

Global Debt Analysis: Sovereigns & Private Leverage (2024-2025)

Slide 1: Global Debt Landscape 2024-2025

- **Overview:** Analyzing sovereign and private debt dynamics across Brazil, China, Ghana, India, Japan, and Nigeria.
- **Key Themes:** High real interest rates, property sector unwinds, and debt-servicing pressures in low-income sovereigns.
- **Metrics:** Focusing on Public Debt-to-GDP, Household and Corporate Leverage, and Debt Service-to-Revenue ratios.

Slide 2: Metric Guide: A Unified View of Risk

- **Total Gross Debt:** Integrating public and private debt to identify hidden vulnerabilities in households and firms.
- **Public Debt-to-GDP:** The primary sovereign sustainability ratio, paired with interest burdens for real-world context.
- **Debt Service Pressure:** The bridge between debt stock and actual budget stress, critical for lower-income sovereigns.

Slide 3: Brazil: Fiscal Channels Under High Real Rates

- **Fiscal Pressure:** High real rates impact the fiscal channel rapidly, while household leverage remains a tug-of-war with growth expectations.
- **Public Debt:** Estimated at 88.5% of GDP for 2025.
- **Top Concern:** Commodity-cycle sensitivity and domestic funding market depth.

Slide 4: China: Private Credit and the Property Unwind

- **Sovereign vs. Private:** China's risk stems from the size of its private-credit machine rather than a single sovereign headline number.
- **Corporate Leverage:** Among the highest globally at 141.0% of GDP, driven by Local Government Financing Vehicles (LGFVs).
- **Property Sector:** Ongoing property-sector leverage unwinding remains the central macroeconomic challenge.

Slide 5: Ghana: Post-Restructuring Credibility

- **Watchlist Case:** Ghana represents the post-restructuring challenge: can interest costs stay below growth and revenue rebuilding?
- **Debt Burden:** Interest payments consume an estimated 45.0% of total revenue.
- **Top Concern:** Maintaining credibility with markets while rebuilding the revenue base.

Slide 6: India: Growth vs. Real Funding Cost

- **Debt Narrative:** Can nominal growth outrun the cost of financing while public investment remains a core policy tool?
- **Sovereign Debt:** Public debt remains stable around 82.5% of GDP.
- **Top Concern:** Capex efficiency and state-level borrowing constraints.

Slide 7: Japan: The Flagship High-Debt Sovereign

- **Domestic Support:** Very high sovereign debt (254.0% of GDP) supported by deep domestic markets and a long-duration demographic story.
- **Policy Transition:** Navigating the yield control transition while managing aging-linked spending pressures.
- **Domestic Base:** Over 90% of debt is held by domestic investors, mitigating external refinancing risks.

Slide 8: Nigeria: Cash-Flow Pressure vs. Debt Stock

- **Sovereign Paradox:** Debt stock (52.7% of GDP) looks manageable, yet cash-flow pressure is severe as revenue and external obligations collide.
- **Service Strain:** Interest payments consume an estimated 90.0% of revenue, leaving minimal space for social spending.
- **Top Concern:** Revenue mobilization and creditor composition shifts.

Slide 9: Regional Perspectives: Advanced vs. Emerging Markets

- **Advanced Economies:** High debt supported by deeper domestic markets and slower refinancing channels (e.g., Japan).
- **Sub-Saharan Africa:** Interest bills outgrowing development space faster than revenue

rebuilding (e.g., Nigeria, Ghana).

- **Asia:** Balancing Japan's sovereign stock story with China's private leverage story.

Slide 10: Conclusion & Risk Outlook

- **Sovereign Sustainability:** The gap between interest costs and growth rates is the defining variable for 2025.
- **Private Leverage:** Hidden risks in corporate and household debt can trigger sovereign stress, especially in high-rate environments.
- **Resources:** Detailed data and risk rankings are available in the accompanying Global Debt Analysis spreadsheet.