Weekly Bankruptcy Analysis
August 3-9, 2020

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Total filings were down by 45 percent during the week ending August 9 compared to the same week in 2019.[2] The 7,727 cases filed during the week represented the lowest weekly total since mid-April, when most of the country was essentially shut down due to COVID-19.

Bankruptcy Filings August 3 - 9, 2020		
Type of Case	**Number Filed**	**Percent Change From Same Week in 2019**
Total	**7,727**	**-45.0%**
- Chapter 7	**5,643**	**-30.6%**
- Chapter 11	**115**	**-34.3%**
- Chapter 13	**1,956**	**-65.8%**
- Other Cases*	**13**	**44.4%**
**** Chapters 9, 12 and 15***		

Chapter 13 filings were down by nearly two-thirds from the same week last year. One factor behind the especially sharp decline in chapter 13 filings is the moratorium on most foreclosures.

In Georgia and Texas, all foreclosures traditionally take place on the first Tuesday of each month. Consequently, chapter 13 filings in these states spike on foreclosure Tuesday and the day before. This year, only 177 chapter 13 cases were filed in Georgia and Texas on foreclosure Tuesday and the day before, down by nearly 80 percent from the 837 cases filed on these two days last year.

The following chart shows the weekly trends since March.

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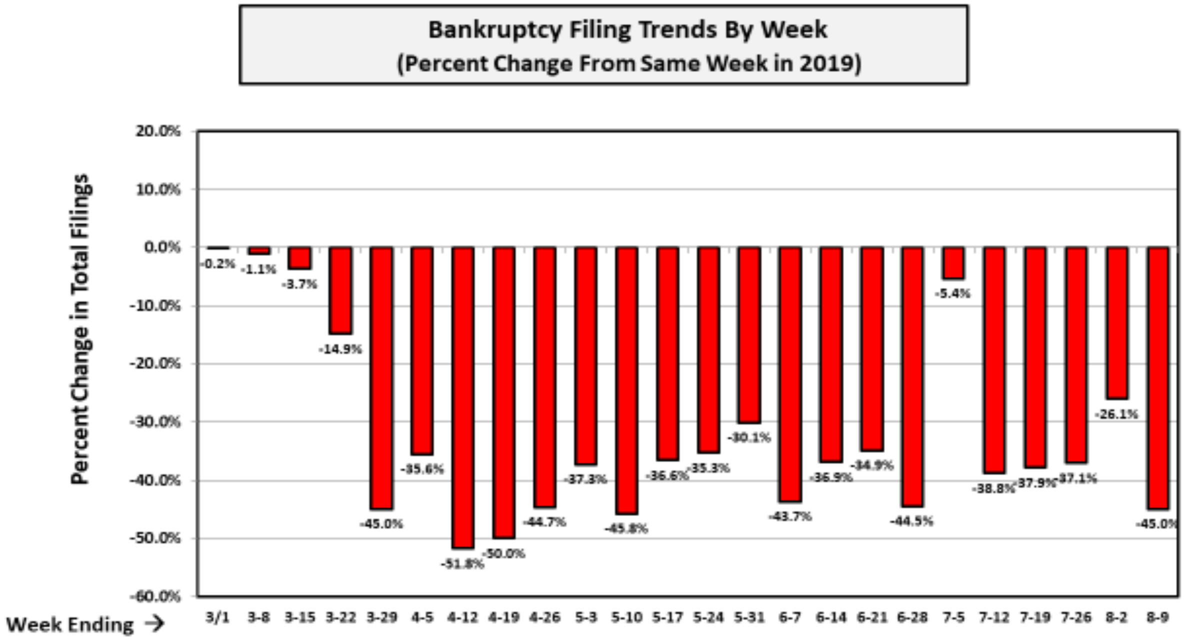
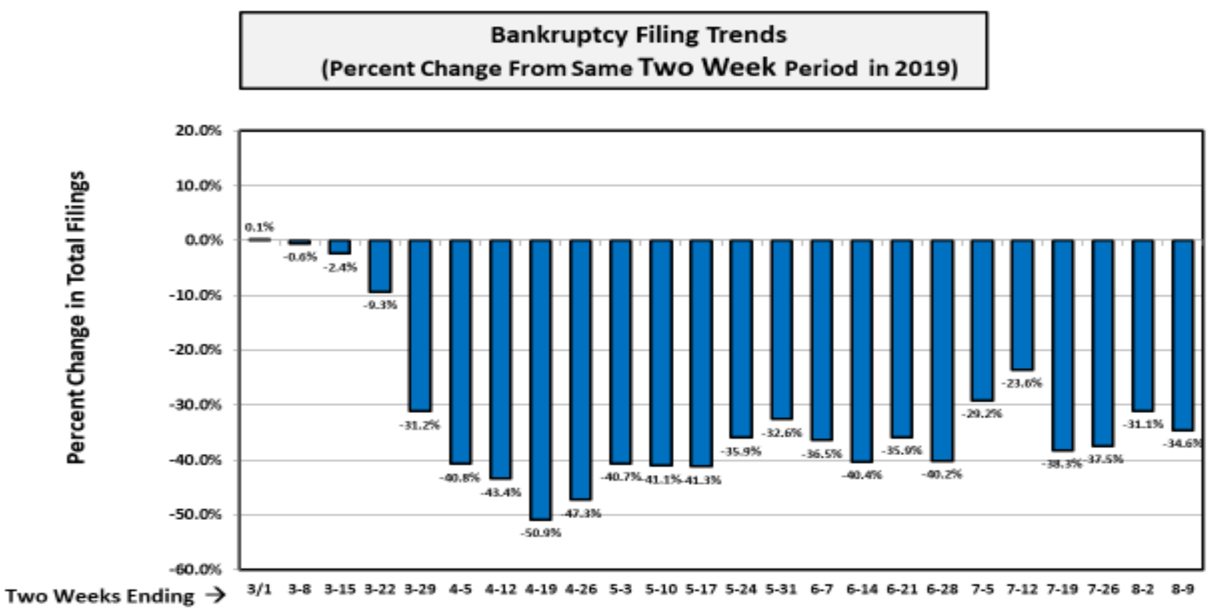
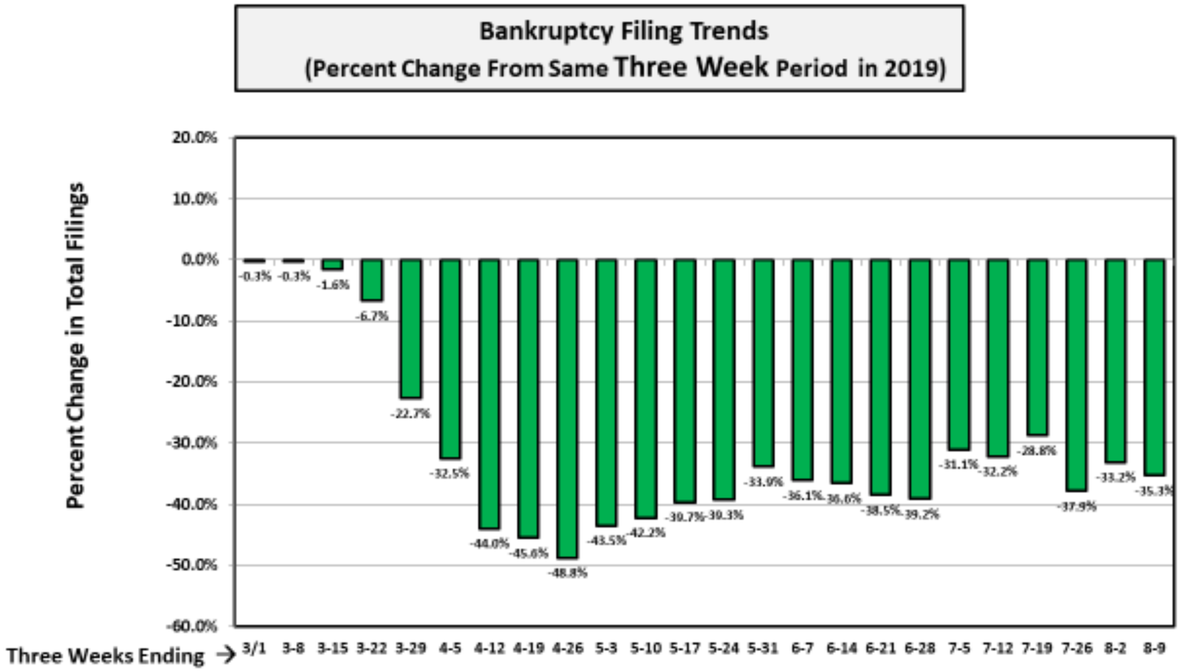
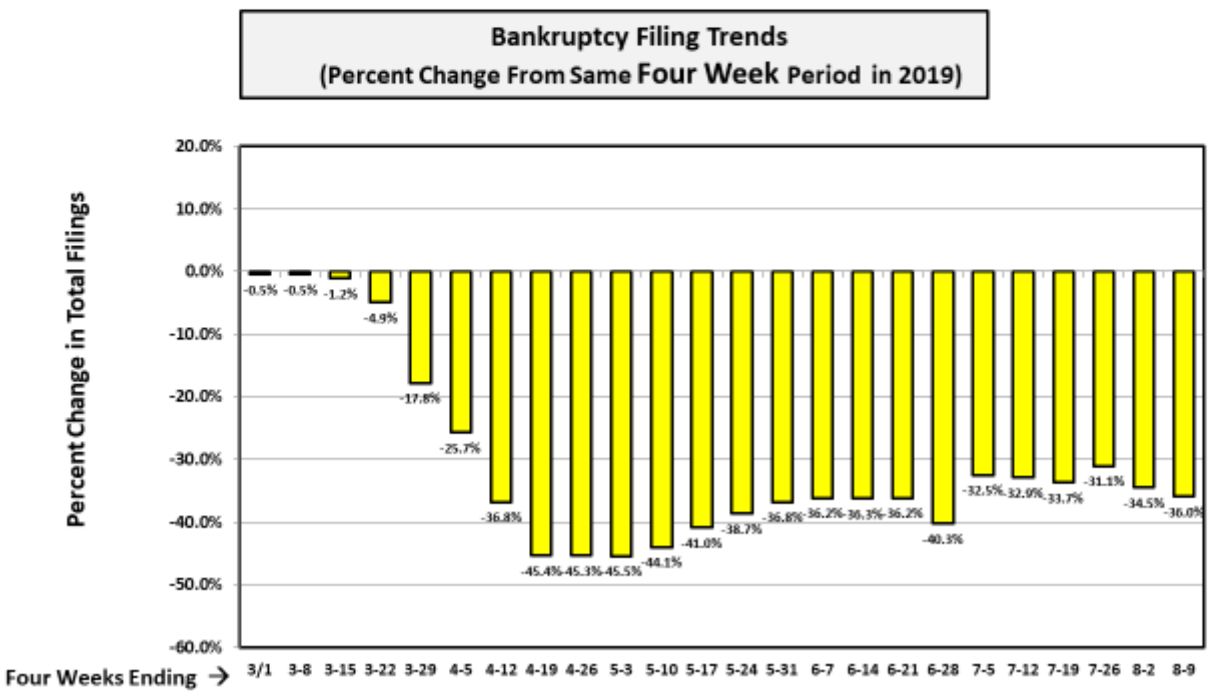
[2] These figures are from PACER and are subject to change. *See* https://www.pacer.gov/.



The weekly totals can be affected by several factors. For example, the spike in filings at the end of each month and the timing of holidays can affect weekly totals. To counteract these factors and provide a truer picture of actual trends, the following three charts show the weekly trends based on two-, three- and four-week rolling averages. Overall, they show a pattern of a very slow return to 2019 filing levels after bottoming out in April.







Chapter 11 Cases

Chapter 11 totals were fairly low during the week, well below filings during the same week last year. Between April and July, an average of 83 chapter 11 cases were filed per week in one of three judicial districts: Delaware, New York Southern and Texas Southern. Last week, there were only three chapter 11 cases filed in Delaware, three in New York Southern and 22 in Texas Southern.

Types of Chapter 11 Cases Filed		
	August 3 - 9	
	2020	2019
Total Filed	**115**	**175**
Solo Cases	**78**	**104**
Parent cases	**7**	**9**
Child cases	**30**	**62**
Filed By Individuals	***23***	***45***
Subchapter V Cases	**36**	**NA**

The 36 subchapter V cases filed during the week brings the total filed to date to 697.

Notable Case Filings

COVID-19 has caused a dramatic increase in prominent bankruptcy filings (*e.g.*, companies with debts and assets of several hundred million or more or firms that are household names), particularly by retailers and energy companies. Since May, we have been seeing about one such case filed per day. Last week was quite unusual in that there was only one particularly notable chapter 11 case filed in the U.S.; the case involved offshore oil company ***Fieldwood Energy LLC and Dynamic Offshore Resources NS, LLC*** (and 13 related entities) and was filed on Aug. 3 in the Southern District of Texas.

Other notable filings during the week were two chapter 15 cases filed in the Southern District of New York — one by ***Virgin Atlantic Airways*** on Aug. 4, the other by Mexican retailer ***Grupo Famsa, S.A.B***. on Aug. 6.

See the ABI Headlines for news of the latest filings at https://www.abi.org/newsroom/headlines.

Economic Indicators

A number of economic reports have been issued by various government agencies, and they are providing mixed signals on the impact of COVID-19. For example, the Bureau of Economic Analysis reported that the national Gross Domestic Product fell by 32.9 percent during the second quarter of 2020. This was by far the largest fall in U.S. history. Prior to this quarter, the largest quarterly decline since 1950 had been the 10 percent drop in the first quarter of 1958.

Last week, the New York Federal Reserve released its latest quarterly report on household credit and debt (https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/hhdc_2020q2.pdf). Some of the numbers were surprisingly positive given the chaos caused by COVID-19. Total household debt in June was up less than 1 percent from December 2019 but is up by about 15 percent from just prior to the Great Recession, with the largest percentage increases involving student loan and auto debt. Conversely, credit card debt fell by 11.9 percent during that period, and total credit card debt is now lower than it was at the end of 2007.

The following chart shows the key debt figures for three time periods.

Household Debt Comparison			
	Amount in $ Billions		
	December 2007 (Before the Great Recession)	December 2019 (Before COVID-19)	June 2020 (During COVID-19)
Total Debt	**$12,372**	**$14,145**	**$14,266**
Mortgage debt	$9,101	$9,557	$9,776
Credit card	$839	$927	$817
Auto	$815	$1,331	$1,343
Student Loan	$548	$1,508	$1,537
Other Debt	$1,069	$822	$793

The news was even better regarding delinquent debt. The overall rate fell from 3.15 percent of total debt to 2.61 percent — the lowest level since the first quarter of 2007. Of course, these numbers are affected by the moratorium on student loan payments and the millions of unpaid mortgages that are now in forbearance. Apparently, the best way to improve delinquent debt statistics is to declare that they are not delinquent.

Percent of Debt 90+ days Delinquent				
	December 2007 (Before the Great Recession)	Recession Peak	December 2019 (Prior to COVID-19)	June 2020 (During COVID-19)
Total Debt	3.62%	8.71% (March 2010)	3.15%	2.61%
- Mortgage	2.93%	8.89% (March 2010)	1.07%	0.84%
- Credit Card	9.48%	13.74% (June 2010)	8.36%	9.75%
- Auto	3.05%	5.27% (December 2010)	4.94%	5.03%
- Student Loan	7.51%	[redacted]	11.06%	6.97%

Unemployment Figures

COVID-19 has presented challenges to the Bureau of Labor Statistics, the federal agency that compiles unemployment data. They have attempted to categorize workers as employed, unable to work because of the pandemic (some of whom are paid by their employers and others who aren't), employees whose hours or pay have been reduced, people unable to look for work because of the pandemic, and people who are trying to enter the labor force but are unable to because of the pandemic, among other categories.

From this assortment, they have determined that the national unemployment rate was 11.1 percent in June. This was higher than the peak of the Great Recession (10 percent in October 2009), but was a substantial improvement from April (14.7 percent) and May (13.3 percent).

The following table shows the unemployment rate by state during the Great Recession, in February 2020 and during the pandemic.

Unemployment Rate by State						
	Great Recession		Prior to COVID-19	During COVID-19		
	Recession High	Month/Year	February 2020	June 2020	COVID HIGH	Month
National	**10.0%**	**10/09**	**3.5%**	**11.1%**	**14.7%**	**April**
Alabama	11.8%	11/09	2.7%	7.5%	13.8%	April
Alaska	8.0%	8/09	5.8%	12.4%	13.5%	April
Arizona	10.9%	11/09	4.5%	10.0%	13.4%	April
Arkansas	8.5%	1/11	3.5%	8.0%	10.8%	April
California	12.3%	3/10	3.9%	14.9%	16.4%	April
Colorado	8.9%	9/10	2.5%	10.5%	12.2%	April
Connecticut	9.3%	11/10	3.8%	9.8%	9.8%	June
Delaware	8.7%	11/09	3.9%	12.5%	15.9%	May
District of Columbia	10.5%	6/11	5.1%	8.6%	11.7%	April
Florida	11.2%	11/09	2.8%	10.4%	13.8%	April
Georgia	10.6%	2/10	3.1%	7.6%	12.6%	April
Hawaii	7.3%	5/09	2.7%	13.9%	23.8%	April
Idaho	9.6%	6/09	2.7%	5.6%	11.8%	April
Illinois	11.3%	12/09	3.4%	14.6%	17.2%	April
Indiana	11.0%	1/10	3.1%	11.2%	17.5%	April
Iowa	6.6%	5/09	2.8%	8.0%	11.0%	April
Kansas	7.3%	8/09	3.1%	7.5%	11.9%	April
Kentucky	10.7%	6/09	4.2%	4.3%	16.6%	April
Louisiana	8.3%	9/10	5.2%	9.7%	15.1%	April
Maine	8.3%	6/09	3.2%	6.6%	10.4%	April
Maryland	7.8%	1/10	3.3%	8.0%	10.1%	April
Massachusetts	8.7%	10/09	2.8%	17.4%	9.9%	June
Michigan	14.6%	6/09	3.6%	14.8%	24.0%	April
Minnesota	8.0%	5/09	3.1%	8.6%	9.9%	May
Mississippi	10.9%	2/10	5.4%	8.7%	16.3%	April
Missouri	9.7%	10/09	3.5%	7.9%	10.2%	April
Montana	7.4%	2/10	3.5%	7.1%	11.9%	April
Nebraska	4.9%	1/10	2.9%	6.7%	8.7%	April
Nevada	13.7%	9/10	3.6%	15.0%	30.1%	April
New Hampshire	6.5%	5/09	2.6%	11.8%	17.1%	April
New Jersey	9.8%	11/09	3.8%	16.6%	16.6%	June
New Mexico	8.3%	5/10	4.8%	8.3%	11.9%	April
New York	8.9%	11/09	3.7%	15.7%	15.7%	June
North Carolina	11.4%	1/10	3.6%	7.6%	12.9%	April
North Dakota	4.3%	4/09	2.2%	6.1%	9.1%	April
Ohio	11.1%	1/10	4.1%	10.9%	17.6%	April
Oklahoma	7.1%	1/10	3.2%	6.6%	14.7%	April
Oregon	11.9%	5/09	3.3%	11.2%	14.9%	April
Pennsylvania	8.8%	2/10	4.7%	13.0%	16.1%	April
Puerto Rico	17.0%	5/10	8.8%	N/A	N/A	N/A
Rhode Island	11.3%	5/10	3.4%	9.7%	18.1%	April
South Carolina	11.7%	12/9	2.5%	8.7%	12.8%	April
South Dakota	5.1%	5/9	3.3%	7.2%	10.9%	April
Tennessee	10.9%	6/09	3.4%	9.7%	15.5%	April
Texas	8.3%	8/09	3.5%	8.6%	13.5%	April
Utah	8.0%	3/10	2.5%	5.1%	10.4%	April
Vermont	6.9%	4/09	2.4%	9.4%	16.5%	April
Virginia	7.5%	2/10	2.6%	8.4%	11.2%	April
Washington	10.4%	12/09	3.8%	9.8%	16.3%	April
West Virginia	8.8%	10/10	4.9%	10.4%	15.9%	April
Wisconsin	9.3%	1/10	3.5%	8.5%	13.6%	April
Wyoming	7.1%	11/09	3.7%	7.6%	9.6%	April

It seems pretty clear from the government data that the full financial pain of the pandemic has not yet been felt by many consumers. There are probably two main factors behind this. Government payments to individuals (through the stimulus payments in April and the recently expired $600-per-week unemployment benefits) have provided enough for many Americans to get through to this point. The Paycheck Protection Program provided loans both to small businesses to protect workers and to the self-employed, gig workers, contractors and sole proprietors.

At the same time, collection activity has been curtailed or delayed. Moratoriums on foreclosures and evictions, extensions of tax deadlines and suspensions of student loan payments have all lessened normal pressure to pay certain household expenses by forestalling the normal consequences. Unfortunately, the underlying debts haven't gone away, and at some point, the bill for all of this will come due. The government can't prop up households forever, and collection activity will resume.

Bankruptcy filings have been down 30 to 40 percent in recent months and are currently about one-third as high as during the Great Recession. I am confident that filings are headed back to those levels, but I am less confident in setting a date for when this will happen.