

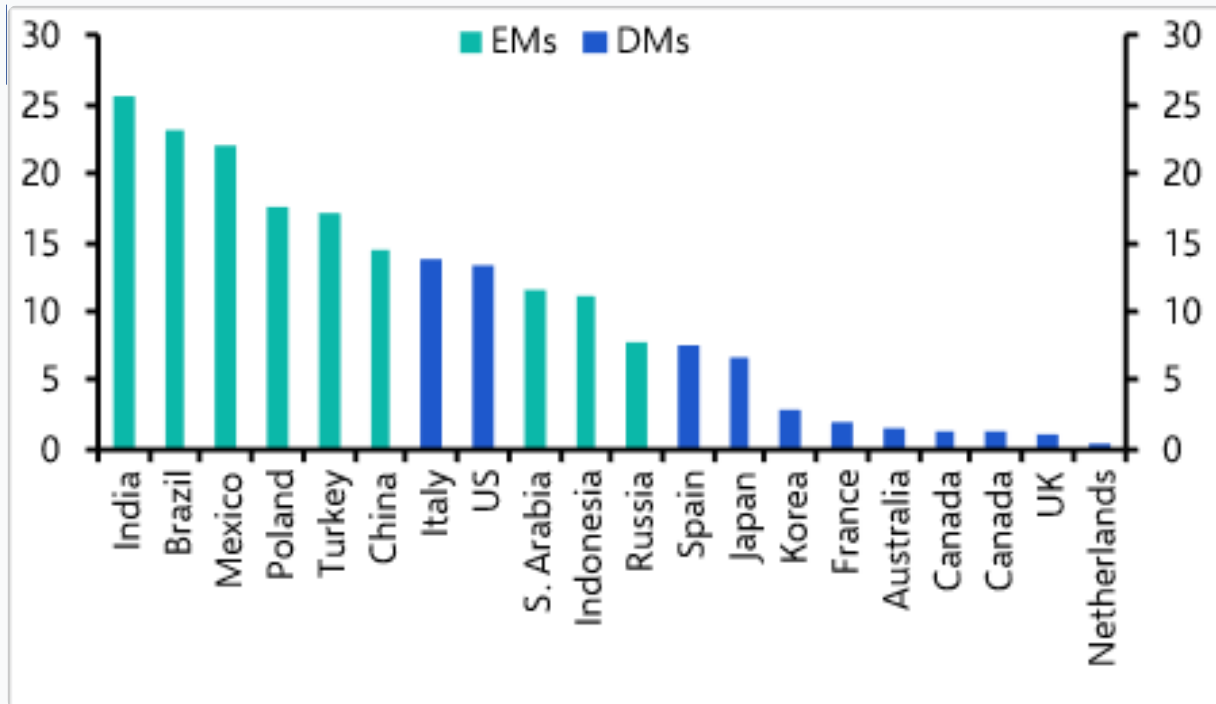


Fiscal Risks

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

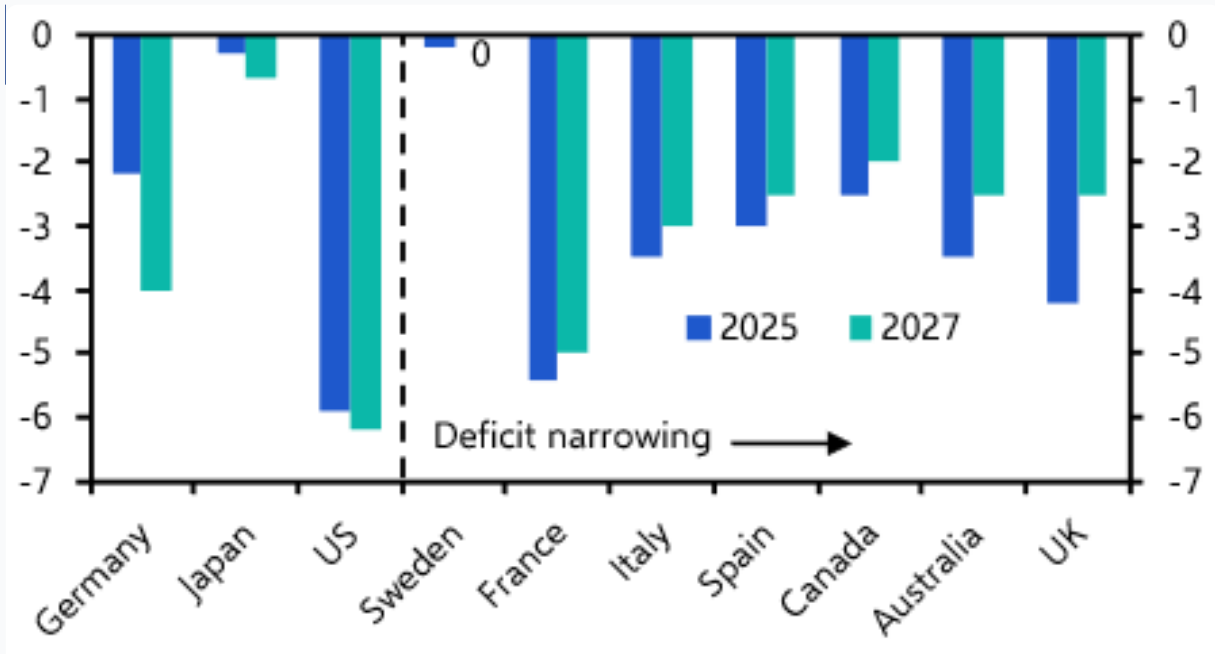


GLOBAL ECONOMICS FOCUS

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

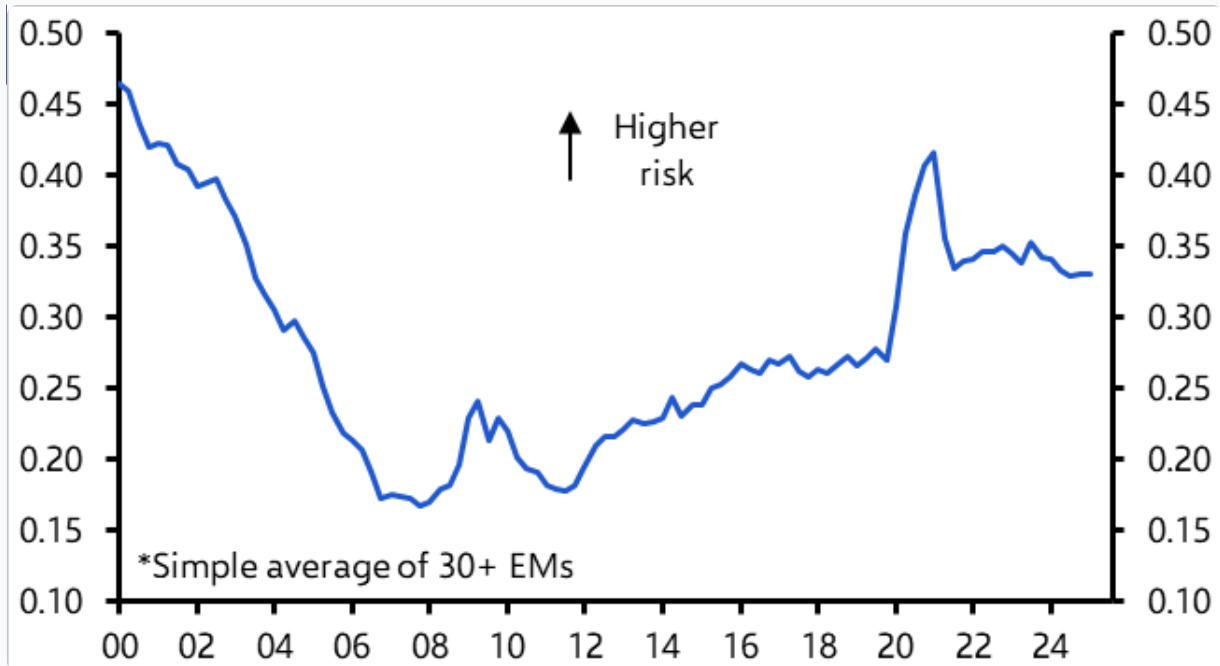


GLOBAL ECONOMICS FOCUS

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...

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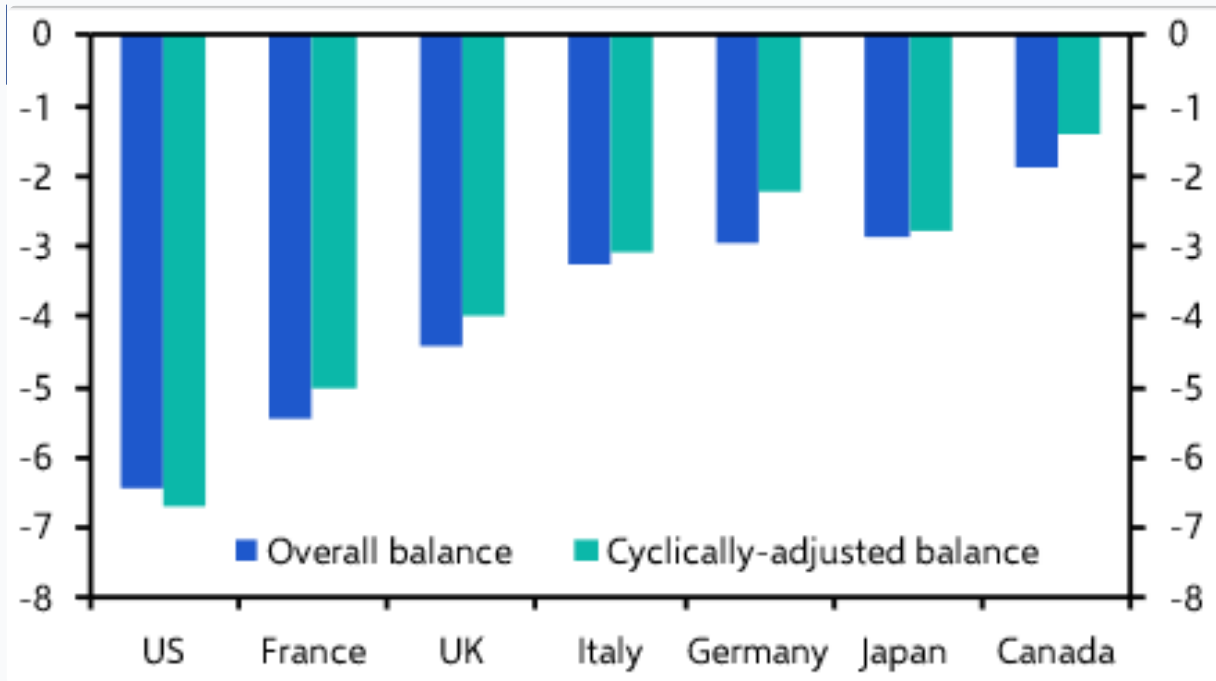


EMERGING MARKETS ECONOMICS UPDATE

EM fiscal risks - a story of growing country differences

EM sovereign debt risks remain much higher than in the pre-pandemic period. There are positive stories of declining risk in those EMs undergoing reforms (e.g. Argentina) and low fiscal risks in the...

12th June 2025 · 6 mins read

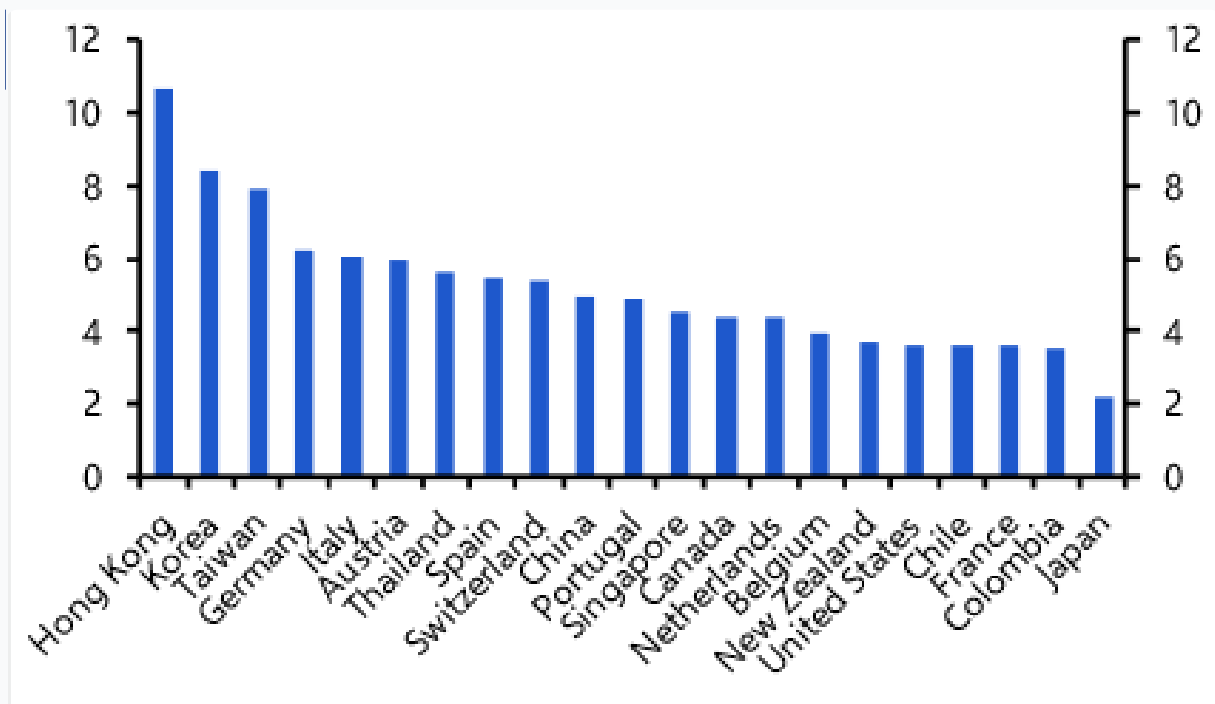


GLOBAL ECONOMICS UPDATE

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

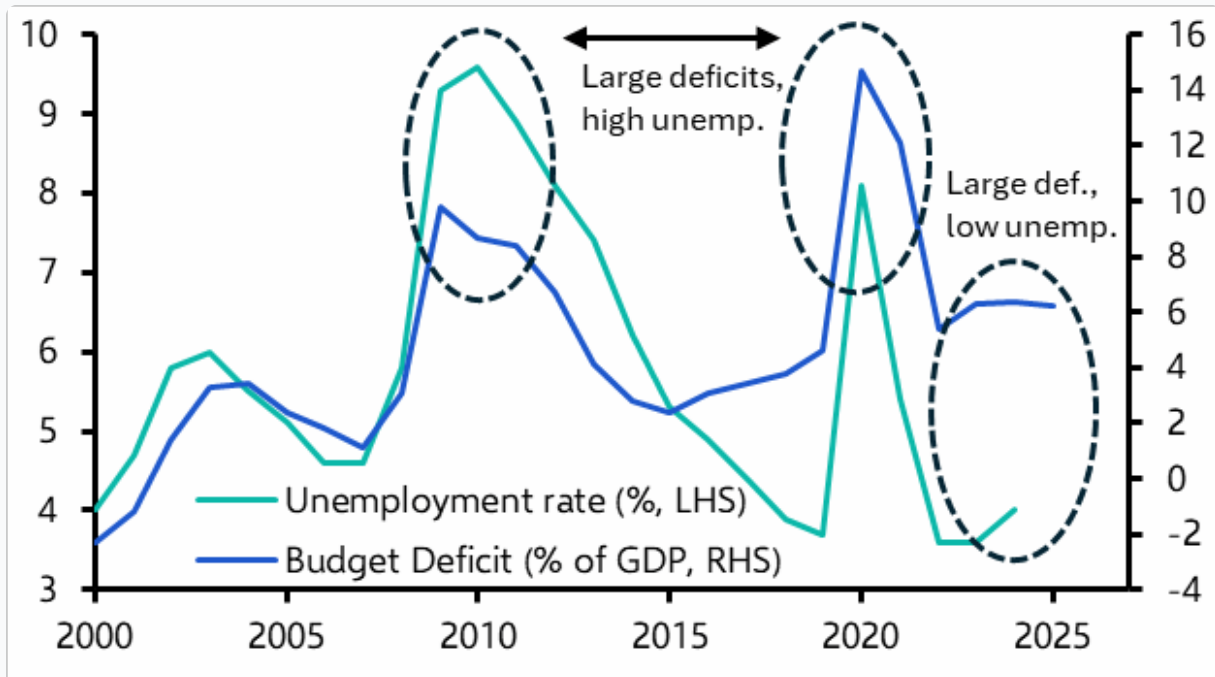


GLOBAL ECONOMICS UPDATE

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...

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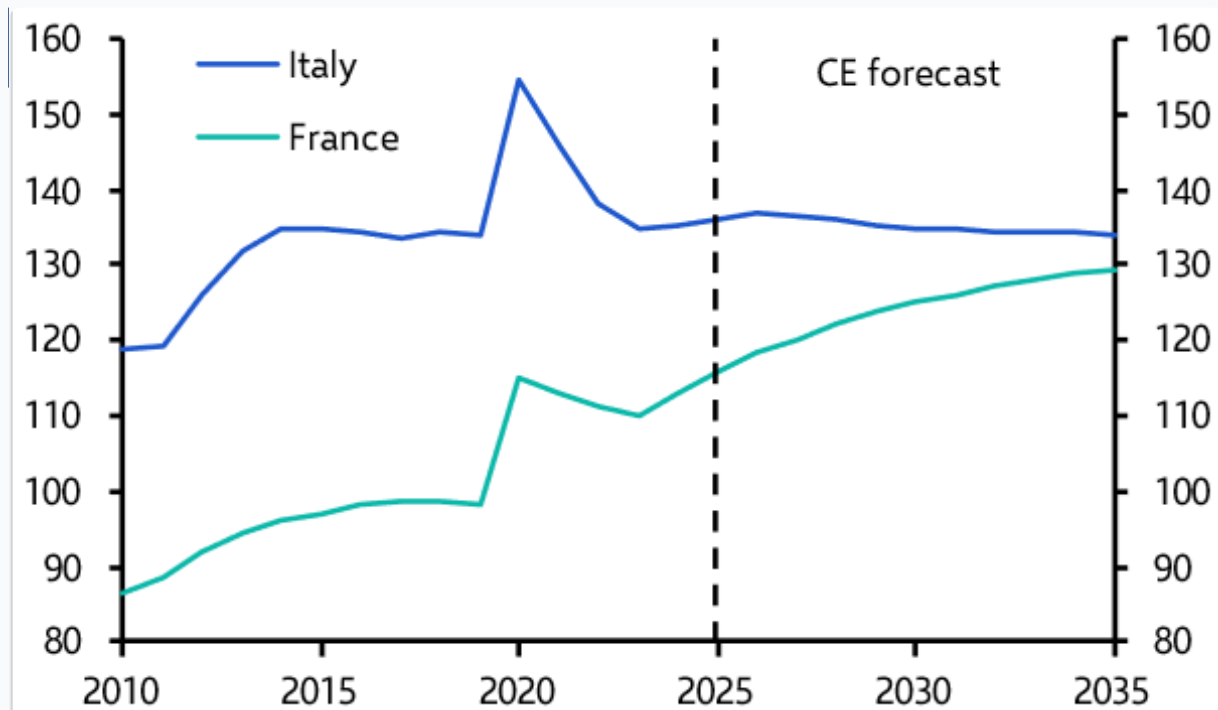
CHIEF ECONOMIST'S NOTE

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

Regional risks



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...

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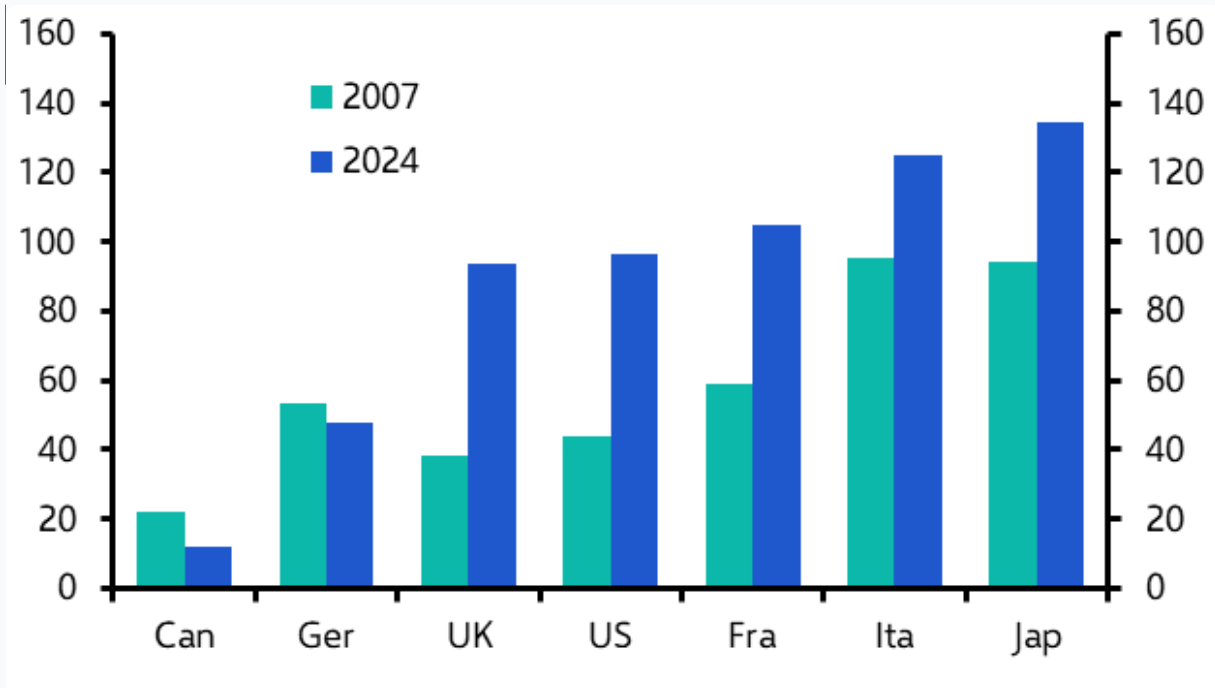


UK ECONOMICS UPDATE

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...

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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...

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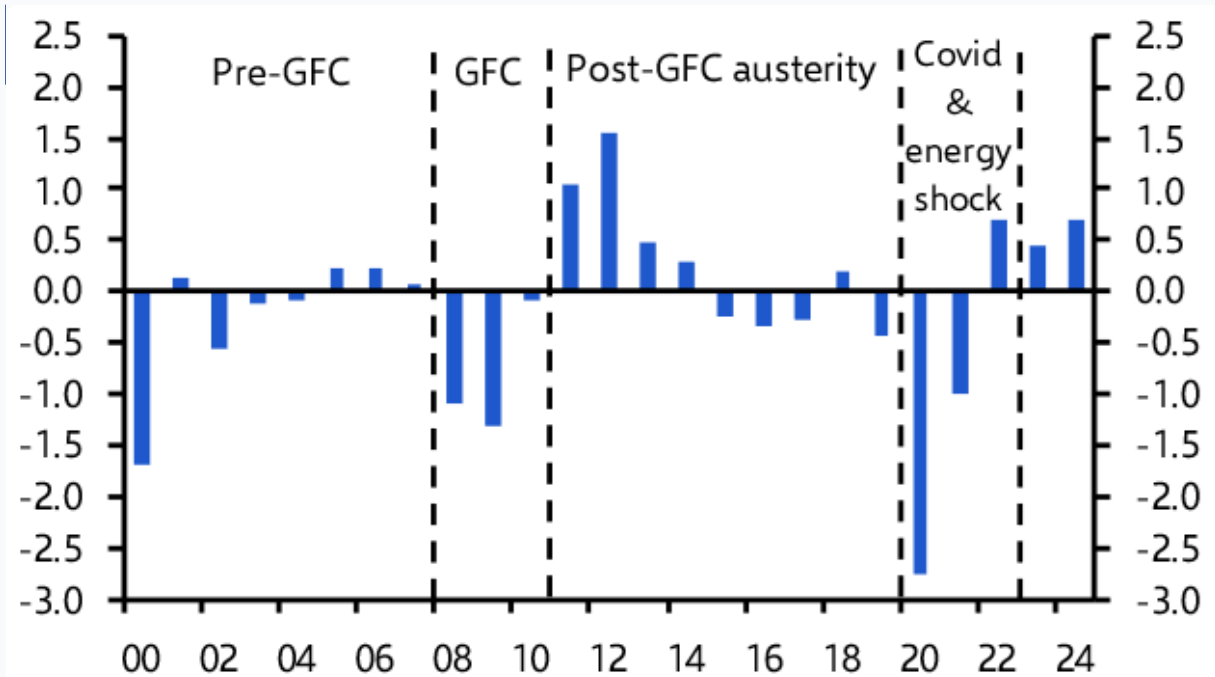


US ECONOMICS UPDATE

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...

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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...

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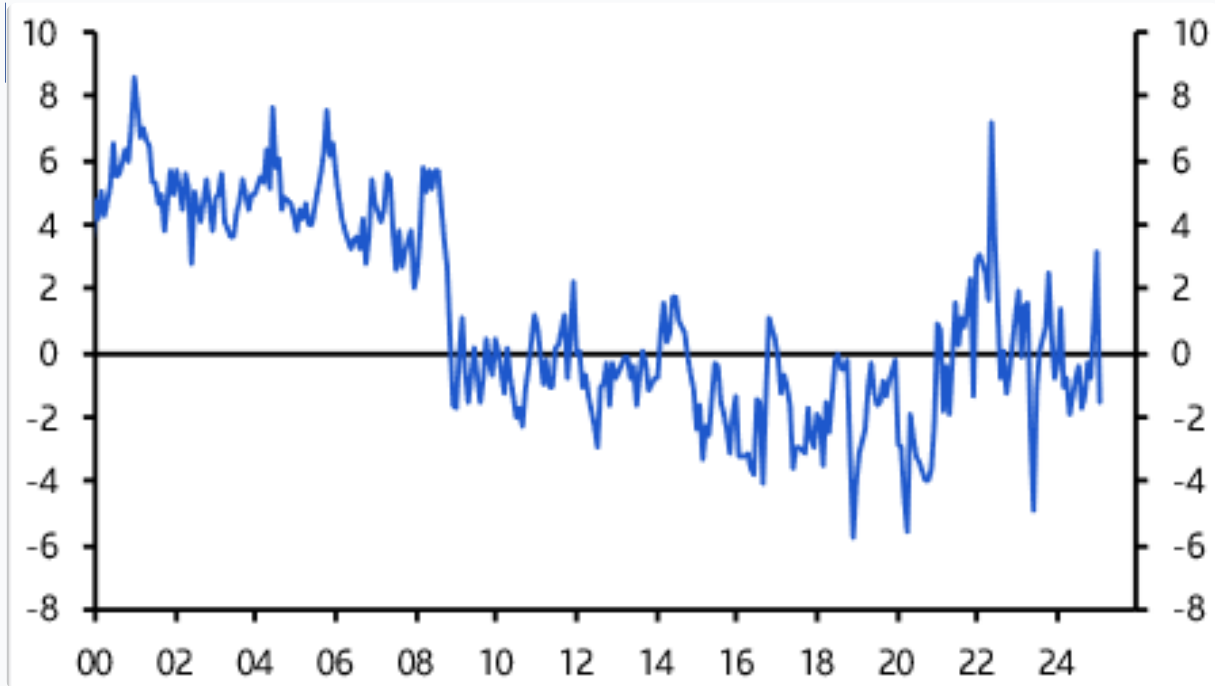


JAPAN ECONOMICS FOCUS

Japan won't experience a fiscal crisis anytime soon

Most of the recent increase in long-term bond yields appears to have been driven by higher expectations for short-term interest rates as well as reduced demand from traditional investors in long-dated...

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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...

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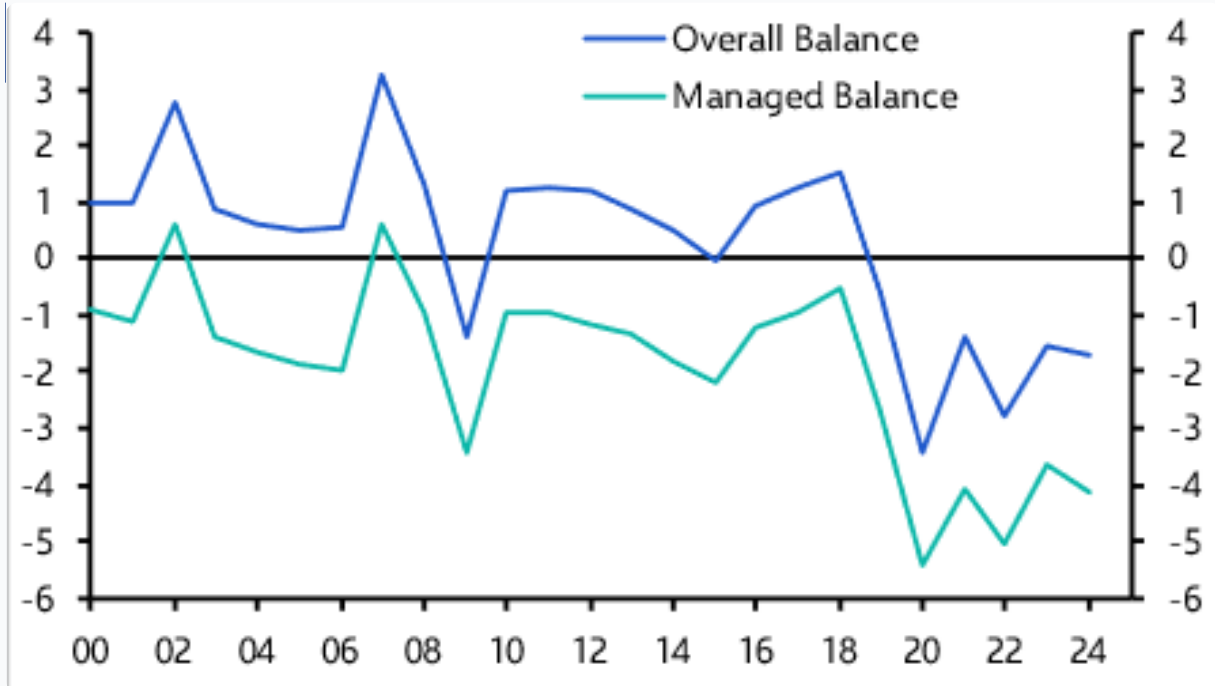


LATIN AMERICA ECONOMICS UPDATE

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...

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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...

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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...

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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...

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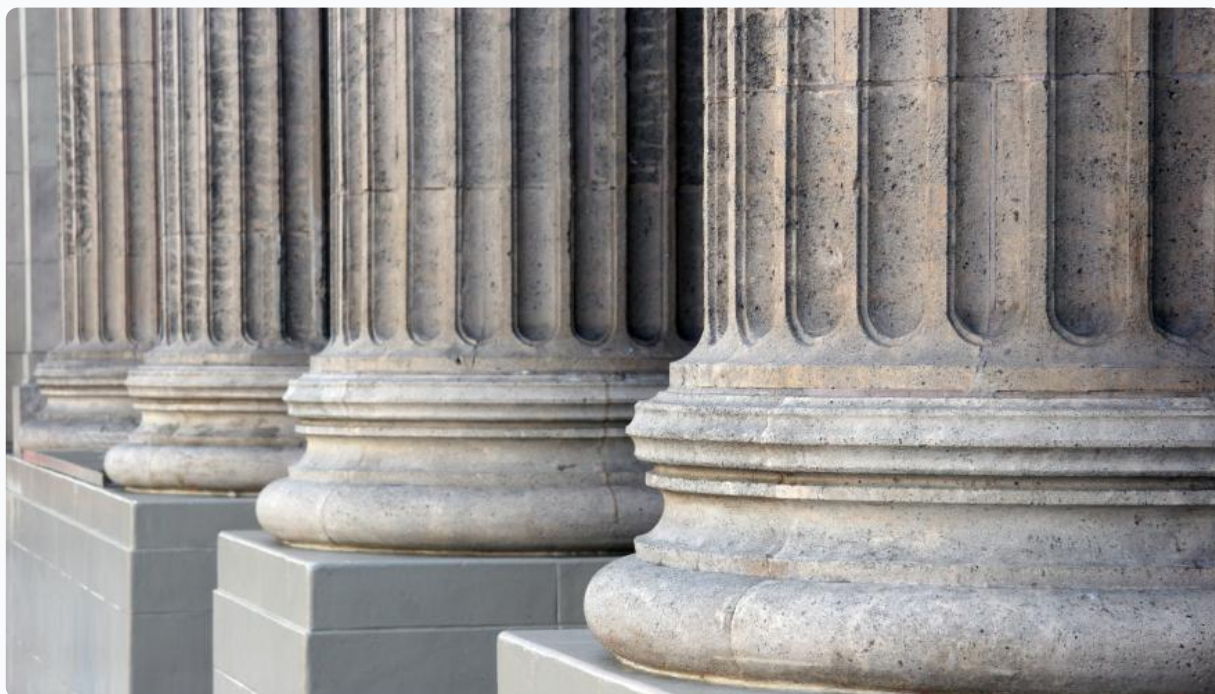
EMERGING MARKETS ECONOMICS UPDATE

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...

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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.

