

IMF: World debt-GDP ratio plummets, but over pre-Covid level

Debt as a share of gross domestic product plunged by the most in seven decades in 2021, but policymakers still face challenges because borrowing remains above pre-Covid-19 levels, the International Monetary Fund said.

While total public and private debt hit a record \$235 trillion last year, it plummeted when expressed as a percentage of economic output, which rebounded last year after the steep Covid-19 recession of 2020, the fund said Monday in a blog accompanying the latest update of its Global Debt Database.

Total debt fell to 247 per

cent of global gross domestic product last year, IMF data showed. That's 10 percentage points less than in 2020, but is still the second-highest reading in history.

The data show how many countries are still reeling from the consequences of the pandemic: debt shot up in 2020 because of the economic recession, and so did deficits as governments extended financial help to individuals and businesses.

As economies opened up, inflation set in as supply couldn't meet demand, while food and energy costs rose because of war and climate pressures.

BLOOMBERG