S&P Global
Ratings

RatingsDirect®

Iceland

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Credit Highlights

Overview

Institutional and economic profile	Flexibility and performance profile
The economic recovery has been stronger than S&P Global Ratings expected	Fiscal and monetary policy support has proven effective and is being phased out as the economy recovers
--Strong domestic demand will push real GDP growth above 4% this year; rising external demand, also in tourism, will support real growth of 4.5% next year.	--Economic recovery will support revenue and result in lower deficits in 2021; subsequent consolidation will stabilize the debt burden over the medium term.
--Despite risks to the tourism recovery, we believe the medium-term growth trajectory will be strong, and supported by a public investment program.	--Monetary policy support was effective in stabilizing the exchange rate and is being rolled back; the central bank's reserves remain high.
--The results of the recent general elections point to policy continuity.	--Despite a significant hit to the country's most important export sector, external balances remain strong, and Iceland has strengthened its net external creditor position.

Iceland is a small and open economy, which has been heavily affected by the COVID-19 pandemic but is on track for recovery. Tourism directly represented 8% of GDP and more than one-third of exports in 2019. However, economic and external pressures have been fairly manageable so far, also due to effective monetary and fiscal policies supporting domestic demand. Accordingly, the economic recovery appears well on track and stronger-than-expected growth has allowed authorities to roll back extensive policy support measures. We therefore expect fiscal deficits to fall significantly after 2021, which will limit the increase in the country's debt burden over the coming years.

Even though fiscal deficits were significant in 2020 and 2021, we note that they have been largely financed from domestic sources at favorable conditions. Furthermore, the current account remained largely balanced over the past few months, despite the significant hit to Iceland's most important export sector. The resilient balance of payments, low net external leverage, and strong central bank foreign currency reserves provide further economic buffers and represent a significant difference compared with the 2008-2009 financial crisis.

Iceland's stable institutional framework and effective policymaking also support the ratings. That said, the ratings are constrained by the volatile nature of Iceland's small and open economy and limited effectiveness of monetary policy, given the small size of the currency area and strong influence of external developments on domestic inflation trends.

Outlook

The stable outlook indicates that Iceland's economic recovery is well on track and will continue over the next 12-18 months. Authorities are gradually rolling back much of the fiscal and monetary policy support that limited the economic contraction and exchange rate volatility during the pandemic. This will limit the increase in public debt over the next few years.

Downside scenario

We could lower the ratings on Iceland if the economic recovery proves shallower or takes longer than we expect, for example, if the tourism sector remains more permanently depressed compared to prepandemic levels. This could occur if the pandemic resurges or there is a prolonged shift in travel patterns. In such a scenario, we consider that monetary and fiscal support could become a more permanent feature of Iceland's policy mix and erode policy space, and net general government debt levels would rise materially beyond our expectations.

Upside scenario

We could raise the ratings if the recovery from the pandemic exceeds our expectations and the Icelandic economy and export categories become more diverse, reducing the volatility in Iceland's terms of trade. This scenario could enable even quicker fiscal consolidation than we expect, putting the government's debt burden on a firm downward trend to close to prepandemic levels, as a share of GDP.

Rationale

Institutional and economic profile: GDP has recovered quicker than initially expected, supported by buoyant domestic demand

Iceland’s economic recovery appears on track this year. Although risks remain, mostly to Iceland’s large tourism sector, domestic demand--in the form of strong private consumption and significant public and private investment activity--will likely result in real GDP growth of above 4% this year. The current growth trajectory means the country will likely reach prepandemic real GDP levels in second-half 2022, about six months earlier than we initially estimated. Overall, Iceland's economic base is fairly concentrated and its main export sectors comprise tourism, marine, and metals (aluminum), which have all seen positive developments this year. Notably:

- High commodity prices are improving Iceland’s terms of trade;
- Marine exports have increased this year and fishing quotas have been raised for 2022; and
- Tourism arrivals in the past few months have recovered to 60% of 2019 levels and related spending is already at over 80% of 2019 levels.

Tourism receipts previously accounted for one-third of Icelandic exports, and we expect further recovery over the coming months. Iceland has one of the highest vaccination rates globally and vaccination efforts in its most important trading partners--the U.S. and EU--have progressed strongly, which means most containment measures and travel restrictions could already be lifted. If the tourism sector recovers further next year, headline real GDP growth in 2022 could outperform our current projection of 4.3%.

However, there is a degree of uncertainly attached to our base-line forecasts. Iceland's economy is small and open, and it has a population of just 370,000. Its GDP was about $22 billion in 2020. In our view, the country has been, and remains, susceptible to external shocks and shifts in terms of trade. For example, if vaccines prove ineffective against new strains of COVID-19, or if there is a protracted shift in global travel preferences, tourism could suffer. The shock to the tourism industry last year followed a decade of rapid growth; the number of visitors to Iceland increased about fivefold from 2010-2019. In turn, the sector's relatively high labor-intensity could mean a more permanent rise in unemployment figures, although we note that they have moved close to 2019 levels already. The government will therefore continue to roll back support to the labor market.

In our view, Iceland's institutional arrangements remain a key rating strength, with functioning checks and balances between various state bodies. The swift and effective policy responses to the pandemic from several Icelandic institutions underpin our view of generally effective and stable policymaking. The government also had a broadly consensus-oriented approach to rolling out its policy response. Although a new government has yet to be formed after the recent general elections, the results point toward policy continuity under the three parties that span the political spectrum.

Flexibility and performance profile: Fiscal and external pressures have been less severe than initially expected and COVID-19-related policy support is currently being withdrawn

Like its better-than-expected economic recovery, Iceland's fiscal deficits were lower than we initially projected over the past two years, which puts fiscal consolidation, starting next year, on a sound footing. Fiscal support was still significant this year which is why we believe deficits in 2021 will remain close to 2020 levels, at slightly below 7% of GDP, but much better than the government's initial budget. This is mostly because revenue exceeded expectations on the back of a stronger economic recovery and higher inflation. In addition, public finances benefitted from the sale of a significant stake in publicly owned Islandsbanki.

Given the strong recovery this year, we expect most fiscal support measures will be rolled back by year-end 2021. About half of the fiscal deterioration in 2020 and 2021 represents the effects of automatic stabilizers kicking in to provide economic relief, as the tax burden decreased and social transfers increased. For 2021, the government's planned fiscal measures included specific tax waivers and reimbursements, continuous labor market and wage support, additional social and health care spending, and an uptick in public investments. We therefore expect that deficits will narrow from 2022 as the government begins reverting to its previous, prudent fiscal stance. That said, the government does not wish to withdraw policy support too quickly and it has suspended its own fiscal rules until 2025 to allow for gradual consolidation. We consider that the authorities would be willing to extend more fiscal support to the economy if the recovery is delayed or shallower than expected over the coming years.

In our view, Iceland entered the COVID-19-linked recession with ample fiscal flexibility to support the economy. The country's net general government debt declined to 35% of GDP in 2019 from a peak of close to 80% of GDP in 2011. Although debt will remain higher in the next few years than in 2019, we think that net government debt, net of liquid assets, will stabilize at 45%-50% of GDP until 2024.

Iceland's debt profile has improved significantly in recent years. Unlike the past, about 70%-75% of government debt is now held domestically and only about 25% of gross government debt is denominated in foreign currency. In recent months, authorities have placed foreign currency debt issuance proceeds as deposits at the central bank, to bolster foreign exchange reserves. Meanwhile, the government has covered its budget deficits predominantly with issuances on the domestic market at favorable conditions since the pandemic started.

In addition, the government has drawn on the liquid assets of one of its 100% state-owned enterprises--the Housing Financing Fund (HFF). The HFF was previously used to provide affordable housing loans in Iceland but had been in wind-down mode following changes to the government's housing policy. Authorities are effectively managing the HFF and treasury liquidity positions jointly. Total funding from the HFF extended to the government in 2020 and 2021 almost covered half of the budget deficit, but we expect this funding practice will not be used in future years. These additional domestic financing options, as well as the very low interest costs for foreign issuances, helped the government further reduce its financing costs. We expect the government interest bill to stabilize at 5%-6% of revenue in the medium term.

For now, we continue to exclude the HFF's liabilities and annual net income from our general government data, despite their recent inclusion in the data reported by the national statistical office. The HFF's balance sheet size is close to 23% of GDP, and we consider it a contingent liability for the government, given the government's ultimate collection guarantee on the HFF's outstanding debt. Despite being liquid, the HFF bears long-term interest risk on its balance sheet, resulting in negative equity and the necessity for the government to contribute additional equity to the institution to honor its liabilities. However, this will not be needed for several years. The estimated shortfall is already incorporated into our general government debt calculations, even though the HFF's full liabilities are not. Overall, the total stock of government guarantees remains high, but decreasing, since the HFF's balance sheet is shrinking over time. We expect guarantees will amount to about 27% GDP, with the lion's share pertaining to the HFF.

Parallel with the government's fiscal support, the Central Bank of Iceland (CBI) mobilized monetary policy support at the start of the pandemic. This included a significant cut to the policy rate, by a cumulative 200 basis points; foreign exchange interventions of well over €1 billion; adjustments to several macroprudential measures related to bank regulation; and an open market purchasing program for the treasury's bonds (which has barely been used--the total amount is about 0.6% of GDP). These policy measures have helped support the economy, complementing the government's fiscal efforts and reducing exchange rate volatility. Iceland accumulated net foreign currency reserves in recent years, on the back of previously strong tourism sector performance. This provided the CBI additional policy room, especially regarding the significant foreign exchange sales this year and in 2020. Given the strong economic recovery and stabilization of the exchange rate, the CBI has already rolled back most of its accommodative policies, also with a view of rising inflation rates.

Fundamentally, however, we view Iceland's monetary policy effectiveness as generally constrained. The underlying economy represents one of the smallest currency areas globally and domestic inflation levels are largely determined by foreign developments. The country's real effective exchange rate also tends to fluctuate over the economic cycle and could be subject to large valuation swings, exacerbating the cyclicality inherent in the economy.

Inflation levels have remained above the CBI's 2.5% target since the beginning of the pandemic but, parallel to global trends, have recently increased and stood at 4.5% in October. However, we think that inflation will decrease closer to the CBI's target in 2022 for several reasons:

- Although import prices are rising, as they are globally, Iceland is less affected than other countries by current supply side disruptions given its economic structure;
- The pass-through from last year’s depreciation of the Icelandic krona (ISK) has subsided;
- House prices are an important driver of current inflation levels, but the rollback of accommodative monetary policies should ensure that further increases are more limited; and
- Rising gas prices will have very little effect on Iceland given the marginal role of gas in its energy mix.

In the absence of further depreciation, we believe the current rollback of monetary policy support, also through policy rate hikes, will support decreasing inflation levels.

Iceland's current account has remained strong throughout the pandemic and even reported a small surplus in 2020, despite the significant contraction of the country's most important export sector. However, the export of goods and services in other sectors held up, partially helped by ISK depreciation. Although strong domestic demand has recently increased imports, we believe rising services exports, including in tourism, and higher net primary income, based on strong net investment returns, will keep the current account in a small surplus over the coming years. We note ISK appreciation and an increase in domestic demand, for example, through increased public investments, could exert some downside pressures on our current account projections in the near term. Iceland's prepandemic current account surpluses averaged over 6% of GDP from 2013-2019, which supported external deleveraging following the global financial crisis. Since 2016, Iceland has been in a net external asset position, which increased significantly during the pandemic, and we expect it to reach 35%-40% of GDP at year-end 2021. This includes significant foreign exchange reserves at the central bank of about $7 billion, or close to 30% of GDP.

We also expect the pandemic's effects will continue to weigh on Icelandic banks' earnings, but conditions are improving. We project credit losses will remain close to pre-COVID-19 levels in the coming two years, after the one-off hit in 2020. Banks’ still-elevated loss reserves will gradually normalize, although they should retain adequate cover amid an expected modest rise in nonperforming assets to slightly over 5% of total assets in the next two years (from about 3% in 2019).

We believe Iceland's banks will remain strongly capitalized, but their concentration in domestic tourism and commercial real estate remains a key risk. Notably, 10% of lending for systemically important banks is related to domestic tourism, which increases overall banking system risks compared to those in peer countries. Still, banks entered the pandemic on a much stronger footing than when the 2008 financial crisis started. They have relatively solid balance sheets and private sector debt has stabilized. Therefore, we believe the financial sector poses a limited contingent liability for the government.

Iceland--Selected Indicators

	2015	2016	2017	2018	2019	2020	2021bc	2022bc	2023bc	2024bc
Economic indicators (%)										
Nominal GDP (bil. ISK)	2,310.9	2,512.1	2,642.0	2,844.7	3,047.7	2,941.1	3,181.1	3,408.4	3,581.0	3,744.0
Nominal GDP (bil. $)	17.5	20.8	24.7	26.3	24.9	21.7	25.1	27.3	29.4	31.2
GDP per capita (000s $)	53.2	62.5	73.1	75.4	69.6	59.6	67.6	72.3	76.8	80.4
Real GDP growth	4.4	6.3	4.2	4.9	2.4	(6.5)	4.1	4.3	2.5	2.3
Real GDP per capita growth	3.4	5.2	2.4	1.9	(0.0)	(8.3)	2.1	2.8	1.0	0.7
Real investment growth	21.5	18.0	10.6	3.1	(2.1)	(8.7)	3.9	2.0	3.5	2.0
Investment/GDP	19.4	21.1	21.7	22.3	21.2	21.6	21.5	21.1	21.3	21.2
Savings/GDP	25.9	29.2	26.0	25.8	27.0	22.5	21.9	23.1	22.6	22.6
Exports/GDP	51.7	47.5	45.7	46.6	44.3	34.2	39.3	43.6	45.1	46.4
Real exports growth	9.0	11.0	5.1	1.7	(4.7)	(30.2)	20.0	15.0	6.0	5.0
Unemployment rate	4.5	3.3	3.3	3.1	3.9	6.4	6.5	5.3	4.9	4.5
External indicators (%)										
Current account balance/GDP	6.5	8.1	4.2	3.5	5.8	0.9	0.5	2.0	1.3	1.4
Current account balance/CARs	11.5	15.1	8.5	7.0	12.1	2.4	1.1	4.2	2.7	2.8
CARs/GDP	56.3	53.6	49.8	50.4	48.3	37.8	43.1	47.8	49.2	50.4
Trade balance/GDP	(1.4)	(3.9)	(6.2)	(5.7)	(4.1)	(3.1)	(3.3)	(2.8)	(3.3)	(3.3)
Net FDI/GDP	4.0	3.5	0.7	(1.8)	(2.8)	(3.1)	(3.0)	(2.5)	(2.0)	(2.0)
Net portfolio equity inflow/GDP	(2.2)	(6.0)	(1.1)	(1.3)	(0.4)	(3.4)	(1.5)	(2.0)	(2.0)	(2.0)
Gross external financing needs/CARs plus usable reserves	92.7	89.7	79.9	84.7	81.4	80.5	86.3	84.8	87.1	87.7
Narrow net external debt/CARs	142.2	56.2	52.6	42.7	39.8	67.1	55.9	49.9	47.4	46.0
Narrow net external debt/CAPs	160.7	66.2	57.4	45.9	45.3	68.7	56.5	52.1	48.7	47.4
Net external liabilities/CARs	9.5	(4.8)	(4.7)	(17.4)	(41.4)	(97.1)	(86.1)	(82.5)	(84.9)	(87.9)
Net external liabilities/CAPs	10.7	(5.6)	(5.1)	(18.7)	(47.0)	(99.5)	(87.0)	(86.1)	(87.3)	(90.5)
Short-term external debt by remaining maturity/CARs	41.6	44.3	35.3	33.9	36.4	49.4	38.6	34.6	32.0	30.1
Usable reserves/CAPs (months)	5.5	6.2	7.7	6.4	7.2	10.2	7.2	6.7	6.0	5.6
Usable reserves (Mil. $)	4,895.1	7,230.6	6,575.3	6,327.9	6,787.2	6,420.8	7,000.0	7,000.0	7,100.0	7,200.0
Fiscal indicators (general government %)										
Balance/GDP	(1.0)	(3.3)	0.6	0.8	(1.5)	(7.1)	(6.9)	(4.7)	(3.4)	(2.7)
Change in net debt/GDP	(2.5)	(3.5)	(1.8)	(4.3)	8.2	5.5	4.9	4.7	3.1	2.7
Primary balance/GDP	3.4	0.6	4.4	3.6	1.0	(4.8)	(4.6)	(2.5)	(1.1)	(0.4)
Revenue/GDP	40.3	41.2	43.1	42.2	39.7	40.7	41.5	40.5	40.0	40.0
Expenditures/GDP	41.3	44.4	42.5	41.4	41.2	47.8	48.4	45.2	43.4	42.7
Interest/revenues	10.9	9.5	8.9	6.7	6.3	5.8	5.5	5.5	5.6	5.7
Debt/GDP	64.9	51.2	43.2	37.1	44.1	55.8	57.0	55.5	54.6	54.9

Iceland--Selected Indicators

Debt/revenues	161.2	124.4	100.1	88.0	110.9	137.1	137.3	137.1	136.4	137.2
Net debt/GDP	46.4	39.2	35.4	28.6	34.9	41.7	43.5	45.3	46.2	46.9
Liquid assets/GDP	18.6	12.1	7.7	8.5	9.2	14.1	13.5	10.3	8.4	8.0
Monetary indicators (%)										
CPI growth	1.6	1.7	1.8	2.7	3.0	2.8	4.3	2.8	2.4	2.3
GDP deflator growth	6.1	2.3	0.9	2.7	4.6	3.2	3.9	2.7	2.5	2.3
Exchange rate, year-end (ISK/$)	129.6	112.8	104.4	116.3	121.1	127.2	126.1	124.0	119.8	119.8
Banks' claims on resident non-gov't sector growth	(0.3)	1.7	6.8	9.0	4.1	4.7	7.0	5.0	4.0	4.0
Banks' claims on resident non-gov't sector/GDP	136.6	127.7	129.6	131.3	127.6	138.5	137.0	134.2	132.9	132.2
Foreign currency share of claims by banks on residents	9.4	9.0	9.7	10.4	12.8	13.3	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	16.5	8.6	9.7	12.2	12.3	10.8	N/A	N/A	N/A	N/A
Real effective exchange rate growth	2.6	12.5	12.0	(2.6)	(6.7)	(7.6)	0	0	0	0

Sources: Statistics Iceland (Economic Indicators), Central Bank of Iceland, The Government of Iceland External Indicators), Statistics Iceland, Central Bank of Iceland (Fiscal Indicators), and Central Bank of Iceland, IMF (Monetary Indicators).

Adjustments: Government debt adjusted by including loans from Norges Bank and the IMF. Government fiscal metrics exclude the Icelandic Housing Financing Fund. External metrics exclude debt from previous DMBs in settlement proceedings.

Definitions: Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. N/A- Not applicable. ISK--Icelandic krona. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Key rating factors	Score	Explanation
Institutional assessment	2	Generally strong, but relatively shorter track record of policies that deliver sustainable public finances and consistently balanced economic growth over the long term. Generally effective checks and balances and free flow of information through society. Statistical information is generally timely and reliable.
Economic assessment	2	Based on GDP per capita ($) as per the Selected Indicators table above. The economy is concentrated in fishing, aluminum, and tourism. The metals and fishing sectors together account for over 20% of GDP and are subject to volatility due to changing aluminum prices and varying fishing catch levels. Before the pandemic, the tourism industry also accounted for well over 20% of GDP, including direct and indirect effects.
External assessment	3	Based on narrow net external debt and gross external financing needs as per Selected Indicators in Table 1. Iceland's net international investment position is more favorable than the narrow net external debt position by over 100% of current accounts receipts (CARs), as per Selected Indicators in Table 1. The country is exposed to significant volatility in terms of trade, due to its dependence on tourism exports and changes in metal prices.

Fiscal assessment: flexibility and performance	4	Based on the general government balance (% of GDP) as per Selected Indicators in Table 1.
Fiscal assessment: debt burden	4	Based on net general government debt (% of GDP) and general government interest expenditure (% of general government revenue) as per Selected Indicators in Table 1. Contingent liabilities are moderate. We assess the amount of guarantees provided by Iceland (implicitly and explicitly) to various nondeposit-taking institutions at slightly less than 30% of GDP. We believe there is a significant likelihood of extraordinary government support.
Monetary assessment	4	The krona is largely floating following the removal of capital controls, albeit with a shorter track record. The central bank has broad operational independence and uses market-based monetary instruments. Given the removal of capital controls and accumulation of extra net foreign exchange reserves, the central bank can act as lender of last resort for the financial system. However, Iceland exhibits a very volatile real effective exchange rate over the economic cycle.
Indicative rating	a+	As per Table 1 of "Sovereign Rating Methodology."
Notches of supplemental adjustments and flexibility	-1	Iceland's economy and its currency area are narrower than rating peers', which makes the country inherently more susceptible to external shocks. This is not fully captured in the indicative rating.
Final rating		
Foreign currency	A	
Notches of uplift	0	Default risks do not apply differently to foreign- and local-currency debt.
Local currency	A	

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 18, 2017, details how we derive and combine the scores and then derive the sovereign foreign currency rating. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in score does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the scores. In determining the final rating the committee can make use of the flexibility afforded by §15 and §§126-128 of the rating methodology.

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology, Dec. 18, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009

Related Research

- Sovereign Ratings List, Nov. 3, 2021
- Sovereign Ratings History, Nov. 3, 2021
- Sovereign Ratings Score Snapshot, Nov. 3, 2021
- Sovereign Risk Indicators, Oct. 12, 2021; a free interactive version is available at http://www.spratings.com/sri
- EMEA Emerging Markets Sovereign Rating Trends Midyear 2021, June 29, 2021
- Economic Outlook EMEA Emerging Markets Q3 2021: Faster Recovery, Higher Inflation, June 25, 2021
- Banking Industry Country Risk Assessment: Iceland, Dec. 18, 2020
- Next Generation EU Will Shift European Growth Into A Higher Gear, April 27, 2021
- Default, Transition, and Recovery: 2020 Annual Sovereign Default And Rating Transition Study, April 12, 2021

Ratings Detail

Ratings Detail (as of November 15, 2021)*

Iceland		
Sovereign Credit Rating		A/Stable/A-1
Transfer & Convertibility Assessment		A
Senior Unsecured		A
Senior Unsecured		A-1
Short-Term Debt		A-1
Sovereign Credit Ratings History		
17-Mar-17	*Foreign Currency*	A/Stable/A-1
13-Jan-17		A-/Stable/A-2
15-Jan-16		BBB+/Stable/A-2
17-Mar-17	*Local Currency*	A/Stable/A-1
13-Jan-17		A-/Stable/A-2
15-Jan-16		BBB+/Stable/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.