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PDM NETWORK

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The bimonthly PDM Network Newsletter features a curated selection of recent **papers, reports, blog articles, job vacancies, courses, calls for papers, and other upcoming events** related to public debt management worldwide. These documents are also available on the PDM Network website. The most noteworthy documents, as determined by the PDM Network Secretariat, are highlighted in grey.
The PDM Network Newsletter is released every two months (January, March, May, July, September, and November). **We welcome suggestions for relevant documents, news, and events.** Please contact the PDM Network Secretariat, and we will be happy to share selected resources with our Network.

Contents

PDM Webinar Series

PDM WEBINAR #6: Launching a Sovereign Retail Debt Programme: Insights from Public Debt Managers and Key Takeaways from an OECD Study

PDM Network

The 6th webinar of the PDM Network, titled "Launching a Sovereign Retail Debt Programme: Insights from Public Debt Managers and Key Takeaways from an OECD Study," took place on February 27th. The event featured a distinguished panel of experts, including **Sam Foxall**, *Policy Analyst, Public Debt Management Team and Financial Markets Unit, OECD*, **Murray McCarter**, *Head of Retail, Funding and Debt Management, National Treasury Management Agency, Ireland* , **Paulo Moreira Marques**, *Head of the Retail Program "Tesouro Direto", National Treasury Secretariat, Brazil* and **Deni Ridwan**, *Director of Government Bonds, Ministry of Finance, Indonesia.* The session was moderated by **Sebastien Boitreaud**, *Lead Financial Sector Specialist, World Bank*. This webinar explored the complexities of launching and managing a sovereign retail debt programme. Drawing on the latest OECD study and insights from public debt managers, this session provides valuable guidance for practitioners and policymakers. **Read more**

Highlights

[Post-Event Summary: 3rd Biennial Public Debt Management Conference]

PDM Network

The 3rd edition of the biennial Public Debt Management Conference, organized by the Public Debt Management (PDM) Network—a collaborative initiative of the Italian Treasury, the OECD, and the World Bank—was a resounding success. Held at the World Bank headquarters in Washington DC on October 3-4, 2024, the conference focused on the theme "Risks and Challenges for Public Debt Management: Inflation, Markets, and Climate." The event saw robust participation, with over 250 attendees joining both in-person and remotely from across the globe. The conference brought together public debt managers, representatives from international institutions, leading academics, and the authors of 23 papers selected from a pool of 64 submissions. This diverse group engaged in rich discussions, underscoring the importance of blending theoretical research with practical insights. […]

Special Focus

Common Framework, Uncommon Challenges: Lessons from the Post-COVID Debt Restructuring Architecture

Yunnan Chen, Tom Hart - ODI Global

This year's G20 presidency has shifted to South Africa, under which sovereign debt will be a key priority. South Africa is pushing for a review of the G20's Common Framework (CF) for debt treatments, five years since its creation during the Covid-19 crisis in 2020. It was part of broader G20 debt relief efforts to alleviate the economic impacts of the pandemic, but also to bring to the table both official creditors and commercial creditors and bondholders for the first time to work in tandem. The CF has delivered substantive debt relief – as we show below – but these restructurings illustrate the significant challenges in how contemporary restructurings for low and middle-income countries work: that they are too little, too late and too complex. […] **TAGS:** Multilateral financing Debt sustainability Financial stability Structural policies Debt Restructuring Debt crisis

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Government Debt and Growth: The Role of R&D

Can Sever - IMF

Economic growth in the advanced economies (AEs) has been slowing down since the early 2000s, while government debt ratios have been rising. The recent surge in debt at the onset of the Covid-19 pandemic has further intensified concerns about these phenomena. This paper aims to offer insight into the high-debt low-growth environment in AEs by exploring a causal link from government debt to future growth, specifically through the impact of debt on R&D activities. Using data from manufacturing industries since the 1980s, it shows that (i) government debt leads to a decline in growth, particularly in R&D-intensive industries; (ii) the differential effect of government debt on these industries is persistent; and (iii) more developed or open financial systems tend to mitigate this negative impact. These findings contribute to our understanding of the relationship between government debt and growth in AEs, given the role of technological progress and innovation in economic growth. […] **TAGS:** Debt and growth Financial stability Structural policies

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[Managing Government Cash - A Review of Practices in OECD Countries]

OECD

This report is published under the auspices of the OECD Working Party on Debt Management (WPDM). It provides a comprehensive overview and detailed analysis of the cash management practices of OECD countries. Following a proposal at the 2023 OECD Global Forum on Public Debt Management, the WPDM established the Ad Hoc Group on Cash Management. The aim was to exchange its members' experience and knowledge, facilitate peer learning, and identify and formulate sound policies and practices in cash management. […] **TAGS:** OECD Cash Management Market Liquidity Sovereign debt market Sovereign debt risk Liquidity Risk Cash Flows Cash Instruments T-bills Repos

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Are Bad Governments a Threat to Sovereign Defaults? The Effects of Political Risk on Debt Sustainability

Samantha Ajovalasit et al. - Bruegel

Political risk is a significant determinant of bond yields and economic growth in both developed and emerging markets and we develop a debt sustainability analysis model with both channels using a country ratings proxy of political risk. Political risk also affects a sovereign's willingness to pay and it can render debt unsustainable, triggered by changes in the rating level, volatility or both. Conversely, sustainability can be restored through reforms that can be as effective as large-scale quantitative easing programmes. The political effects on debt are especially large for high-debt countries during periods of high interest rates, and have an impact on debt management through the choice of optimal financing maturities […] **TAGS:** Sovereign risk Cost and Risk Sovereign debt market Financial Analysis Debt and fiscal/monetary policies

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Debt Capital Markets Legal Outlook 2025

Linklaters

Authors provide an overview of the latest developments in the EU and UK prospectus regimes as well as the EU Market Abuse Regulation and UK PRIIPs (to be replaced with the Consumer Composite Investment Regulations). They also provide an overview of the latest market and regulatory developments in sustainable finance, including market trends, the EU Green Bond Regulation and future ESG disclosures under the EU and UK prospectus regimes. Moreover, authors discuss the latest digital issuances, challenges and government initiatives in this new and developing market. […] **TAGS:** International and Macroprudential Regulations Structural policies Green finance Primary market Bond market development

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A European Climate Bond

Irene Monasterolo et al. - Utrecht University

Europe faces a large climate investment gap. This column proposes filling this gap through the joint issuance of European climate bonds. These bonds would be funded by selling greenhouse gas emission allowances via the Emissions Trading System extended to all sectors. Access to the resulting funds would be conditional on countries' implementation of climate projects. Such European climate bonds would meet the demand for a safe, liquid, and green asset, while accelerating climate investment, increasing EU resilience to sovereign crises, and greening both investors' portfolios and monetary policy. […] **TAGS:** Primary Market Green bonds Green finance Bond market development Debt and growth

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Documents

Debt Policy

UNDP Debt Update: Development Gives way to Debt

Lars Jensen - UNDP

UNDP has been tracking debt vulnerabilities across developing economies and the availability and appropriateness of international relief measures. Accompanying UNDP's latest Debt Insights update, this UNDP Development Futures Series policy brief presents a snapshot of the current situation and outlook and discusses the needed international policy priorities. Central debt vulnerability indicators remain highly elevated and have continued to worsen across many countries, thereby intensifying a trade-off between development spending and a high and rising debt service burden, with especially devastating consequences in the poorest of countries. […] **TAGS:** Debt policy Debt Restructuring Debt relief Foreign debt

Is Public Debt Reduction Worthwhile?

Bev Dahlby - University of Calgary

This paper examines whether reducing Canada's federal debt is a worthwhile policy objective, in light of economists' advice and public opinion favouring debt reduction. […] **TAGS:** Debt and fiscal/monetary policies Debt-to-GDP Debt sustainability Fiscal risks Economic forecasts Public debt auctions Sovereign debt Sovereign debt risk Cost and Risk

Public Debt and Economic Growth after Covid-19 in Europe: Challenges and Policy Implications

Dimitra Mitsi - Ministry of Finance, Greece

The Covid-19 pandemic has had a profound impact on European economies, leading to a significant increase in public debt levels. This paper examines the challenges and policy implications of managing public debt and fostering economic growth in Europe post-Covid-19. It provides a conceptual framework by defining and measuring public debt, exploring the relationship between public debt and economic growth, and highlighting the role of public debt in times of crisis. The paper analyzes the impact of Covid-19 on public debt in Europe, including the fiscal response, debt accumulation, and reasons for increased debt levels. It further discusses the challenges posed by high public debt, such as debt sustainability, crowding out private investment, financial stability risks, and constraints on future fiscal policy […] **TAGS:** Financial stability Debt and fiscal/monetary policies Debt Policy Structural policies Debt and Growth Debt sustainability Cost and Risk

What Measures can Developing Countries Take to Curb Rising Debt Levels?

Talal Rafi - Ernst & Young Sri Lanka

Over 3 billion people live in 48 developing countries where their governments pay more on interest payments than on either education or health. That is almost half the world's population. Education and health are key areas of spending if governments want to increase the productivity of their populations, in addition to infrastructure spending. This is a huge opportunity cost that people around the world, including in the developed world, are facing. […] **TAGS:** Blog Debt sustainability Debt Restructuring Debt and growth Debt Policy

How Rising Developing Nation Debt could Reshape the World

Vision of Humanity

Economic interdependence, once seen as a stabilising force for the world, is being increasingly weaponised, as seen in trade wars, sanctions, and the deliberate decoupling of supply chains in critical industries. […] **TAGS:** Structural policies Debt and fiscal/monetary policies Financial stability Debt sustainability Debt Policy Debt Statistics

Complete Measures of U.S. National Debt

Jagadeesh Gokhale, Kent Smetters, Mariko Paulson - Wharton School of the University of Pennsylvania

Treasury debt held by the public is an explicit pay-as-you-go obligation. The government also runs implicit pay-as-you-go obligations, such as Social Security and Medicare Part A, which are twice as large. Both types of obligations require tax increases and spending cuts to balance the budget over time. […] **TAGS:** Debt Policy Debt Statistics Debt composition Debt sustainability Financial stability Debt and fiscal/monetary policies Structural policies

Cost and Risk

Does Local Government Debt Affect Corporate Innovation Quality? Evidence from China

Xuerong Ma et al. - China University of Mining and Technology

This study investigates the impact of local government debt levels on the behavior of individual firms, which is crucial for understanding the systemic risks associated with local government debt and fostering economic vitality. Using data from publicly listed companies on the Shanghai and Shenzhen stock exchanges between 2013 and 2022, this study empirically examines the effect of local government debt on corporate innovation quality. The findings demonstrate that local government debt expansion has a significant negative impact on corporate innovation quality. The negative impact remains robust across endogeneity tests and multiple robustness checks. […] **TAGS:** Subnational debt Cost and Risk Debt Policy Financial stability

Accounting, Statistics and Auditing

Has New Public Financial Management had its Day?

Julie Cooper, Tim Youngberry - IMF

New Public Financial Management (NPFM) emerged in the 1980s as a transformative approach to public sector governance, aimed at enhancing efficiency, accountability, and responsiveness. Rooted in principles drawn from private sector management, NPFM promotes results-oriented practices such as performance-based budgeting, measurable outcomes, and decentralized management. Its objectives align closely with those of traditional PFM: ensuring fiscal discipline, strategically allocating resources, and delivering services efficiently and effectively. […] **TAGS:** Accounting, Statistics, Reporting and Auditing Blog Debt-to-GDP Transparency

Investor Relations and Rating Agencies

Sovereigns Climate Vulnerability Signals

Ed Parker, Rob Shearman, Nasir Rajah - Fitch Ratings

Fitch Ratings is contemplating introducing Climate Vulnerability Signals (Climate. VS) to enhance the agency's ability to identify and consider potentially credit-relevant climate risks in its credit rating process for sovereigns. This report sets out a potential approach for Climate. VS, to facilitate feedback from market participants. **TAGS:** Investor Relations and Rating Agencies Climate risks

Primary Markets

How European Defense Bonds Could Work

Sander Tordoir - Centre for European Reform

Common EU debt issuance does not create an off-the-shelf bazooka. Making bonds work implies inevitable trade-offs and requires real tax revenues. […] **TAGS:** Primary market Debt sustainability Structural policies Debt Policy Debt and fiscal/monetary policies Bond market development

Eurobonds: a Brief Note on Economic Merits and Drawback

Carlos Contreras - Instituto Espanol de Analistas

The recent European sovereign debt crisis has shown how vulnerable the euro zone is under a functioning system in which the monetary policy is set up at the European Union level, while fiscal policy is carried out at the national levels. However, the EU, a project still under construction, should have the capacity to create solutions. […] **TAGS:** Primary market Bond market development Debt Policy Financial stability Debt and growth

Secondary Markets

Dealers, Information and Liquidity Provision in Safe Assets

Robert Czech, Win Monroe - Bank of England, Imperial College Business School

In this paper, we empirically study the role of information in safe asset liquidity crises, using the 2022 UK LDI crisis as a laboratory. Contrary to traditional adverse selection models, which predict higher liquidity costs due to the presence of informed traders, we find that dealers initially reduce liquidity costs for informed investors, and subsequently raise costs and reduce liquidity for the broader market. We interpret this as evidence of dealers seeking to learn from informed investors and then restricting liquidity as they process this information. We also document that dealers exploit their informational advantage in anonymous interdealer markets and that similar dynamics are present in other crises. These patterns reverse when central bank interventions restore market liquidity, thereby mitigating the effects of dealers' information chasing and their liquidity reallocation. […] **TAGS:** Market Liquidity Financial stability Transparency Financial Analysis

Cash Management

Flexible Asset Purchases and Repo Market Functioning

Adriana Grasso, Andrea Poinelli - ECB

Flexibility has progressively become a distinctive feature of the implementation of the Eurosystem's asset purchases. In its many manifestations, flexibility has also been used by asset managers in the daily selection of sovereign bonds to limit the impact of asset purchases on repo market specialness. This study shows that, since the inception of the Public Sector Purchase Programme, flexible purchases of bonds greatly mitigated the Eurosystem's footprint on the repo market. **TAGS:** Cash Management Repo market Specialness

Financial Analysis

Debt Vulnerabilities and Financing Challenges in Emerging Markets and Developing Economies—an Overview of Key Data

IMF

Many emerging markets and developing economies face elevated debt vulnerabilities and financing needs. Following the 2020-21 surge in debt levels associated with the COVID-19 shock, and the subsequent tightening in global financial conditions, many emerging markets and developing economies (EMDEs)1 are grappling with rising debt service burdens that squeeze the space available for development spending. Pandemic-induced deficits have declined, and debt levels have stabilized and are projected to remain stable or slightly decline under staff's baseline assumptions. However, many EMDEs are confronting high costs of financing, large external refinancing needs, and a decline in net external flows amid important investment and social spending needs. **TAGS:** Financial Analysis Debt sustainability Foreign Debt

Sovereign Bondholders and the Eurozone Core-Periphery Divide: from the Debt Crisis to the Quantitative Tightening

Cinthia de Souzaa - University of Siena

This paper analyses the role of sovereign investor groups in shaping financial instability and asymmetries within the Eurozone and their interaction with its institutional framework. It proposes a framework to assess the impacts of government debt outflows on countries' financial fragility under varying scenarios, including different paces of Quantitative Tightening (QT) and evolving investor group dynamics. Our findings indicate that foreign investors play a potential asymmetrical role in the Eurozone, exhibiting destabilising behaviour towards peripheral government debt. This uneven role can be exacerbated by a market based institutional approach to public debt or mitigated by appropriate support for these state liabilities. By combining the impacts of QT with the potential reemergence of foreign flow asymmetries in sovereign markets, our findings highlight that such dynamics could further deepen the Eurozone's core-periphery divide. **TAGS:** Debt crisis Sovereign Bondholders Sovereign debt Quantitative Tightening (QT) Foreign Investors

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Debt For What Swaps? Guiding Principles for the Allocation of Debt Swaps Resources

Adil Ababou - Gates Foundation

This paper argues that the debate is not over, and given the tool's track record to date, it is clear that debt swaps are an additional financial tool to help achieve the SDGs and enhance debt sustainability. In a particularly challenging funding environment for Low- and Middle-Income countries (LMICs), debt swaps have unlocked additional resources on a scale rarely seen. [...] **TAGS:** Financial Analysis Green Finance Multilateral Financing Institutional and Organizational Framework Swaps Sovereign debt market Debt Sustainability Sustainable Finance

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Investment Outlook: Challenging Times in Government Bond Markets

Daniel Casali - Evelyn Partners

Recent volatility in government bond markets indicates that investors are struggling to navigate short-term inflation and interest rate risks, along with longer-term issues surrounding mounting US public debt. While the equity market is supported by favourable fundamentals, investors still need to consider a range of portfolio diversifiers to protect against different market downside scenarios. If the global economy is now under a new regime of inflation volatility and rising government debt, gold should be included in portfolios. [...] **TAGS:** Financial Analysis Economic Forecasts Sovereign bonds yields Market Liquidity

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Why do Government Bond Yields Drift when News is on its Way?

Danny Walker et al. - Bank Underground

Government bond yields tend to drift higher in the days before monetary policy or data news in the UK. Over the past two decades this tendency – which we label 'pre-news drift' – has pushed up on yields by 2 percentage points in total over that period. The drift concentrates in pre-news periods that coincide with the issuance of UK government bonds, which is more common than it used to be. Our analysis shows that dealers and hedge funds are reluctant to buy bonds when news is on its way, which pushes up yields. Pre-news drift could affect the signal monetary policy makers draw from market rates and it could have implications for the optimal timing of bond issuance. [...] **TAGS:** Financial Analysis Primary Market Sovereign bonds yields

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Why UK Gilt Yields Have Risen Since the US Election and What the Government Might Do

Sushil Wadhwani - Former PGIM Wadhwani

There has been a great deal of discussion about what recent moves in UK gilts mean for future spending and tax decisions. This column argues that it is difficult to find observable economic factors that explain why UK yields have broadly tracked US yields since the US election, and so contagion might account for a part of the rise. The evidence that fiscal sustainability fears have played an important role in recent yield moves is not clear-cut. Nevertheless, conventional arithmetic suggests significant fiscal challenges, and so the author recommends a set of further measures in order to make a future crisis less likely. [...] **TAGS:** Financial Analysis Sovereign Bond Market Debt and fiscal/monetary policies

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Debt Crisis

[Democracy and Debt: Has the Link been Broken?]

Michael Hudson - University of Missouri-Kansas City

The year 2025 is considered by Christians to be a jubilee year under the banner of debt cancellation. To mark the occasion, the CADTM is republishing a series of articles on debt cancellation, the struggles for debt cancellation and the role of debt in political, social and geostrategic conflicts throughout history. [...] **TAGS:** Debt relief Debt Policy Debt Restructuring Cost and Risk Structural Policies Debt sustainability

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The Zambian Debt Default: A Structuralist Perspective

Howard Stein, Horman Chitonge - University of Michigan, University of Cape Town

In November 2020, Zambia defaulted on its international debt, the first African country to do so since the start of the COVID-19 pandemic. This article criticizes the IMF's attribution of the default to Zambia's mismanagement and corruption. We present an alternative structural explanation, which ties the crisis to Zambia's adoption of neoliberal policies, its extractive colonial style economy, and a problematic global financial architecture that pressures Zambia to accumulate U.S. dollars. Debt crises are likely to reoccur as long as the IMF and the governments that receive their loans continue to misinterpret the causes of financial crises like the one Zambia is experiencing. [...] **TAGS:** Debt crisis Debt Restructuring Debt and fiscal/monetary policies Structural policies Foreign debt Sovereign defaults

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Should the Failure of the Low-Income Country Debt Sustainability Framework be Blamed for the Ongoing Sovereign Debt Crisis?

UNECA

Sovereign debt has historically played a crucial role in providing emergency and development finance for budget support, monetary policy management, foreign reserves accumulation, and loan refinancing. However, debt accumulation often comes under scrutiny when low-income countries (LICs) experience widespread debt crises, such as the 1999 crisis that led to the Heavily Indebted Poor Countries (HIPC) Initiative. Experts argue that while debt itself is not inherently bad, its sustainability, transparency and responsible management are what matter. [...] **TAGS:** Blog Debt crisis Multilateral financing Debt Restructuring Debt Policy Debt and fiscal/monetary policies Financial stability

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A Debt Crisis with Strategic Investors: Changes in Demand and the Role of Market Power

Ricardo Alves Monteiro - IMF

This paper documents changes in investors' demand for sovereign debt during a debt crisis. Using a dataset containing individual bids on Portuguese debt auctions, I document that bid functions become more inelastic during the crisis. That is, investors require bigger drops in price to buy additional units of debt, increasing the government's marginal cost of issuing debt. Authors then decompose these changes in demand into two components: a fundamental component, due to changes in the valuation of the security, and a strategic component, that arises from investors' market power. They find that, although the role of market power is negligible in normal times, it gets more pronounced leading up to and during the crisis. The government is not able to extract the full surplus from strategic investors, and, as a result, the auction mechanism loses efficiency during that period [...] **TAGS:** Institutional Investors Financial Analysis Debt crisis Primary market Sovereign debt market

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Debt Restructuring

Debt-for-Nature Swaps 2.0, a Deceptive Solution

Pablo Laixhay, Maxime Perriot - CATDM

Debt-for-nature swaps are back to the forefront of the international stage. Promoted as being an innovative solution to reduce the debt of countries of the South while financing the preservation of nature, those mechanisms have been put forward over the last years, particularly at the COP 28 in Dubai. While they are not new — the first agreement of this kind was signed in Bolivia in 1987 —, recently they have been used more and more. In the past months Belize, Ecuador, Mozambique, Gabon and the Seychelles have agreed to this kind of swap. Yet debt-for-nature swaps raise acute concerns about their efficiency and their consequences for the respect of human rights. While these projects in no way guarantee effective protection measures, neither do they address the problem of excessive public debt. As the German NGO Erlassjahr has clearly shown, the swaps, which are often presented as debt reduction or even cancellation, are not. The government uses the funds received to buy back part of its debt from creditors at market prices. [...] **TAGS:** Buybacks & Exchanges Debt Restructuring Debt crisis Debt sustainability Cost and Risk Financial stability

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China-Africa Relations: Debt and Investment – Are there new Models for Engagement?

Raka De - Finance for Development Lab

To kick off the 2025 Amplifying African Voices (AAV) dialogue series, African think tanks explored the evolution of China's engagement with African countries. Discussions focused on Africa's debt challenges, China's role in debt restructurings, and the importance of balancing investment approaches beyond lending, such as foreign direct investment (FDI), trade, and industrial development. [...] **TAGS:** Debt Restructuring Debt and growth

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The HIPC Initiative and China's Emergence as a Lender

Tito Cordella, Maia Cufre, Andrea Presbitero - Johns Hopkins University - Bologna Center, Northwestern University, IMF, CEPR

Twenty years after the Heavily Indebted Poor Countries (HIPC) debt relief initiative, debt levels in low-income countries are rising again, renewing sustainability concerns. The prevailing view suggests that China and other emerging lenders exploited the HIPC initiative to expand lending. Using a synthetic control method to generate a counterfactual, we find that, contrary to this narrative, China and other emerging lenders reduced net lending after debt relief; only multilateral creditors increased it. Furthermore, we find no support for the claim that debt relief encouraged lending to political allies. Overall, debt relief seems to have had limited influence on subsequent lending patterns. **TAGS:** Debt Restructuring Sovereign debt market Debt relief Debt crisis Debt Service Suspension Initiative (DSSI) Multilateral Finance

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Sovereign Debt Restructuring with China at the Table: Forward Progress but Lost Decade Risk Remains

Gregory Makoff, Théo Maret, Logan Wright - Harvard Kennedy School, Mesarete Capital, Rhodium Group

Sovereign debt restructuring deals have not been smooth sailing over the last few years. They have moved slowly, been marked by bickering between China and G7 stalwarts, and the outcomes have been inconsistent. Recent policy innovations, however, have successfully accelerated the pace at which deals are being completed —that's the good news. The bad news is that China remains highly reluctant to grant permanent debt relief. Deals are coming faster, but debt relief may be insufficient to avoid repeat restructurings. This is deeply unfortunate in the post-Covid-19 context, with many lower income countries at or near debt distress (World Bank 2024 at 18). [...] **TAGS:** Debt Restructuring Debt relief Debt sustainability

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Sovereign Debt Restructuring – is it Time for New UK Legislation?

Rodrigo Olivares-Caminal, Frederique Dahan, Tom Hart - Queen Mary University of London, ODI

There is widespread concern that high debt burdens in many Global South countries, especially those most vulnerable to economic and climate shocks, is crowding out social and climate spending. Where countries have defaulted, there are concerns that debt relief has been neither deep enough nor quick enough. In response, there have been a number of calls, including from the UK Parliament's International Development Committee in 2023, for the UK to pass new legislation (a 'debt justice law') that would influence the behaviour of private creditors during debt restructuring processes. In November 2024 a Private Members' Bill, the Debt Relief (Developing Countries) Bill 2024, was introduced to Parliament. [...] **TAGS:** Debt Restructuring Debt and growth Debt relief Debt sustainability Climate finance Institutional and Organizational Framework Climate Resilient Debt Clauses

Macroeconomic Analysis

Public Debt and Income Inequality in Times of Austerity: Dynamic Panel Evidence

Angela Okeke, Constantinos Alexiou - Cranfield University

This paper examines the relationship between public debt levels and income inequality during periods of fiscal consolidation (austerity). Specifically, it investigates two key questions: (a) whether high public debt during fiscal adjustments exacerbates income inequality, and (b) whether the composition of these adjustments influences the debt–inequality link. [...] **TAGS:** Debt and fiscal/monetary policies Debt and growth Debt and recession Debt sustainability Debt-to-GDP Economic Forecasts Fiscal risks Sovereign debt Sovereign debt risk Structural policies

Public Debt, iMPCs & Fiscal Policy Transmission

Stefano Grancini – Nova School of Business and Economics

In this paper, I examine the relationship between public debt and the effectiveness of fiscal policy, presenting evidence of an inverse relationship between government debt and fiscal multipliers. To explain the results, I develop and calibrate a HANK model tailored to the U.S. economy. [...] **TAGS:** Debt-to-GDP Debt sustainability Fiscal risks Interest rates Sovereign debt Debt management Economic Forecasts Debt Policy Sovereign debt risk

How Europe's Fiscal Rules are Strangling Growth

Paul De Grauwe - LSE's European Institute

Fiscal policies in Eurozone countries have long been shaped by the Stability and Growth Pact (SGP). This framework was conceived as a means to enforce orthodox fiscal rules designed to steer member states towards balanced budgets. Although the SGP was temporarily suspended during the pandemic, it was reintroduced in 2024 with minor, largely superficial, revisions. The recent reforms for instance introduced individualised debt reduction paths with high-debt countries facing debt-to-GDP reductions of at least one percentage point annually on average during the adjustment period. [...] **TAGS:** Financial stability Debt and fiscal/monetary policies Debt Policy Structural policies Debt and growth Debt sustainability

Robust Fiscal Stabilisation

Alan Auerbach, Danny Yagan - University of California, Berkeley

Recent fiscal projections for the US forecast a rising debt-GDP ratio which exceeds the peak at the end of World War II. This column shows that over the last 20 years, there is no longer evidence of a stabilising fiscal feedback, where higher projected deficits lead to more deficit reduction. It argues that the current fiscal trajectory is unstable, and adverse fiscal shocks would only worsen the prospects. However, if a gradual fiscal feedback were to be re-established, then the trajectory would be stable. This feedback would imply deficit reductions in the range of 0.5% to 1.1% of GDP over the next decade. [...] **TAGS:** Debt Forecasts Debt Statistics Economic Forecasts Debt and fiscal/monetary policies Financial stability

The German Economy in Choppy International Waters

Droachim Nagel - President of the Deutsche Bundesbank

Speech at the Speaker's Luncheon, Union International Club e. V. "We find ourselves in very turbulent times: for Germany, for our European neighbours, and for the world, of which the United States of America is probably still the leading nation. All of us, you and I, are constantly trying to process the stream of news that we consider relevant." [...] **TAGS:** Economic Forecasts Debt and fiscal/monetary policies Debt sustainability Financial stability Structural policies

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The Growth Potential in Africa's Five Sleeper Economies

François Baird - Baird's US LLC and Calbridge Investments (Pty) Ltd.

Africa is a continent teeming with a youthful population. It is also undergoing swift urbanization and is rich in natural resources. According to the African Development Bank Group, it had 11 of the world's 20 fastest-growing economies in 2024. The continent's real gross domestic product (GDP) growth is projected to average 3.8 percent in 2024 and 4.2 percent in 2025, exceeding global averages of 2.9 percent and 3.2 percent, respectively. It will continue to be the second-fastest-growing region after Asia. Despite its potential, only a few of its 54 countries – such as Mauritius, Botswana and Seychelles – have consistently demonstrated strong economic performance over the years. While larger economies like South Africa and Nigeria face considerable challenges, several smaller nations have displayed promising growth trajectories. [...] **TAGS:** Economic Forecasts Debt Forecasts Debt and fiscal/monetary policies Financial stability Debt and growth Structural policies

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"Pop" Goes the National Debt

Dirk Mateer, Wayne Geerling, Stefani Milovanska-Farrington - University of Texas at Austin, University of Tampa and IZA

This paper provides a novel way for instructors to teach about the perils of a large National Debt, which is currently $36 trillion. We provide a detailed lesson plan that utilizes balloons to illustrate the possible paths a society can take to address this issue. The lesson plan consists of an introduction, images and data that can be used to spur discussion and reflection, how to utilize the balloons to help students understand three different debt scenarios, and a series of follow-up questions and answers to help debrief the activity. **TAGS:** Macroeconomic Analysis Debt-to-GDP Budget deficit Debt and fiscal/monetary policies

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Impact of Tax Revenue and Government Expenditure on Public Debt in Eastern Europe

Naftaly Mose, Stoyan Tanchev, Michael Fumey - University of Eldoret, Southwest University, Northwestern Polytechnical University

This paper scrutinizes whether government borrowing in Eastern Europe is grounded on the need to provide infrastructure and public amenities as provided in the budget or is triggered by government deficit budgeting. European Union countries have experienced accelerated growth in public debt in the last half a century despite growing tax revenue and cuts in public spending. The purpose of this paper is to investigate the direct and indirect links among public debt, tax revenue and government expenditure in four Eastern European member states from 1998 to 2022 using secondary statistics collected from the World Bank and Eurostat. [...] **TAGS:** Macroeconomic Analysis Debt-to-GDP Debt management Debt sustainability Government expenditure Debt and fiscal/monetary policies

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Foreign Aid and Conflicts: The Effects of 9/11 on Donor Behavior

Rabah Arezki et al. - CNRS

We explore the changing relationship between armed conflicts and non-military foreign aid. We find that the sign of the relationship linking (bilateral) aid commitments to the onset of armed conflicts in aid recipient countries is statistically significant and goes from negative to positive after the year 2001. We also find that our results are driven by grants rather than loans and by aid for health and humanitarian purposes. The results are robust to a myriad of checks including substituting armed conflicts with terror attacks, accounting for debt relief initiatives and using different estimators. We interpret our results as stemming from a shift in donors' preferences induced by 9/11 attacks toward supporting conflict affected countries, confirming the primacy of donors' interests over recipient needs. **TAGS:** Macroeconomic Analysis Debt relief Debt reduction

Monetary–Fiscal Interaction and the Liquidity of Government Debt

Cristiano Cantore, Edoardo Leonardi - Sapienza University of Rome, LSE

How does the monetary and fiscal policy mix alter households' saving incentives? To answer these questions, we build a heterogeneous agents New Keynesian model where three different types of agents can save in assets with different liquidity profiles to insure against idiosyncratic risk. Policy mixes affect saving incentives differently according to their effect on the liquidity premium-the return difference between less liquid assets and public debt. We derive an intuitive analytical expression linking the liquidity premium with consumption differentials amongst different types of agents. This underscores the presence of a transmission mechanism through which the interaction of monetary and fiscal policy shapes economic stability via its effect on the portfolio choice of private agents. […] **TAGS:** Financial Analysis Market Liquidity Debt and fiscal/monetary policies Cash Management Keynes

The Global Economy in 2025

Ian Stewart - Deloitte

It may not feel like it, but 2024 was a pretty good year for the global economy. Inflation receded, central banks cut interest rates and growth came in as expected and at around trend, or normal levels. Risks that were widely discussed a year ago – persistent inflation, an economic hard landing and geopolitical shocks that hit growth – failed to materialise. We expect 2025 to be another decent year, with global GDP growth coming in around 3.2%, in line with the performance in 2023 and 2024. In many respects, it will be more of the same. […] **TAGS:** Economic Forecasts Financial stability

How will Public Guarantee Schemes Affect the Public Debt-to-GDP Ratio in Spain?

Carlos Contreras - Instituto Espanol de Analistas

The COVID-19 pandemic has proven to be a formidable challenge to public finances. Governments have responded to the shock of the pandemic with measures that boost public deficits, such as transfers to businesses and households, unemployment benefits, tax cuts and tax deferrals. In addition, tax revenues have declined due to the contraction of economic activity. In Spain, due to increased public spending, reduced revenue collection, and the contraction of GDP itself, the ratio of government debt to GDP exceeded 120% by the end of 2021, while at the end of 2019 this ratio stood at 95.5%. […] **TAGS:** Debt and growth Financial stability Debt and fiscal/monetary policies Debt Policy

World Economic Outlook for 2024-25

Zhu Wenli - Peking University

The global economy demonstrated resilience and vitality and achieved steady growth in 2024 despite ongoing geopolitical tensions and internal political turmoil in some major countries. However, significant disparities in economic performance emerged across different regions and industries. These differences have led to diverging policy goals and strategies by governments, introducing an element of uncertainty to economic development in 2025. […] **TAGS:** Economic Forecasts Debt and fiscal/monetary policies Financial stability Debt sustainability

Economic Policies

Facing Trump: Why Europe must revive Common Debt

Guillaume Duval - Former editor-in-chief of Alternatives Economiques and former speechwriter of HRVP Josep Borell

Last autumn, the submission of Mario Draghi's report on the "future of European competitiveness" appeared to mark a turning point—a break with decades of neoliberal policies and a renewed ambition to build the European Union's "strategic autonomy." Six months on, however, the report is being seized upon as a pretext for a libertarian shift, aligning Europe with the deregulatory agenda of Donald Trump's United States and Elon Musk's vision of unfettered capitalism. A vast movement towards social and environmental deregulation is underway. To reverse this trend, there is an urgent need to bring the issue of common debt back on the European agenda. […] **TAGS:** Primary market Bond market development Financial stability Debt and fiscal/monetary policies Debt and growth Debt Policy Structural policies Eurobonds

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Ecuador's Next Debt-for-Nature Deal Falls Short of Indigenous Involvement

Ana Cristina Alvarado - Mongabay

Following the success of its first debt-for-nature swap for the Galapagos, Ecuador received $460 million dollars that will be allocated to the conservation of the Amazon. The financial organizations involved in 'the Amazon Biocorridor Fund' have publicized the involvement of Indigenous peoples in the process. However, Indigenous leaders have denied these claims and say they have not been involved in full participation. […] **TAGS:** Buybacks & Exchanges Cost and Risk Debt Policy Debt Sustainability Green finance

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A New Concessional Finance Toolkit

Mikaela Gavas, Samuel Pleeck - CGDEV

Financing needs in low- and middle-income countries are at all time high as a result of COVID-19 shocks, soaring debts and elevated interest rates. At the same time, there is increasing pressure on ODA budgets due to weak economic growth in Europe and conflicting priorities (Ukraine, refugees in donor countries). The EU's concessional finance toolkit is not fit for purpose to respond to these challenges (budget support does not take debt levels into account, highly concessional lending for balance-of-payment issues is limited to the EU neighbourhood and EIB sovereign lending is not on par with other MDBs). As the EU is about to start the negotiations for the next Multiannual Financial Framework, we suggest three policy innovations going forward […] **TAGS:** Multilateral financing Concessional finance Debt crisis Structural policies Debt Policy Debt Restructuring

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Multilateral Financing

Using Bonds as an Effective Blended Finance Instrument

Marcus Pratsch - DZ Bank

The United Nations' sustainable development goals provide an ambitious blueprint for addressing global economic, environmental, social and governance challenges by 2030. Yet, traditional sources of finance are insufficient to close the SDG financing gap, estimated at between $2.5tn and $4tn annually. Closing this gap requires the exploration of bold but necessary financing solutions. Among these, bonds have emerged as a promising blended finance instrument to attract both public and private sector investment in projects that contribute to the SDGs, particularly in developing countries. Blended finance structures often involve the use of concessional capital to absorb some of the risk, thereby encouraging private investor participation. By de-risking investments, bonds can unlock significant private sector resources that might otherwise remain untapped due to concerns about returns or stability. […] **TAGS:** Concessional finance Debt Policy Best Practices Financial stability Multilateral financing

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Southern-led Multilateral Channels for Climate Finance

Chris Humphrey - ODI

Multilateral development banks (MDBs) led by Global South countries are emerging as channels for directing climate finance to emerging market and developing economies (EMDEs). These Southern-led MDBs are scaling up climate-related investments despite facing financial and technical constraints. […] **TAGS:** Multilateral financing Climate finance Debt sustainability

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[Trump and the MDBs: a high-stakes game?]

Kathrin Muehlbronner - OMFIF

On 4 February, President Donald Trump signed an executive order for a review of all intergovernmental organisations in which the US is a member and to withdraw from some United Nations organisations. This comes after the administration announced plans to shut down the US Agency for International Development, withdraw the US from the World Health Organisation and pause all US government foreign development assistance for a 90-day period in late January. The orders raise questions about the risk of a marked change in US policy towards multilateral development banks. The US is a key shareholder in a number of rated MDBs, so it would be credit-negative if it materially reduced its commitment to them. […] **TAGS:** Multilateral financing Structural policies Debt sustainability US governing law

What Makes an MDB an MDB? Southern-led Multilateral Banks and the Sovereign Debt Crisis

Chris Humphrey - ODI Global

Sovereign debt stress is a significant concern for many emerging markets and developing economies. The recent World Bank International Debt Report highlights major challenges ahead, with most debt stemming from market borrowing, traditional development lenders, and newer Chinese lenders. A new set of creditors, Southern-led multilateral development banks (MDBs), has emerged, growing rapidly and becoming important lenders in their regions. These MDBs, unlike the legacy MDBs such as the World Bank, have different shareholdings, governance, and operational priorities. […] **TAGS:** Multilateral Financing Debt Crisis Debt Restructuring Sovereign debt market

Exchange Rate Reaction to International Organization Loans and Geopolitical Preferences

Hugo Oriola, Jamel Saadaoui - Université Paris Nanterre, Université Paris VIII Vincennes-Saint-Denis

This research provides novel empirical evidence about the exchange rate reaction to international organization loans and geopolitical preferences using an unbalanced panel of 153 countries observed from February 1993 to December 2019. For elected temporary members of the UN Security Council, the IMF loans cause a sizeable appreciation in the exchange rate vis-à-vis the USD of around 2 percent at the 12-month horizon, after controlling for institutional quality. ADB loans cause an appreciation of around 0.25 percent at the 4-month horizons. These effects are stronger when the geopolitical distance with China is higher, indicating a higher credibility for these loans. **TAGS:** Exchange rates International organization loans Multilateral Financing

Reports

Global Debt Report 2025 - Financing Growth in a Challenging Debt Market Environment

OECD

Global debt markets played a key role in supporting the recoveries from the 2008 financial crisis and COVID-19 pandemic, continuously providing capital to governments and companies. But their role needs to shift from supporting recovery to financing investment and growth. This will be a challenge. Debt levels are already high and increasingly costly, economic growth is slowing, and geopolitical risks are rising. […] **TAGS:** Debt and growth Sovereign debt market Interest rates Liquidity Subnational Debt Credit rating Debt Sustainability Foreign Debt Quantitative Tightening

2025 Treasury Strategy in a Context of Reduction of Spain's Public Deficit

Javier García Arenas - Caixa Bank

Despite the reduction of the public deficit to around 2.8% of GDP, the Treasury's funding needs remain high, with a projected net issuance of 60 billion euros. It will also have to deal with the end of reinvestments by the ECB and the impact of interest rates on public debt […] **TAGS:** Financial stability Debt and fiscal/monetary policies Debt Policy Structural policies Debt and growth Debt sustainability Cost and Risk

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The 2020-2025 Sovereign Debt Crisis: What Have we Learnt and what Lies Ahead?
Lazard
2025 may be the year when developing nations finally emerge from a series of three major global shocks: the Covid-19 pandemic, the Ukraine/Russia war, and the global monetary tightening. The shocks propelled many fragile economies – notably 'frontier market countries' – into debt distress. […] **TAGS:** Accounting, Statistics, Reporting and Auditing Debt distress Debt Restructuring Debt relief

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Assessing the Debt Sustainability Analysis Methodology in the EU's New Economic Governance Framework
Aitor Erce - Universidad Pública de Navarra
This in-depth analysis reviews the Debt Sustainability Analysis (DSA) that guides the implementation of the new Economic Governance Framework. It evaluates the adequacy of the methodology, with a focus on the changes introduced in the DSA to make it fit for the multi-annual character of the framework. While the DSA is not far from the state-of-art, the way the framework handles uncertainty is suboptimal. The study notes a few other areas where the analysis could be improved, namely potential output and structural primary balance estimation, sovereign borrowing strategies, and fiscal multipliers. The study also discusses whether the framework is sufficiently transparent, and presents venues through which the European Parliament can foster a transparent debate about the methodology underpinning the DSA exercise. **TAGS:** Macroeconomic analysis Economic Policies Transparency Debt and fiscal/monetary policies Structural policies Debt and Growth Debt Forecasts Institutional and Organizational Framework Debt sustainability Debt Sustainability Analysis (DSA)

The Relationship between Chinese Debt and China's Trade Surplus
Michael Pettis - Carnegie Endowement for International Peace
Last month, the People's Bank of China (PBoC) released the aggregate finance data for December 2024. Also known as total social financing (TSF), this is a broad measure of credit and liquidity in the economy that includes off-balance sheet forms of financing such as initial public offerings, loans from trust companies, and bond sales. It is the PBoC's preferred measure of total non-financial debt in the Chinese economy. Although a growing amount of debt is not captured in the TSF data (for example, late payments to businesses and workers by local governments caught in a cash squeeze), most analysts use TSF as a reasonable proxy for the evolution of Chinese debt. […] **TAGS:** Financial Analysis Debt Statistics Debt sustainability Financial stability Debt and fiscal/monetary policies

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World Bank's IPF DDO: A Lifeline for Malawi's - Essential Commodity Imports
World Bank
Malawi's reliance on subsistence, rain-fed agriculture, makes the country highly vulnerable to recurring climate shocks that frequently trigger health and food insecurity crises. In 2023, the country struggled with foreign exchange shortage, high inflation, and large current account and fiscal deficits. These issues severely hampered Malawi's capacity to import essential commodities like fertilizers and pharmaceuticals. […] **TAGS:** World Bank Multilateral Financing Contingent Finance

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Labeled Sustainable Bonds Market Update – February 2025

World Bank

Annual issuances in 2024 surpassed 2023 levels, marking the continuing growth trend in the labeled sustainable bond market. Annual issuance for 2024 reached USD 1.1 trillion, a 5% increase from 2023. The cumulative amount of green, social, sustainability, sustainability-linked, and transition (labeled sustainable) bonds issued in the market reached USD 6.2 trillion as of December 2024. […]**TAGS:** World Bank Green finance Statistics Green bonds Thematic Bonds

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Robust Fundamentals Should Prop Up Emerging Market Debt

Alaa Bushehri - BNP Paribas Asset Management

Many emerging market economies have robust fundamentals: strong external demand, stabilising inflation and monetary policy easing, While their GDP growth is expected to outpace that of their developed market peers, there could be some headwinds in the first few months of 2025 from renewed uncertainty around the US Federal Reserve's rate cutting cycle, the Trump administration's policy agenda, the outlook for geopolitics and a strong US dollar. […] **TAGS:** Economic Forecasts Financial stability Debt and fiscal/monetary policies

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Bullish Outlook for EM Debt in 2025 – but Mind the Volatility

Carlos Carranza - Allianz Global Investors

Investors in emerging market (EM) debt face several challenges in 2025, such as tighter spreads with US Treasuries and the implications of tariffs and potential trade wars. But we still expect a year of opportnities for those who can look beyond the volatility. […] **TAGS:** Financial analysis Sovereign bonds yields Sovereign risk premia

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The Macroeconomic Policy Outlook Q1 2025 (UK)

Simon Pittaway, James Smith - Resolution Foundation

It has been a bleak winter for the Government's hopes that the economy might turn a corner. Markets have been volatile, with the cost of government borrowing rising to its highest level since July 2008 with the pound falling sharply. And there are signs that growth has hit a brick wall, with GDP flat in Q3 2024. So in this edition of the MPO we take a closer look at what has been going on, and discuss how the Government should respond. We find that recent changes in yields have been largely internationally driven, with UK-specific concerns playing a relatively small role. But there is little comfort for the Government here, as recent volatility suggests the UK has become more vulnerable to changes in investor sentiment. In any case, the rise in interest rates will hit both public and household finances. Government debt-servicing costs are still around 0.5 percentage points higher than the OBR forecast in October, representing an additional £7 billion of annual borrowing. […] **TAGS:** Economic Forecasts Debt and fiscal/monetary policies Financial stability Debt sustainability Debt forecasts

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The Global Government Debt Balloon, Defaults are not Impossible

Benjamin Shoesmith, Meagan Schoenberger - KPMG

Three big trends: Government debt around the world has ballooned. Global government debt will pass 100% of global GDP within the next couple of years, nearly double the share in 2000. That could present a problem in a new era of structurally higher interest expenses. Term premia are back. A surge in debt issuance, a pullback in asset purchases by central banks, persistent concerns about inflation and a slower glide path on rate cuts have created a floor under bond yields. The wedge between short- and long-term bond yields has widened as investors seek compensation for the risk of lending over longer time horizons. Defaults are not impossible. History is littered with government debt defaults. Rescue packages and austerity are usually called upon to right the ship; these can cause economic and social harm for decades. […] **TAGS:** Financial Analysis Debt sustainability Financial stability Debt Forecasts Market Liquidity Economic Forecasts

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Debt Relief for Low-Income Countries

House of Commons UK

In December 2024, the World Bank warned that developing countries spent a "record $1.4 trillion to service their foreign debts in 2023", as interest rates rose to a 20-year high. It said this "squeezed the budgets of many countries in critical areas such as health, education and the environment". The World Bank reports that 38 low-income countries are in debt distress, or at high risk of being so. These are mostly in Africa and Asia. Debt distress means they cannot meet their financial obligations or are already restructuring their debts. This Commons Library briefing describes the current level of indebtedness in countries with low or middle incomes, UK policy on debt relief, the increasing role of China and private creditors, and schemes to address debt distress, including by the G20 and 'debt for environment swaps'. […] **TAGS:** Debt relief Debt Statistics Debt crisis Debt Policy Multilateral financing Financial stability Foreign Debt

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How to Get Out of the Debt Trap? Navigating the Global Financial Turmoil

The Good Men Project

Amidst the backdrop of financial tumult, preceding both the COVID-19 pandemic and the Russia-Ukraine war, global economies experienced a precarious cycle of recovery. However, this resurgence, culminating in 2018, relied heavily on currency imbalances and interest rate cuts, fostering a colossal global debt burden. This debt – now nearing 300 trillion USD including over 100 trillion in public debt, or almost 120% of global GDP – presents a formidable challenge due to its complexity and escalating magnitude. The disparity between this debt and the stagnant GDP in Western countries underscores a systemic distortion, fostering distrust in the monetary system and fuelling volatility in financial markets. […] **TAGS:** Debt Restructuring Economic Forecasts Debt Forecasts Debt sustainability

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Global Economics Intelligence Executive Summary, December 2024

McKinsey & Company

The year ends with political shifts and mixed markets: European equities are flat; US stocks are down. Global interest rates are normalizing, with the Fed and ECB each cutting rates by 25 basis points. […] **TAGS:** Economic Forecasts Financial stability Debt and fiscal/monetary policies Sovereign debt market

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BIS Bulletin - Completing the Post-Pandemic Landing

Boris Hofmann et al. - BIS

The global economy is on track for a soft landing, but the outlook has become more uncertain as new challenges loom. The lingering effects of the rise in the cost of living, large fiscal deficits, heightened policy uncertainty and a stronger US dollar pose risks to the landing. In such a complex environment, risk management considerations and clear communication are key for central banks to complete the disinflation process while supporting economic activity. Large fiscal deficits are expected to persist in coming years, sustaining aggregate demand and possibly inflation, especially in economies with already strong economic conditions. Furthermore, fiscal deficits will lead to further increases in public debt levels in some major jurisdictions. This could induce investors to demand greater compensation for holding government bonds, tightening financial conditions and weighing on economic activity. Higher government bond yields and high debt could also leave fiscal policy with limited room for manoeuvre in the event of future shocks. [...] **TAGS:** Economic Forecasts Debt and fiscal/monetary policies Financial stability

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Intergovernmental Fiscal Outlook for 2024 to 2026

OECD

This document is prepared semi-annually to set the stage for discussions at the OECD Network on Fiscal Relations across Levels of Government annual and interim meetings. It presents an overview of the economic outlook and how it translates into the prospective fiscal scenario across levels of government. It also includes a discussion on relevant themes that impact subnational governments' (SNGs) fiscal sustainability and their impacts on central and general government [...] **TAGS:** Economic Forecasts Debt Forecasts Financial stabilit Debt and fiscal/monetary policies Debt sustainability Cost and Risk

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Global Economic Outlook, January 2025

Ira Kalish - Deloitte Touche Tohmatsu

The year 2024 began with confidence that inflation was largely beaten and that major economies would likely avoid recession. Those expectations were correct. However, as the year ended, it became increasingly clear that inflation remained more persistent than anticipated. And while the United States experienced strong growth, most other advanced economies did not. Moreover, as the year ended, many economies experienced currency depreciation, which could potentially become disruptive especially for emerging market economies. As 2025 begins, there is some uncertainty due to the likely shift in policy following numerous elections around the world. New policies could lead to new trajectories for inflation, borrowing costs, and currency values, as well as trade flows, capital flows, and costs of production. [...] **TAGS:** Economic Forecasts Debt sustainability Financial stability Debt and fiscal/monetary policies

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News

The ***What's New*** area of the PDM Network website proposes a selection of ***daily news on public debt management*** from online newspapers and info providers. In addition to the bimonthly Newsletter, subscribers receive the weekly newsletter ***Emerging Markets Sovereign Debt News*** which covers sovereign debt news of emerging market and developing economies. The news has been selected by the PDM Network Secretariat from the ©Thomson Reuters Eikon 2025 and © LSEG 2025 information services.

Events and Courses

MARCH

26 March 2025: ICMA - Beijing, China
ICMA China Bond Market Forum 2025

APRIL

4-5 April 2025: Ambrosetti Think Tank - Cernobbio, Italy
The Outlook for the Economy and Finance 2025

7-8 April 2025: European Commission, CEPR, Journal of International Economics
Global Shocks, Macroeconomic Spillovers and Geopolitical Risks: Policy Challenges

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14 - 25 April 2025: IMF - Singapore, Singapore
Fiscal Sustainability (FS)

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14 - 25 April 2025: Joint Vienna Institute. IMF sponsoring organization - Wien, Austria
Macroeconomics Diagnostics

29-30 April 2025: BIS, BoE, ECB, and IMF - Frankfurt, Germany
Policy Challenges in a Fragmenting World: Global Trade, Exchange Rates, and Capital Flows

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MAY

19-30 May: Joint Vienna Institute. IMF sponsoring organization - Wien, Austria
Vulnerability Diagnostics

22-23 May 2025: ZEW – Leibniz Centre for European Economic Research - Mannheim, Germany
2025 Public Finance Conference: The Future of the EU Budget

JUNE

4-6 June 2025: ICMA - Frankfurt, Germany
57th edition of ICMA's Annual General Meeting & Conference

9-20 June 2025: Joint Vienna Institute. IMF sponsoring organization - Wien, Austria
Systemic Macro-Financial Risk Analysis

9-18 June 2025: Joint Vienna Institute, IBRD sponsoring organization - Wien, Austria
Government Debt Management Performance Assessment Tool (by invitation)

10-11 June 2025: Bank of Italy - Venice, Italy
Sovereign Bond Markets: Sailing in Calm and Stormy Waters

12-13 June 2025: Banco de España & CEMFI - Madrid, Spain
Fifth Conference on Financial Stability – Banco de España & CEMFI

13-18 June 2025: The European Association for Banking and Financial History e.V (in cooperation with BNP Paribas and the Monnaie the Paris) - Paris, France
Public Debt & Financial Stability. From the Spanish War of Succession to the Present Day

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30 June-3 July 2025: United Nations - Seville, Spain
The 4th International Conference on Financing for Development

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JULY

9-10 July 2025: SOAS University of London, ADB - Tokyo, Japan
Conference on "Accelerating Climate Action in Asia: Fiscal Policy Solutions"

AUGUST

4-8 August 2025: Joint Vienna Institute. Sponsoring Organization: IMF - Wien, Austria
Public Sector Debt Statistics – Fundamental

11-15 August 2025: Joint Vienna Institute. Sponsoring Organization: IMF - Wien, Austria
Quantitative Integrated Policy Analysis: Model, Estimation, and Country Applications

SEPTEMBER

11-12 September 2025: The Hong Kong Institute for Monetary and Financial Research (HKIMR), the Hong Kong Academy of Finance and Hong Kong Monetary Authority - Hong Kong
20th Central Bank Conference on the Microstructure of Financial Markets

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29 September-10 October 2025: Joint Vienna Institute. Sponsoring Organization: IMF - Wien, Austria
Monetary and Fiscal Policy Analysis with DSGE Models

OCTOBER

13-15 October 2025: Georgetown Law, Institute of International Economic Law, Sovereign Debt Forum, Princeton Sovereign Finance Lab - Washington DC, USA
DebtCon8

NOVEMBER

10-14 November 2025: Joint Vienna Institute. Sponsoring Organization: IBRD - Wien, Austria
Designing Government Debt Management Strategies

17-21 November 2025: Joint Vienna Institute. Sponsoring Organization: IBRD - Wien, Austria
Implementing Government Debt Management Strategies (by invitation)

Call for Papers

DL 31 March 2025: Georgetown Law, Institute of International Economic Law, Sovereign Debt Forum, Princeton Sovereign Finance Lab
Call for Papers: DebtCon8

DL 30 April 2025: SOAS University of London, ADB
Call for Papers on "Accelerating Climate Action in Asia: Fiscal Policy Solutions"
