



Key findings from the IMF's Fiscal Monitor, October 2024

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Disclaimer: Views expressed are not necessarily those of the EFB or the Commission.

Focus of my discussion

- Debt-at-risk framework
- Size of fiscal adjustment

Debt-at-risk framework

- A more detailed anatomy of uncertainty and its drivers
- Identifies drivers beyond those in law of motion of government debt:
 - political risks
 - financial uncertainty
- Presents full distribution around debt projections and how it changes over time

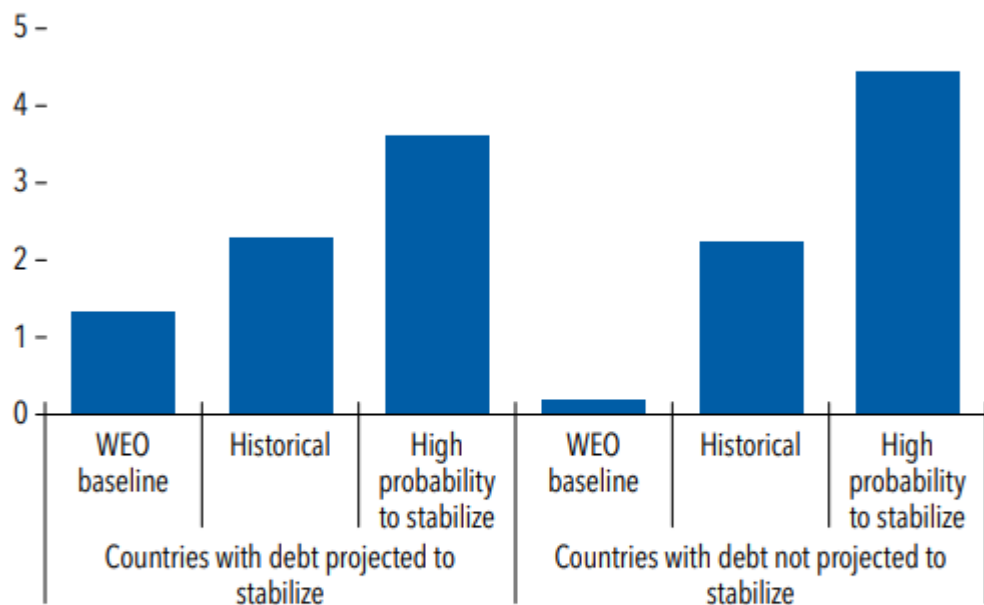
Debt-at-risk framework

Some questions:

- Why 95th percentile? Apart from statistical properties, is choice dictated by frequency of serious events?
- Link to SDSA: Can framework show probability of increasing debt?
- Is larger impact of financial and economic factors for high initial debt not just what law of motion of government debt predicts?
- How can we use this or other frameworks to pivot faster from expansion to consolidation?

Size of fiscal adjustment

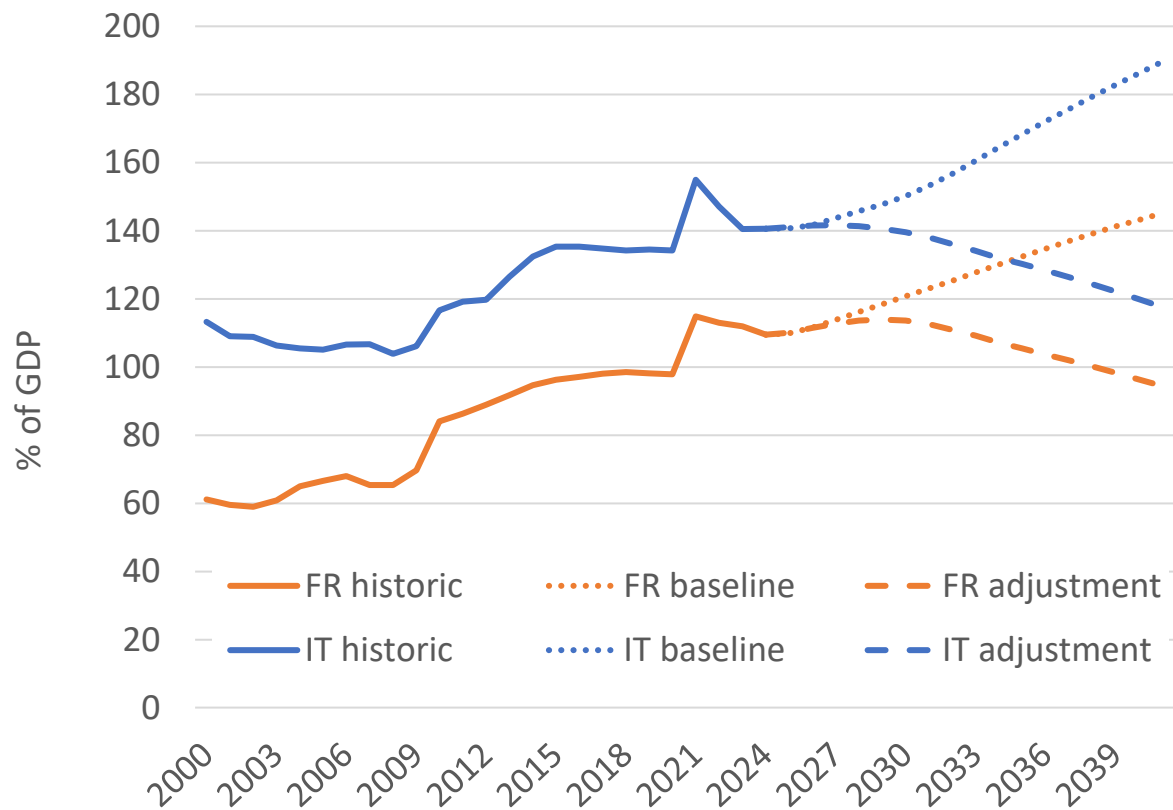
**Figure 1.19. Median Fiscal Adjustment across Scenarios:
Baseline, Historical, and High Probability to Stabilize Debt**
(Percent of GDP)



Source: IMF staff calculations.

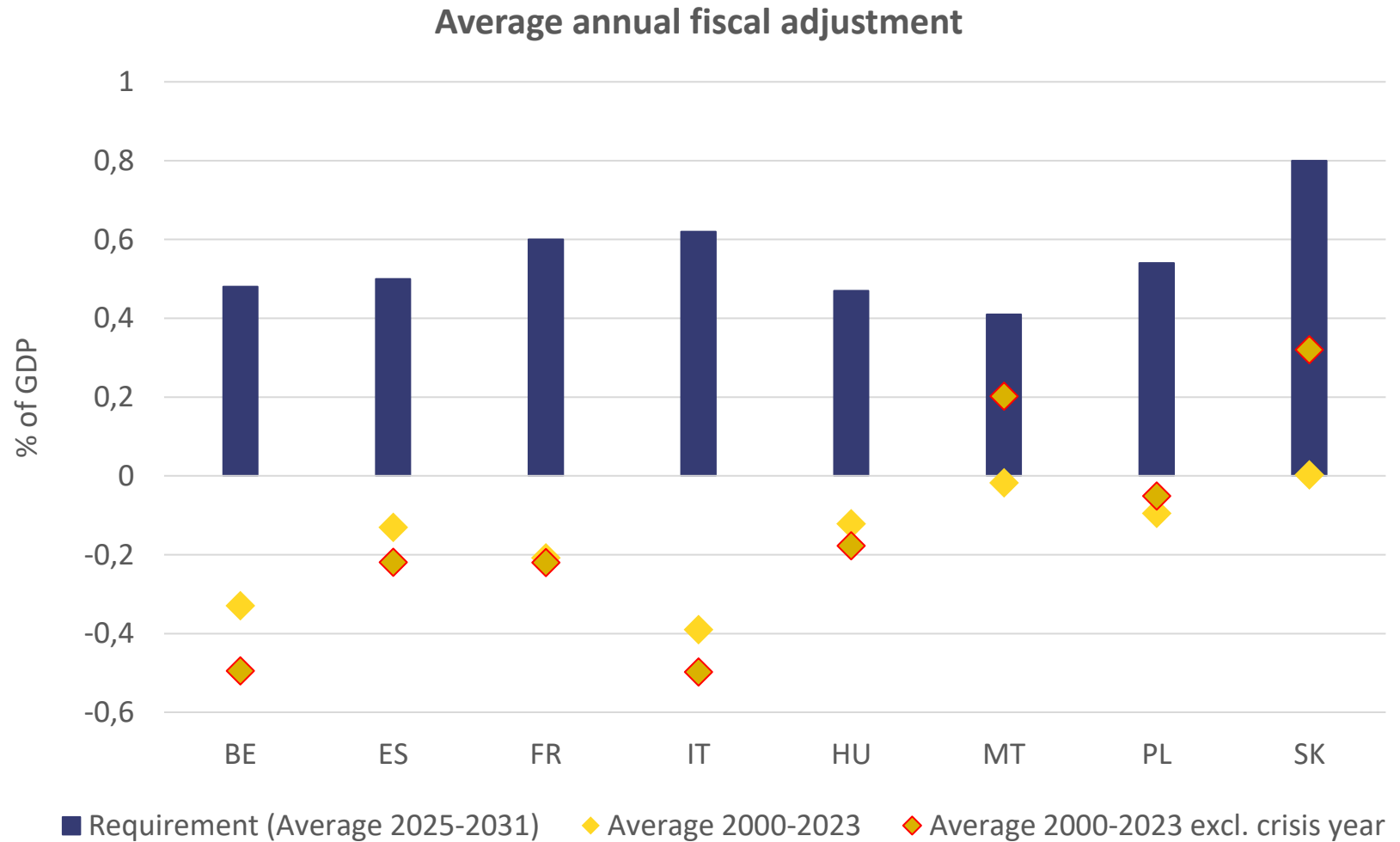
Note: "Historical" fiscal adjustment refers to adjustments in a country that change the primary balance in a positive direction over a six-year rolling window. "WEO baseline" adjustment is the difference between the projected primary balance in 2023 and that in 2029 in the *World Economic Outlook* (WEO). "Adjustments to stabilize debt with high probability" refers to the adjustments that set the probability of stabilizing debt at 80 percent (see Online Annex 1.5).

Size of fiscal adjustment: the EU



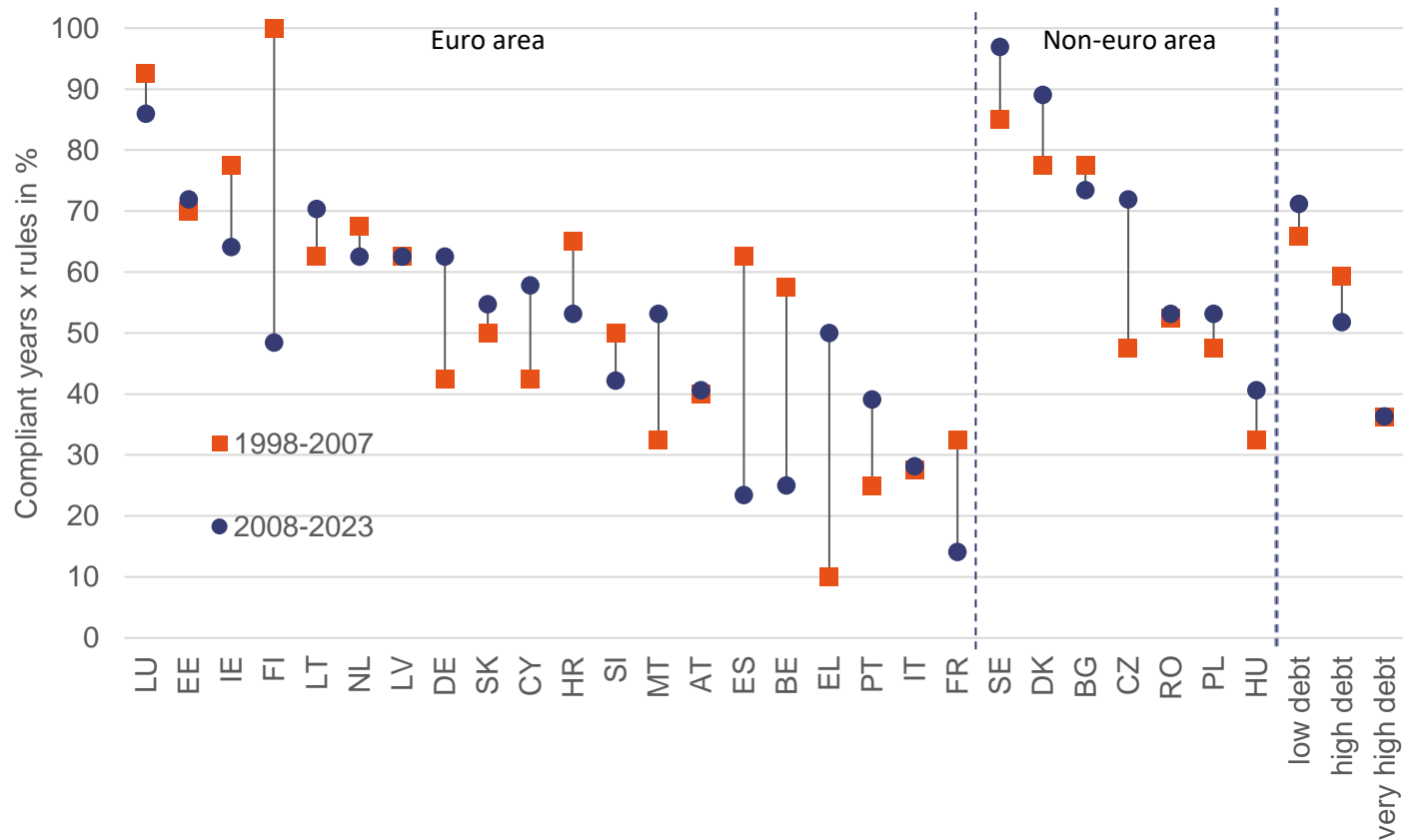
ch. in SPB, % GDP		
	new	old
IT	0.62	>0.5
FR	0.60	>0.5

Size of fiscal adjustment: the EU



Note: Annual adjustment measured as change in the structural primary balance

Size of fiscal adjustment: the EU



Note: Countries grouped based on their average debt levels in 2011-2019. Low debt = Countries with av. government debt $\leq 60\%$ of GDP. High debt: Countries with 60% of GDP $>$ av. government debt $\leq 90\%$ of GDP. Very high debt: Countries with av. government debt $> 90\%$ of GDP.

Source: Compliance tracker of EFB secretariat

**Great work and
thanks for your time!**