

Weekly Bankruptcy Analysis

November 16 – 22, 2020

Written by:

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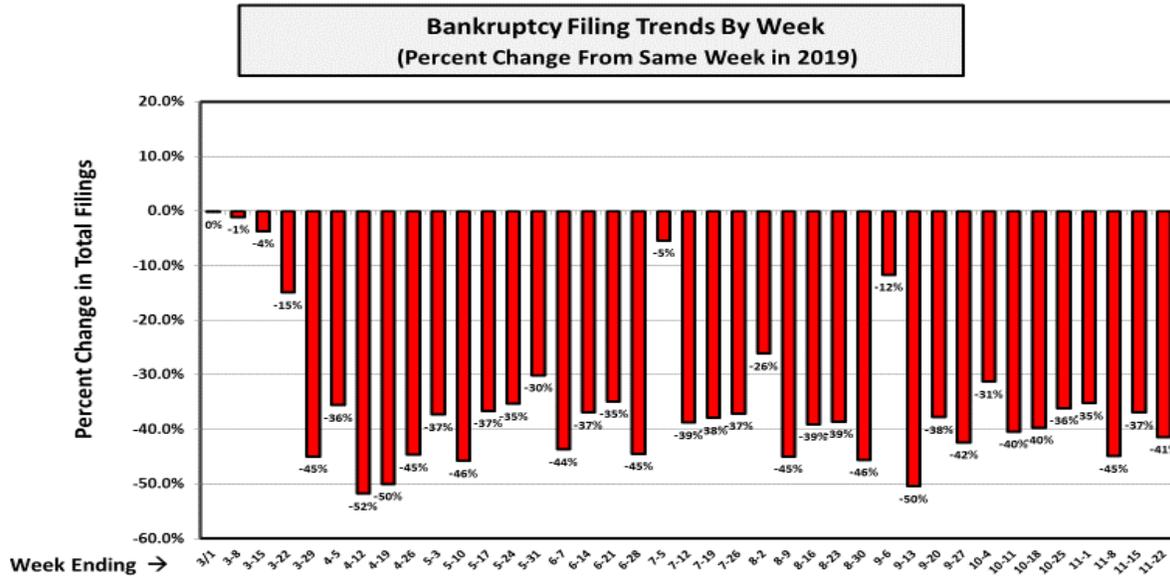
Total filings were down by 41.4 percent during the week ending November 22 compared to the same week in 2019.² Once again, the largest percentage decline was in chapter 13 filings, which were down by about 55 percent from last year.

Bankruptcy Filings November 16 - 22, 2020		
Type of Case	Number Filed	Percent Change From Same Week in 2019
Total	8,564	-41.4%
- Chapter 7	6,035	-34.3%
- Chapter 11	109	-6.0%
- Chapter 13	2,410	-54.6%
- Other Cases*	10	-44.4%
* Chapters 9, 12 and 15		

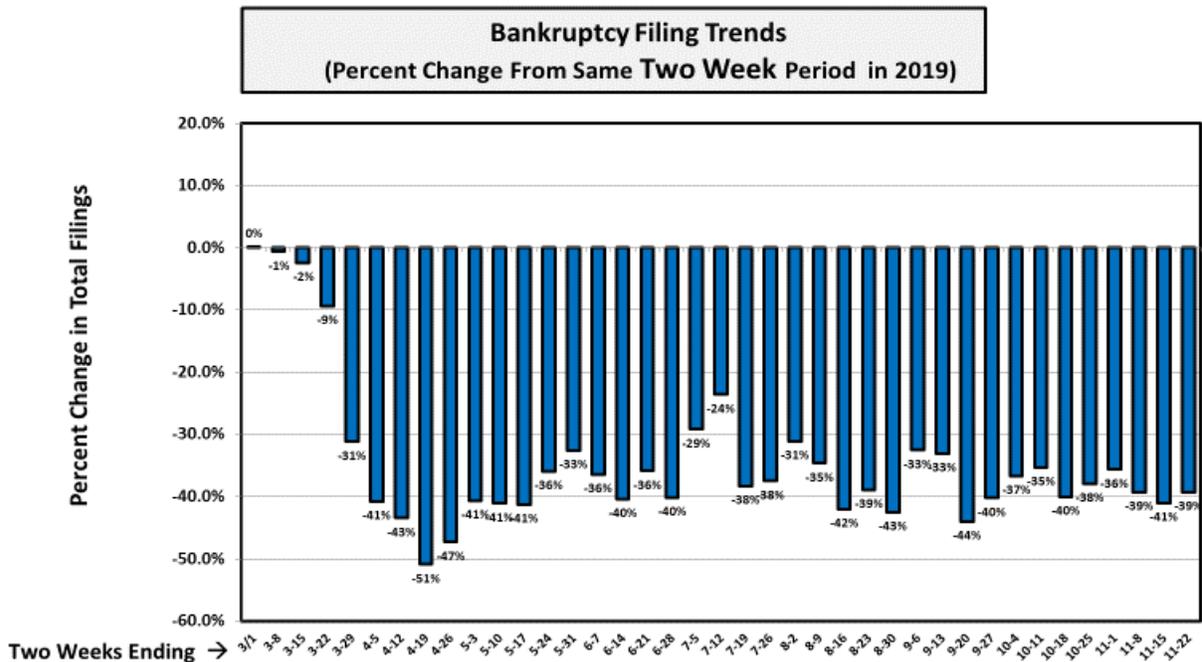
¹ Ed Flynn is a consultant with ABI and serves as a coordinating editor for the *ABI Journal*. He previously worked for more than 30 years at the Executive Office for U.S. Trustees and the Administrative Office of the U.S. Courts.

² These figures are from PACER and are subject to change. See <https://www.pacer.gov/>.

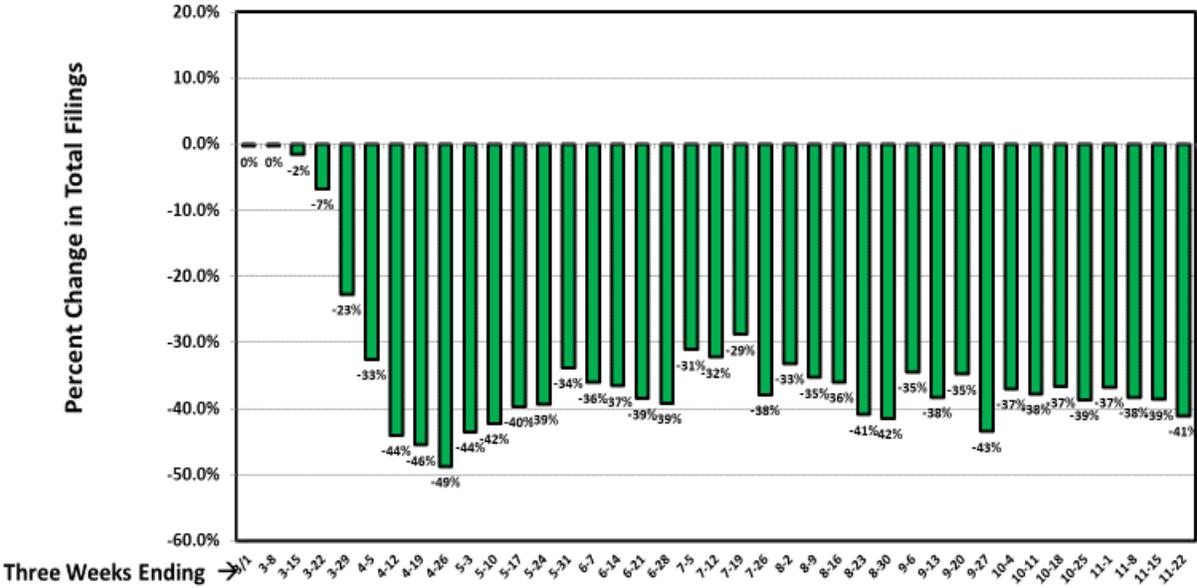
The following chart shows the weekly trends since March.



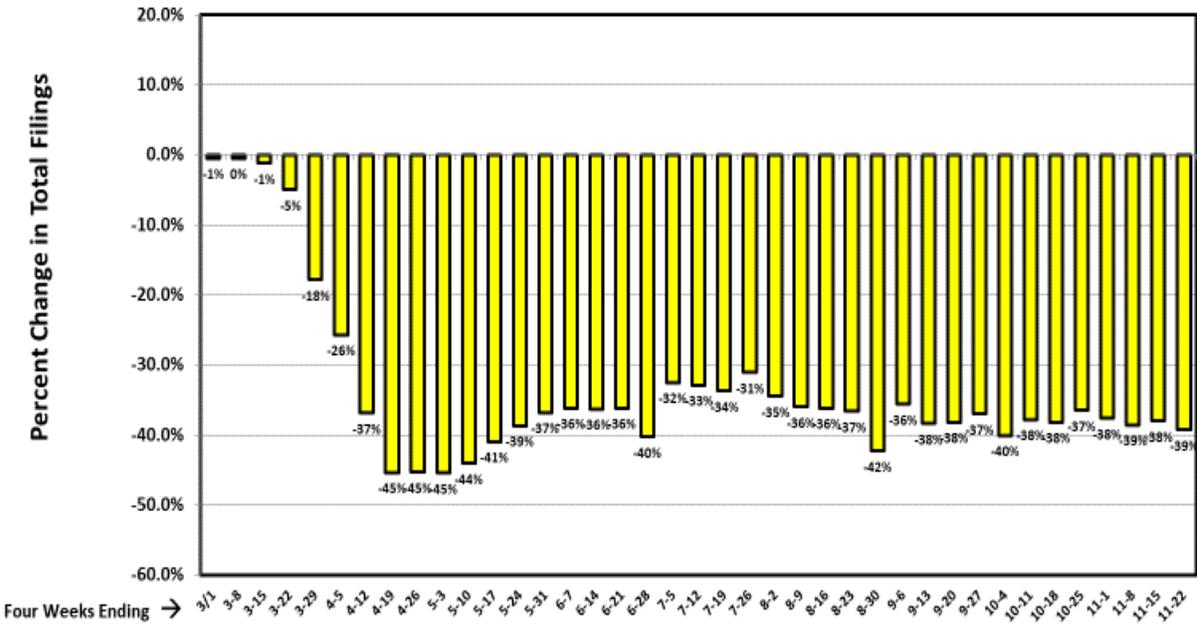
The weekly totals can be affected by several factors. For example, the spike in filings at the end of each month and the timing of holidays can affect weekly totals. To counteract these factors and provide a truer picture of actual trends, the following three charts show the weekly trends based on two-, three- and four-week rolling averages. Overall, they show a continuing pattern of declines of close to 40 percent compared to last year (the weekly declines were closer to 50 percent during April, when the COVID-19 shutdowns were at their peak.)



Bankruptcy Filing Trends (Percent Change From Same Three Week Period in 2019)



Bankruptcy Filing Trends (Percent Change From Same Four Week Period in 2019)



Chapter 11 Cases

Chapter 11 filings were down slightly during the week from the same week last year. However, the 109 cases filed during the week brings the year-to date chapter 11 filings to 7,681. At least one-half of the filings in 2020 were related filings by subsidiaries within a corporate group. With about six weeks to go during 2020, chapter 11 filings already exceed the annual totals for every year since 2014.

Types of Chapter 11 Cases Filed		
	November 16 - 22	
	2020	2019
Total Filed	109	116
Solo Cases	65	71
Parent cases	5	7
Child cases	39	38
<i>Filed By Individuals</i>	9	22
Subchapter V Cases	39	NA

The 39 subchapter V cases filed during the week brings the total such cases to 1,194 in the nine months since it has been available.

The most notable chapter 11 filing during the week involved **Guitar Center, Inc.**, a prominent musical instrument retailer who filed (along with 7 affiliates) on November 21 in Richmond, Virginia.

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

Husehold Debt Report:

On November 17, the New York Federal Reserve released its' latest *Quarterly Report on Household Debt and Credit*.

See: https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/hhdc_2020q3.pdf

This report provides insight into how American consumers are faring during the pandemic. The numbers are surprising, in that they paint a rosier picture of household finances than might have been expected. Highlights include:

- Total household debt as of September 30 was \$14.753 trillion – the highest ever.

- The main components of this debt were:
 - Mortgage: \$9.861 trillion
 - Student loan: \$1.546 trillion
 - Auto: \$1.360 trillion
 - Credit card: \$807 billion
 - Other debts: \$779 billion

- During the last six months total household debt has risen by \$53 billion. This is much less than the average increase for the same period during the last five years (\$225 billion). Mortgage debt was up \$148 billion, while credit card debt declined by \$86 billion.

- The median credit score for people with new mortgages in the third quarter was 786, up 13 points from borrowers in the first quarter, and the highest ever.

- Only 3.37% of household debt in September was reported to be delinquent, down from the 4.56% delinquency rate in March.

- Seriously delinquent debt decreased from 3.14% in March to 2.53% in September.

However, the delinquency figures are skewed by forbearances as a result of the CARES Act or voluntarily provided by lenders. As these expire in 2021, the household debt figures will provide a truer picture of the damage to household finances caused by the pandemic.