

The rich get richer, and millennials miss out

More than half of global wealth is owned by the top 1%

November 16, 2017 – *The Economist*

Buoyant financial markets meant that global wealth rose by 6.4% in the 12 months to June, the fastest pace since 2012. And the ranks of the rich expanded again, with 2.3m new millionaires added to the total, according to the Credit Suisse Research Institute's global wealth report.

The report underlines the sharp divide between the wealthy and the rest. If the world's wealth were divided equally, each household would have \$56,540. Instead, the top 1% own more than half of all global wealth. The median wealth per household is just \$3,582; if you own more than that, you are in the richest 50% of the world's population.

America continues to dominate the ranks of millionaires with 43% of the global total. Both Japan and Britain had fewer dollar millionaires than they did in June 2016, thanks to declines in the yen and sterling. Emerging economies have been catching up in the millionaire stakes; they now have 8.4% of the global total, up from 2.7% in 2000.

In the 12 months covered by the report, the biggest proportionate gains in wealth occurred in Poland, Israel and South Africa, thanks to a combination of stockmarket and currency gains. Egypt is by far the biggest loser, having lost almost half its wealth in dollar terms. Switzerland is still the country with the highest mean and median wealth per person.

There is a wide generational gap: millennials (those who reached adulthood in the current millennium) have a lot of catching up to do in the wealth stakes. Americans currently aged between 30 and 39 years of age are calculated to have amassed 46% less wealth on average in 2017 than the equivalent cohort had gathered in 2007.

Higher student debts and the difficulty of getting on the housing ladder have made it harder for millennials to build a nest-egg. That disparity might come back to bite the baby-boomer generation, who are fast moving into retirement. When baby-boomers want to cash in their assets, they may find millennials can't afford to buy them at current prices.