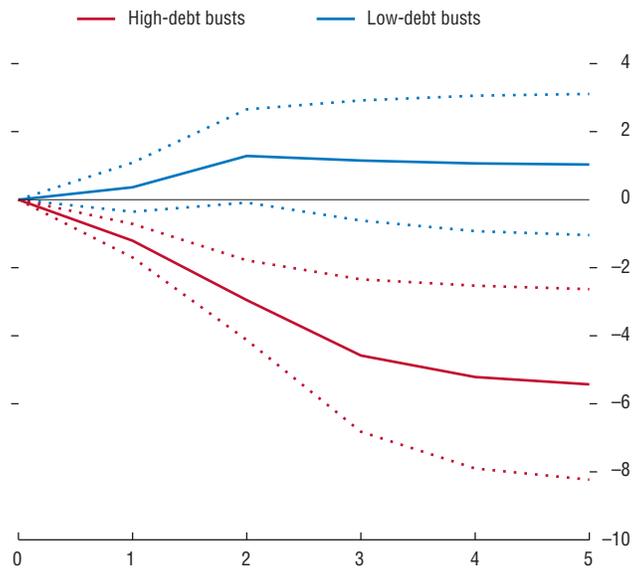


Figure 3.5. Household Debt during Housing Busts
(Percentage points)

The reduction in household debt (deleveraging) is more pronounced during housing busts preceded by a larger buildup in indebtedness.



Source: IMF staff calculations.

Note: X-axis units are years, where $t = 0$ denotes the year of the housing bust. Dashed lines indicate 1 standard error bands. High- and low-debt busts are defined, respectively, as above and below the median increase in the household debt-to-income ratio during the three years preceding the bust.