and Slovakia have fallen into the group this year, joining another EU member, Latvia. Far less movement was observed at the lower boundary, although Bolivia bucked the general worldwide trend by moving up into the frontier wealth band, while Kyrgyzstan went in the opposite direction.

The final group of countries with wealth below USD 5,000 is heavily concentrated in central Africa and south Asia. This group encompasses all of central Africa apart from Angola, Equatorial Guinea and Gabon. India is the most notable member of the Asia contingent, which also includes Bangladesh, Cambodia, Myanmar, Nepal and Pakistan. Languishing in the middle of this wealth range are also three countries bordering the EU: Belarus, Moldova and Ukraine.

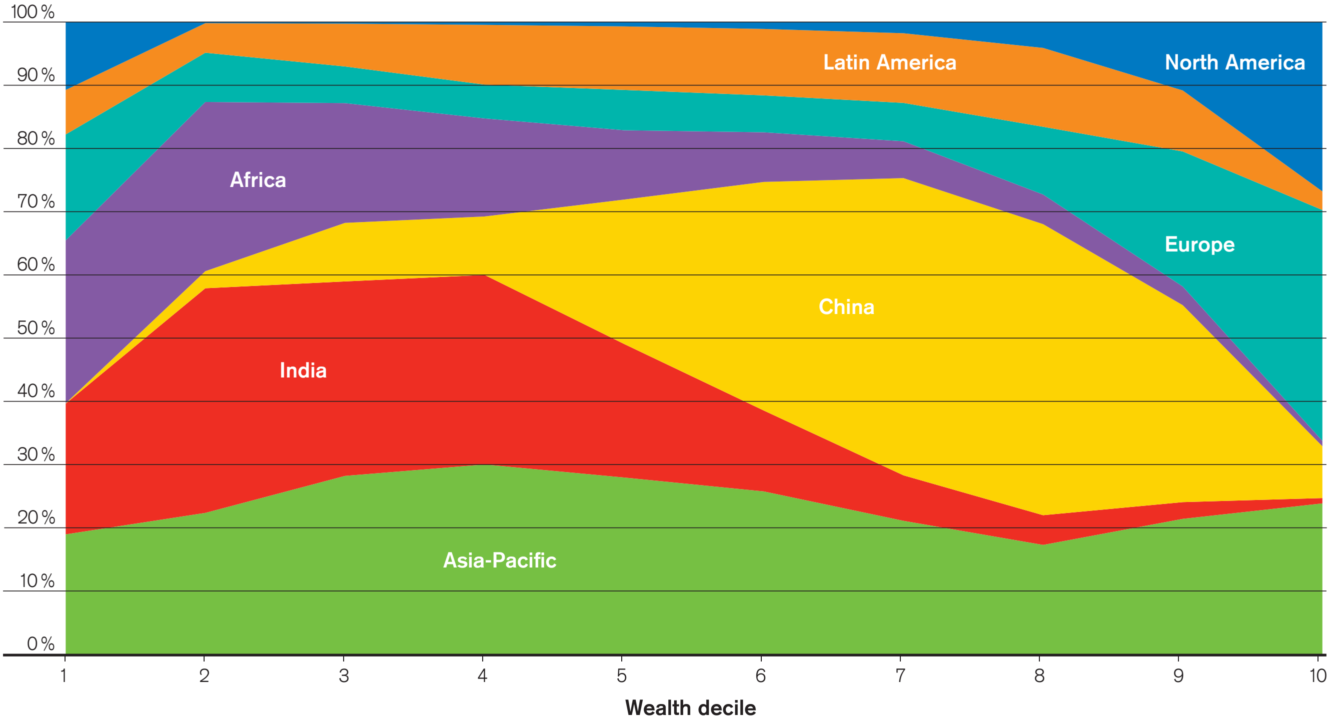
Distribution of wealth across individuals and wealth inequality

To determine how global wealth is distributed across households and individuals – rather than regions or countries – we combine our data on the level of household wealth across countries with information on the pattern of wealth distribution within countries. Once debts have been subtracted, a person needs only USD 3,210 to be among the wealthiest half of world citizens in mid-2015. However, USD 68,800 is required to be a member of the top 10% of global wealth holders, and USD 759,900 to belong to the top 1%. While the bottom half of adults collectively own less than 1% of total wealth, the richest decile holds 87.7% of assets, and the top percentile alone accounts for half of total household wealth.

Last year's report covered trends in wealth inequality in detail. The shares of the top 1% and

Figure 7

Regional composition of global wealth distribution, 2015



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

top 10% in world wealth fell during 2000–2007, that of the top percentile from 48.9% to 44.8%, for example. However, the trend has reversed since 2008 and the additional rise this year takes the share of the top percentile to a level not observed since 2000 and possibly not seen for almost a century. Nevertheless, the share of the top decile remains below the 88.3% level achieved in 2000.

While there are reasons why wealth inequality may be on a secular upward path, the year-on-year changes are heavily influenced by the relative importance of financial assets in the household portfolio, as we explore in more detail in the next section of this report. There are strong reasons to think that the rise in wealth inequality since 2008 is mostly related to the rise in equity prices and to the size of financial assets in the United States and some other high-wealth countries, which together have pushed up the wealth of some of the richest countries and of many of the richest people around the world. The jump in the share of the top percentile to 50% this year exceeds the increase expected on the basis of any underlying upward trend. It is consistent, however, with the fact that financial assets continue to increase in relative importance and that the rise in the USD over the past year has given wealth inequality in the United States – which is very high by international standards – more weight in the overall global picture. When these considerations apply in reverse, the wealth shares of the top 1% and 10% are likely to decline.

Wealth distribution across regions

Assigning individuals to their corresponding global wealth decile (i.e. population tenth) enables the regional pattern of wealth to be portrayed, as in Figure 7. The most prominent feature is the contrast between China and India. Relatively few adults in China are found in the bottom half of the global wealth distribution, but they dominate the upper-middle section, accounting for 43% of worldwide membership of deciles 6–8. The sizeable presence of China in the upper-middle section reflects not only its population size and growing average wealth, but also wealth inequality which, despite a rapid increase in recent years, is not among the highest in the developing world. China's record of strong growth this century, combined with rising asset values and currency appreciation, has shifted its position in Figure 7 towards the right. It now has more people in the top 10% of global wealth holders than any other country except for the United States and Japan, having moved into third place in the rankings by overtaking France, Germany, Italy and the United Kingdom. In contrast, residents of India are heavily concentrated in the lower wealth strata, accounting for over a quarter of people in the bottom half of the distribution. However, its extreme wealth inequality and immense population mean that India also has a significant number of members in the top wealth echelons.

Residents of Latin America are fairly evenly spread across the global wealth spectrum in Figure 7. The Asia-Pacific region (excluding China and India) mimics the global pattern more closely still. However, the apparent uniformity of the Asia-Pacific region masks a substantial degree of polarization within the region. Residents of high-income Asian countries, such as Hong Kong SAR, Japan and Singapore, are heavily concentrated at the top end: half of all adults in high-income Asian countries are in the top global wealth decile. In contrast, inhabitants of lower-income countries in Asia, such as Bangladesh, Indonesia, Pakistan and Vietnam, tend to be found lower down in the wealth distribution. In fact, when high-income countries are excluded from the Asia-Pacific group, the wealth pattern within the remaining countries resembles that of India, with both regional groupings contributing about one quarter of the bottom half of wealth holders.

Africa is even more concentrated in the bottom end of the wealth spectrum: more than 40% of African adults belong to the two lowest global wealth deciles. At the same time, wealth inequality is so high in Africa that some individuals are found among the top global wealth decile, and even among the top percentile. Interestingly, North America and Europe also contribute many members to the bottom wealth decile, a reflection of the greater ease with which individuals – especially younger individuals – can acquire debt in these regions. Overall, however, North America and Europe are heavily skewed towards the top tail, together accounting for 63% of adults in the top 10% and an even higher percentage of the top percentile. Europe alone accounts for 36% of members of the top wealth decile and the proportion this century has been as high as 42% when the euro-dollar exchange rate was more favorable.

The spectrum of world wealth

Wealth is one of the key components of the economic system. It is valued as a source of finance for future consumption, especially in retirement, and for reducing vulnerability to shocks, such as unemployment, ill health or natural disasters. Wealth also enhances opportunities for informal sector and entrepreneurial activities, when used either directly or as collateral for loans. These functions are less important in countries that have generous state pensions, adequate social safety nets, good public healthcare, high-quality public education and well-developed business finance. Conversely, the need to acquire personal assets is particularly compelling and urgent in countries that have rudimentary social insurance schemes and reduced options for business finance, as is the case in much of the developing world.

The Credit Suisse Global Wealth Report offers a comprehensive portrait of world wealth, covering all regions and countries, and all parts of the wealth spectrum from rich to poor. Valued at current exchange rates, total global wealth fell this year by USD 12.4 trillion, a consequence of strong dollar appreciation in all parts of the world. However, when exchange rate movements are discounted, the underlying wealth trends remain broadly healthy as they have been for most of this century. The United States again led the world in wealth advancement, aided by China which added USD 1.8 trillion to the stock of global financial assets.

The top ten countries in the wealth-per-adult league include many smaller, dynamic economies – Belgium, New Zealand, Norway, Singapore, Sweden and Switzerland – as well as Australia, France, the United Kingdom and the United States. Notable cases of emerging wealth are found in Chile, the Czech Republic, Lebanon, Slovenia and Uruguay, while "frontier" wealth is evident in Ecuador, Egypt, Indonesia, Malaysia, Thailand and Tunisia.

For a number of reasons, wealth varies greatly across individuals. Our estimates suggest that the lower half of the global population collectively own less than 1% of global wealth, while the richest 10% of adults own 88% of all wealth and the top 1% account for half of all assets in the world. Over time, this may change, particularly if the US dollar's strength begins to wane or a sufficient number of low-wealth countries experience rapid growth. In the meantime, the trend in recent years has been towards increasing inequality, propelled in part by the rising share of financial assets, which are disproportionately held by the more wealthy individuals.

The next two chapters of this report examine longer-term trends in wealth holdings and look at the pattern of holdings across individuals. This year a separate chapter examines how the global middle class – defined in terms of wealth – has fared this century. Those interested in the methodology which underpins our estimates are referred to the accompanying Credit Suisse Global Wealth Databook 2015, which 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, less 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).

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 4.8 billion in 2015.

The "Asia-Pacific" region excludes **China** and **India,** which are treated separately due to the size of their populations.

Data for 2014 and 2015 refer to **mid-year** (end-June) estimates; the figures for earlier years indicate **year-end** values unless indicated otherwise.

Global trends in household wealth

This chapter examines how household wealth and its components have changed over time. While exchange rate movements sometimes obscure events, the underlying trend indicates that net worth has grown every year this century, except for the financial crisis period 2007–2008. The share of financial assets fell between 2000 and 2007, but has been on a rising trend since 2008. Annual changes in wealth inequality also changed direction in 2007–2008, switching from a falling to a rising trend.

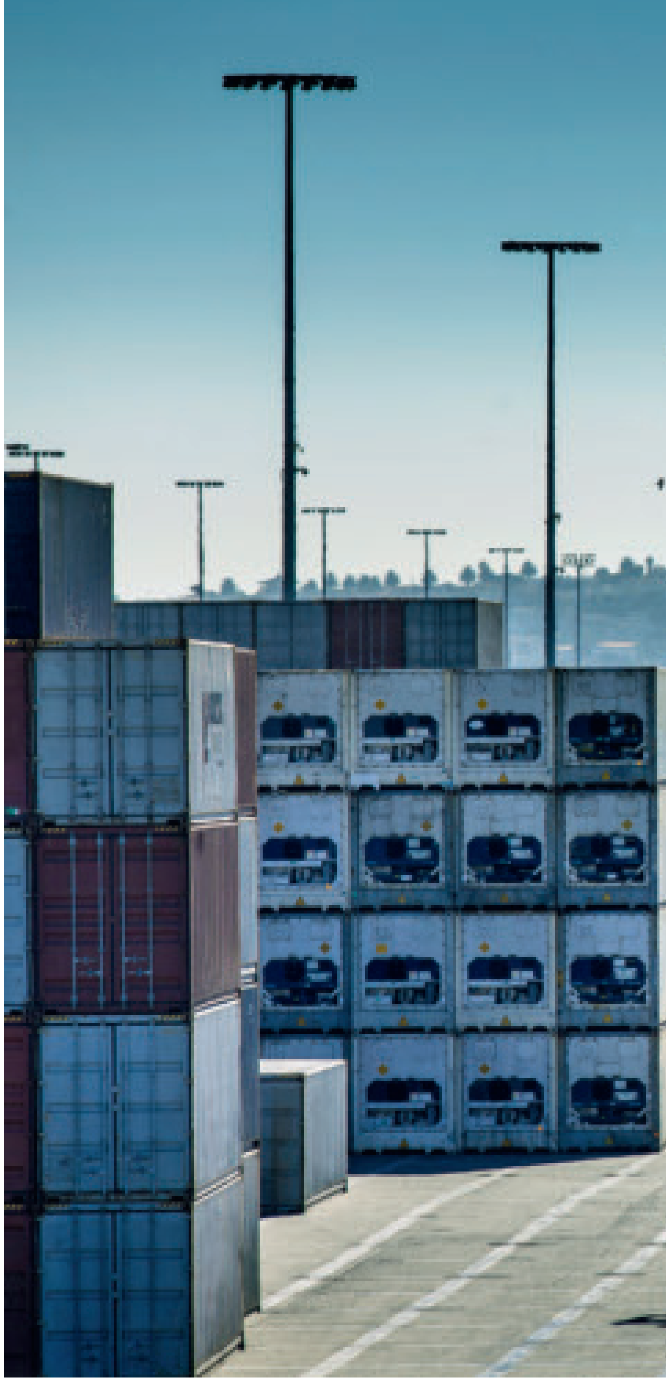
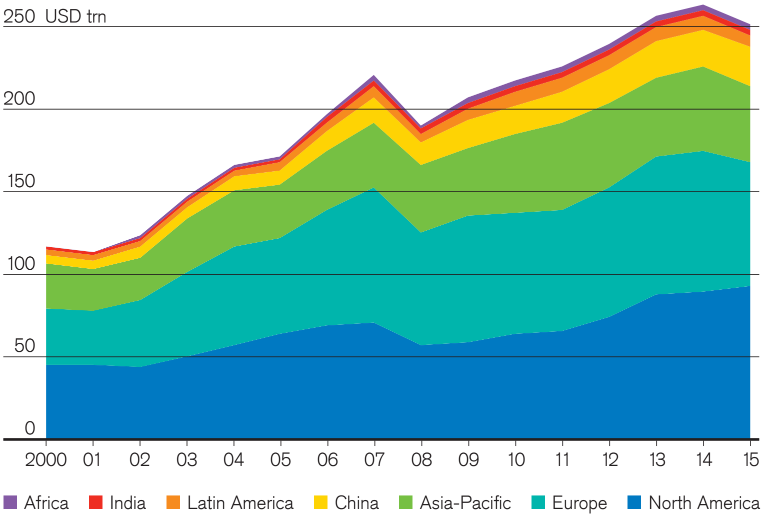


Figure 1

Total global wealth, 2000–2015, current exchange rates



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Trends in global wealth

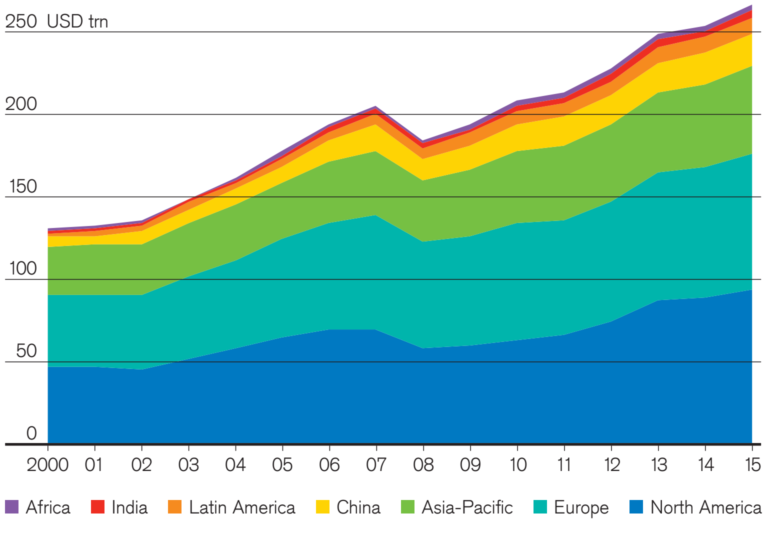
The global wealth picture has been significantly affected recently by fluctuations in exchange rates. A year ago widespread appreciation against the US dollar contributed to the record rise in household wealth. This year the dollar rebounded and the consequences for global wealth are evident. When valued in current USD, net worth fell in every region except China and North America. Total global wealth decreased by USD 12.4 trillion to USD 250.1 trillion, the first decline since the economic crisis in 2007–2008 (see Figure 1). However, a different picture emerges if exchange rate fluctuations are factored out. Using constant exchange rates, Figure 2 shows that the graph becomes smoother, and – more significantly – the reversals in 2000–2001 and 2014–2015 vanish (although not the dip caused by the financial crisis). In fact, growth during the past year is in line with the average rise experienced since 2000.

To explore the variety of regional experiences, it is convenient to split the period under review into three sub-periods: the early years 2000–2005, the crisis years 2005–2010, and the recovery years 2010–2015. As Figure 3 shows, total household wealth has doubled this century in the world as a whole, and wealth has roughly doubled – or more than doubled – in every single region apart from Asia-Pacific, where the subdued performance of Japan has prevented the region from matching the global standard. The exceptional progress of China since 2000 is evident from Figure 3, with wealth growing almost fivefold over the 15-year period. Wealth has also grown much faster than average in India, even correcting for population growth. On the other hand, while wealth growth in Africa appears faster than for the world as a whole, the excess is entirely due to higher population growth.

Examining performance in the sub-periods reveals further insights. Wealth growth in India and Africa was not far behind China during

Figure 2

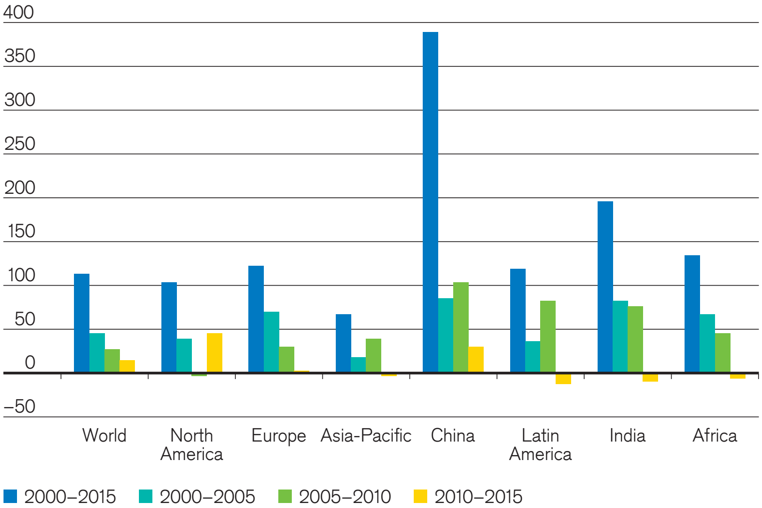
Total global wealth, 2000–2015, constant exchange rates



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

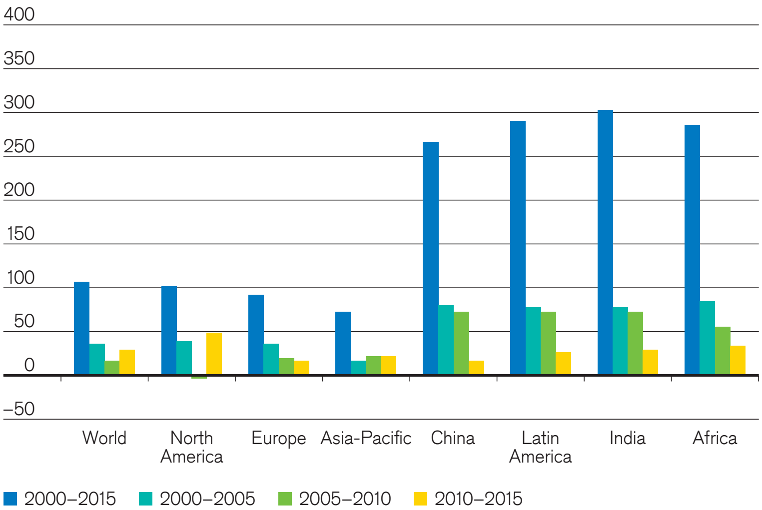
PHOTO: ISTOCKPHOTO.COM/HALBERGMAN

Figure 3
Wealth growth (%) by region, 2000–2015, current exchange rates



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Figure 4
Wealth growth (%) by region, 2000–2015, constant exchange rates



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

2000–2005, but China increased its lead from 2005 to 2010. This is surprising because China suffered disproportionately during 2007–2008. However, China bounced back immediately afterwards and continued gaining ground year-on-year. Equally importantly, its currency link with the US dollar means that its performance was not unduly affected by currency movements. This contrasts sharply with Africa and India, where depreciating currencies have offset underlying wealth growth since 2010, halting the momentum evident earlier this century. Latin America and the Asia-Pacific region (excluding China and India) have also recorded losses since 2010 when wealth is valued in current US dollars. Equally troubling is the downward trend of wealth growth for the world as a whole and for Europe in particular. North America is the only region for which wealth growth displays no downward trend over time; but it is also the region which suffered most during the crisis years, so its recent performance may simply reflect greater opportunities to recover.

Reconfiguring the chart in terms of fixed exchange rates provides a more reassuring picture. As Figure 4 shows, all regions experienced wealth growth in each of the sub-intervals, except for North America which registered a fall of 2% in the crisis years. This confirms that exchange rate movements are masking a broadly positive wealth environment in most countries. Wealth growth still appears to be on a declining path, but the recent deceleration is fairly modest and may reflect the continuing aftermath of the financial crisis. Another striking feature of Figure 4 is the contrast between wealth growth in developing regions and performance in the "old world." Once exchange rate movements are set aside, wealth in China, India, Africa and Latin America has been growing at between twice and three times the rate in Europe or North America. In part this difference reflects consumer price inflation in the developing world, which is typically higher than in Europe or North America, especially now that inflation targeting has become the norm in many advanced economies.

Trends in average wealth across countries

The division of this century into five-year sub-periods provides a convenient framework for examining wealth growth in 58 countries for which we have adequate data. We consider changes in wealth per adult in domestic currencies to control for exchange rate movements and population growth, and adjust for domestic inflation using the CPI for each country. Among the countries examined, the median real annual growth rate this century has been 2%. As Table 1 shows, median real growth was double this rate during the early years, but the financial crisis reduced the average to just 0.5% between 2005 and 2010; and while growth has recovered since 2010, the median value of 1.1% per annum

Table 1

Real annual wealth growth rates (%), 2000–2015

2000–2015		2000–2005		2005–2010		2010–2015	
Median rate	2.0%	Median rate	3.9%	Median rate	0.5%	Median rate	1.1%
Top ten countries							
China	5.3%	Russia	14.3%	Taiwan	8.5%	Sweden	7.1%
Norway	4.8%	Ukraine	13.7%	Uruguay	7.7%	Colombia	6.0%
Malaysia	4.7%	Thailand	11.8%	Philippines	7.2%	United States	6.0%
Peru	4.6%	United Arab Emirates	11.2%	Brazil	6.8%	Denmark	5.1%
Colombia	4.5%	Malaysia	10.3%	China	6.4%	Norway	5.0%
Taiwan	4.4%	Romania	10.3%	Indonesia	6.1%	Ireland	4.9%
Russia	4.1%	China	9.5%	Czech Republic	5.5%	Slovakia	4.4%
South Africa	4.1%	New Zealand	9.1%	Malaysia	5.5%	Taiwan	4.4%
Sweden	4.0%	South Africa	7.8%	Singapore	5.4%	Hungary	4.0%
New Zealand	4.0%	Vietnam	7.8%	Russia	5.4%	Canada	4.0%
Bottom ten countries							
Netherlands	0.4%	Egypt	1.1%	Slovakia	–2.2%	Malaysia	–2.1%
Algeria	0.3%	Portugal	1.0%	Ireland	–3.1%	Greece	–2.1%
Japan	0.3%	Argentina	0.9%	Spain	–3.3%	Vietnam	–2.6%
Spain	0.2%	Brazil	0.5%	Ukraine	–3.4%	Mexico	–3.2%
Pakistan	–0.3%	Taiwan	0.5%	United States	–4.1%	India	–4.3%
Portugal	–0.4%	Belgium	0.3%	Greece	–5.0%	Pakistan	–5.0%
Turkey	–1.1%	Netherlands	–0.4%	Algeria	–5.0%	Romania	–6.9%
Greece	–1.3%	Switzerland	–0.4%	Saudi Arabia	–5.1%	Russia	–7.4%
Argentina	–1.7%	Japan	–0.6%	Turkey	–5.2%	Argentina	–8.5%
Egypt	–3.4%	Uruguay	–3.4%	United Arab Emirates	–5.9%	Egypt	–10.9%

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

suggests that the repercussions of the financial crisis linger on.

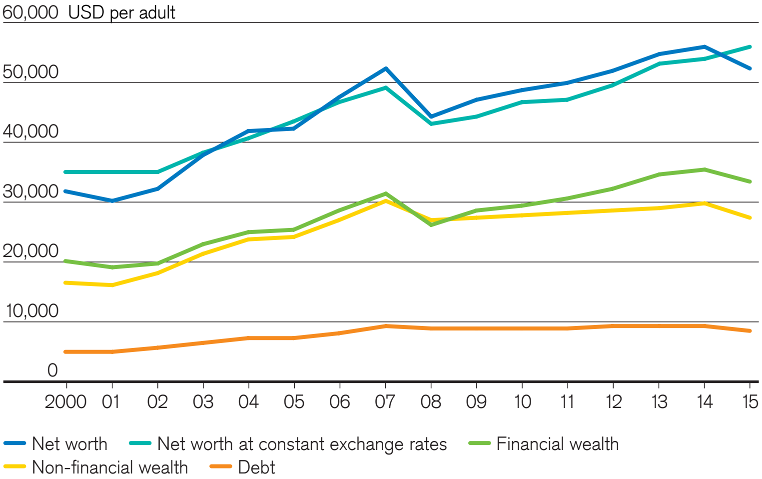
China leads overall, the only country this century to grow faster than 5% p.a. Malaysia did almost as well and, like China, appears among the top ten performers in both 2000–2005 and 2005–2010, although it has dropped to among the ten worst performers since 2010. Russia did likewise, but fluctuated even more wildly, achieving the highest real wealth growth of any country in the period up to 2010, and then recording the second highest rate of real wealth loss. Even so, it places sixth overall in real wealth gains this century. Taiwan did slightly better overall, starting poorly but achieving relatively high growth after 2005. Among the other top ten performers this century, Norway, Colombia and Sweden did not shine early on either, but have strengthened their positions with above-average growth during the past five years.

The appearance of Greece, the Netherlands, Portugal and Spain among the ten worst performers over the whole period hints that the Eurozone has not done well. Closer inspection confirms that this is the case: only in France (3.6% p.a.) has wealth grown faster than 2% p.a. since the start of the millennium. Japan's inclusion in the worst performers' list is also no surprise. However, our results indicate that this is entirely due to its performance early on: Japan's wealth grew at exactly the global median pace during 2005–2010 and 2010–2015. The annual growth of –0.6% recorded during 2000–2005 is not especially bad in absolute terms, but it contrasts sharply with its neighbors China, Malaysia and Thailand, which achieved annual growth rates of around 10% at that time.

Of those countries at the bottom of the rankings, Argentina, Egypt and Greece merit special mention since they are the only nations to appear among the ten worst performers in two sub-periods. However, past growth is not necessarily a guide to future prospects in any of these countries. Indeed the evidence suggests that consistent performance over time is the exception rather than the rule.

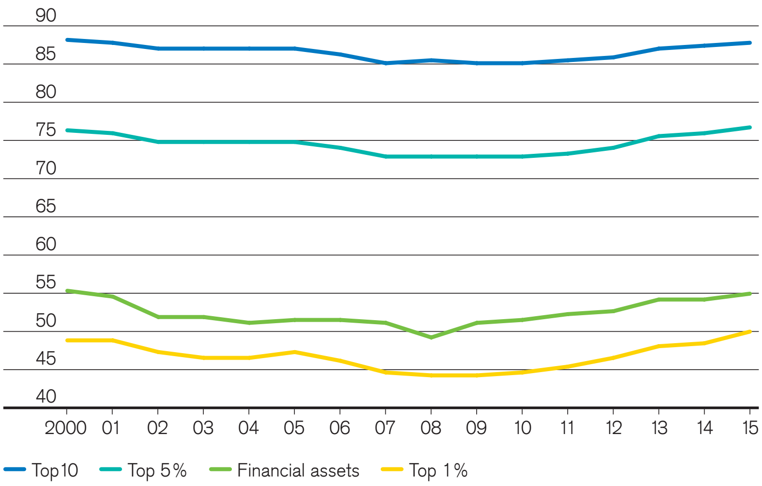
While 17 out of the 58 countries are not listed because they are outside the top or bottom ten in every period, 15 others appear at least once among the highest growth countries and at least once among the lowest.

Figure 5
Global trends in assets and debts per adult, 2000–2015



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Figure 6
Share of top wealth holders and share of financial assets (%), 2000–2015



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Trends in financial and non-financial wealth

An important aspect of personal wealth is the split between financial assets, non-financial assets and debts. Figure 5 displays the global trends in each of these components, expressed in terms of the average value per adult in order to discount changes in the adult population over time. As with the graph for total wealth in current USD, net worth per adult trended upwards until the financial crisis when it fell by about 15%. The upward trend resumed from 2008 onwards, but wealth per adult declined last year below the peak level of 2007. Using constant USD exchange rates, however, yields a smoother graph with continuous growth since 2008 and new peak levels recorded every year from 2012 onwards. Thus short-term currency movements against the US dollar can sometimes obscure the true trend over time, which is one of solid, but unspectacular wealth growth with just a single setback in 2007–2008.

The financial and non-financial components of wealth follow a similar pattern – at least when valued at current exchange rates – trending upwards over the whole period, but with a slight dip in 2000–2001 and more substantial reversals in 2007–2008 and 2014–2015. Financial wealth and non-financial wealth have had roughly equal shares of the household portfolio for much of this century. However, the components have not moved in tandem outside the period 2002–2007. Non-financial assets did relatively better between 2000 and 2002 and during the financial crisis, but financial assets have grown faster since 2008. In fact, the decline during the past year has meant that average non-financial assets in USD terms are now barely above the level of 2007. This divergent growth reduced the percentage of gross household wealth held in financial form, which declined from 55% to 51% during 2000–2007 and then briefly dipped below 50% in 2008. However, robust growth in financial wealth has raised its share each year since 2008 and it is now back to the level recorded at the start of the millennium.

On the liabilities side of the household balance sheet, average debt rose by 81% between 2000 and 2007. Debt per adult has been fairly constant since then, averaging about USD 9,000 and has trended mildly downwards when expressed as a proportion of household net worth. This year debt fell – probably reflecting exchange rate effects – in line with net worth, so the percentage of net worth remained around 16%, the lowest level since 2002. However, it should be noted that debt levels and trends differ widely across countries. This century, household debt has grown particularly rapidly in transition countries and more recently in emerging market economies.

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Trends in wealth inequality

Last year we were able to provide for the first time a series for global wealth inequality constructed on a consistent basis. The updated and extended series displayed in Figure 6 shows that the top 1% of global wealth holders started the millennium owning 48.9% of all household wealth. According to our estimates, the top percentile share fell every year until it reached 44.2% in 2009, a drop of 4.7 percentage points. The downward trend then reversed and the share rose each year, overtaking the 2000 level within the last twelve months. We estimate that the top percentile now own half of all household assets in the world.

The shares of the top 5% and top 10% of wealth holders follow a similar pattern. The share of the top 5% dropped by 3.8 percentage points between 2000 and 2007, then flattened out until 2010 when it began rising again. The share is now 76.6%, the same as in 2000. Meanwhile the share of the top decile declined from a peak of 88.3% in 2000 to a low of 85% in 2007, after which it has been climbing slowly upwards. We estimate the current share of the top wealth decile to be 87.7%, again close to the level at the start of the century.

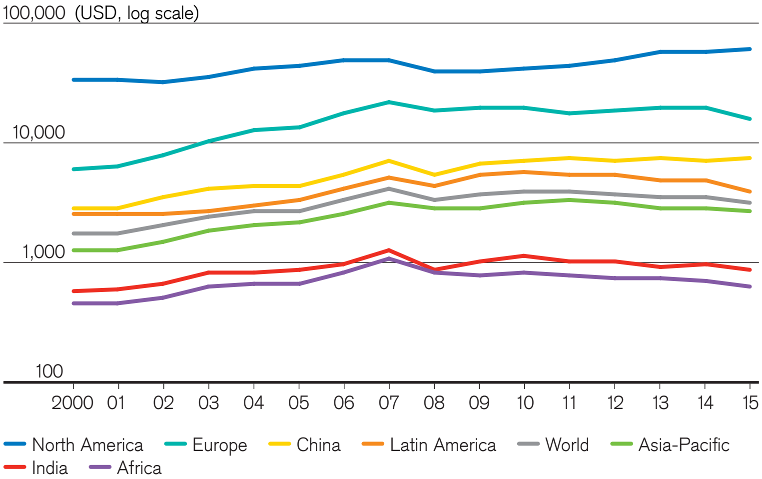
Wealth inequality changes slowly over time, so it is difficult to identify the drivers of these trends. However, the value of financial assets – especially company securities – is likely to be an important factor because wealthier individuals hold a disproportionate share of their assets in financial form. Figure 6 plots the share of financial assets this century and the pattern shows a strong resemblance to that of the top wealth shares. The share of the top percentile, for example, is 5.7 percentage points below the share of financial assets on average, and lies within 1% either side of this value in every year except 2005 and 2009. Thus the six percentage-point rise in the share of financial assets since 2008 would suggest that the top percentile share should rise from the 44.4% recorded in 2008 to 50.4% in 2015, which is in line with what has happened. However, the consequences for the future are more important. For if equity prices do not rise as fast in future and the share of financial wealth stabilizes, or even declines, then the rise in wealth inequality seen in recent years is not expected to continue.

Trends in median wealth

Median wealth values refer to the circumstances of the average adult, so trends in median wealth within countries or regions are a good reflection of how the average person has fared over time. Figure 7 shows the trend over time in median wealth (in current USD) for the world as a whole

Figure 7

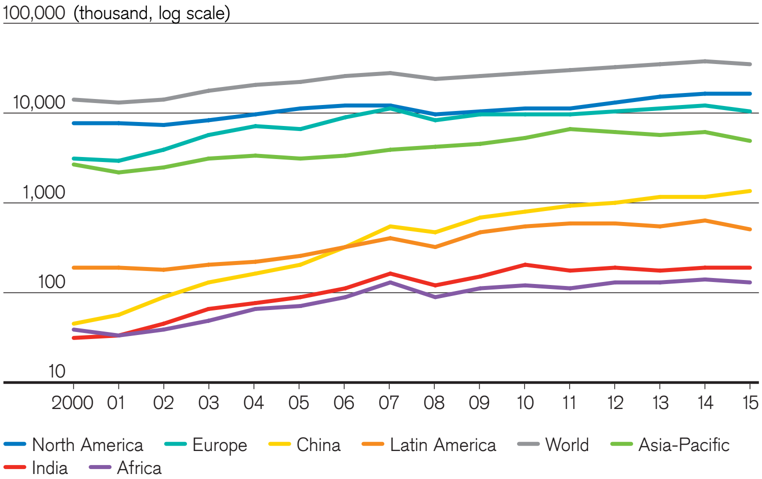
Median wealth per adult by region, 2000–2015



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Figure 8

Number of millionaires by region, 2000–2015



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

and for each region. Although Asia-Pacific and Europe contain the countries with the highest median wealth, North America leads the regional ranking by a huge margin. Median wealth in North America is currently about four times the level in Europe, eight times the level in China and almost 100 times the level in Africa.

Global median wealth per adult rose continuously during the early years of the century, doubling in value from USD 1,700 in 2000 to USD 4,200 in 2007, before dropping to USD 3,300 in 2008. It recovered briefly, but fell year-on-year from 2010 onwards down to USD 3,200, below the low point recorded after the financial crisis. Part of the decline is due to adverse exchange rate movements, but rising inequality is the principal reason why the global trend in median wealth has not followed the path of mean wealth per adult displayed in Figure 5.

Up to the financial crisis, the trend within each region broadly echoed the global pattern, although the rise was notably faster in Europe, aided by currency appreciation versus the US dollar. Most regions have also followed the global trend downwards since 2010 and median wealth is now close to the value recorded a decade ago. However, there are two exceptions: median wealth levels in China and North America have risen more or less continuously since 2008, and the levels achieved during the past three years are significantly above the pre-crisis peak values.

Trends in the number of millionaires

Growth in the number of millionaires is often taken as a sign of the health of an economy and reflects its ability to generate wealth at the top end. We estimate that the number of dollar millionaires worldwide grew from 13.7 million at the turn of the century to 36.1 million in 2014, but fell back this year to 33.7 million due to exchange rate effects. The rise of 146% since 2000 reflects population growth and the fact that inflation progressively lowers the bar for membership of the millionaire club. Nevertheless the number of millionaires has still grown significantly after discounting for these factors. As Figure 8 shows, the number dipped during the financial crisis. However, unlike the trend in median wealth, the number of millionaires recovered quickly after 2008 and new records were set every year from 2011 until 2014.

Millionaire numbers within each region trended upwards until 2007. Membership in North America and Asia-Pacific grew at about half the world pace, while in Europe and Africa it grew faster than average. Millionaires became five times more common in India and spectacular growth was seen in China, where the number rose more than tenfold. These regional patterns have diverged in more recent times. Millionaire totals have continued to rise in North America and China: both regions

PHOTO: ISTOCKPHOTO.COM/LITE_2046

established new record numbers in 2015. Elsewhere trends have been fairly flat overall, rising a little at first and then falling back to levels observed in 2009–2010. However, in all regions except Europe the number of millionaires is at or above the number recorded at any time before the financial crisis.

The experience in Europe and North America provides an interesting contrast. North America started the century with half of all the world's millionaires, more than double the number in Europe. Membership in Europe expanded much faster up to 2009, so that numbers were almost identical in the two regions in that year. North America has surged ahead since then, and dollar appreciation has re-established a commanding lead. As in the year 2000, North America hosts half of all the millionaires in the world; and the number exceeds the total in Europe by a significant margin.

Another interesting contrast is between China, Africa and India, which all began the millennium with millionaire numbers between 30,000 and 45,000. Numbers in all regions have since grown significantly faster than the global average, by a factor of four in Africa to 126,000, and by a factor of six in India to 185,000. However, these growth records appear almost anemic in comparison to China, which is now host to 1.3 million millionaires, ten times the number in the whole of Africa.

Summary

World wealth declined by 4.7% in the 12 months to mid-2015; but when exchange rate changes are factored out, wealth grew at about its trend rate since the turn of the century. Total wealth has doubled since 2000, with a fivefold rise in China and lower, but still rapid, growth in India. For the 58 countries with suitable data, real wealth growth has averaged 2.0% over the last 15 years. Wealth grew at twice that pace over 2000–2005, but recorded only 0.4% annually from 2005 to 2010 before picking up a little to 1.1% p.a. Performance fluctuated in many cases, with Russia and Malaysia, for example, in the top-ten growth set from 2000 to 2010 but in the bottom ten in recent years. Growth in the Eurozone was generally below average. Non-financial wealth grew faster than financial wealth from 2000 to 2007, while the opposite happened afterwards. Wealth inequality fell up to 2007 but has increased since that time, with the global wealth share of the top 1% of adults reaching 50% by mid-2015. While the number of millionaires has risen quickly, median wealth has stagnated since the financial crisis. Household debt has been fairly constant per adult in recent years, and has dropped to 16% of net worth – about the same level as in 2002.

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The global wealth pyramid

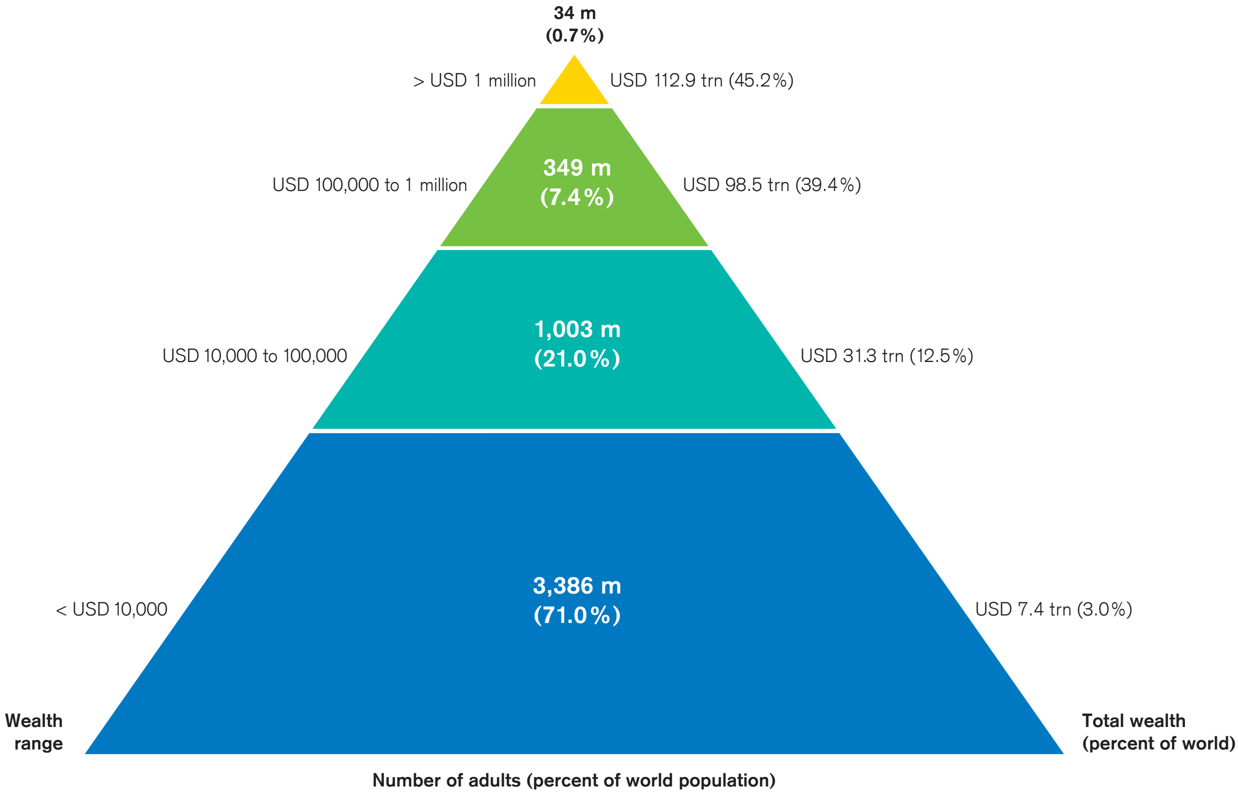
This chapter looks in detail at the wealth pyramid, which covers the full spectrum of wealth holdings ranging from the wealthiest individuals at the top down to the less well-off people in the middle and bottom segments. We estimate that 3.4 billion individuals – or 71% of adults worldwide – have wealth below USD 10,000, while the group of millionaires, who comprise less than 1% of the global population, account for 45% of total wealth. This year, the number of High Net Worth individuals fell for the first time since 2008. However, the share of wealth owned by HNW individuals continued to rise as it has done every year since 2002, except for the setback in 2007–2008.

Patterns and origins of wealth disparity

There are many reasons for the wealth differences observed across individuals. Some of those with low wealth are young and will have had little opportunity to accumulate assets. Others may have suffered business losses or personal misfortune, or may live in countries or regions where prospects for wealth creation are limited. Opportunities are also constrained for women or minorities in some countries. At the other end of the spectrum are individuals who have acquired large fortunes through a combination of talent, hard work and good luck.

The wealth pyramid shown in Figure 1 reflects these differences. It has a large base of low wealth holders and upper levels occupied by progressively fewer adults. We estimate that 3.4 billion individuals – 71% of all adults in the world – have wealth below USD 10,000 in 2015. A further billion adults (21% of the global population) fall in the USD 10,000–100,000 range. While average wealth is modest in the base and middle tiers of the pyramid, total wealth here amounts to USD 39 trillion, underlining the economic importance of this often neglected segment.

Figure 1
The global wealth pyramid



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Each of the remaining 383 million adults (8% of the world) has net worth above USD 100,000. This group includes 34 million US dollar millionaires, who comprise less than 1% of the world's adult population, yet own 45% of all household wealth. We estimate that 123,800 individuals within this group are worth more than USD 50 million, and 44,900 have over USD 100 million.

The base of the pyramid

Each layer of the wealth pyramid has distinctive characteristics. The base tier has the most even distribution across regions and countries (see Figure 2), but it is also very diverse, spanning a wide range of personal circumstances. In developed countries, only about 20% 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 phenomenon associated with youth or old age. In contrast, more than 90% of the adult population in India and Africa falls within this range. The percentage of the population in this wealth group is close to 100% in some low-income countries in Africa. For many residents of low-income countries, life membership of the base tier is the norm rather than the exception.

Mid-range wealth

In the context of global wealth, USD 10,000–100,000 is the mid-range wealth band. It covers one billion adults. The average wealth holding is close to the global average for all wealth levels and the combined net worth of USD 31 trillion provides the segment with considerable economic clout. India and Africa are under-represented in this tier, whereas China's share is relatively high. The comparison between China and India is very interesting. India accounts for just 3.4% of those with mid-range wealth, and that share has changed very little during the past decade. In contrast, China accounts for 36% of those with wealth between USD 10,000 and USD 100,000, ten times the number of Indians, and double the number of Chinese in 2000.

Higher wealth segment of the pyramid

The higher wealth segment of the pyramid – those with net worth above USD 100,000 – had 215 million adult members at the start of the century. By 2014, worldwide membership had risen above 395 million, but it declined this year to 383 million, another consequence of the strengthening US dollar. The regional composition of the group differs markedly from the strata below. Europe, North America and the Asia-Pacific region (omitting China and India) together account for 90% of the group, with Europe alone providing 144 million members (38% of the total). This compares with just 5 million adult members (1.3% of the global total) in India and Africa combined.

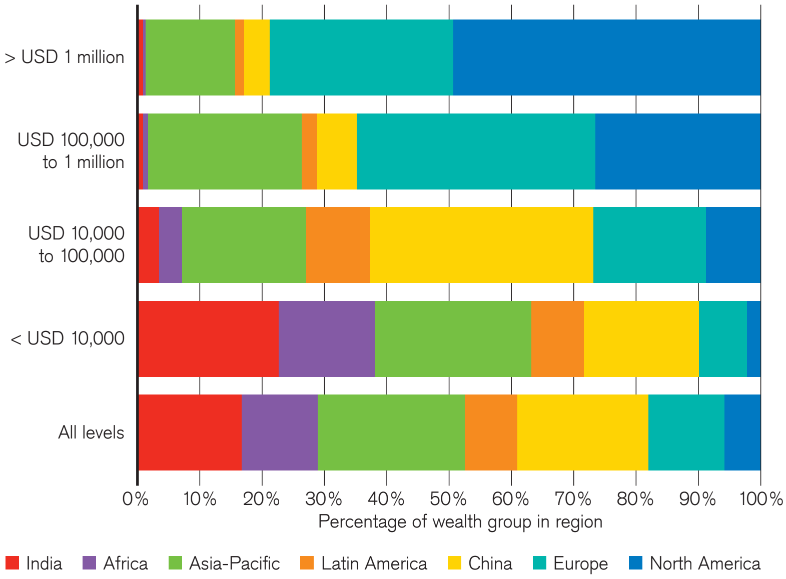
The pattern of membership changes once again for the US dollar millionaires at the top of the pyramid. The number of millionaires in any given country is determined by three factors: the adult population size, average wealth and wealth inequality. The United States scores high on all three of these criteria and has by far the greatest number of millionaires, 15.7 million, or 46% of the worldwide total (see Figure 3). For many years, Japan held second place in the millionaire rankings by a comfortable margin – 13% of the global total in 2011, for example, double the number of the third-placed country. However, the number of Japanese millionaires has fallen alongside a rise in other countries. As a consequence, Japan's share of global millionaires dropped below 10% in 2013 and is now down to 6.3%, placing it below the United Kingdom and barely above France.

The nine other countries that have at least one percent of global millionaires are led by Germany, China, Italy, Canada and Australia, with shares of 3–5% each. Sweden and Switzerland each have relatively small populations, but their high average wealth gives them more than 350,000 millionaires, the minimum requirement for a one percent share of the world total.

Changing membership of the millionaire group

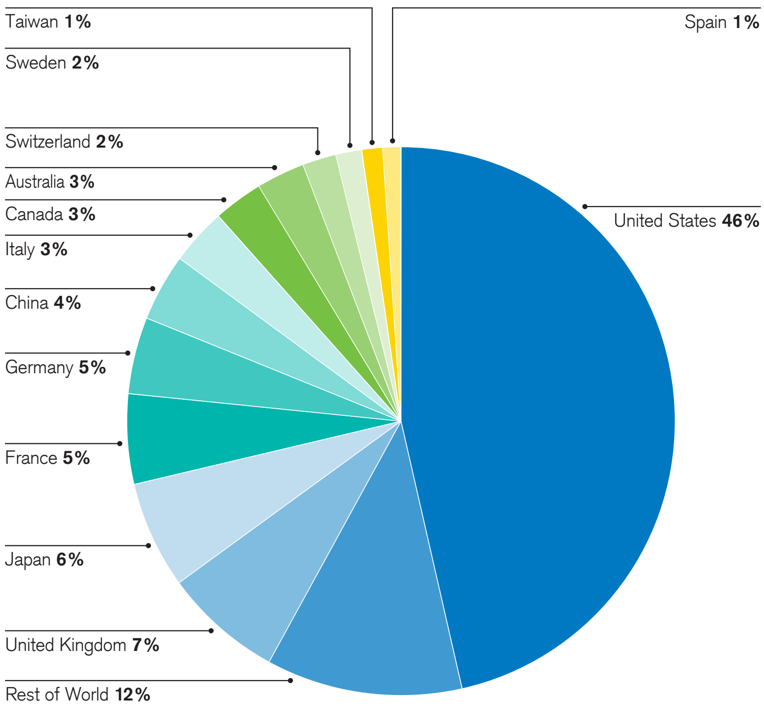
Variations in wealth levels affect the number and country of residence of global millionaires. Last year we reported on robust underlying wealth growth combined with currency appreciation, which combined to add almost four million members to the stock of millionaires, with the United States accounting for 1.6 million new members and the Eurozone for another 850,000. Underlying growth is not so different this year, but exchange rate swings have offset – and often exceeded – the previous year's gains in millionaire numbers in most parts of the world. The global millionaire club lost 2.4 million members all told, with Japan (down 680,000) registering the greatest loss for a single country. However, Europe was the region which lost most members (down 2 million), including 1.5 million from the four largest Eurozone countries: France (down 630,000), Germany (down 390,000), Italy (down 380,000) and Spain (down 90,000). Australia and Canada also shed 410,000 millionaires between them. The United States (up 900,000) added by far the largest number of any country, although in percentage terms China (up 150,000) did better. By bucking the general global trend, the United States raised its share of global millionaire members from 41% in 2014 to 46% in 2015.

Figure 2
Regional membership of global wealth strata



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

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



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Table 1

Change in the number of millionaires by country, 2014–2015

Main gains	Adults (thousand) with wealth above USD 1 million			Main losses	Adults (thousand) with wealth above USD 1 million		
Country	2014	2015	Change	Country	2014	2015	Change
United States	14,753	15,656	903	Japan	2,807	2,126	–681
China	1,181	1,333	152	France	2,422	1,791	–631
United Kingdom	2,296	2,364	68	Germany	1,917	1,525	–392
Hong Kong SAR	101	107	6	Italy	1,504	1,126	–378
				Australia	1,198	961	–237
				Canada	1,160	984	–176
				Sweden	633	520	–113
				New Zealand	386	282	–104
				Spain	454	360	–94
				Belgium	370	278	–92
World	36,122	33,717	–2,405	World	36,122	33,717	–2,405

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

High net worth individuals

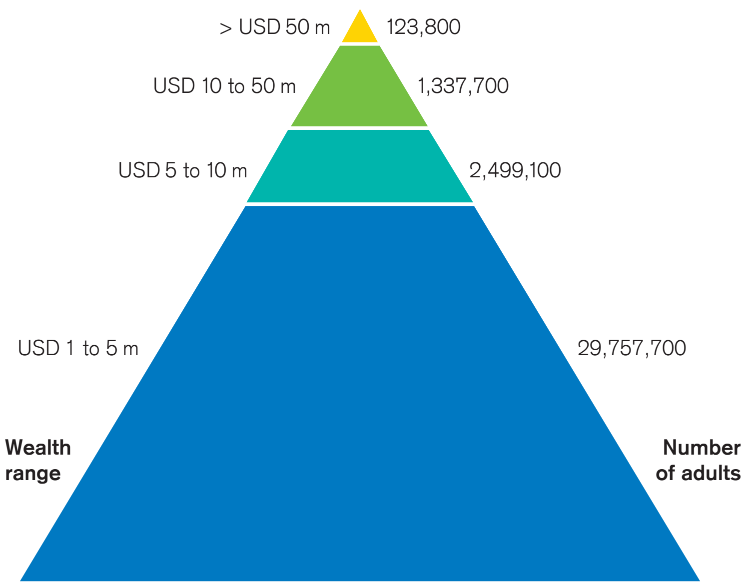
To estimate the pattern of wealth holdings above USD 1 million requires a novel approach, because at high wealth levels the usual sources of wealth data – official household surveys – tend to become less reliable. We overcome this hurdle by making use of well-known statistical regularities to ensure that the top wealth tail is consistent with the annual Forbes tally of global billionaires and similar rich list data published elsewhere. This produces plausible estimates of 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 upwards.

While the base of the wealth pyramid is occupied by people from all countries at various stages of their lifecycles, HNW and UHNW individuals are heavily concentrated in particular regions and countries, and tend to share more similar lifestyles, for instance participating in the same global markets for luxury goods, even when they reside in different continents. The wealth portfolios of these individuals are also likely to be more similar, with a focus on financial assets and, in particular, equities, bonds and other securities traded in international markets.

For mid-2015, we estimate that there are 33.6 million HNW adults with wealth between USD 1 million and USD 50 million, of whom the vast majority (29.8 million) fall within the USD 1–5 million range (see Figure 4). There are 2.5 million adults worth between USD 5 million and 10 million, and 1.3 million more have assets in the USD 10–50 million range. From 2007 to 2009, Europe briefly overtook North America to become the region with the greatest number of HNW individuals, but North America regained the lead in 2010 and now accounts for a much greater number – 16.6 million (49% of the total) compared to 10 million (30%) in Europe. Asia-Pacific countries, excluding China and India, have 4.9 million members (15%) and we estimate that there are now 1.3 million HNW individuals in China (4% of the global total). The remaining 790,000 HNW individuals (2% of the total) reside in India, Africa or Latin America.

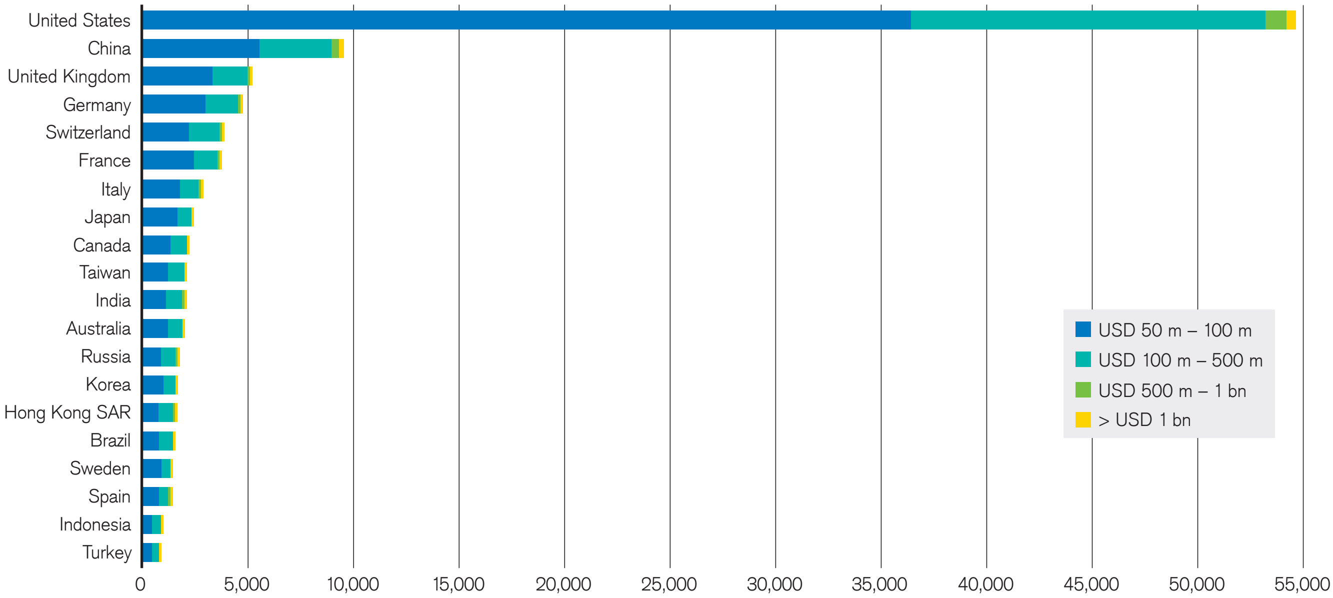
Figure 4

The top of the pyramid



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Figure 5
Ultra high net worth individuals, 2015: Top 20 countries



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Ultra high net worth individuals

We estimate that there are 123,800 UHNW individuals worldwide, defined as those whose net worth exceeds USD 50 million. Of these, 44,900 are worth at least USD 100 million and 4,500 have assets above USD 500 million. The strong dollar has reduced the number of UNHW adults by 800 since mid-2014; but our calculations suggest that there has been a small increase in the number of individuals owning more than USD 500 million.

North America dominates the regional rankings, with 61,300 UHNW residents (50%), while Europe has 29,900 (24%) and 15,900 (13%) live in Asia-Pacific countries, excluding China and India. Among individual countries, the United States leads by a huge margin with 58,900 UHNW adults, equivalent to 48% of the group total (see Figure 5). This represents a rise of 3,800 from the number in mid-2014. China occupies second place with 9,600 UHNW individuals (up 1,800 on the year), followed by the United Kingdom (5,400, up 400) which switched places with Germany (4,900, down 1,000). Switzerland (3,800, down 200) moved up by overtaking France (3,700, down 600). The biggest ranking gains were achieved by Hong Kong SAR (1,600, up 200), which climbed three places and Taiwan (2,200, up 100), India (2,100, up 100) and Korea (1,800, up 100) which all rose two places. Going in the opposite direction, Russia (1,800, down 1000) dropped three places and Brazil (1500, down 500) and Sweden (1400, down 300) each dropped two.

Changing fortunes

The wealth pyramid vividly illustrates differences in personal wealth, with the world's millionaires at the top and less wealthy individuals occupying the lower levels. Discussions of wealth holdings often focus on the top part of the pyramid, paying little attention to the base and middle sections. This is unfortunate because the latter segments account for USD 39 trillion of household wealth, which means they are of considerable economic importance. Addressing the needs of these asset owners can drive new trends in both the consumer and financial industries. China, Korea and Taiwan are countries that have been rising rapidly through this part of the wealth pyramid, with India also having the potential to grow fast from its low starting point.

While the mid and lower levels of the pyramid are important, the top segment will likely continue to be the main driver of private asset flows and investment trends. Our figures for mid-2015 indicate that there are now nearly 34 million HNW individuals, with more than one million in China and nearly 5 million located in Asia-Pacific countries other than China and India. At the very top of the pyramid, 123,800 UHNW individuals are now each worth more than USD 50 million. The recent fortunes created in China lead us to estimate that 9,600 Chinese adults (8% of the global total) now belong to the UHNW group, while an additional 7,700 (6% of the total) are residents of Hong Kong SAR, India, Korea or Taiwan.

The global middle class

The middle class plays a central role in the political and economic development of all democracies. By defining the middle class in terms of personal wealth, we examine how the group has fared over time around the world. Globally, the size and wealth of the middle class grew quickly before the financial crisis, but growth subsided after 2007 and rising inequality has squeezed its share of wealth in every region. Our findings suggest that the middle class in the United States is now outnumbered by its counterpart in China, and that the middle class in North America has less than average wealth, the only region for which this is true.

Throughout the world, the size, health and resources of the middle class are seen as key factors in determining the speed and sustainability of economic development. The middle class is often at the heart of political movements and new consumption trends. It is also a major source of the business people and entrepreneurs who aim to satisfy new demand and of the funding needed to support their businesses, particularly in the early stages. This chapter looks at the changing circumstances of the middle class since the turn of the century, within countries and regions as well as globally.

The middle-class category is not easy to define. At one time the label was usually attached to households whose head was a professional or a manager, or who worked in a skilled white collar or blue collar job. More recently, it has become common to define the middle class in terms of a range of household income which offers a comfortable lifestyle, but not an overly generous one; in other words a range which excludes the poor and those vulnerable to poverty at the bottom end, but also those at the top with the highest incomes.

We proceed here in a similar vein, but break new ground by defining the middle class in terms of a wealth band rather than an income range. This has many attractions: the values and aspirations of the middle class have always been linked to ownership of property, which gives them a stake in the future of the country and the freedom to view issues from a longer-term perspective. Furthermore, access to modest amounts of assets allows households to tide themselves over when misfortune strikes; in other words, it ensures less vulnerability to spells of poverty. An income-based definition of the middle class misses these elements of freedom and security. It suggests, for example, that a spell of unemployment can cause middle-class status to evaporate. A wealth-based definition, on the other hand, conforms better to the widespread view that middle-class membership is resilient to temporary setbacks.

The middle-class wealth range

For a variety of reasons – including the iconic status of the middle class in North America – the United States is chosen as the benchmark country. Specifically, a middle-class adult in the United States is defined here as having wealth between USD 50,000 and USD 500,000 valued at mid-2015 prices. The lower bound could perhaps be justified by noting that USD 50,000 equates to roughly two years of median earnings and hence provides substantial protection against work interruptions, income shortfalls or emergency expenditures. Similarly, the upper threshold of USD 500,000 roughly equates to the amount of capital a person close to retirement age needs to purchase an annuity paying the median wage for the remainder of their life. However, we do not aim to provide a detailed justification of our chosen cut-offs, which are intended to be indicative rather than precise. Other reasonable values for the lower and upper bounds do not appear to change the broad patterns and conclusions documented below.

For the years before 2015, the middle-class wealth bounds for the United States were adjusted downwards using the US CPI. For other countries, the IMF series of purchasing power parity (PPP)

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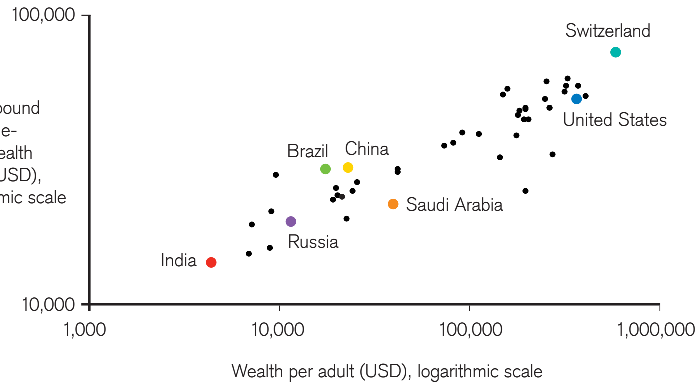
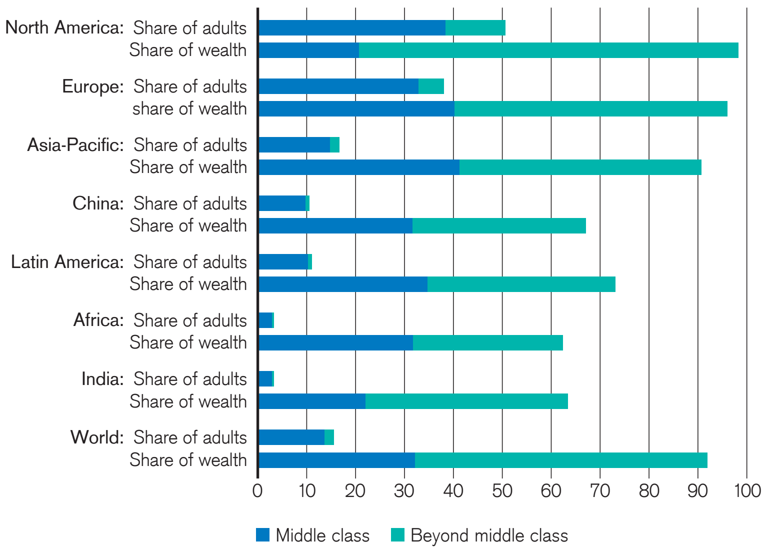
Figure 1
Lower bound of middle-class wealth, 2015, selected countries



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Figure 2
Share of middle-class adults and wealth, 2015, by region



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

values was used to derive equivalent middle-class wealth bounds in local purchasing power terms. Nowadays prices in the United States are often lower than in other advanced economies, so applying the PPP adjustment sometimes produces lower bounds for middle-class wealth above USD 50,000 (see Figure 1). Among Nordic countries, for example, the cut-offs in 2015 range from USD 51,400 for Finland and USD 52,600 for Sweden to USD 57,300 for Denmark and USD 58,200 for Norway. Applying our methodology suggests that an adult in Switzerland must own at least USD 72,900 in assets to belong to the middle class.

Countries with lower wealth per capita tend to have lower prices, so the middle-class threshold is correspondingly reduced for them, as Figure 1 shows. To be a member of the middle class in 2015 according to our methodology, an adult needs at least USD 28,000 in Brazil, Chile and China; USD 22,000 in South Africa and Turkey; USD 18,000 in Malaysia, Russia and Thailand; and just USD 13,700 in India.

Middle-class numbers by region and country

For each country, the upper limit of middle-class wealth is ten times the lower bound. This allows the members of the middle class to be identified, and their number and wealth to be estimated. Our results indicate that 664 million adults belong to the global middle class in 2015, equivalent to 14% of the total adult population. A further 96 million (2% of world adults) have wealth beyond the upper bound of our middle-class wealth range.

Across regions, the middle class is most prevalent in North America, where 39% of adults qualify, followed by Europe, where the proportion is one-third. As Figure 2 shows, the share then drops sharply to 15% for the Asia-Pacific region (excluding China and India), around 11% in China and Latin America, and just 3% in Africa and India. Including those with wealth above the middle-class cut-off raises the North American incidence rate to 51%, but makes little difference to the numbers for China, Latin America, Africa or India.

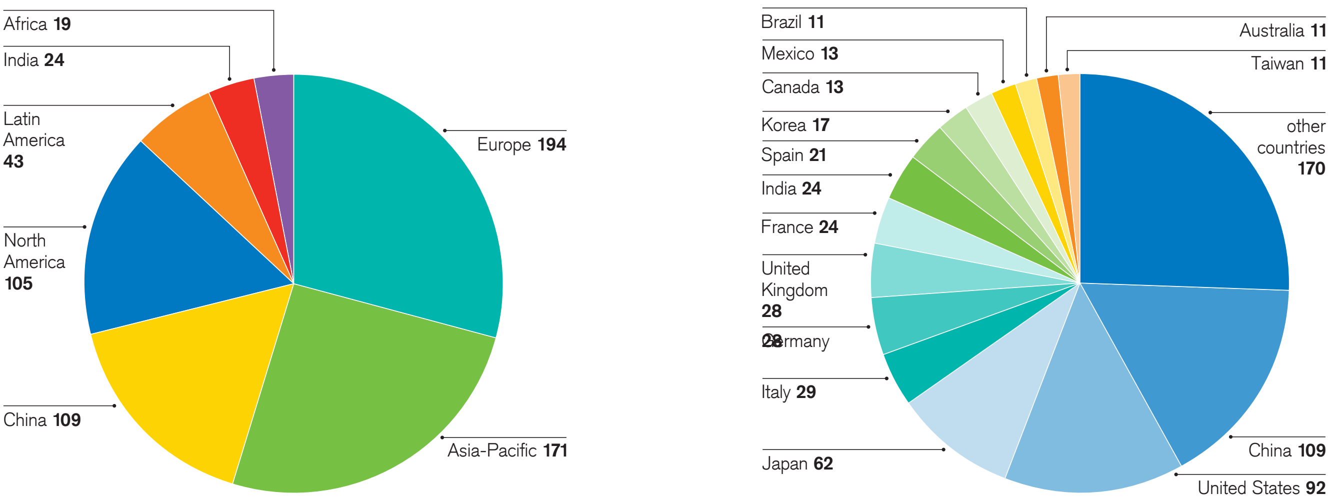
Despite a high incidence in North America, the region contains only 105 million middle-class adults (16% of the global total), significantly less than the 171 million members (26%) in the Asia-Pacific region (excluding China and India) or the 194 million residents of Europe (29% of the world). In fact, the number of middle-class adults in North America has fallen below the number in China (see Figure 3). Adding those with wealth beyond our middle-class range raises the North American share from 16% to 18% and overtakes the number in China, but otherwise makes little difference to the regional ranking.

The middle class is so closely associated with North America – and with the United States in particular – that some of our results for individual

PHOTO: ISTOCKPHOTO.COM/RICH LEGG

Figure 3

Number of middle-class adults (million), 2015, by region and country



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Table 1

Middle-class share of all adults (%), 2015, by country and region

	Middle class	Middle class and above		Middle class	Middle class and above
Australia	66.1	80.3	Germany	42.4	50.0
Singapore	62.3	78.3	Denmark	39.5	50.0
Belgium	62.1	74.4	Sweden	39.4	50.9
Italy	59.7	68.3	United States	37.7	50.0
Japan	59.5	68.6	Saudi Arabia	33.1	35.2
Taiwan	59.4	74.6	Czech Republic	26.5	28.1
United Kingdom	57.4	69.6	Chile	22.3	23.8
Norway	56.4	68.6	Poland	19.3	20.3
United Arab Emirates	56.4	64.2	Mexico	17.1	18.1
Spain	55.8	59.6	Malaysia	16.7	17.9
Netherlands	54.1	61.5	Colombia	15.3	16.2
Ireland	50.3	57.7	South Africa	13.7	14.8
New Zealand	50.3	72.2	China	10.7	11.3
France	49.2	61.7	Peru	10.3	11.1
Canada	47.8	58.3	Turkey	9.9	10.7
Greece	47.2	50.0	Brazil	8.1	8.7
Finland	45.6	50.0	Egypt	5.0	5.4
Portugal	44.6	47.3	Philippines	4.8	5.2
Korea	44.6	47.5	Indonesia	4.4	5.0
Switzerland	44.5	58.5	Russia	4.1	4.6
Hong Kong SAR	44.4	49.5	Argentina	4.0	4.3
Austria	44.0	51.9	Thailand	3.7	4.0
Israel	42.5	46.2	India	3.0	3.2
North America	38.8	50.9	Latin America	10.6	11.3
Europe	33.1	38.3	Africa	3.3	3.5
Asia-Pacific	15.1	17.0	India	3.0	3.2
China	10.7	11.3			
World	13.9	15.9			

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

countries may come as a surprise. The pattern displayed in Figure 3 shows that China now has the largest number of middle-class adults by a wide margin – 109 million compared to 92 million in the United States (although this ranking is reversed when those above the middle-class upper threshold are added). Eleven other countries have more than ten million middle-class citizens, ranging from Japan with 62 million, through France, Italy, Germany, India, Spain and the United Kingdom, with 20–30 million, and Australia, Brazil, Canada and Korea, with 10–17 million members each.

Although North America is the region with the largest share of middle-class adults, the highest middle-class incidence rates are found elsewhere. Half of all adults in the United States own more than USD 50,000, but only 38% fall within our middle-class range. This is a relatively low percentage among advanced economies (see Table 1). Over 50% of adults qualify as middle class in Ireland, the Netherlands and New Zealand, while over 55% qualify in Italy, Japan, Spain, Taiwan, the United Arab Emirates and the United Kingdom. The middle-class incidence rate exceeds 60% in Belgium and Singapore, and is highest of all in Australia, where 66% of adults are in the middle class and 80% belong to the middle class or beyond.

Middle-class wealth

The net worth of the middle class in 2015 amounted to USD 80.7 trillion worldwide, or 32% of global wealth. Adults with wealth beyond the middle-class threshold accounted for a further

Table 2
Wealth holdings of middle class, 2015, by country and region

	Middle class			Middle class and beyond		
	Total wealth (USD bn)	Share of wealth of country/region (%)	Share of world wealth (%)	Total wealth (USD bn)	Share of wealth of country/region (%)	Share of world wealth (%)
United States	16,845	19.6	6.7	84,824	98.7	33.9
Japan	9,724	49.0	3.9	19,138	96.5	7.7
China	7,342	32.2	2.9	15,412	67.6	6.2
United Kingdom	6,188	39.7	2.5	15,255	97.8	6.1
France	4,901	38.6	2.0	12,437	98.0	5.0
Germany	4,758	39.9	1.9	11,630	97.5	4.6
Italy	4,746	47.3	1.9	9,781	97.5	3.9
Canada	2,680	39.0	1.1	6,702	97.5	2.7
Australia	2,490	40.3	1.0	6,094	98.7	2.4
Spain	2,200	52.4	0.9	3,945	94.0	1.6
Korea	1,682	47.4	0.7	3,289	92.7	1.3
Netherlands	1,182	49.7	0.5	2,373	99.8	0.9
Taiwan	1,063	29.6	0.4	3,547	98.8	1.4
Belgium	1,023	46.7	0.4	2,154	98.4	0.9
Mexico	791	40.4	0.3	1,492	76.2	0.6
India	780	22.6	0.3	2,206	64.0	0.9
Brazil	754	31.0	0.3	1,789	73.5	0.7
Switzerland	696	19.9	0.3	3,405	97.5	1.4
Austria	515	38.5	0.2	1,308	97.9	0.5
Norway	513	42.1	0.2	1,268	104.1	0.5
Sweden	504	22.0	0.2	2,223	96.9	0.9
Europe	30,468	40.6	12.2	72,554	96.7	29.0
North America	19,534	21.0	7.8	91,559	98.6	36.6
Asia-Pacific	19,127	41.6	7.6	42,079	91.5	16.8
China	7,342	32.2	2.9	15,412	67.6	6.2
Latin America	2,621	35.1	1.0	5,495	73.6	2.2
Africa	834	32.1	0.3	1,627	62.7	0.7
India	780	22.6	0.3	2,206	64.0	0.9
World	80,706	32.3	32.3	230,933	92.4	92.4

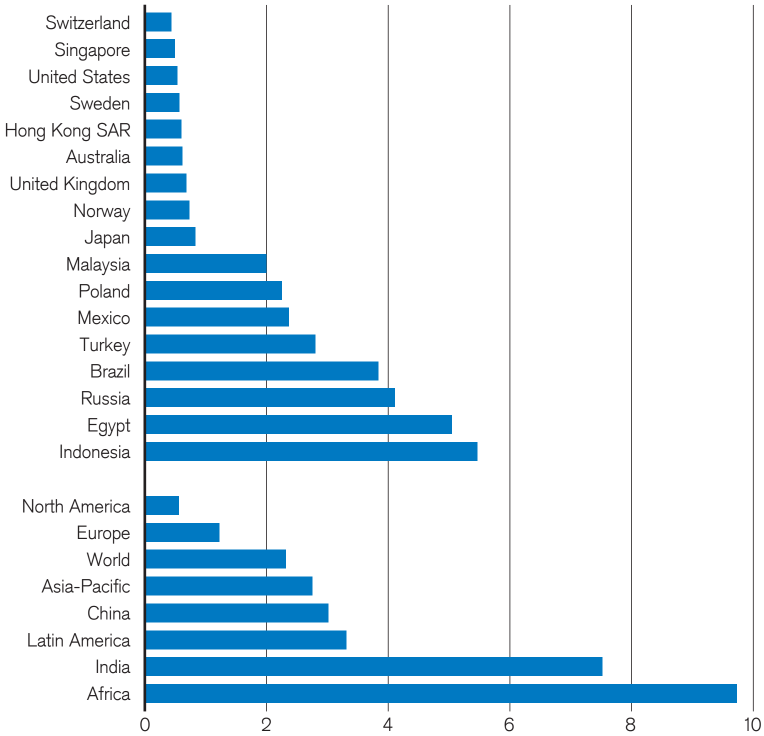
Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

USD 150 trillion, bringing the total wealth of the middle class and beyond to USD 231 trillion, or 92% of global wealth. Thus the 1-in-6 adults who belong to the middle class and beyond own the vast bulk of global assets. The same picture emerges within regions and countries, with few instances of countries where the middle class and beyond own less than two thirds of total wealth, regardless of the size of the middle class. India is a borderline case: only 3% of adults have wealth above the middle-class minimum, but the group accounts for 64% of total household wealth (see Table 2). The situation in Africa as a whole is almost identical.

Other interesting conclusions emerge from the breakdown by region and country. While North America is the region with the highest incidence of middle-class adults, its share of middle-class wealth is not only lower than for the world as a whole, but the lowest of all regions, including India. More surprising is the finding that in North America – alone among regions – the population share of the middle class exceeds their share of wealth: in other words, the middle class as a group have less than average wealth (see Figure 2). In fact the average wealth of middle-class adults in North America is barely half the average for all adults. In contrast, middle-class wealth per adult in Europe is 130% of the regional average; the middle class in China is three times better off in wealth terms than the country as a whole; and the average wealth of the middle class in both India and Africa is ten times the level of those in the rest of the population. The reason for this unexpected result is evident from Figure 2: in North America the size and wealth of the group beyond the

Figure 4

Ratio of share of middle-class wealth to share of middle-class adults, 2015



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

middle class is large enough to depress the relative position of the middle class.

A shortfall of the wealth share of the middle class below its population share is also evident in many individual countries outside North America, including every one of the G7 nations. Figure 4 shows that the shortfall is most acute in Switzerland, Singapore and the United States; but in Australia, Hong Kong SAR and Sweden the mean wealth of the middle class is also more than one-third lower than the average for the whole population. Again, the reason why the middle class in these countries has less than its "fair share" of wealth is because those beyond the middle class are sufficiently numerous and wealthy to depress the middle class share. In contrast, for middle and low-income countries – such as Brazil, China, India, Indonesia and Mexico – the share of the middle-class wealth exceeds its population share (see Figure 4). This difference signals that in such countries members of the middle class are not "in the middle." Rather, they are towards the top of the distribution and there are relatively few people above them. The same is true for the world as a whole.

Trends in middle-class numbers

Our results show an expansion this century in the number of middle-class adults from 524 million in 2000 to 664 million in 2015, a rise of 140 million or 27%. This is a substantial increase by any standard, even allowing for the rise in population over this period. However, it underestimates the increase in middle-class membership because it disregards the net increase in the number of those who advance beyond our middle-class range. To accommodate this group, it is best to look first at the change in the total number in or beyond the middle class, and then split the total into those who remain in the middle class and those who progress further.

Table 3 indicates that the number of adults with wealth above the middle-class lower bound has increased by 178 million this century, a rise of 31%. Most of the new entrants have remained within the middle-class band, but 38 million extra adults are now found beyond this range. Each of the regions contributed to the rise in both categories, led by the Asia-Pacific region which added 42 million adults to the middle-class ranks and a further 10 million to the number beyond the middle class. China added 43 million new members, of which a smaller proportion (five million) progressed higher. In contrast, about one-third of the 34 million new middle-class members in Europe advanced beyond the middle-class range, and almost 40% of the 27 million new members in North America moved on.

The financial crisis had a significant impact on the size of the middle class and beyond. Every region contributed to the massive expansion during 2000–2007, when the global stock absorbed 267 million new members; and every region also

Table 3

Change in number of middle-class adults, 2000–2015, for regions and selected countries

	Middle class and beyond							Middle class	Beyond middle class
Period	2000	2015	2000–15	2000–15	2000–07	2007–08	2008–15	2000–15	2000–15
	Number (million)	Number (million)	Change (million)	Change (%)	Change (million)	Change (million)	Change (million)	Change (million)	Change (million)
China	71.8	115.1	43.3	60.3	102.0	–67.3	8.5	38.5	4.8
United States	99.7	121.7	22.0	22.1	11.9	–6.8	17.0	12.9	9.1
India	17.8	25.5	7.7	43.6	12.5	–5.5	0.7	6.8	1.0
France	22.7	29.9	7.2	31.8	6.2	–0.2	1.2	3.6	3.7
Japan	64.4	71.5	7.1	11.1	2.4	0.0	4.8	4.2	2.9
Korea	12.4	18.5	6.1	49.7	5.7	–1.1	1.6	5.4	0.7
Mexico	7.6	13.7	6.1	80.4	7.5	–0.3	–1.1	5.8	0.3
United Kingdom	28.6	33.9	5.3	18.4	3.2	–1.2	3.3	3.0	2.2
Canada	11.4	16.1	4.7	41.6	2.4	–0.3	2.6	3.2	1.5
Australia	9.7	13.6	3.9	40.2	2.3	0.0	1.6	2.4	1.5
Poland	2.3	6.2	3.8	163.4	2.4	0.6	0.8	3.7	0.2
Taiwan	10.1	13.8	3.7	36.4	1.6	0.6	1.5	1.8	1.9
Spain	18.9	22.4	3.5	18.2	5.2	–2.1	0.3	3.2	0.3
Colombia	1.8	5.1	3.3	182.7	1.6	0.0	1.7	3.1	0.2
Greece	4.7	4.6	–0.1	–1.9	1.1	–0.4	–0.8	–0.1	0.0
Turkey	6.0	5.7	–0.3	–5.3	3.1	–2.0	–1.4	–0.4	0.1
Russia	5.6	5.0	–0.6	–10.3	11.1	–2.5	–9.2	–0.7	0.1
Argentina	3.9	1.2	–2.7	–68.8	1.5	–1.1	–3.1	–2.6	–0.1
Egypt	5.7	2.9	–2.7	–48.2	3.0	–2.6	–3.1	–2.7	–0.1
Asia-Pacific	140.7	191.8	51.2	36.4	59.4	–15.5	7.3	41.6	9.6
China	71.8	115.1	43.3	60.3	102.0	–67.3	8.5	38.5	4.8
Europe	189.5	223.9	34.5	18.2	46.2	–9.3	–2.4	23.5	11.0
North America	111.1	137.8	26.7	24.1	14.3	–7.1	19.5	16.1	10.7
Latin America	31.7	45.4	13.8	43.5	21.2	–2.9	–4.5	12.8	0.9
India	17.8	25.5	7.7	43.6	12.5	–5.5	0.7	6.8	1.0
Africa	19.1	19.9	0.7	3.8	11.5	–7.5	–3.2	0.4	0.3
World	581.6	759.5	177.9	30.6	267.0	–115.1	26.0	139.7	38.2

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

contributed to the decline during 2007–2008, when the number in the middle class and beyond shrank by 115 million. However, the overall picture is dominated by China where the middle class and beyond added 102 million members during 2000–2007 and then shed 67 million members in the following year. Our figures suggest that the middle class and beyond grew by 9 million in China between 2008 and 2014, and that middle-class numbers are still well below the pre-crisis peak. In fact, middle-class numbers have not recovered since 2008 in any region except North America, where the core middle class shrank by 2.6 million in 2007–2008 but has subsequently expanded by 9.5 million. In Africa, Europe and Latin America, middle-class numbers have continued to fall in the period since 2008, although the number of adults beyond the middle-class wealth range has risen recently in Latin America and Africa.

A similar pattern over time emerges for individual countries, although a few escaped the downturn in middle-class numbers during the financial crisis. These include Poland and Taiwan, both of which have had substantial gains in middle-class membership since 2000, alongside Australia, Canada, France, India, Japan, Korea, Mexico, the United Kingdom and, most notably, China and the United States whose gains far outstrip all other countries. At the other end of the scale, the middle class has contracted this century in five countries: Argentina, Egypt, Greece, Russia and Turkey. In each case, the middle class expanded between 2000 and

Table 4

Change in total wealth of middle class, 2000–2015, for regions and selected countries

	Middle class and beyond							Middle class	Beyond middle class
Period	2000	2015	2000–15	2000–15	2000–7	2007–8	2008–15	2000–15	2000–15
	Wealth	Wealth	Change in wealth	Change in wealth	Change in wealth	Change in wealth	Change in wealth	Change in wealth	Change in wealth
	USD bn	USD bn	USD bn	%	USD bn	USD bn	USD bn	USD bn	USD bn
United States	42,298	84,824	42,526	100.5	21,433	–12,494	33,587	7,098	35,428
China	2,145	15,412	13,267	618.4	8,284	–2,775	7,757	5,634	7,633
United Kingdom	6,947	15,255	8,308	119.6	7,651	–5,268	5,925	2,692	5,616
France	4,370	12,437	8,067	184.6	9,381	–1,234	–81	2,622	5,444
Germany	5,612	11,630	6,018	107.2	6,706	–530	–158	2,108	3,910
Australia	1,383	6,094	4,711	340.5	3,203	–960	2,467	1,735	2,975
Canada	2,368	6,702	4,334	183.0	3,347	–1,388	2,375	1,604	2,730
Korea	928	3,289	2,361	254.3	1,849	–891	1,404	1,026	1,335
Switzerland	1,243	3,405	2,162	173.9	948	–7	1220	410	1752
Spain	1,918	3,945	2,027	105.7	3,513	–1,069	–417	1,068	958
Taiwan	1,721	3,547	1,826	106.1	503	256	1,067	146	1,681
India	575	2,206	1,631	283.7	1,544	–538	625	468	1,163
Sweden	801	2,223	1,422	177.5	877	–375	921	284	1137
Russia	220	1,044	824	374.2	1,877	–387	–667	137	687
Mexico	724	1,492	768	106.1	959	–336	145	442	326
Singapore	317	1,080	763	240.7	334	3	426	214	549
Japan	18,444	19,138	694	3.8	–896	3,758	–2,168	–420	1,114
Turkey	356	775	419	117.7	989	–439	–131	103	316
Poland	165	567	401	242.8	356	–44	89	243	158
Colombia	100	484	384	383.8	208	–21	197	222	162
Philippines	72	364	293	407.7	94	–22	221	113	179
Greece	457	678	221	48.3	709	–216	–272	127	94
Thailand	64	255	191	300.5	82	–31	140	58	133
Egypt	179	251	72	40.1	168	–72	–24	–7	79
Argentina	432	178	–254	–58.7	4	–79	–179	–181	–73
Asia-Pacific	25,586	42,079	16,493	64.5	10,981	113	5,400	5,145	11,348
China	2,145	15,412	13,267	618.4	8,284	–2,775	7,757	5,634	7,633
Europe	32,256	72,554	40,299	124.9	45,891	–11,854	6,262	14,565	25,734
North America	44,683	91,559	46,877	104.9	24,788	–13,887	35,976	8,705	38,172
Latin America	2,413	5,495	3,082	127.7	2,916	–853	1,019	1,369	1,713
India	575	2,206	1,631	283.7	1,544	–538	625	468	1,163
Africa	686	1,627	941	137.1	1,281	–523	182	421	520
World	108,344	230,933	122,589	113.2	95,685	–30,316	57,221	36,307	86,282

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

2007, then shrank as a result of the financial crisis and continued to shed members from 2008 onwards. After trebling in size by 2007, Russia has lost more middle-class members since 2008 than any other country. As with Greece and Turkey, the middle class in Russia is only a little smaller now than in 2000. However, our estimates suggest that the middle class in Egypt is half the size it was at the turn of the century, while the middle class in Argentina has shed two-thirds of its membership.

Trends in middle-class wealth

In all regions and in almost all countries, the wealth of the middle class and beyond has grown strongly this century. Globally, the wealth of those above the lower-middle-class threshold has more than doubled, from USD 108.3 trillion in 2000 to USD 230.9 trillion in 2015. In Africa, it has grown by 140% and in India by 280%, while China has experienced a six-fold increase (see Table 4). Part of the increase reflects population growth and erosion of purchasing power by inflation; but after controlling for these factors there remains significant growth in the wealth of those above the middle-class cut-off.

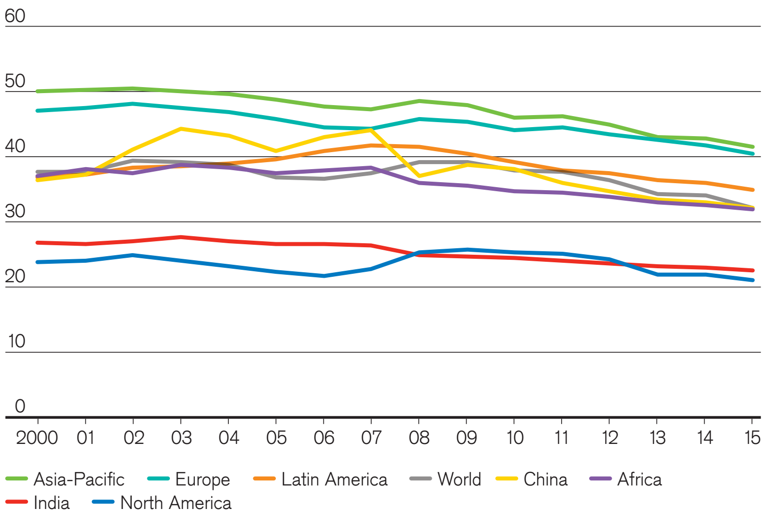
Further inspection of the data yields two important observations. First, the increase in middle-class wealth occurred principally before the financial crisis. Total global wealth for the middle class and beyond rose by USD 95.7 trillion between 2000 and 2007, then dropped by USD 30.3 trillion in 2007–2008, before rising by USD 57.2 trillion from 2008 onwards. Thus about 80% of the rise this century in the wealth of the middle class and beyond occurred before 2007. The pattern within each region is broadly similar, although the Asia-Pacific region (excluding China and India) saw no decline in wealth during 2007–2008; and in Africa and Europe, the wealth of the middle class and beyond has not recovered to pre-crisis levels. The same pattern is also evident across countries, although most of the rise in the wealth of the middle class and beyond in the United States occurred after the financial crisis and the same is true of Singapore, Sweden, Switzerland, Taiwan and Thailand.

The second noteworthy observation is that the rise in wealth of the middle class and beyond has gone largely to those with wealth above our upper-middle-class threshold, despite the much smaller population size. For the world as a whole, the split is more than 2:1 in favor of those beyond the middle class, and in North America the split is more than 4:1. In fact, in every region during 2000–2015, the rise in the aggregate wealth of the middle class was less than that at higher wealth levels and this was true of most countries, the exceptions being Colombia, Greece, Mexico and Poland where the split was roughly 60:40 in favor of the core middle class.

These two factors help explain the trends evident in Figure 5, which plots the share of total

Figure 5

Percentage of wealth owned by middle-class adults, 2000–2015, by region



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

wealth owned by the middle class in each region. An increase in the size of the middle class, combined with a relatively even distribution of wealth gains, kept the share of middle-class wealth fairly stable during the early years of the century. During the financial crisis of 2007–2008, the size of the middle class declined, but its average wealth fell by a smaller factor than that experienced at higher wealth levels. As a consequence, the wealth share of the middle class fell in Africa, China and India, where the decline in middle-class numbers was most severe, and rose in Asia-Pacific, Europe and North America, where the middle class contraction was more modest.

From 2008 onwards, wealth growth has not allowed middle-class numbers to keep pace with population growth in the developing world. Furthermore, the distribution of wealth gains has shifted in favor of those at higher wealth levels. These two factors have combined to produce a decline in the share of middle-class wealth in every region since 2007 and a decline in all regions except China for the entire 2000–2015 period. The percentage decline since 2008 lies in a narrow range (9%–13%) for most regions, but is higher in Latin America (16%) and highest of all in North America (17%). This pattern is repeated in most countries and provides support for the claim that the middle classes have been squeezed in recent years. Some of the squeezing in certain countries has been due to higher levels of personal debt. However, it is worth noting that some of the squeezing has also been done by former members of the middle class. Many people rose out of the middle class during 2000–2015. In the United States, for example, the number of adults beyond the middle class rose by

almost 50% between 2000 and 2015, with most of the newcomers no doubt coming from the middle class. Thus, to an extent, the middle class has been the victim of its own success.

Summary and conclusions

In this chapter, we have used our unique set of wealth data to investigate the changing fortunes of the middle class this century in all regions and countries of the world. We defined the middle class as adults in the United States with wealth between USD 50,000 and USD 500,000 in 2015 dollars, and in other countries as those having a similar sum in terms of local purchasing power. Wealth is a good basis for identifying the middle class because it is necessary for the financial freedom and security that are its hallmarks. We find that the middle class in 2015 accounts for 14% of world adults and 32% of world wealth. When those beyond the middle class are added, the larger group makes up 16% of the adult population and owns 92% of total wealth.

The size and wealth of the middle class varies greatly across countries, ranging from 3% of the adult population in India to 66% of adults in Australia. Surprisingly, only 38% of adults in the United States qualify as middle class according to our criterion, a much lower percentage than the 50% to 60% figure found in most high-income countries. The reason for this lies in high wealth inequality in the United States, which spreads most of the population out beyond the middle-class boundaries.

The middle class in the United States is also unusual in having a particularly low share of the country's wealth, which at 19.6% is considerably less than its share of the adult population. This is because the middle-class wealth share is squeezed by the exceptionally high wealth of the 12% of adults who are beyond the middle class. While the wealth share of the middle class is less than its population share in many other high-income countries, the imbalance is seldom as great as in the United States. Among regions, North America is the only one where the wealth share of the middle class does not exceed its adult population share. In other words, North America is the only region where the middle class has less than average wealth.

Since the turn of the century, the number of adults in the middle class and beyond has increased considerably, up from 524 million to 664 million. Their wealth has also risen impressively, by USD 122.6 trillion. However, the upward trend has not been smooth. There was a sharp drop in 2007–2008 in both middle-class numbers and wealth. Numbers have not yet returned to the 2007 level in any region except North America. In

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Argentina and Egypt, they remain significantly below the level at the turn of the century. The wealth of the middle class and beyond now exceeds its 2007 value in the Asia-Pacific region, China, India, Latin America and North America, but has not fully recovered in Africa or Europe. Meanwhile, the wealth of those beyond the middle class has risen more rapidly; as a consequence, the share of middle-class wealth has fallen in all regions since 2008, and in all regions except China over the period from 2000 to 2015.

There are notable differences in trends across countries and regions, which generate interesting comparisons, such as that between China and India. In China the number of middle-class adults grew by 38 million between 2000 and 2015, and their wealth rose by USD 5.6 trillion. As a consequence, there are now more global middle-class members in China (109 million) than there are in the United States (92 million). In contrast, India added only 6.7 million adults to the middle class, and middle-class wealth rose by just USD 1.2 trillion. This divergence in experiences is partly due to faster overall wealth growth in China, and partly because the populous mid-portion of the Chinese wealth distribution is moving into the global middle class, whereas it is still far from doing so in India.

Studies of the middle class across numerous countries will almost certainly have to be based on such data as income or wealth that are widely available. The wealth perspective has many attractions in our view, but there are also limitations. One of the most important is that data constraints prevent us from applying different wealth bounds to different age groups. Our bounds are likely to be less appropriate for the young than the middle-aged, and they may also be questionable for the very old. This lays us open to the suggestion that the exclusion of young people with wealth of less than USD 50,000 is the reason why just 38% of adults qualify as middle class in the United States. Young doctors and lawyers with substantial student debt would be an example. However, we believe this criticism carries little weight. Note, for example, that while Australia and the United States have similar demography, 66% of adults in Australia qualify as middle class on our methodology, and 80% are middle class or beyond. This suggests that high wealth inequality is the principal reason for the low middle class numbers found for the United States rather than the exclusion of too many young or old people.

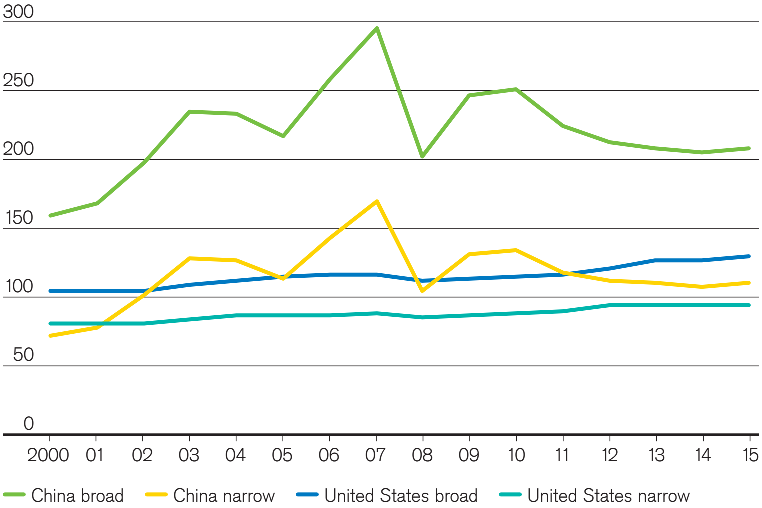
Some people also recommend including the value of state pensions in the definition of wealth, which would lead to a rise in the size of the middle class, especially in high-income countries. However, we do not favor this option. People have legal ownership of their private pensions. In contrast, social security wealth can be altered by changes in government policy. Large private pensions give people a source of security and independence that makes them solidly middle class. Those who depend on the state for their retirement income are not in the same category.

Finally, the size and wealth of the middle class in all countries would increase if the lower threshold were set below USD 50,000 in mid-2015 or the upper limit raised above USD 500,000. A case could be made for expanding the middle-class wealth band, reducing the lower bound down as far as USD 30,000, or raising the upper bound up to USD 1 million. We experimented with the broad middle-class band USD 30,000–USD 1 million and found no substantive qualitative differences with the findings documented above using the narrow USD 50,000–USD 500,000 band. By way of illustration, Figure 6 compares the trends in the size of the middle class in the United States and China during 2000–2015. Use of the broad wealth band suggests that the Chinese middle class was much bigger than the US middle class for the entire period and peaked at more than double the size. Otherwise the patterns revealed by the narrow and broad bands are similar.

Further options are available for comparing middle-class trends across countries if the definition in terms of a wealth band is replaced by one in terms of income. Growing literature on the middle class in the developing world uses income as the measuring rod and typically sets a low bar for the middle class – little more than the poverty line in fact. The upper bound used is also usually low. Setting a lower membership standard can lead to a significant rise in the number of middle-class members in developing countries like India, and to an increase in the rate of growth over time. We are inclined to view the resulting group as the "developing middle class" rather than the global middle class.

Figure 6

Number of middle-class adults (million) in China and United States, 2000–2015



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Global wealth in 2020

Despite the slowing momentum of recent years, we expect that wealth growth will pick up by the end of the decade, reaching USD 345 trillion by mid-2020, 38% higher than in 2015. The number of millionaires will grow to 49.3 million adults, while the middle segment of wealth holders will exceed 1.3 billion adults, 40.3% of whom will be from China.

Wealth and the global economy

The global economy is in its sixth consecutive year of real GDP growth above 3%, underpinned by still rapid – albeit decelerating – growth in some large emerging markets and a boost in the growth rate of some developed economies, in particular Europe. Monetary policy is beginning to diverge, with the Fed likely entering a gradual tightening path, while elsewhere central banks are easing or staying put. This explains to some extent the relative changes in wealth over the last year. Going forward, we expect the global economy to accelerate slightly, with the Chinese economy stabilizing as it makes a transition towards consumption and services.

Against this backdrop, wealth is set to continue its upward trajectory and could grow at an annual rate of 6.6% (including inflation), reaching USD 345 trillion in 2020. This is below last year's projection of 7%, but not outside historical norms. Between 2000 and 2007, wealth grew at a sizeable pace of 9.4%. Following the financial crisis of 2008, its pace has admittedly been tepid (just 4.3% annually), but this is in large part due to the strong dollar that has been appreciating at an annual pace of more than 1% versus other currencies (weighted according to wealth). To put this in context, wealth is currently at USD 250.1 trillion, 336% the projected global GDP for 2015 (which the IMF estimates at USD 74.6 trillion) and it could rise to 352% of GDP by 2020 (forecast at USD 98.1 trillion), approximately in line with its 15-year average of 349%.

Healthy growth for rich economies

The global economic outlook is weaker than previously expected, and this leads us to revise our projections downwards. The United States will remain the undisputed leader with wealth nearing USD 113 trillion, but its share will decline somewhat to a third of the global total. Wealth growth in Europe will likely outpace the growth rate of the United States in the next five years, but the regional total will still fall short of the United States. It is noteworthy that the region exceeded the United States for a large part of the last 15 years, but fell behind following the strong US recovery during the post-crisis years.

Among high-income countries, Switzerland will likely retain its spot as the world's number one in terms of wealth per adult, followed by New Zealand.

PHOTO: ISTOCKPHOTO.COM/LUXIZENG

Sweden could surprise by gaining the world's third spot. New Zealand and Australia will likely retain the top spots in terms of median wealth.

Emerging markets poised to outpace the rich world

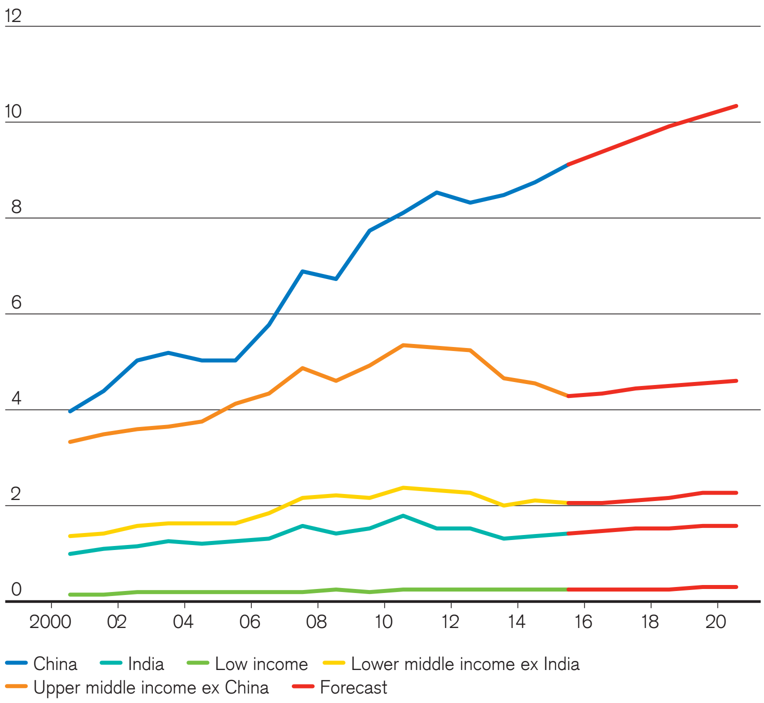
Wealth growth in emerging markets will continue to outpace high-income economies (9.1% against 6.1%). Among emerging markets, wealth in low-income economies will likely grow at around 10.5%, and in middle-income economies it is expected to grow at 8.9%. On aggregate these economies could increase their share from 16.9% in 2015 to 19.0% in 2020 (Figure 1). Emerging economies (excluding China and India) could grow their wealth by 9.0%, and could together exceed USD 24.5 trillion.

China and India catching up

China and India will both likely record growth levels above 9%, with China slightly outpacing India. Taken together, the two economies have more than doubled their share of wealth since 2000, increasing it from 5.0% in 2000 to 10.5% in 2015. In the next five years, their share could rise further to

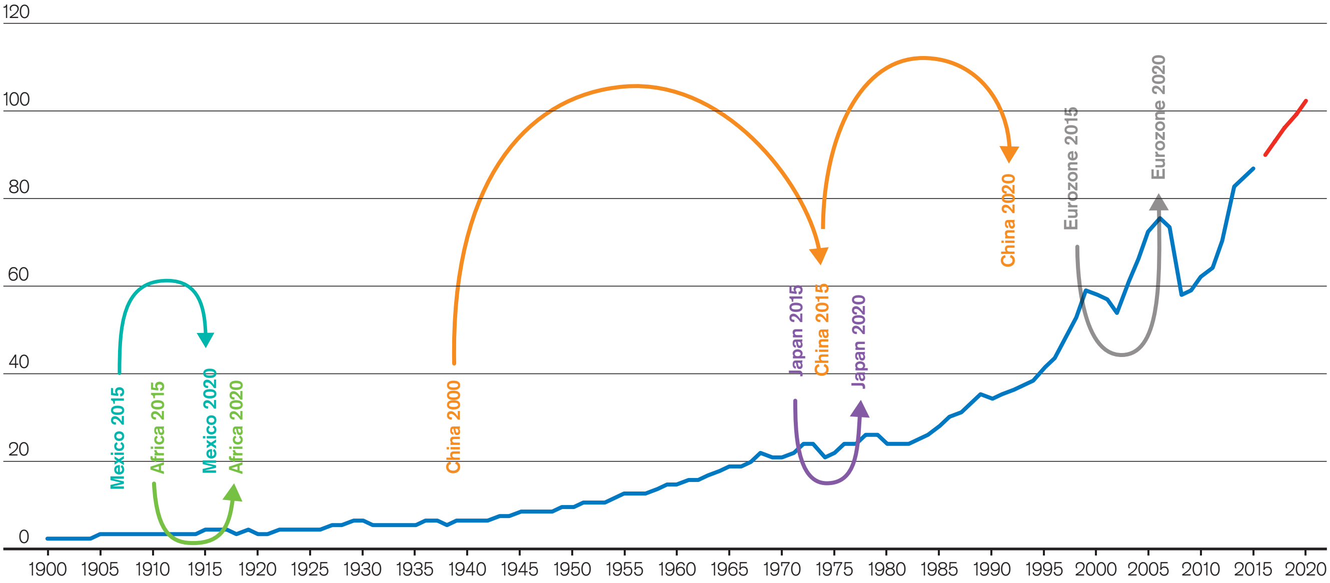
Figure 1

Wealth share history and forecasts of emerging markets (in %)



Source: Credit Suisse

Figure 2
Total wealth in the United States and relative position of selected economies (in USD trillion, constant prices)

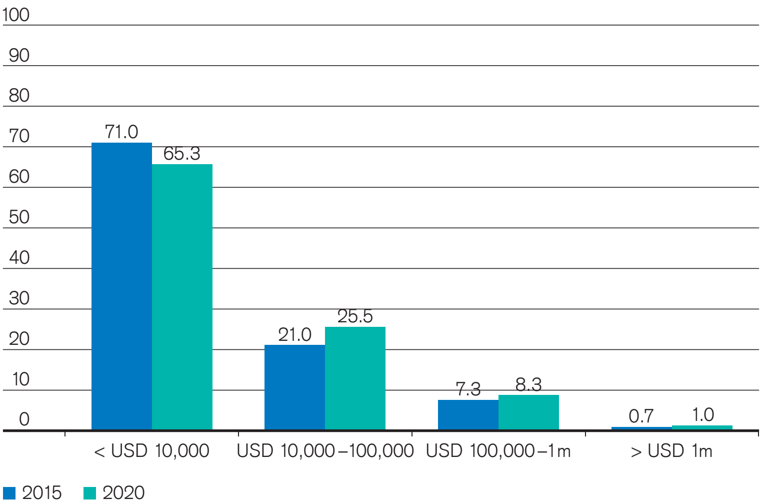


Source: Credit Suisse

11.9%. By 2020, India will likely become the world's twelfth largest economy by wealth, from fourteenth today.

China has already overtaken Japan in terms of aggregate net wealth and in the next five years Chinese household wealth will likely exceed that of Germany and France combined (in 2008 it had just over half the wealth of these two economies). Figure 2 puts these moves into perspective. Chinese wealth in 2000 was around USD 4.7 trillion (6.3 trillion in today's prices), which is similar in terms of size to US wealth in 1939. Over the last 15 years, Chinese wealth has grown to nearly USD 23 trillion, which is approximately where the United States was 33 years later in 1972 (just before the oil shock). It has thus taken China less than half the time to create the equivalent level of wealth. What makes this feat even more impressive is that when we look at US wealth growth between 1900 and today we find that the rate of growth recorded between 1939 and 1972 was the highest that the US economy had ever recorded over any other 33-year interval (4.1% annually in real terms). This supports the notion that Chinese wealth growth over the last 15 years has been by all accounts exceptional. Our projections indicate that over the next five years, Chinese wealth could grow by 9.4% annually in nominal terms, thus leapfrogging another 16 "US years," approaching the wealth level that the United States first reached in 1988. This projection is based on our assumption of no hard landing for the Chinese economy (a projected real annual GDP growth rate of 6.2%).

Figure 3
Wealth distribution (% of adults)



Source: Credit Suisse

Shrinking base, rising middle

Since 2012, the number of adults with wealth between USD 10,000 and USD 100,000 has shrunk at an annual rate of –2.1%, while the number of adults at the base of the pyramid has increased by 2.9% annually. We expect this trend to reverse in the next five years, with the number of people in the middle segment rising by 5.5% annually and the number of adults in the base segment shrinking at a rate of –0.2%. Consequently, the share of adults in the middle segment could rise from 21.0% of the adult population in 2015 to 25.5% in 2020 (Figure 3). China accounts for a bit more than a third of adults in the middle segment, but will account for 54.7% of the net increase. Towards the end of the decade, approximately half of Chinese adults will belong to this segment (Figure 4). India will also contribute, accounting for 7.1% of the net increase, when it only accounts for 3.6% of adults in this segment. Other low and middle-income Asia-Pacific economies will account for about a quarter of the net increase. Latin America will see its population share of the segment decline slightly, but encouragingly its share of the upper segment (adults with wealth between USD 100,000 to 1 million) will rise to 3.0% from 2.4% in 2015.

Millionaires

The number of dollar millionaires will likely rise by 46.2% over the next five years, increasing to a record 49.3 million adults. Among the regions, China is likely to see the largest percentage increase, with the number of millionaires increasing by 74.0%. Africa will likely be the next performing region, with millionaires rising by 73.0%, albeit from a lower base. Overall, emerging markets (low to middle-income economies) account for 6.5% of millionaires and will see their share rise to 7.4% by the end of the decade. High-income economies will still account for the bulk of new millionaires, with 14.0 million adults entering this category. Millionaire net wealth is likely to rise by 8.4% annually, as more people enter this segment. Emerging markets will likely account for 9.1% of millionaire wealth in 2020, 1% above current levels.

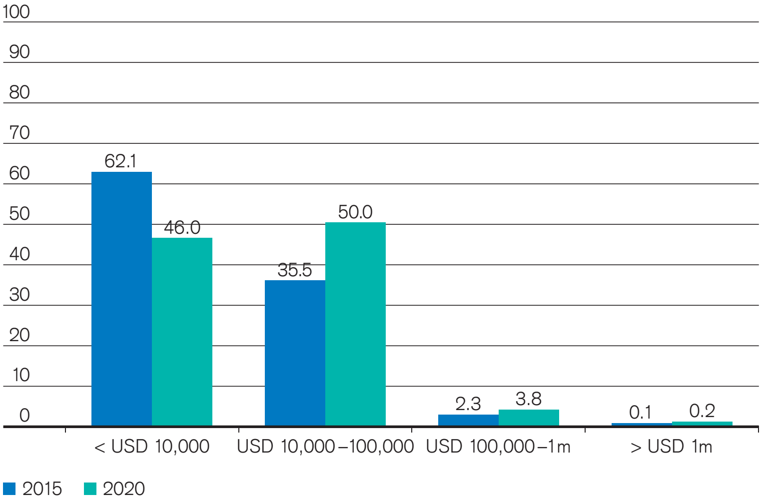
Methodology

We project total wealth at the country level by forecasting the two components of wealth – financial and non-financial – separately, but by using the same inputs (GDP and inflation) from the IMF's latest World Economic Outlook database.

We project aggregate financial wealth using a combination of GDP and equity market capitalization growth. We forecast five-year market value using a dividend discount model at the country level. To compute the discount rate we assume normalization in market conditions (risk appetite and volatility). We estimate dividends by using analyst consensus expectations and trend GDP growth. Then we estimate the five-year forward price target and finally compute the corresponding change in market value (this typically grows at a higher rate than the price index). We have estimates for 42 countries in local currency and they are converted to dollars using IMF exchange rate projections.

For non-financial wealth, we base our model on a regression of non-financial wealth on GDP and inflation and we produce a forecast based on IMF projections of these variables. Again, forecasts are in local currency and they are converted into dollars using IMF FX projections. For countries where we do not have projections, we use GDP per capita growth to forecast net worth and assume that the percentage of financial/non-financial/debt is the same as for 2015.

Figure 4
China wealth distribution (% of adults)



Source: Credit Suisse

Table 1
Number of millionaires in 2015 and 2020 (regions and selected countries)

	Number (thousand)		Change
	2015	2020	(%)
United States	15,656	20,617	32%
United Kingdom	2,364	3,829	62%
Japan	2,126	3,591	69%
France	1,791	2,869	60%
Germany	1,525	2,362	55%
Taiwan	414	744	80%
Brazil	168	229	37%
Singapore	142	212	50%
Mexico	122	206	68%
China – Hong Kong SAR	107	165	54%
Indonesia	98	151	54%
Russia	92	147	60%
Turkey	74	111	50%
United Arab Emirates	59	96	62%
Saudi Arabia	50	86	72%
Poland	43	77	79%
Colombia	37	68	83%
Chile	44	67	52%
Malaysia	31	64	107%
Czech Republic	28	37	34%
Africa	126	217	73%
Asia-Pacific	4,931	8,069	64%
China	1,333	2,320	74%
Europe	10,011	15,514	55%
India	185	305	65%
Latin America	485	738	52%
North America	16,646	22,111	33%
World	33,717	49,273	46%

Source: Credit Suisse

PHOTO: ISTOCKPHOTO.COM/VITALYEDUSH

Wealth of nations

The level and distribution of household wealth differ widely across countries. This section of our report provides a sample of the variety of country circumstances and the range of experience.

The quality of wealth data is good in the high-income countries that have most of the world's wealth, but is patchy elsewhere. Our assessment of the reliability of the source material is reported for each country discussed below. For the countries featured, data quality is rated as no worse than "fair," meaning that there is at least some credible source of data on wealth, such as a recent household survey. In most of the selected countries, the quality is "good," indicating that there is an official household sector balance sheet as well as an acceptable way to estimate wealth distribution. A "satisfactory" rating is an intermediate assessment given, for example, when the data are good but somewhat out of date.

The charts in this section highlight some of the most important facts and are generally based on wealth per adult in US dollars at the prevailing exchange rate. The first chart shows changes in average wealth for the period 2000–2015. Since exchange rate changes can alter the apparent trend, an alternative series is provided for each country using its average USD exchange rate for the 15 years. A typical pattern is a mild decline in average wealth between 2000 and 2002, an increase until 2006 or 2007, and a drop in 2008 with a subsequent recovery. By mid-2014, wealth was typically higher than in 2000, and in most cases higher than in 2007. Many currencies rose against the US dollar over 2000–2014, so wealth growth over this period often appeared slower when measured using average exchange rates.

From mid-2014 to mid-2015, the US dollar appreciated significantly against most currencies. It rose 8% against sterling, 17% against the yen and 19% against the euro. The only exceptions were countries whose currencies are pegged to the US dollar or which follow it closely, like those of Hong Kong SAR and China. As a result, the charts below show wealth falling in 2015 in most countries when measured in US dollars. However, wealth per adult rose in domestic currency units in all countries.

Our second chart shows the current split between financial and real (non-financial) assets, as well as the average level of debt. Globally on average, financial assets comprise 55% of total gross assets and debt accounts for 14%. There are several countries for which financial assets are significantly more important, including Japan and the United States. In contrast, real assets dominate in India and Indonesia, and in Australia and France among the wealthier countries.

The last chart shows the distribution of wealth. There are some notable comparisons. For example, 95% of adults in India have a net worth less than USD 10,000, whereas this percentage is only 62% in China. Moreover, the percentage of those with very little wealth is surprisingly high in some developed countries, while in others it is very low. This reflects aspects such as the availability of credit, including student loans and whether young adults are counted separately from their parents, making their wealth more evident in household surveys.

United States

Land of fortunes

The US economy and its financial markets continued to perform well in 2014–2015, leading to a seventh successive year of rising wealth. Average wealth was USD 209,000 at the turn of the century and rose fairly steadily until 2006, before falling as a result of the financial crisis. Wealth per adult has now fully recovered and is 21% above the 2006 level. Despite the termination of quantitative easing, the US economy is doing well. There is some uncertainty about stock market prospects going forward, but otherwise the signs are positive for household wealth in the immediate future.

The USA is unusual in having a very high proportion of assets (69%) reported as held in financial form, partly because it includes business equity wholly as a financial asset. Adopting the more usual procedure of treating unincorporated enterprises as part of the household sector, the share would be about 61%, which is still relatively high. The USA has a larger number of direct shareholders than most other countries. Moreover, compared with many other OECD countries, it has more economic activity in the private sector relative to the public sector and more outward foreign investment – both of which rely partly on financing by households. Debts of USD 58,700 per adult are not extreme by international standards.

Compared to the rest of the world, US wealth distribution has a high proportion of the population with wealth above USD 100,000. The percentage of people with wealth at higher levels is even more disproportionate. The USA has by far the greatest number of members of the top 1% global wealth group and currently accounts for 46% of the world's millionaires. The number of UHNW individuals with wealth above USD 50 million is six times that of the next country, China.

Country summary 2015

Population	331	million
Adult population	243	million
GDP	73,152	USD per adult
Mean wealth	352,996	USD per adult
Median wealth	49,787	USD per adult
Total wealth	85.9	trillion USD
Dollar millionaires	15,656	thousand
Top 10% of global wealth holders	113,300	thousand
Top 1% of global wealth holders	20,680	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1

Wealth per adult over time

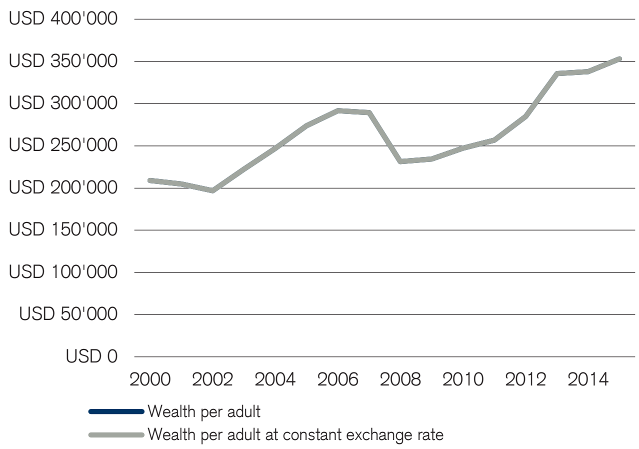


Figure 2

Composition of wealth per adult

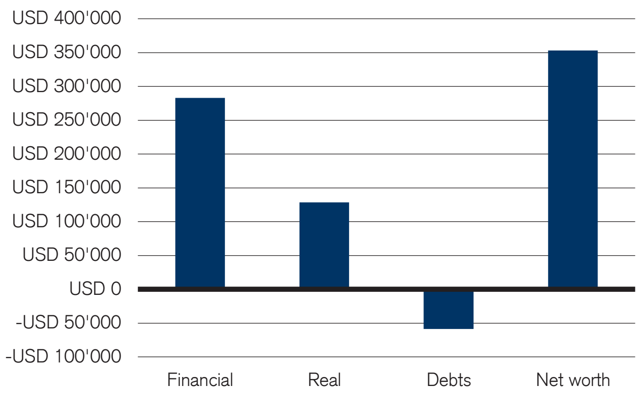
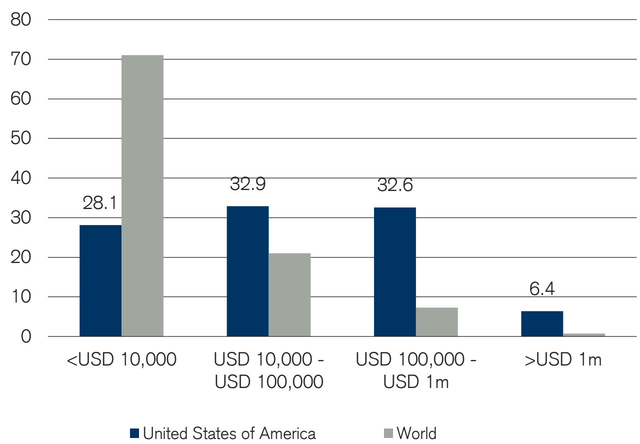


Figure 3

Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

China

Emerging doubts

Wealth per adult in China has grown strongly since 2000, quadrupling from USD 5,670 to USD 22,513 in 2015. The global financial crisis caused a major setback, with wealth falling by almost 20%. However, wealth soon recovered to its pre-crisis level and although it grew slowly from 2010 to 2012, it was 12% above its 2012 level by mid-2015. Recently, forecasts of GDP growth have been revised downwards and the stock market is unsettled. The consequences for the economy over the next few years are difficult to predict, but there will certainly be implications not only for the Chinese but for households around the world.

In terms of total household wealth, China lies in second place, behind the United States but 15% above Japan. Due to a high personal saving rate, a high proportion (52%) of household assets are in financial form compared with other major developing or transition countries. At the same time, privatized housing, new construction and rural land are very important forms of wealth in China, accounting for much of the USD 11,700 in real assets per adult. Debt averages USD 1,900, equivalent to 8% of gross assets. While this is relatively low, personal debt has been rising quickly in recent years.

Although significant inequality is created by the strong urban-rural divide in China, at the turn of the century overall wealth inequality was low — both by broad international standards and in comparison to other transition countries. This was due to such factors as the virtual absence of inherited fortunes and the relatively equal division of both rural land and privatized housing. Inequality has been rising quickly, however, with the increasing wealth of successful entrepreneurs, professionals and investors. China now has over one million millionaires and more residents with wealth above USD 50 million than any country except the United States.

Country summary 2015

Population	1,369	million
Adult population	1,014	million
GDP	9,925	USD per adult
Mean wealth	22,513	USD per adult
Median wealth	7,357	USD per adult
Total wealth	22.8	trillion USD
Dollar millionaires	1,333	thousand
Top 10% of global wealth holders	39,050	thousand
Top 1% of global wealth holders	1,885	thousand
Quality of wealth data	☆☆☆	fair

Figure 1

Wealth per adult over time

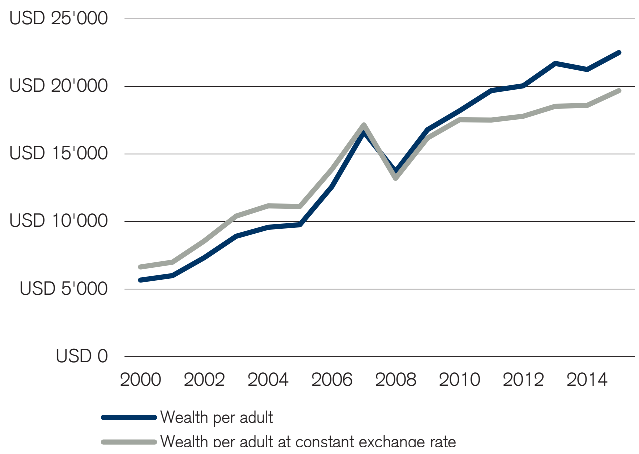


Figure 2

Composition of wealth per adult

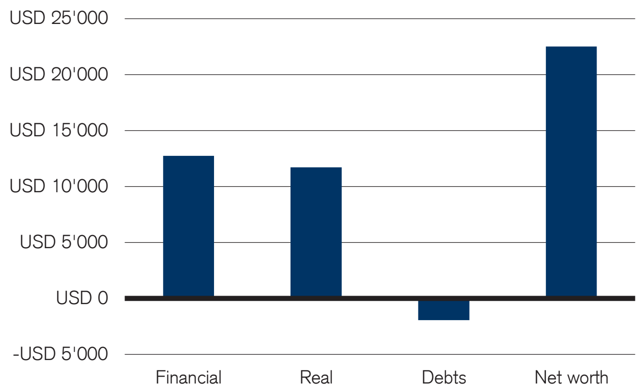
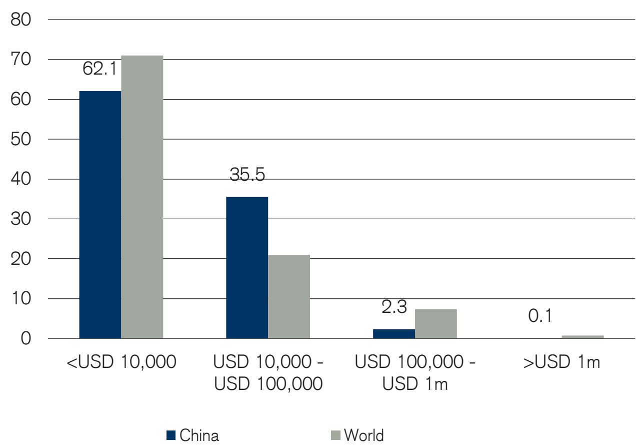


Figure 3

Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Japan

Little change

The Japanese economy had a somewhat difficult year, with GDP stalling and the yen declining by 17%. Measured in US dollars, wealth per adult fell 15%, but this mainly reflected exchange rate depreciation. In domestic currency terms average wealth rose 3%.

Despite falling behind over the years in the wealth per adult rankings, Japan still ranks third after the United States and China in terms of aggregate wealth. It began the new century with wealth per adult of USD 191,900. Average wealth today is 1% lower in US dollar terms, but 6% higher when measured in yen. This slow growth is due to the combined effects of the poor stock market performance until recently, low interest rates and investment income, house prices that have been on a downward trend since the 1990s and a reduced saving rate. The decline in property values means that financial wealth is now the major component of household wealth, making up 61% of gross assets. Debts have been declining and are modest by international standards, at 14% of total assets.

Japan has a more equal wealth distribution than any other major country, as reflected in a Gini coefficient of 63%. Together with its high average wealth, this relative equality means that few individuals have assets below USD 10,000. The proportion of the population with wealth above USD 100,000 is six times the global average. At the turn of the century, Japan was a close second to the USA regarding the number of residents in the top 10% and top 1% of global wealth holders. Japan retains second place, but the gap has widened considerably.

Country summary 2015

Population	126	million
Adult population	104	million
GDP	60,261	USD per adult
Mean wealth	190,230	USD per adult
Median wealth	96,071	USD per adult
Total wealth	19.8	trillion USD
Dollar millionaires	2,126	thousand
Top 10% of global wealth holders	58,734	thousand
Top 1% of global wealth holders	3,417	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1

Wealth per adult over time

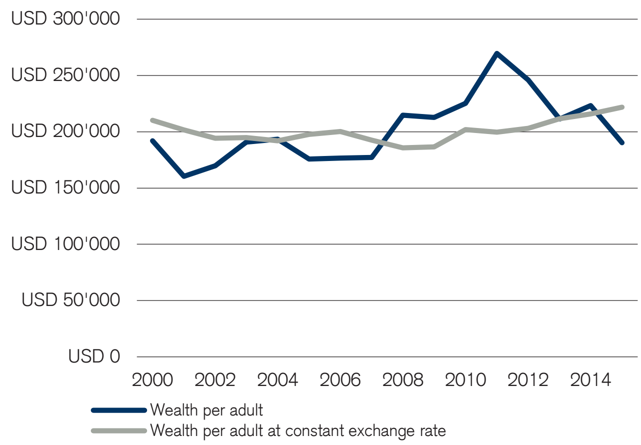


Figure 2

Composition of wealth per adult

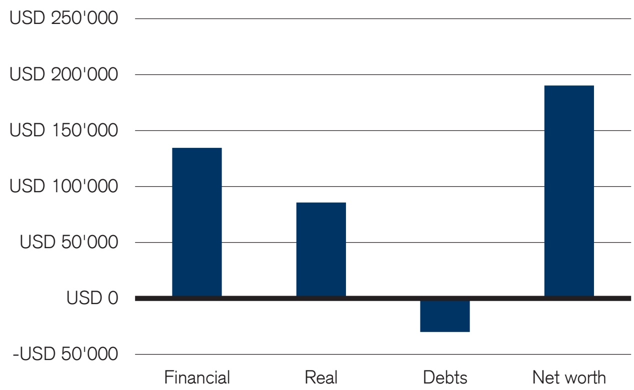
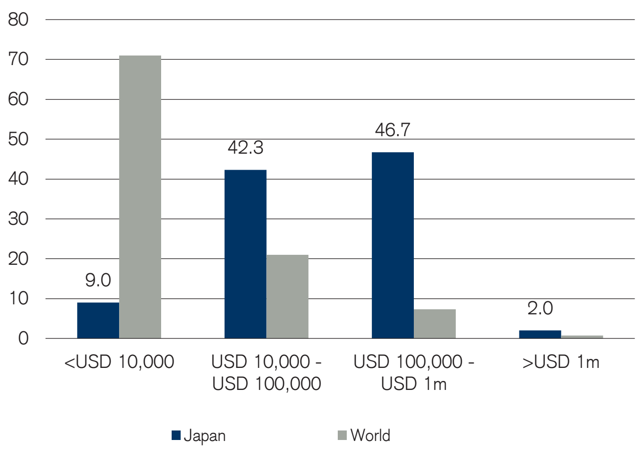


Figure 3

Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

India

Awaiting take-off

Measured in domestic terms, wealth has grown rapidly in India since 2000 except during the global financial crisis. Annual growth of wealth per adult in rupees has averaged 8% over 2000–2015. Prior to 2008, wealth also rose strongly in US dollar terms, from USD 2,040 in 2000 to USD 5,100 in 2007. After falling 26% in 2008, it rebounded to reach USD 5,300 in 2010, but then fell 13% in 2011 due to adverse exchange rate movements. Depreciation of the rupee has continued since, so that wealth per adult has not regained its previous peak and was just USD 4,350 in mid-2015.

As in many other developing countries, personal wealth in India is dominated by property and other real assets, which make up 86% of estimated household assets. Personal debts are estimated to be only USD 346, even when adjustments are made for the significant underreporting that is believed to affect the household survey used to estimate personal debts in India. While wealth has been rising strongly in India and the ranks of the middle class and wealthy have been swelling, not everyone has shared in this growth and there is still a great deal of poverty. This is reflected in the fact that 95% of the adult population has wealth below USD 10,000.

At the other end of the scale, a very small proportion of the population (just 0.3%) has a net worth over USD 100,000. However, due to India's large population, this translates into 2.4 million people. India has 254,000 members of the top 1% of global wealth holders, which equates to a 0.5% share. We estimate that 2,080 adults have wealth over USD 50 million and 940 people own more than USD 100 million.

Country summary 2015

Population	1,286	million
Adult population	792	million
GDP	2,907	USD per adult
Mean wealth	4,352	USD per adult
Median wealth	868	USD per adult
Total wealth	3.4	trillion USD
Dollar millionaires	185	thousand
Top 10% of global wealth holders	3,988	thousand
Top 1% of global wealth holders	254	thousand
Quality of wealth data	☆☆☆	fair

Figure 1
Wealth per adult over time

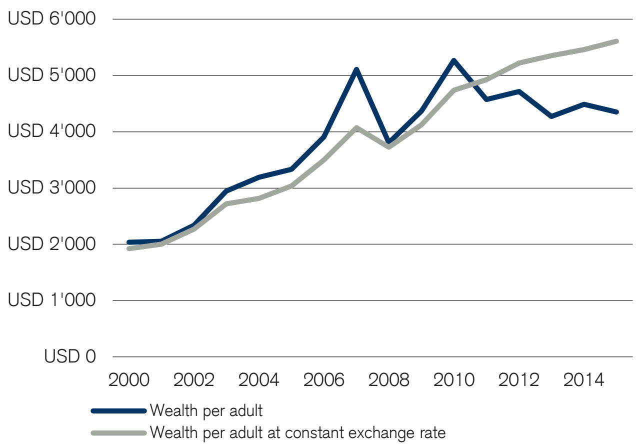


Figure 2
Composition of wealth per adult

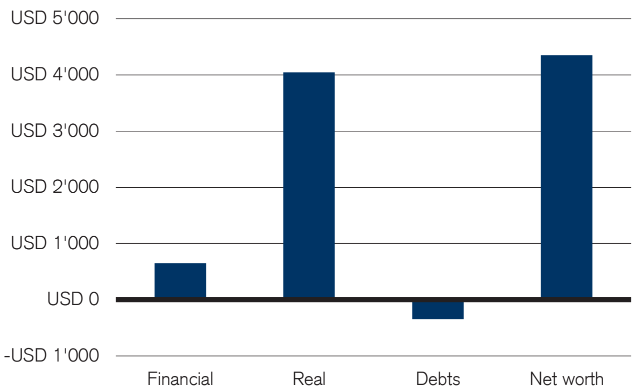
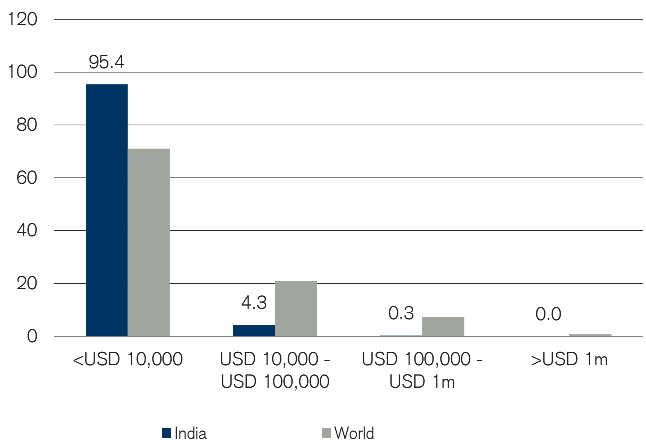


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

France

Uncertain prospects

In recent years, France has struggled with high unemployment, low growth and rising debt. Despite these challenges, it remains in ninth place in the world according to wealth per adult and in fifth place in terms of aggregate household wealth – behind the United Kingdom but ahead of Germany.

Wealth per adult grew rapidly in France between 2000 and 2007, almost trebling in USD terms. It then decreased by 9% in 2008. Recovery was slow, with the pre-crisis wealth peak not regained until 2013. Much of the pre-2007 rise was due to the appreciation of the euro against the US dollar and, to a certain extent, a rapid rise in house prices. However, the 19% fall in the euro-dollar exchange rate during the past year has sent average wealth back to levels not seen for almost a decade.

Real estate still looms large in household wealth in France, with real assets currently accounting for 63% of household assets. Personal debts equal just 11% of assets.
Europe overall accounts for 31% of the adults in the global top 1% by wealth. France alone makes up almost one fifth of the European contribution. This reflects the high average net worth of French households, rather than unusually high wealth inequality.

Relatively few adults in France are estimated to have wealth less than USD 10,000. The proportion with assets over USD 100,000 is over six times the global figure. There are more millionaires in France than in any other European country except the UK. However, residents of both Germany and the UK outnumber the French above USD 50 million or above USD 100 million.

Country summary 2015

Population	64	million
Adult population	48	million
GDP	60,234	USD per adult
Mean wealth	262,070	USD per adult
Median wealth	86,156	USD per adult
Total wealth	12.7	trillion USD
Dollar millionaires	1,791	thousand
Top 10% of global wealth holders	26,437	thousand
Top 1% of global wealth holders	2,762	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1
Wealth per adult over time

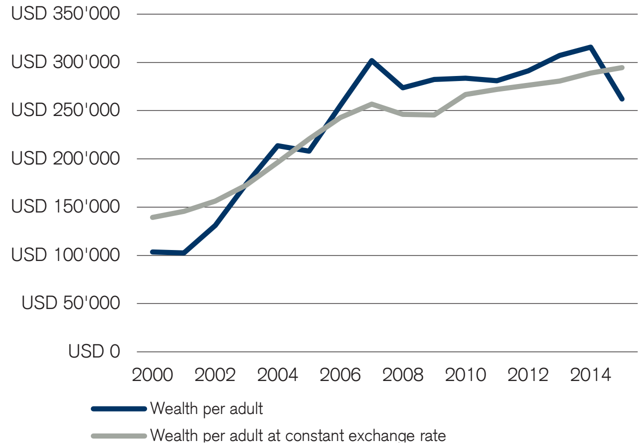


Figure 2
Composition of wealth per adult

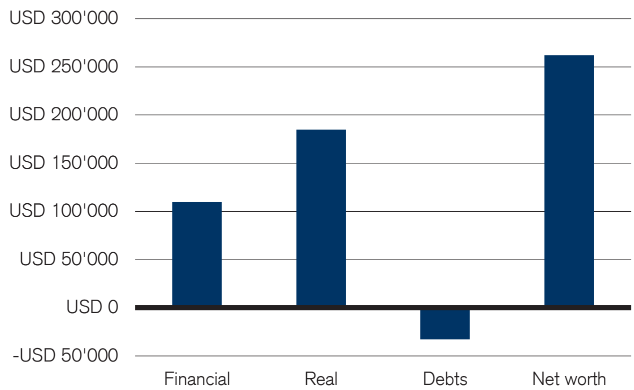
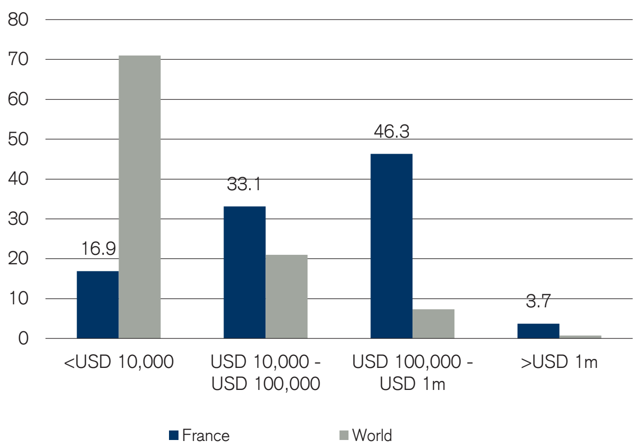


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

United Kingdom

Advancing again

The United Kingdom has estimates of both the level and the distribution of wealth dating back to the early twentieth century. These data show a large decline in wealth inequality from 1900 to the late 1970s and relative stability of the wealth to income ratio during the same period, with that ratio lying between 4 and 5 for much of the time.

Around 1985, the situation changed as UK wealth began a period of sustained growth fueled by a robust housing market and good equity returns. The boom ended with the global financial crisis in 2008. By 2007, the wealth-income ratio had risen above 9, the highest level recorded for any country apart from Japan at the peak of its asset price bubble in the late 1980s. The subsequent fall in both real property and financial assets led to a 12% drop in average wealth measured in pounds sterling; but the simultaneous GBP depreciation caused wealth per adult in USD to plummet by 36%. Average wealth in pounds sterling fluctuated around the pre-crisis peak up to 2012, but since then has risen to 26% above the 2007 benchmark. In USD terms, however, wealth per adult remains slightly below the 2007 figure.

Financial and non-financial assets are roughly equal in importance in the United Kingdom. Along with many other countries, household debt grew quickly as a multiple of income from 1980 onwards, tripling in value to reach 180% in 2008. The debt-to-income ratio subsided to 150% by 2013, but has subsequently risen back to about 170%. At 15% of gross wealth, debt is not exceptionally high by international standards. Nowadays the pattern of wealth distribution in the United Kingdom is very typical for a developed economy. A little more than half of the adult population has wealth exceeding USD 100,000, and there are 2.4 million US dollar millionaires.

Country summary 2015

Population	63	million
Adult population	49	million
GDP	56,333	USD per adult
Mean wealth	320,368	USD per adult
Median wealth	126,472	USD per adult
Total wealth	15.6	trillion USD
Dollar millionaires	2,364	thousand
Top 10% of global wealth holders	31,612	thousand
Top 1% of global wealth holders	3,623	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1
Wealth per adult over time

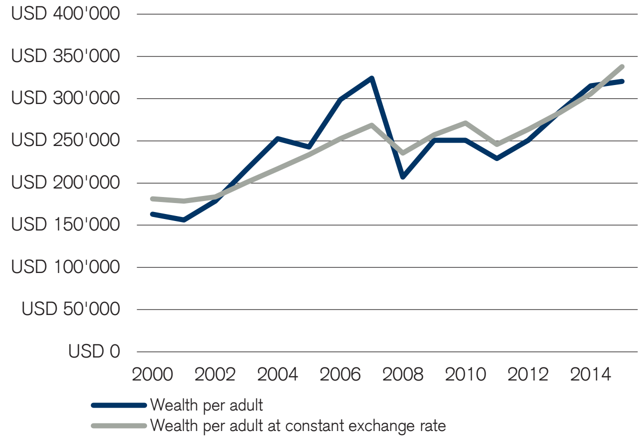


Figure 2
Composition of wealth per adult

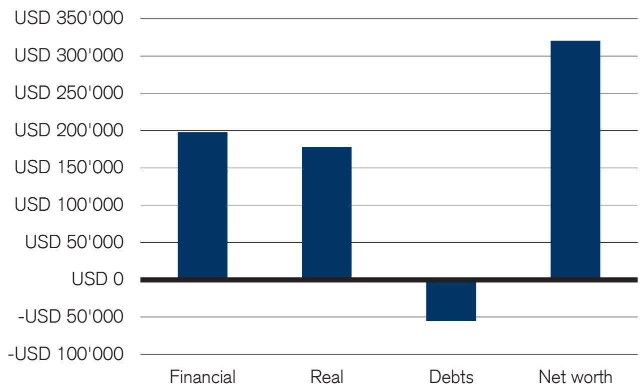
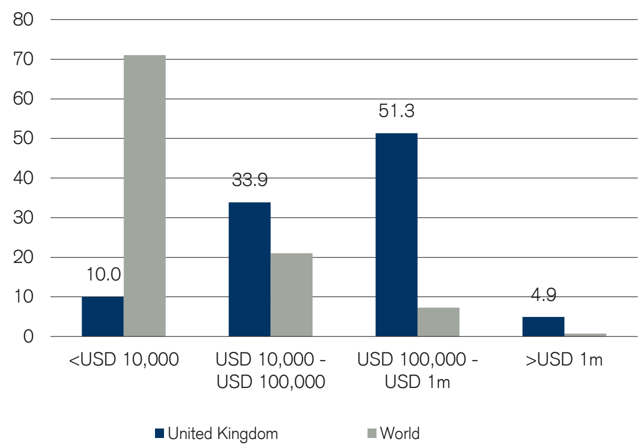


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Switzerland

View from the top

In 2000, wealth per adult in Switzerland was among the highest in the world. It has since risen by 144% to USD 567,100, putting Switzerland at the top of the global rankings, ahead of second placed New Zealand by a large margin. However, most of the rise between 2000 and 2015 was due to the appreciation of the Swiss franc against the US dollar. Measured instead in Swiss francs, household wealth fell in 2001 and 2002, and then rose gently but steadily, interrupted only by the global financial crisis in 2008.

Financial assets make up 55% of personal assets – a little higher than their share in the United Kingdom and a little less than in Japan or the United States (adjusting the latter's figure for different definitions). Debts average USD 145,000 per adult, one of the highest absolute levels in the world and equal 20% of total assets. The relatively high debt ratio is a reflection of the country's high level of financial development.

Among the ten countries with a long time series on wealth distribution, Switzerland is alone in displaying no significant reduction in wealth inequality over the past century. This is one reason why it now has one of the highest levels of wealth inequality among developed countries and why a large proportion of the Swiss population is located in the upper echelons of the global distribution. Switzerland accounts for 1.7% of the top 1% of global wealth holders, remarkable for a country with just 0.1% of the world's population. More than half of Swiss adults have assets above USD 100,000 and 11% are USD millionaires. An estimated 3,800 individuals are in the UHNW bracket, with wealth over USD 50 million and 1,500 have net worth exceeding USD 100 million.

Country summary 2015

Population	8	million
Adult population	6	million
GDP	100,281	USD per adult
Mean wealth	567,122	USD per adult
Median wealth	107,583	USD per adult
Total wealth	3.5	trillion USD
Dollar millionaires	667	thousand
Top 10% of global wealth holders	3,683	thousand
Top 1% of global wealth holders	831	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1
Wealth per adult over time

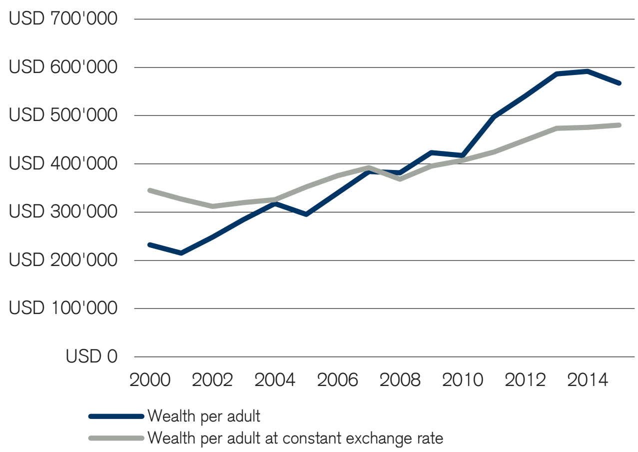


Figure 2
Composition of wealth per adult

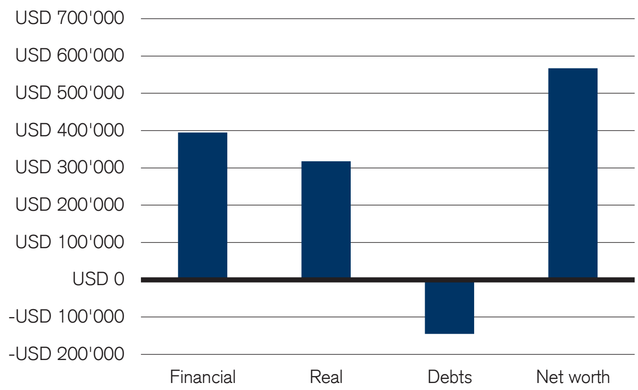
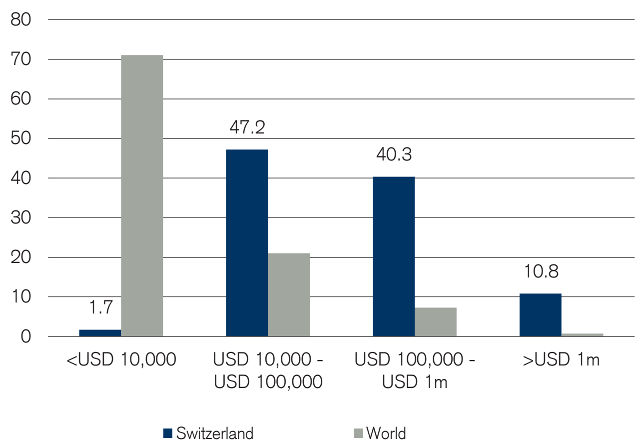


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Russia

A lost decade

Russia experienced rapid growth in household wealth during the early years of this century, fueled by world demand for the natural resources that it has in abundance. Between 2000 and 2007, wealth per adult rose eightfold. Since 2007, however, growth has been slow and uneven – up 13% to date in ruble terms, but down 50% when measured in current USD, due to ruble depreciation. Most of the depreciation occurred during the last year. The USD-RUB rate rose from 25 in 2007 to 34 in mid-2014 and then went up to 55 by mid-2015. While household wealth per adult has risen from USD 2,920 in 2000 to USD 11,730 today, the current level is barely above the level achieved a decade ago.

The quality of wealth data for Russia is mixed. Financial balance sheets are available and indicate that gross financial assets average USD 2,490. There is less information on real assets, but the available evidence suggests to us that non-financial assets currently amount to USD 11,300 per adult. Personal debt grew rapidly in the period 2000–2007 and more slowly after that. We estimate that it now equals 15% of gross assets – up from 12% last year.

According to our calculations, the top decile of wealth holders owns 87% of all household wealth in Russia. This is significantly higher than any other major economic power: the corresponding figure is 76% for the United States, for example, and 66% for China. The very high level of wealth inequality in Russia is reflected in the fact that it has 92,000 US dollar millionaires and 122,000 individuals in the global top 1% of wealth holders. It is also well endowed with billionaires, of whom there are an estimated 90.

Country summary 2015

Population	138	million
Adult population	110	million
GDP	23,027	USD per adult
Mean wealth	11,726	USD per adult
Median wealth	1,388	USD per adult
Total wealth	1.3	trillion USD
Dollar millionaires	92	thousand
Top 10% of global wealth holders	1,354	thousand
Top 1% of global wealth holders	122	thousand
Quality of wealth data	☆☆☆	good

Figure 1
Wealth per adult over time

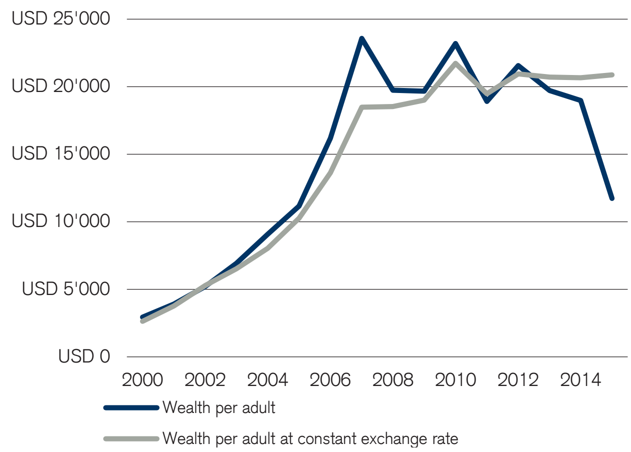


Figure 2
Composition of wealth per adult

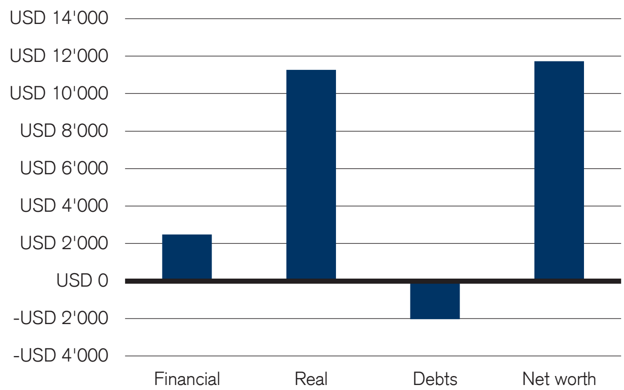
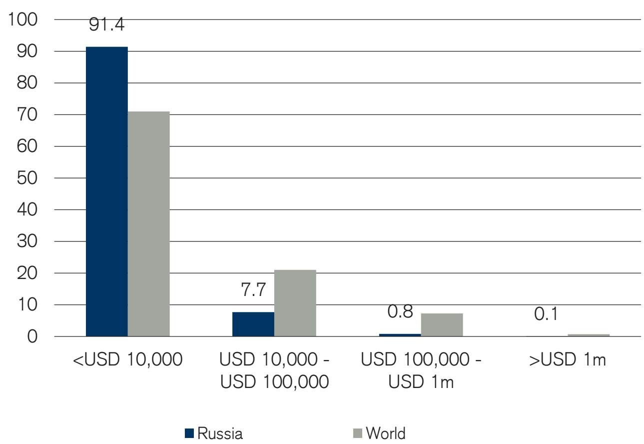


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Singapore

Growth pause

Household wealth per adult grew strongly in Singapore up to 2012, but has since plateaued in domestic currency units and declined in terms of USD due to adverse exchange rate movements last year. Despite this fall, average wealth remains at a very high level – USD 269,400 per adult in mid-2015 compared to USD 112,800 in 2000. Most of the rise is linked to high savings and asset price increases, combined with favorable exchange rate movements from 2005 to 2012. Singapore is now eighth in the world in terms of personal wealth per adult, the highest ranking of all countries in Asia. Interestingly, it is now well ahead of Hong Kong SAR, which was ranked tenth in the world in 2000, just above Singapore. This is because wealth in Hong Kong SAR grew at an average annual rate of only 2.7% between 2000 and 2015 compared to 6.2% for Singapore. This is in line with higher GDP per capita growth in Singapore over the same period.

Financial assets comprise 54% of total household assets in Singapore, a ratio similar to that of Switzerland and the United Kingdom. The average debt of USD 54,600 is moderate for a high-wealth country, equating to just 17% of total assets. Singapore publishes official household balance sheet data, which means that the information is more reliable than that for its neighbors in the Southeast Asian region.

The distribution of wealth in Singapore shows only moderate inequality. Just 10% of its people have wealth below USD 10,000, versus 71% for the world as a whole. The number with wealth above USD 100,000 is six times the global average. Reflecting its very high average wealth rather than high inequality, 5% of its adults or 205,000 individuals are in the top 1% of global wealth holders, while its adult population accounts for just 0.1% of the world total.

Country summary 2015

Population	5	million
Adult population	4	million
GDP	66,599	USD per adult
Mean wealth	269,408	USD per adult
Median wealth	98,922	USD per adult
Total wealth	1.1	trillion USD
Dollar millionaires	142	thousand
Top 10% of global wealth holders	2,461	thousand
Top 1% of global wealth holders	205	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1

Wealth per adult over time

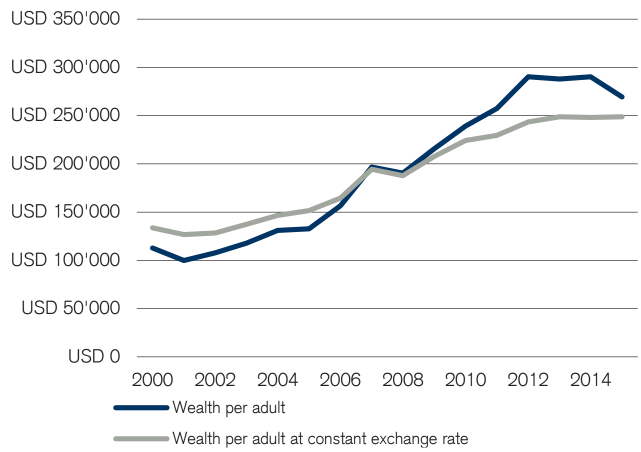


Figure 2

Composition of wealth per adult

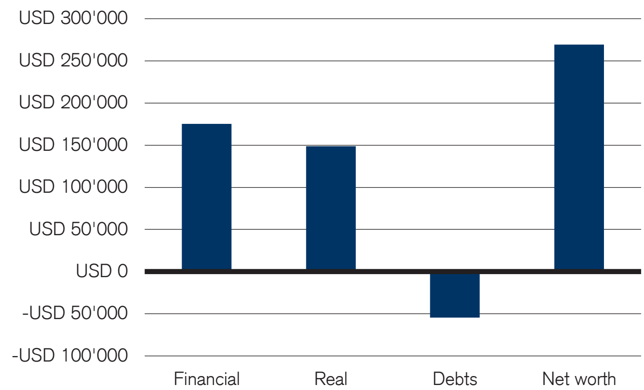
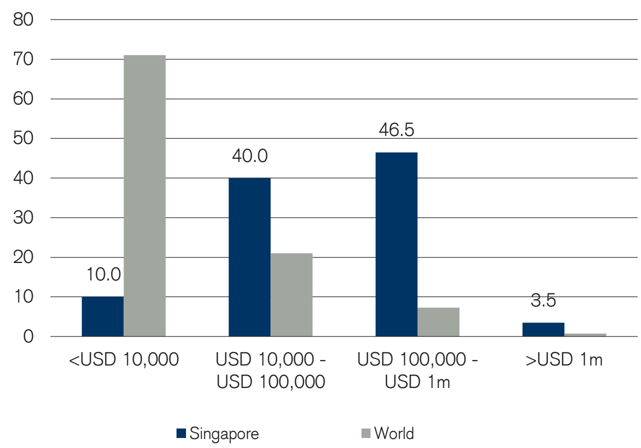


Figure 3

Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Taiwan

Asian tiger

Taiwan's average level of wealth at USD 194,700, is well above that of most Asia-Pacific countries and similar to Western Europe as a whole. Wealth per adult grew from USD 106,900 in 2000 to USD 171,700 in 2010, with no decline during the global financial crisis of 2007–2008. Currency depreciation caused a temporary dip in 2010–2011, after which growth resumed until adverse exchange rate changes led to a 2.5% drop in wealth in 2015. Over the entire period 2000–2015, wealth per adult grew by 82% using current USD and by 114% using constant exchange rates.

Reflecting a high saving rate and well-developed financial institutions, the composition of household wealth is skewed towards financial assets, which comprise 62% of total assets. Debt is modest, equaling 12% of gross assets.
Relative to the world as a whole, Taiwan has high wealth and only a moderate level of wealth inequality. Only 13% of the adult population have wealth below USD 10,000 compared to 71% in that bottom range for the world as a whole. Forty percent of adults in Taiwan have wealth over USD 100,000, which is five times greater than the worldwide average of 8%. The large number of Taiwanese with high wealth reflects high average wealth, rather than high wealth inequality: looking across countries, Taiwan's wealth Gini coefficient of 73% lies in the moderate range, and is one of the lowest among emerging market economies.

Country summary 2015

Population	23	million
Adult population	18	million
GDP	30,471	USD per adult
Mean wealth	194,701	USD per adult
Median wealth	66,423	USD per adult
Total wealth	3.6	trillion USD
Dollar millionaires	414	thousand
Top 10% of global wealth holders	9,224	thousand
Top 1% of global wealth holders	599	thousand
Quality of wealth data	☆☆☆☆	satisfactory

Figure 1
Wealth per adult over time

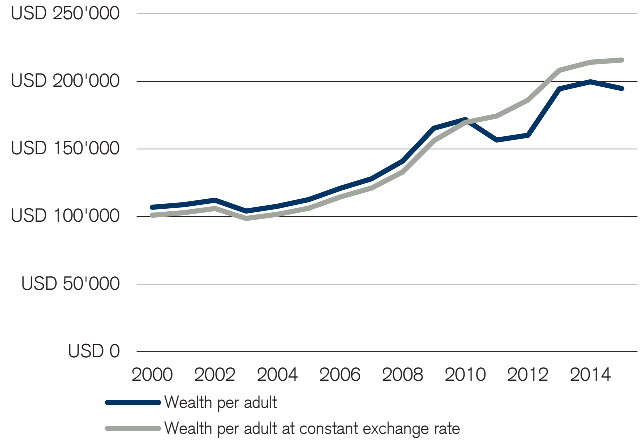


Figure 2
Composition of wealth per adult

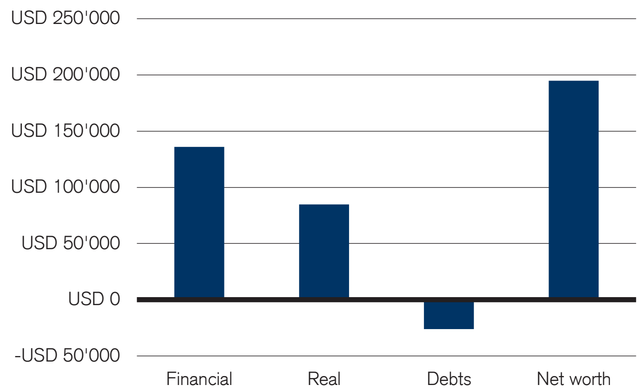
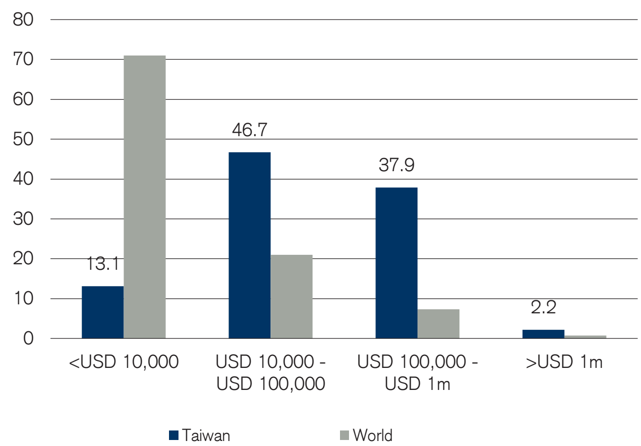


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Indonesia

Growth with depreciation

Indonesia made an impressive recovery from the 1997-98 Asian financial crisis and average wealth in rupiah has risen very strongly over the 2000-2015 period as a whole. Viewed in domestic currency terms, the global financial crisis had little effect on wealth, and growth has risen smoothly since 2008 at an average annual rate of 5.5%. In US dollar terms, however, exchange rate depreciation totaling 32% since 2011 has caused wealth per adult to fall. Despite this setback, wealth per adult has more than tripled in US dollar terms since 2000 and has risen fivefold in rupiah.

A comparison of Indonesia and India is interesting. In 2000, wealth per adult in both countries was fairly similar, with Indonesia just 23% ahead of India. However, the figure for Indonesia is now more than double that for India. This is in line with the faster pace of growth in Indonesia's GDP per adult, which grew at an average annual rate of 12.7% between 2000 and 2014 compared with 9.3% for India. The composition of wealth appears to be similar, with real assets making up 86% of gross assets in both countries, according to our estimates. Personal debts in the two countries are low, averaging just 7% of gross assets in India and 6% in Indonesia.

In Indonesia, 92% of the adult population owns less than USD 10,000, which is greater than the global figure of 71%. At higher wealth levels, there are progressively fewer people than there are for the world as a whole. This reflects the fact that average wealth in Indonesia remains low by international standards. However, due to considerable dispersion in wealth distribution, 136,000 people in the country are in the top 1% of global wealth holders and 98,000 are US dollar millionaires.

Country summary 2015

Population	243	million
Adult population	162	million
GDP	7,700	USD per adult
Mean wealth	9,031	USD per adult
Median wealth	1,615	USD per adult
Total wealth	1.5	trillion USD
Dollar millionaires	98	thousand
Top 10% of global wealth holders	2,310	thousand
Top 1% of global wealth holders	136	thousand
Quality of wealth data	☆☆☆	fair

Figure 1
Wealth per adult over time

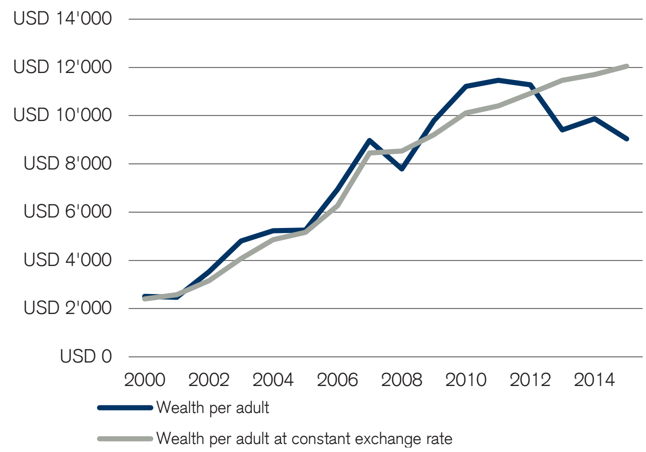


Figure 2
Composition of wealth per adult

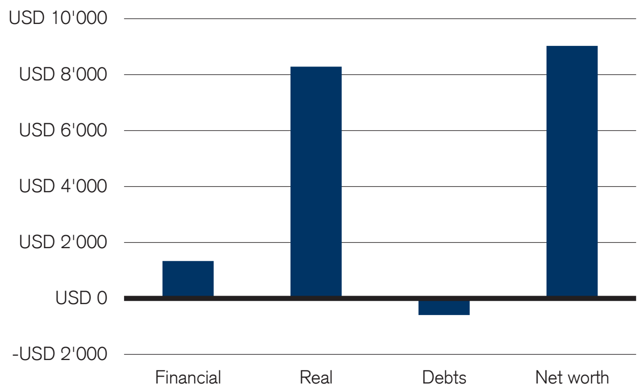
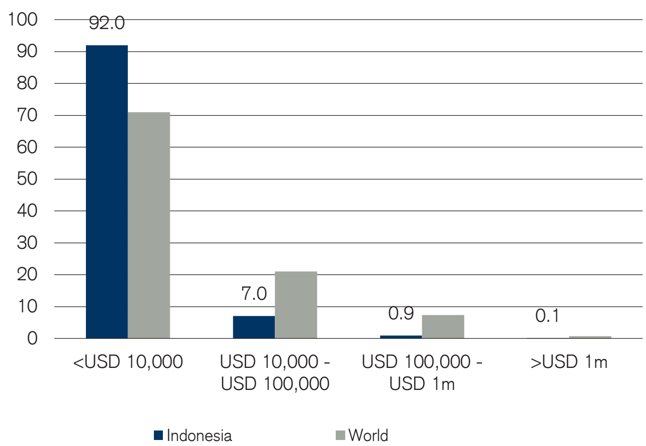


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Australia

Waltzing on

Household wealth in Australia grew at a fast pace between 2000 and 2014 in US dollar terms, except for a short interruption in 2008. The average annual growth rate of wealth per adult was 11%, with about a third of the rise due to exchange rate appreciation against the US dollar. The exchange rate boost has been eliminated since 2012 and the average annual growth rate since 2008 is now just 7%. Despite this recent slowdown, Australia's wealth per adult in 2015 is USD 364,900, the third highest in the world after Switzerland and New Zealand. Its median wealth of USD 168,300 is second only to that of New Zealand. Interestingly, the composition of household wealth in Australia is heavily skewed towards real assets, which average USD 276,900 and form 60% of gross assets. This average level of real assets is the third highest in the world after Iceland and Norway. In part, it reflects a large endowment of land and natural resources relative to population, but it is also a result of high urban real estate prices.

Only 7% of Australians have net worth below USD 10,000. This compares to 28% in the United States and 71% for the world as a whole. Average debt amounts to 21% of gross assets. The proportion of those with wealth above USD 100,000 is the highest of any country – over eight times the world average. With 1,480,000 people in the top 1% of global wealth holders, Australia accounts for 3.1% of this wealthy group, despite having just 0.4% of the world's adult population.

Country summary 2015

Population	22	million
Adult population	17	million
GDP	97,420	USD per adult
Mean wealth	364,896	USD per adult
Median wealth	168,291	USD per adult
Total wealth	6.2	trillion USD
Dollar millionaires	961	thousand
Top 10% of global wealth holders	12,850	thousand
Top 1% of global wealth holders	1,480	thousand
Quality of wealth data	☆☆☆☆☆	Good

Figure 1

Wealth per adult over time

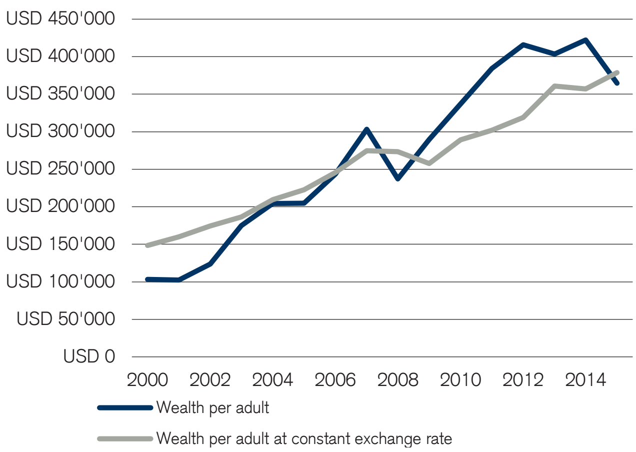


Figure 2

Composition of wealth per adult

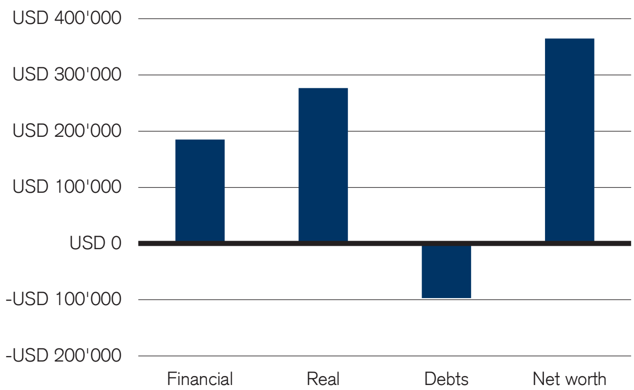
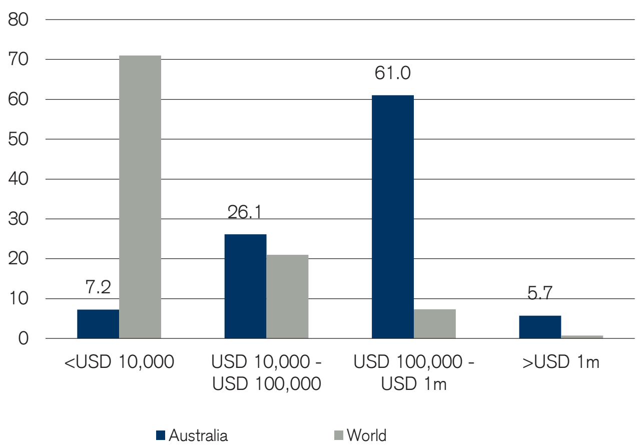


Figure 3

Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

South Africa

Signs of growth

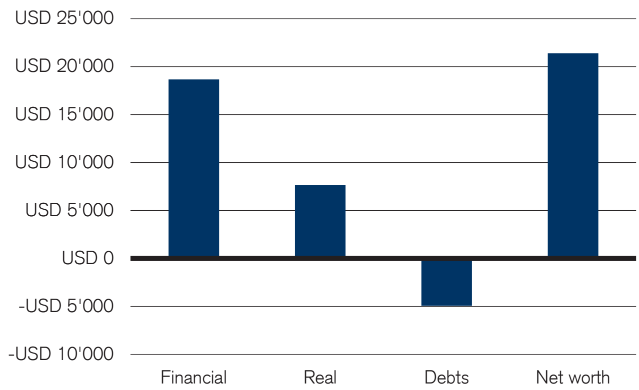
South Africa's average household wealth grew vigorously prior to the global financial crisis, tripling from USD 8,400 in 2000 to USD 25,800 in 2007. Growth was similar in constant exchange rate terms. Since 2007, progress has been slower. In domestic currency terms, wealth declined a little in 2008, but growth soon recovered and gathered pace in 2013 and the 12 months leading up to mid-2015. Depreciation of the rand greatly amplified the fall in wealth in 2008. This was reversed the following year but more recent declines in the exchange rate mean that wealth per adult in USD terms remains well below the peak level in 2007.

South Africa has complete official household balance sheets, which is unusual among emerging market countries. This means that we have more reliable estimates of the level and composition of household wealth than for most other emerging markets. Personal wealth is largely comprised of financial assets, which contribute 71% to the household portfolio. This reflects a vigorous stock market and strong life insurance and pension industries. Due in part to relatively low real estate prices, average real assets of USD 7,700 are not worth much more than the average debt (USD 4,900).

Similar to Brazil and Indonesia, South Africa has a distribution of wealth that is roughly similar to the distribution for the world as a whole, although fewer individuals have wealth above USD 100,000. Still, we estimate that 71,000 South Africans are members of the top 1% of global wealth holders and that 50,000 are USD millionaires.

Figure 1
Wealth per adult over time

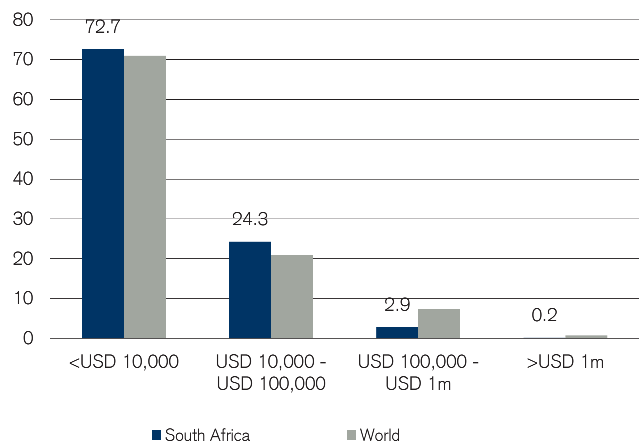
Figure 2
Composition of wealth per adult



Country summary 2015

Population	52	million
Adult population	31	million
GDP	14,679	USD per adult
Mean wealth	21,402	USD per adult
Median wealth	3,379	USD per adult
Total wealth	0.7	trillion USD
Dollar millionaires	50	thousand
Top 10% of global wealth holders	1,550	thousand
Top 1% of global wealth holders	71	thousand
Quality of wealth data	☆☆☆	fair

Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Chile

Sustained growth

Chile has one of the strongest economies in Latin America. Compared with Argentina and Brazil for example, its GDP is growing faster and inflation is lower, although its stock market has struggled in the last year. The contrast in household wealth is striking. Chile's per-capita GDP is 34% above Argentina's and 22% greater than Brazil's, but its average wealth is more than double that of Brazil and over four times greater than Argentina's. Since the year 2000, wealth per capita has risen 171% based on constant exchange rates and 143% based on current exchange rates. We also note that at constant exchange rates, wealth fell only slightly during the global financial crisis and has grown steadily ever since.

Chilean household wealth is split roughly equally between financial and real assets. Holdings of financial assets have been encouraged by low inflation, well-developed financial markets and a strong pension system. The high urban home ownership rate of 69% exceeds the 65% rate found in the United States, and contributes to substantial holdings of real property. At 15% of gross assets, household liabilities are moderate by international standards.

At USD 42,000, mean wealth in Chile is below the world average of USD 52,400 but is high relative to most emerging market countries. Compared to the world as a whole, Chile has more people in the USD 10,000–100,000 range and fewer below USD 10,000 or above USD 1 million. Overall inequality is relatively high, as indicated by a Gini coefficient of 80% and by the fact that Chile has 44,000 millionaires and 61,000 adults in the top 1% of global wealth holders.

Country summary 2015

Population	18	million
Adult population	13	million
GDP	24,715	USD per adult
Mean wealth	41,982	USD per adult
Median wealth	13,503	USD per adult
Total wealth	0.5	trillion USD
Dollar millionaires	44	thousand
Top 10% of global wealth holders	1,062	thousand
Top 1% of global wealth holders	61	thousand
Quality of wealth data	☆☆☆	fair

Figure 1

Wealth per adult over time

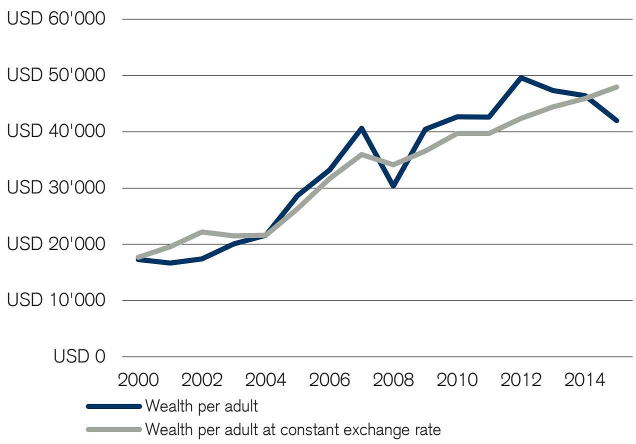


Figure 2

Composition of wealth per adult

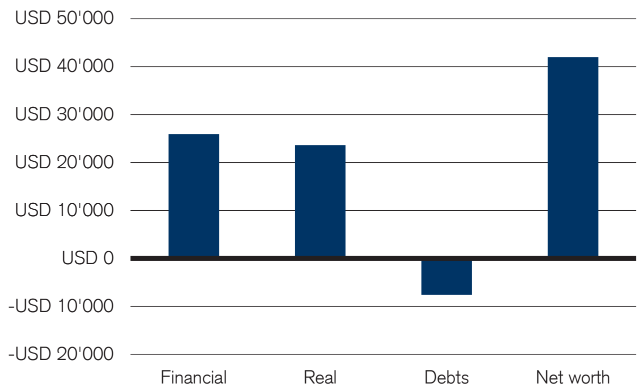
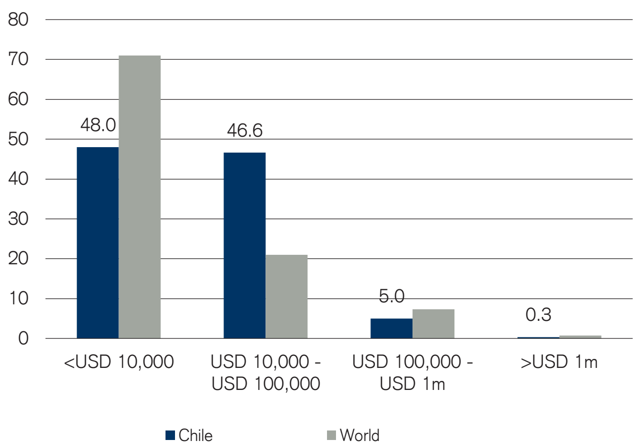


Figure 3

Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Canada

Facing headwinds

Along with several other countries, Canada saw a small dip in wealth in domestic currency units during the global financial crisis and has experienced moderate growth since then. This year the economy and the Canadian dollar have been hit by the falling price of oil and other commodities. Wealth has continued to grow in terms of Canadian dollars, but it has declined in US dollars. There is much discussion about whether housing is overvalued, especially in Toronto, Vancouver and Calgary. However, that has been an ongoing concern for several years, and so far the feared housing bust has not occurred. Wealth per adult in USD has grown at an average rate of 5.9% since 2000. Over the same period, wealth per adult in Canadian dollars has grown at the more modest pace of 4.5%, but has accelerated in recent years averaging 5.8% per year since 2010.

At USD 248,300, wealth per adult in Canada is 30% lower than in the United States (USD 353,000). Like the United States, more than half of household wealth in Canada is held in financial assets. However, wealth is more equally distributed than south of the border, which accounts for the much higher median wealth of USD 74,800 compared with 49,800 for the United States. Relative to the United States, Canada has both a smaller percentage of people with less than USD 10,000 and a larger percentage with wealth above USD 100,000. It has 984,000 millionaires and accounts for 3% of the top 1% of global wealth holders, despite having only 0.6% of the world's adult population.

Country summary 2015

Population	35	million
Adult population	28	million
GDP	69,507	USD per adult
Mean wealth	248,276	USD per adult
Median wealth	74,750	USD per adult
Total wealth	6.9	trillion USD
Dollar millionaires	984	thousand
Top 10% of global wealth holders	14,330	thousand
Top 1% of global wealth holders	1,500	thousand
Quality of wealth data	☆☆☆☆☆	good

Figure 1
Wealth per adult over time

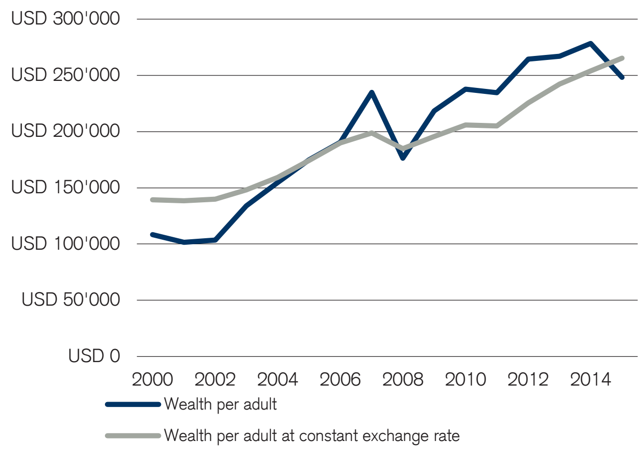


Figure 2
Composition of wealth per adult

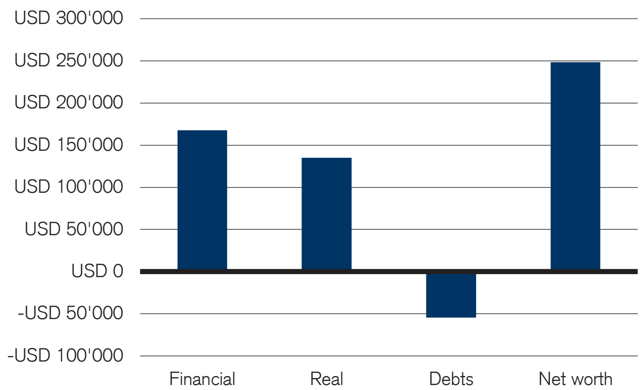
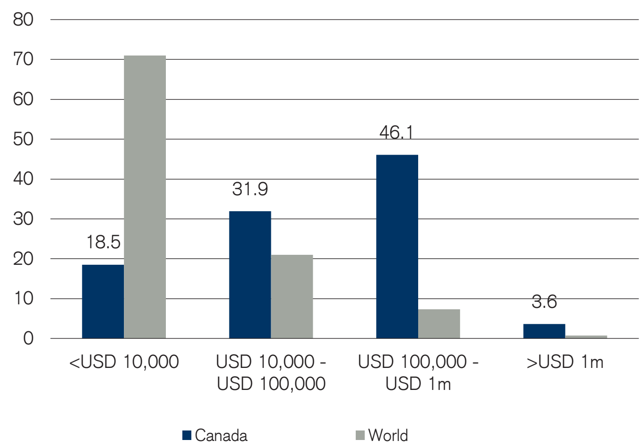


Figure 3
Wealth distribution relative to world (in %)



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

Brazil

Stuttering progress

Brazil's average household wealth tripled between 2000 and 2014, rising from USD 8,000 per adult to USD 23,400. While exchange rate changes caused fluctuations, including sizeable drops in 2008 and 2012, the overall rise over the 14 years was very similar when measured at either current or constant exchange rates. Between mid-2014 and mid-2015, the USD exchange rate fell 29%, reducing wealth per adult to just USD 17,600. Discounting exchange rate fluctuations, however, wealth rose 5.9% over those twelve months and growth has averaged 5.7% per year since 2010.

Financial assets now make up 37.9% of household gross wealth according to our estimates, reflecting a fairly healthy financial sector and greater confidence on the part of investors than in earlier years when inflation ran very high. Still, many Brazilians retain an attachment to real assets, particularly in the form of land, as a hedge against possible future inflation. Household liabilities are 19% of gross assets, again reflecting the operation of a well-developed financial sector.

Similar to a number of other Latin American countries, Brazil has more people in the USD 10,000–100,000 range relative to the rest of the world, but fewer numbers in each of the other ranges. This may give a misleading impression that inequality is lower than average. Actually, overall inequality is relatively high, as indicated by the Gini coefficient value of 83% and by the fact that Brazil has 168,000 millionaires and 233,000 adult members of the top 1% of global wealth holders. The relatively high level of inequality partly reflects high income inequality, which is in turn related to the uneven standard of education across the population and the lingering divide between the formal and informal sectors of the economy.

Country summary 2015

Population	202	million
Adult population	138	million
GDP	20,187	USD per adult
Mean wealth	17,597	USD per adult
Median wealth	3,311	USD per adult
Total wealth	2.4	trillion USD
Dollar millionaires	168	thousand
Top 10% of global wealth holders	4,154	thousand
Top 1% of global wealth holders	233	thousand
Quality of wealth data	☆☆☆	fair

Figure 1
Wealth per adult over time

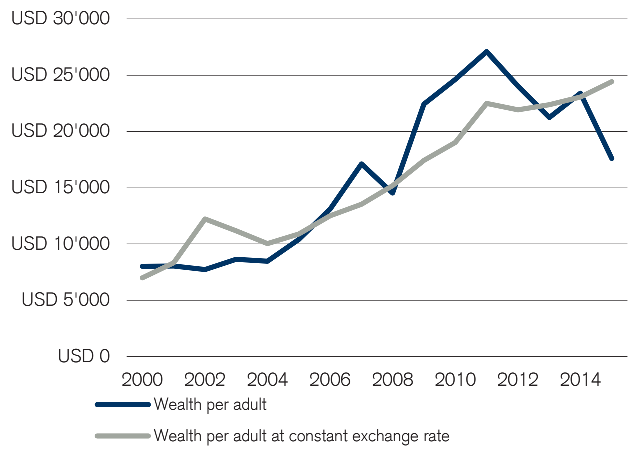
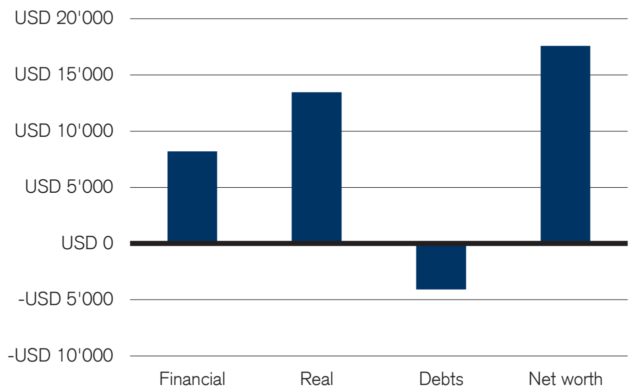


Figure 2
Composition of wealth per adult



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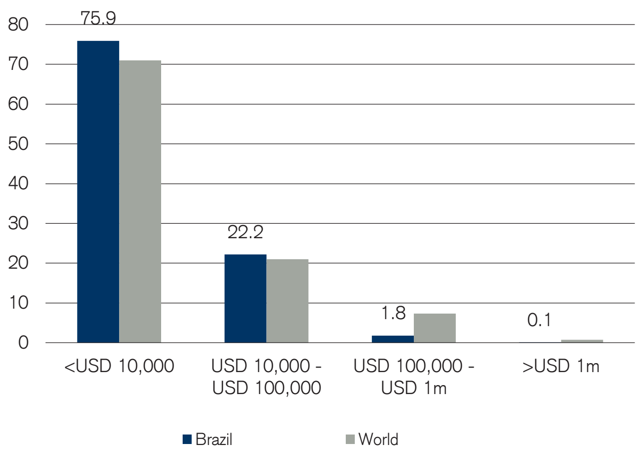

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2015

About the authors

Anthony Shorrocks is 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. In 2001, he was appointed Director of the World Institute for Development Economics Research of the United Nations University (UNU-WIDER) in Helsinki, where he remained until 2009. 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 Statistics1975), "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) and "The Level and Distribution of Global Household Wealth" (Economic Journal 2011).

Jim Davies is a Professor in the Department of Economics at the University of Western Ontario in Canada, where he has been a faculty member since 1977 and served as chair of the 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. From 2006 to 2008, he directed an international research program on household wealth holdings at UNU-WIDER in Helsinki and edited the resulting volume, "Personal Wealth from a Global Perspective" (Oxford University Press 2008). 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 "The Relative Impact of Inheritance and Other Factors on Economic Inequality" (Quarterly Journal of Economics 1982), "Wealth and Economic Inequality" (Oxford Handbook of Economic Inequality, Oxford University Press, 2009), and several publications on wealth authored jointly with Anthony Shorrocks and others. Jim is also the editor of "The Economics of the Distribution of Wealth," published earlier this year by Edward Elgar.

Rodrigo Lluberas is an Analyst at the Research department of Uruguay Central Bank. He received his PhD in Economics from Royal Holloway College, University of London and his MSc in Economics from University College London. He has been a visiting scholar at the Institute for Fiscal Studies and an Economist at Towers Watson in London. Prior to undertaking his MSc, he worked for three years as an economic analyst at Watson Wyatt Global Research Services and more recently as a research assistant at NESTA. His main areas of expertise are pensions, consumption and wealth.

Imprint

PUBLISHER
CREDIT SUISSE AG
Research Institute
Paradeplatz 8
CH-8070 Zurich
Switzerland

cs.researchinstitute@credit-suisse.com

PRODUCTION MANAGEMENT
INVESTMENT STRATEGY & RESEARCH
Investment Publishing
Markus Kleeb (Head)
Ross Hewitt
Katharina Schlatter

AUTHORS
Markus Stierli
Anthony Shorrocks
James B. Davies
Rodrigo Lluberas
Antonios Koutsoukis

EDITORIAL DEADLINE
19 September 2015

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RCE 1546044 10/2015