

Sovereign Borrowing Will Stay High On Pandemic And Geopolitical Tensions, Report Says

FRANKFURT, Germany, April 5, 2022 /PRNewswire/ -- Sovereign borrowing will reach \$10.4 trillion in 2022, nearly one-third above the average before the COVID-19 pandemic, says S&P Global Ratings today in its latest global borrowing report published today on RatingsDirect: ("[Sovereign Debt 2022: Borrowing Will Stay High On Pandemic And Geopolitical Tensions](#)").

For an interactive version of our global and regional borrowing forecasts see; "[Global Sovereign Borrowing Outlook 2022](#)".

"We expect borrowing to stay elevated, owing to high debt-rollover needs, as well as fiscal policy normalization challenges posed by the pandemic, high inflation, and polarized social and political landscapes," said S&P Global Ratings credit analyst Karen Vartapetov.

The global macroeconomic repercussions of the ongoing military conflict between Russia and Ukraine will put further upward pressure on government funding needs this year.

Tightening monetary conditions will push up government funding costs. This will pose additional difficulties to sovereigns that have been unable to restart growth, reduce reliance on foreign currency financing, and where interest bills are already critically high.

For advanced economies, borrowing costs this year, while on the rise, will likely remain below the effective interest rate on the existing debt stock, giving time to consolidate budgets and focus on pro-growth reforms.

Other key findings from our projections of 2022 borrowing from commercial sources by the 137 sovereigns we rate:

- The commercial sovereign debt stock will reach a record of \$66.5 trillion by year-end, with the U.S. and Japan accounting for over one-half of it.
- The G-7 group of nations will continue to contribute 70% of the total commercial debt stock of all rated sovereigns.
- Investment-grade (rated 'BBB-' and above) sovereign borrowing will account for the majority of total issuance.

The report is available to subscribers of RatingsDirect at www.capitaliq.com. If you are not a RatingsDirect subscriber, you may purchase a copy of the report by calling (1) 212-438-7280 or sending an e-mail to research_request@spglobal.com. Ratings information can also be found on S&P Global Ratings' public website by using the Ratings search box located in the left column at www.standardandpoors.com. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; or Stockholm (46) 8-440-5914

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