

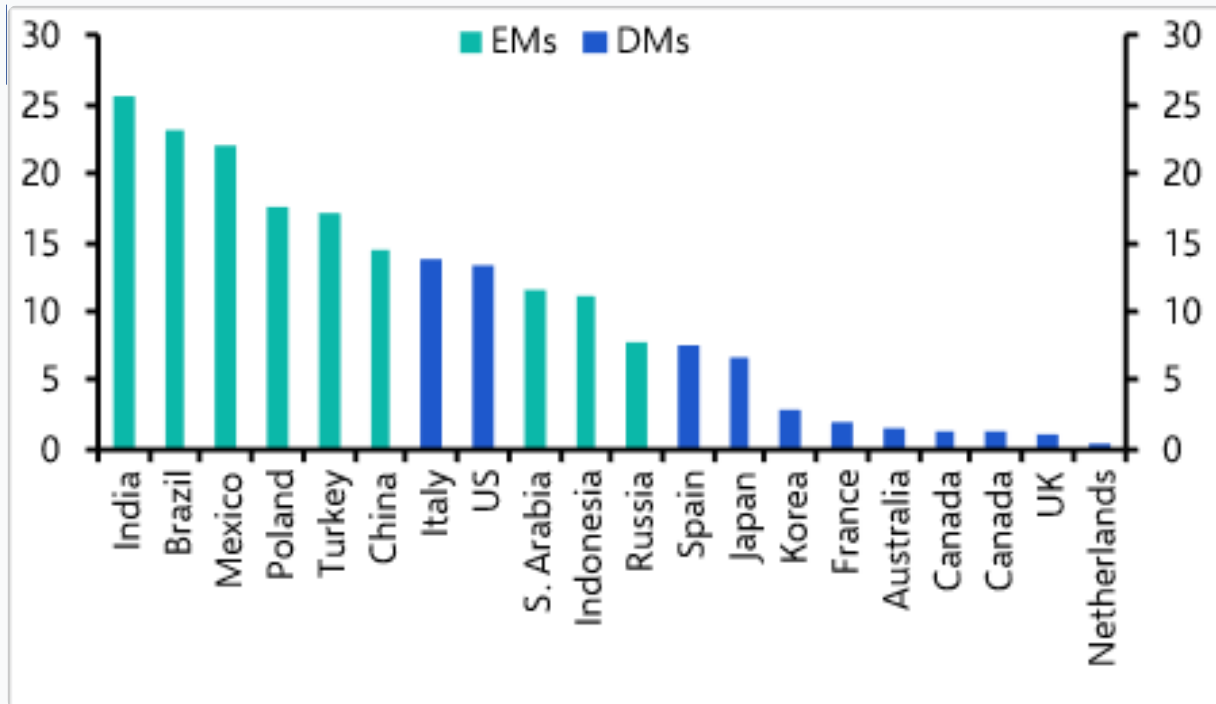


# Fiscal Risks

How government debt positions could point to potential crises

Government debt sustainability is back under the spotlight. On this page, we bring together our insights regarding the odds of a fiscal crisis, where the risks are greatest and what the consequences are for fiscal policy, bond yields and economic growth.

Global risks



## GLOBAL ECONOMICS FOCUS

### Financial repression to keep a lid on bond yields

Financial repression is not a costless way to deal with public sector debt burdens, but it tends to be more politically palatable than the other options. Indeed, it is already happening and...

16th October 2025 · 25 mins read

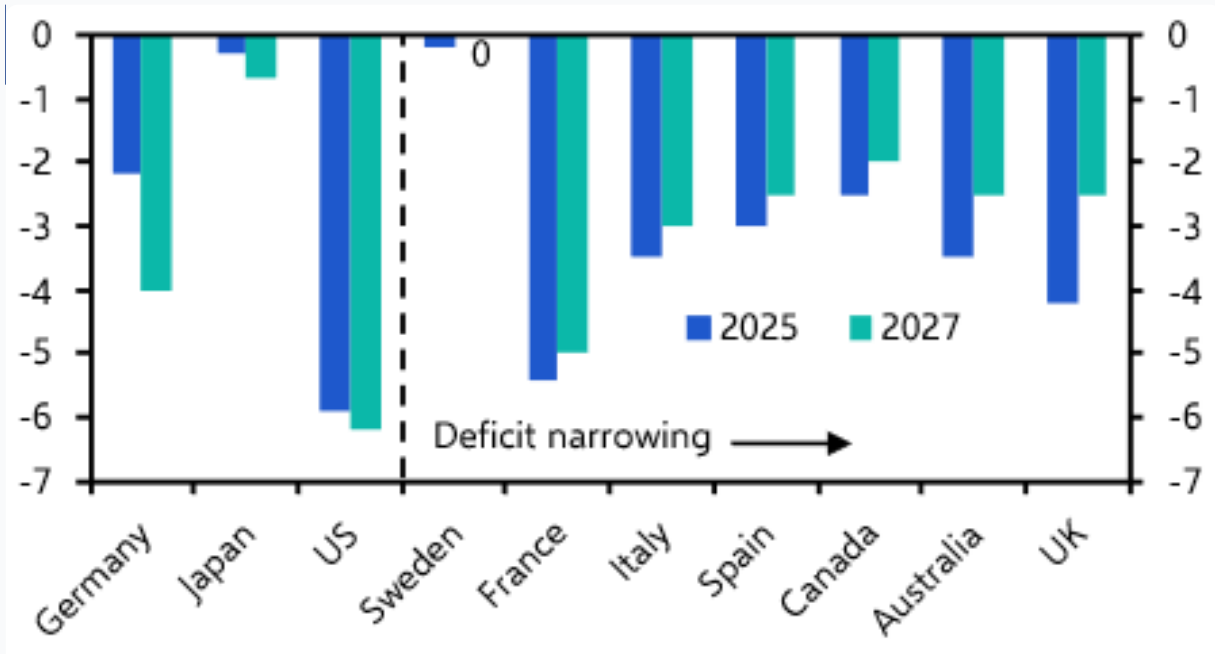


## GLOBAL ECONOMICS FOCUS

### **The causes of fiscal crises and their economic impact**

History shows that there are no debt or deficit thresholds beyond which a fiscal crisis is inevitable. Rather, crises stem from a mix of high debt, poor debt dynamics, and weak fiscal credibility...

24th July 2025 · 26 mins read

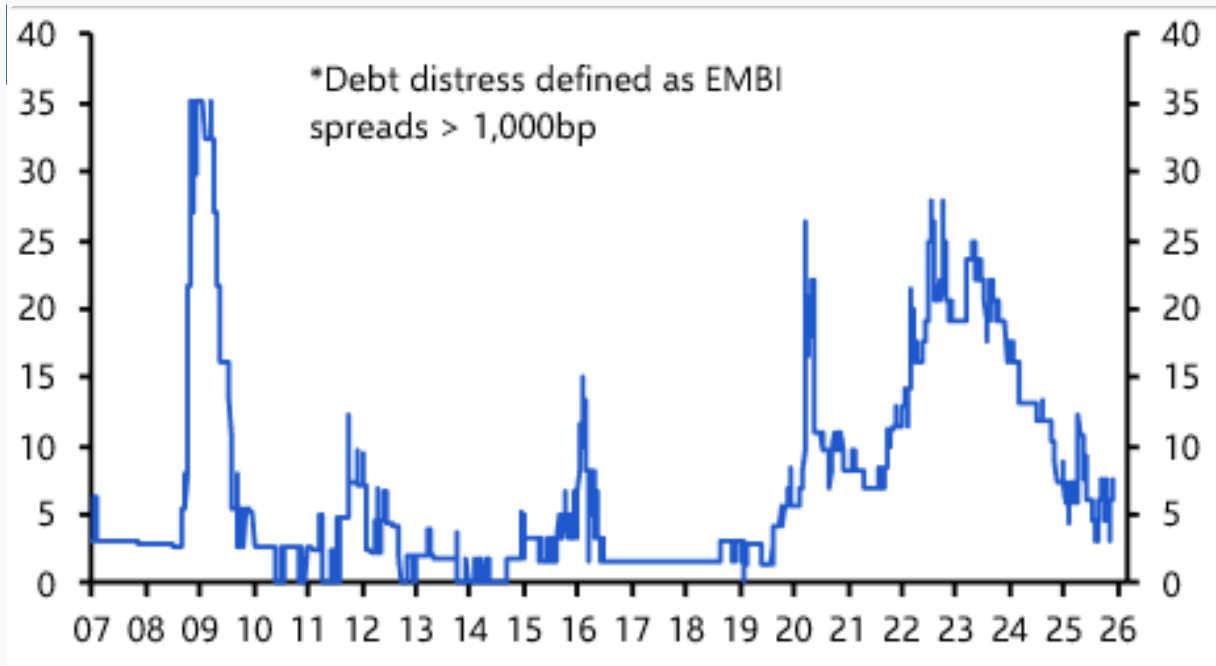


## GLOBAL ECONOMICS FOCUS

### Crowding out: Assessing the fiscal risks to growth

Big budget deficits are fuelling fears about fiscal sustainability, but the potential negative effects on growth are receiving less attention. While Germany is embarking on a major fiscal expansion...

24th September 2025 · 17 mins read

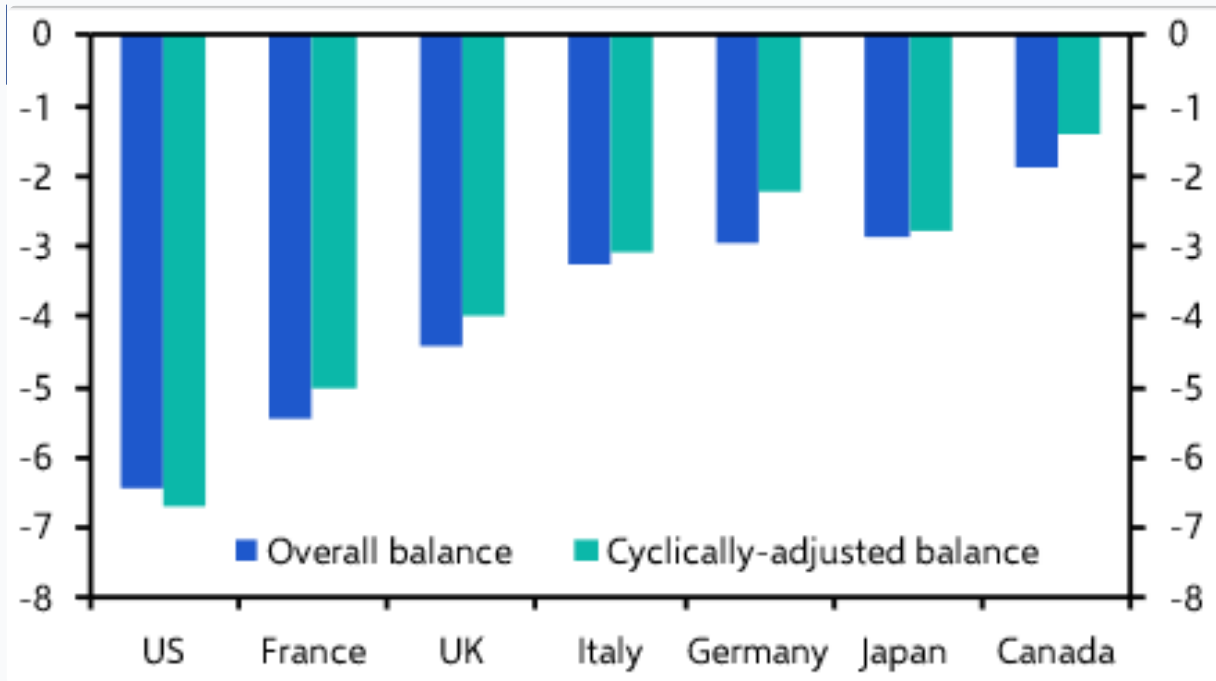


#### EMERGING MARKETS ECONOMICS UPDATE

### Default risks easing, but simmering fiscal problems in some EMs

The incidence of sovereign debt distress has declined sharply across the EM world and is now back to pre-pandemic levels. But our EM Financial Risk Indicators suggest that several countries are still...

25th November 2025 · 3 mins read

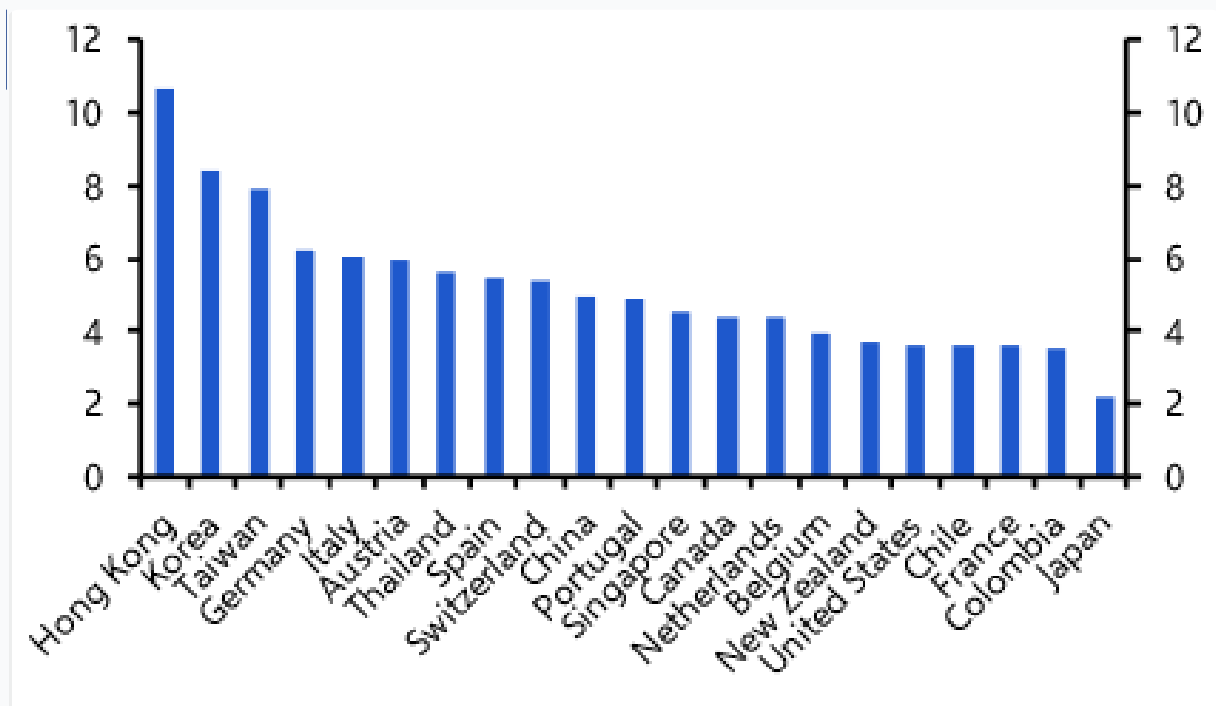


## GLOBAL ECONOMICS UPDATE

### Where do fiscal deficits need to shrink most?

Most major DMs need to shrink their primary budget deficits significantly and most will find it hard to do so. This will exacerbate growing worries about fiscal sustainability. The US and France have...

26th June 2025 · 2 mins read

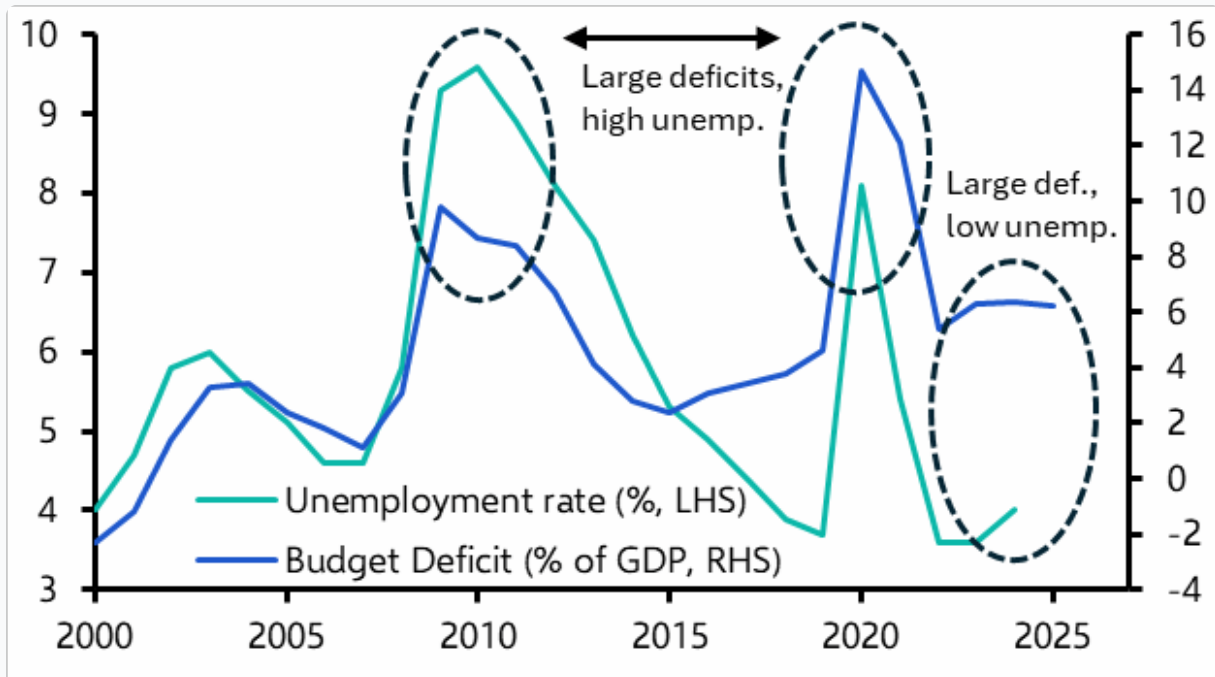


## GLOBAL ECONOMICS UPDATE

### Demographics adding to fiscal pressures

As time marches on, the once distant threat of demographic pressures for many countries, especially those in Europe, is fast becoming a reality. This adds to the other pressures on the public finances...

20th June 2025 · 2 mins read



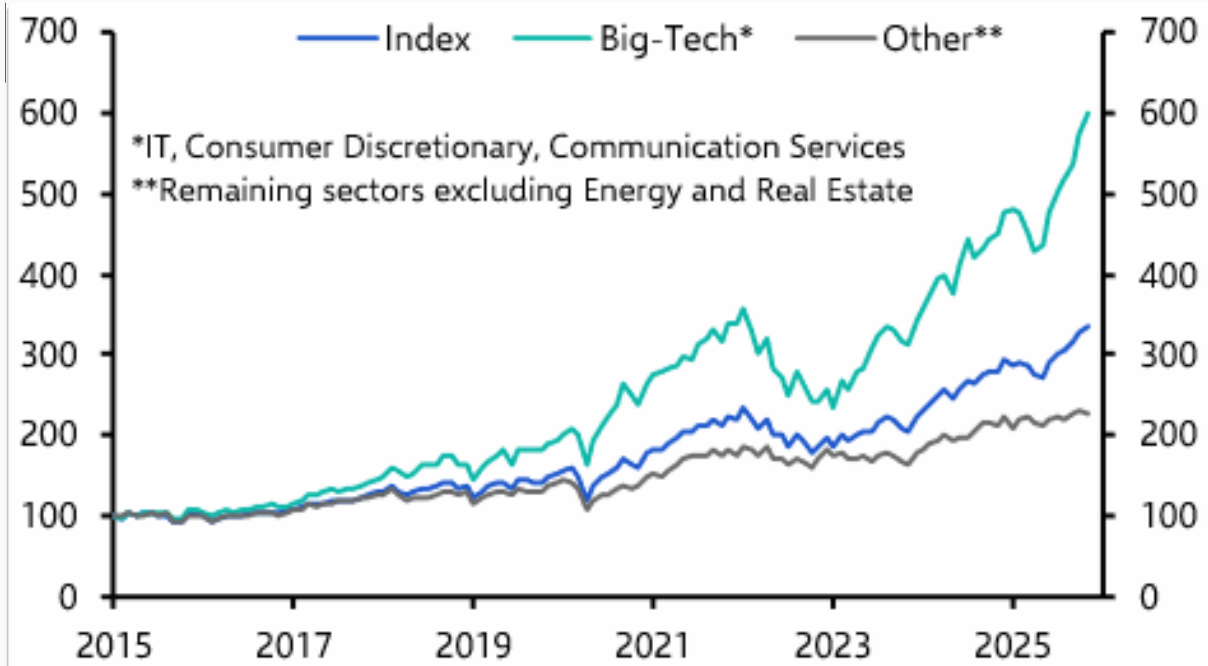
#### CHIEF ECONOMIST'S NOTE

### Fiscal stability is now as much about people as policy

The public finances of several key advanced economies are, to put it mildly, in a mess. Recent attention has been on the United States, where the 'One, Big, Beautiful Act' has entrenched large federal...

14th July 2025





## BONDS & EQUITIES

### Three key themes for financial markets in 2026

We think the AI bubble will keep inflating, and that 2026 will be another good year for risk more broadly. Meanwhile, we expect the bond market to keep muddling through, and the dollar to rebound...

16th December 2025 · 6 mins read

## Regional risks

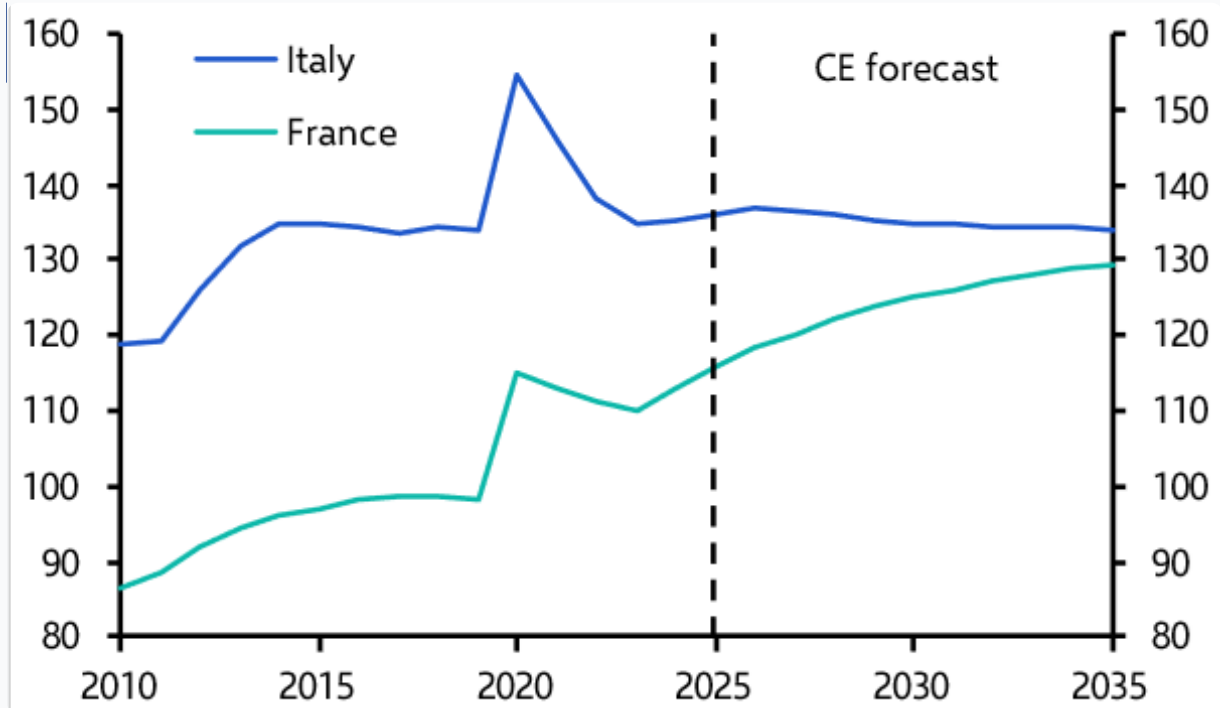


### JAPAN ECONOMICS UPDATE

## Is PM Takaichi creating her own Liz Truss moment?

Our base case remains that Japan will avoid a fiscal crisis as its public debt dynamics are more favourable than is widely understood. However, there are mounting risks that PM Takaichi will only rein...

19th January 2026 · 4 mins read



## EUROPE ECONOMICS FOCUS

### The fallout from France's ongoing political deadlock

The latest political developments in Paris underline that France is heading for some kind of fiscal crisis which in turn means the risk premium on its debt is likely to rise in the coming year or two...

6th October 2025 · 13 mins read

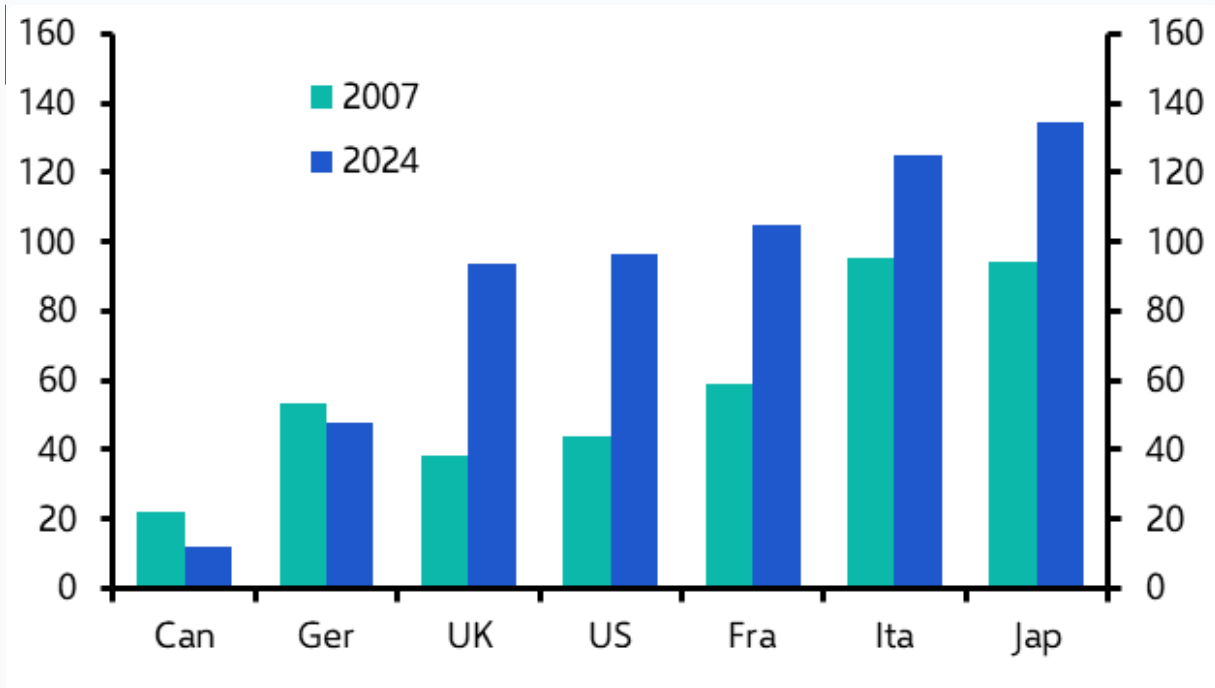


## UK ECONOMICS UPDATE

### **What could trigger a fiscal crisis in the UK?**

Many of the conditions which have led to fiscal crises in the past are now in place. This does not mean a fiscal crisis in the UK is imminent or inevitable. The missing ingredient is a trigger. If a...

5th September 2025 · 8 mins read



## US ECONOMICS FOCUS

### Risk of US fiscal crisis rising

The Federal debt is undoubtedly on an unsustainable path. The debt burden is already close to 100% of GDP and, with the budget deficit likely to remain close to 6% of GDP for the foreseeable future...

9th June 2025 · 20 mins read

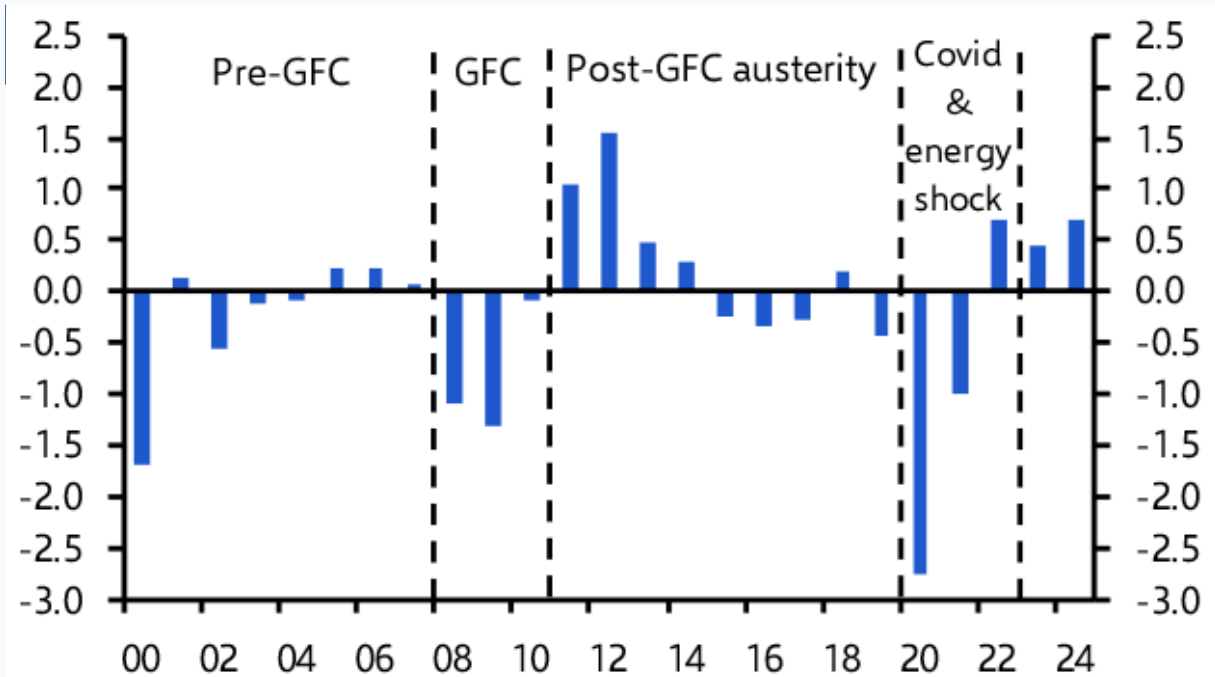


## US ECONOMICS UPDATE

### **Tariff revenue should largely offset new tax cuts**

The budget reconciliation bill currently working its way through the House of Representatives, which includes a permanent extension of the original Trump tax cuts plus cut-down versions of his...

20th May 2025 · 3 mins read



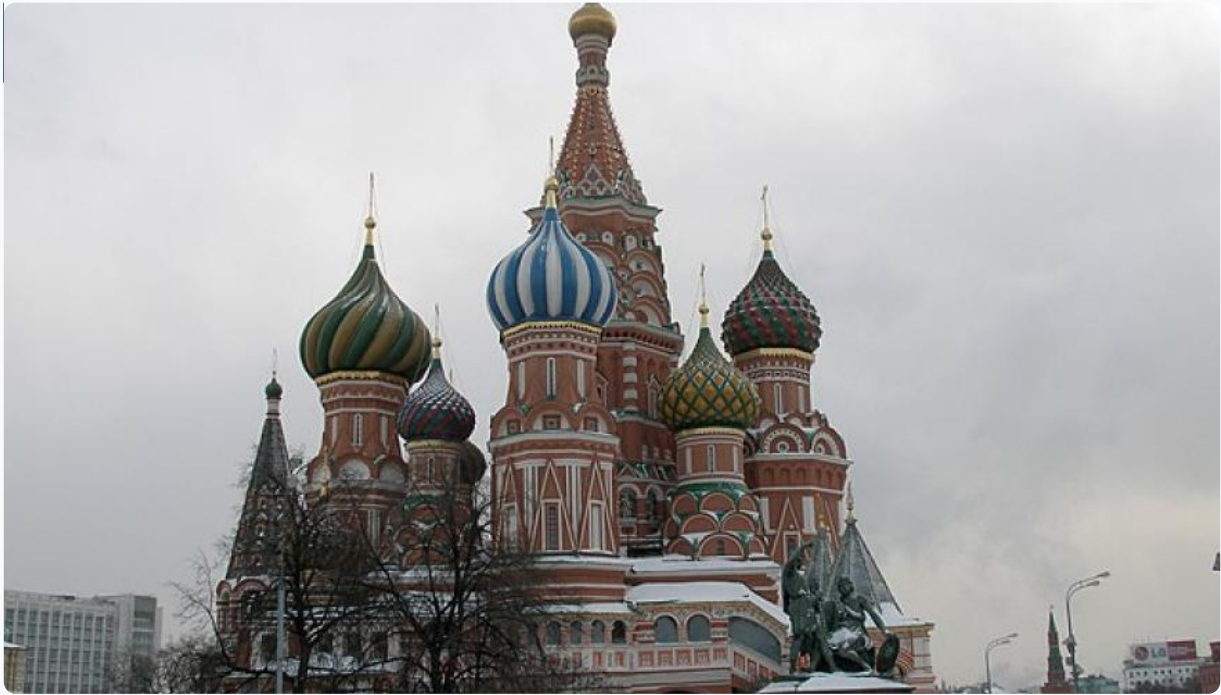
## EUROPE ECONOMICS FOCUS

### Euro-zone debt dynamics: no longer core vs periphery

Most euro-zone governments look set to continue running large budget deficits in the coming years. This will support aggregate demand and is a key reason why ECB interest rates will stay higher than...

14th May 2025 · 23 mins read





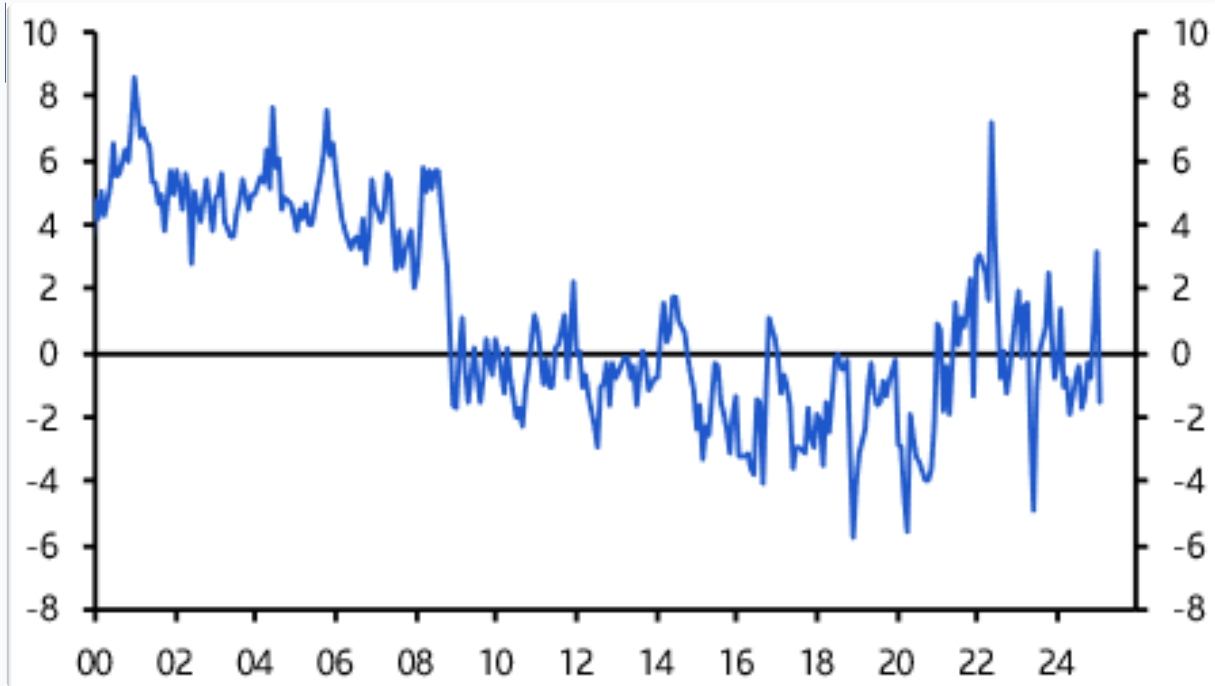
## EMERGING EUROPE ECONOMICS UPDATE

### **Russia: a fiscal health check**

A dramatic late-year cut to spending helped Russia's government meet its deficit target of 2.6% of GDP last year. This does not signal that fiscal strains are forcing President Putin to scale back the...

29th January 2026 · 4 mins read





CANADA ECONOMICS WEEKLY

## Canada Weekly: Carney should find support for stimulus despite minority

Although Mark Carney's Liberal Party just missed out on a majority in the election this week, the conciliatory tones from the Bloc Québécois suggest that the government should find the support needed...

2nd May 2025 · 6 mins read

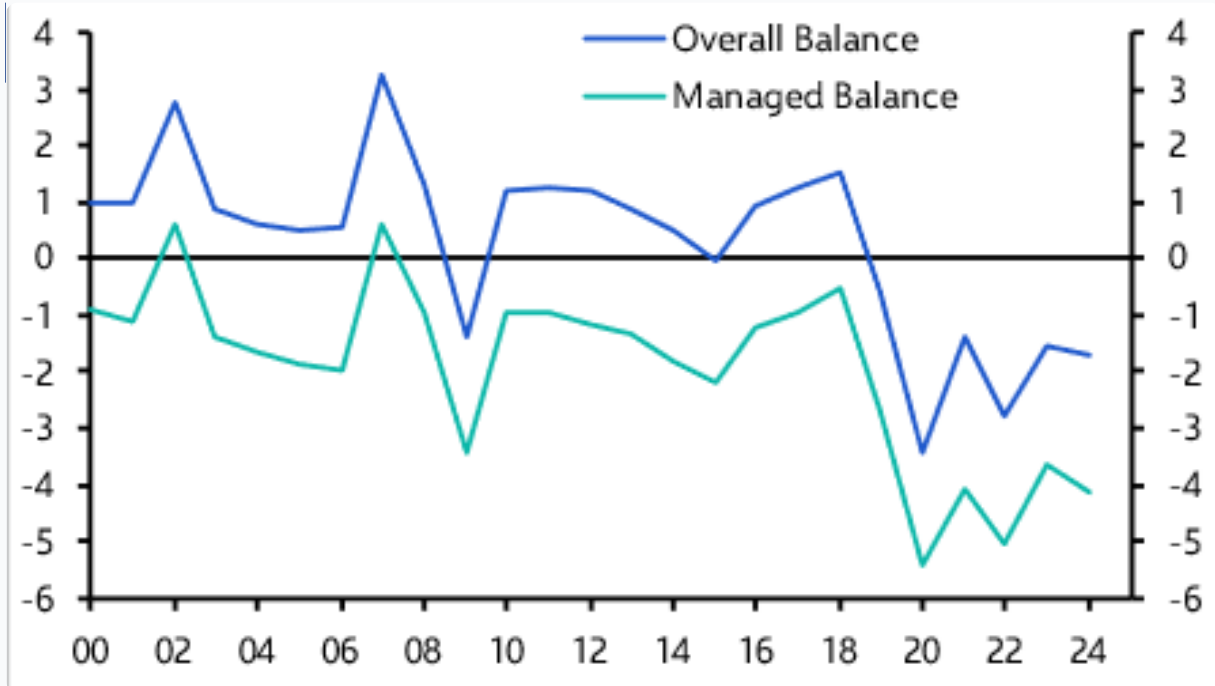


#### **LATIN AMERICA ECONOMICS UPDATE**

### **Petro dashes Colombia's fiscal credibility**

The Colombian government's fiscal plans unveiled late on Friday will have dashed any lingering hopes that policymakers would try to stabilise the public debt-to-GDP ratio, at least ahead of next year...

16th June 2025 · 3 mins read



#### ASIA ECONOMICS UPDATE

### Can Korea afford post-election stimulus?

President Lee's pledge to provide fiscal stimulus would, if implemented, provide a much-needed lift to Korea's economy. The country's public finances could easily accommodate a temporary rise in...

5th June 2025 · 4 mins read



#### **LATIN AMERICA ECONOMICS UPDATE**

### **Mexico: budget deficit gives no room to cushion tariff hit**

The blowout in Mexico's budget deficit to its largest level since the 1980s last year means that the government has little scope to offset the hit to the economy from US tariffs. There'll probably be...

31st March 2025 · 5 mins read



#### **AFRICA ECONOMICS UPDATE**

### **Kenya's sovereign default risks will continue to build**

Kenya's 2025/26 budget has set out ambitious revenue-raising plans that we think will be tough to achieve and some fiscal slippage is inevitable. The result is that, in the absence of further fiscal...

12th March 2025 · 5 mins read



## EMERGING EUROPE ECONOMICS UPDATE

### Fiscal risks still simmering across CEE

Measures of fiscal risk premia have generally eased across Central and Eastern Europe (CEE) over the past few months, but the region's public debt dynamics remain a point of concern. Budget deficits...

17th July 2025 · 5 mins read



## EMERGING MARKETS ECONOMICS UPDATE

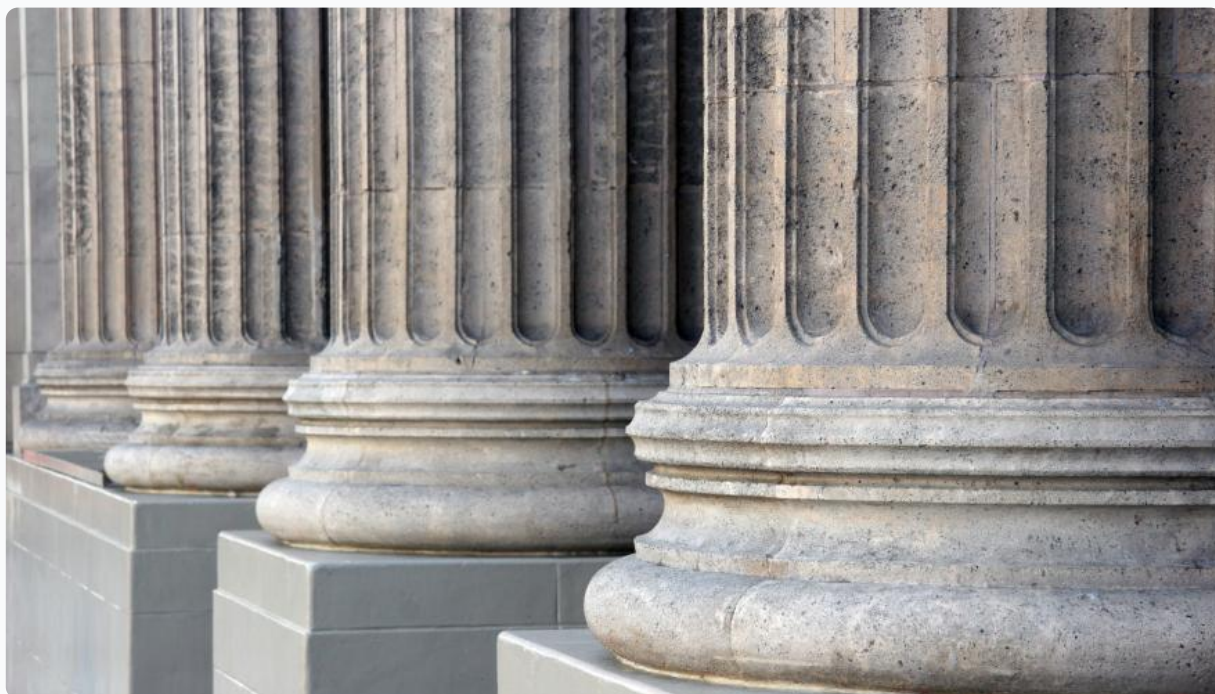
### **Fiscal realities now biting in some major oil producers**

The 2026 budgets announced in Russia and Saudi Arabia in the past week point to significant fiscal tightening following declines in oil revenues and budget blowouts this year. Pressures for fiscal...

2nd October 2025 · 4 mins read



## Dashboards



### **G7 Fiscal Risk Monitor**

Key charts to gauge the fiscal sustainability challenges faced by G7 economies.





## EUROPE ECONOMICS

### **Euro-zone Debt Sustainability Monitor**

An interactive guide to the fiscal sustainability challenges faced by euro-zone economies.



## UK ECONOMICS

### UK Fiscal Headroom Monitor

An interactive guide to the impact of market interest rate expectations on the fiscal policy space available to the Chancellor.

