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## **Determinants of Sovereign Credit Rating in BRICS, G7 and NEXT11 Countries: A Comparative Analysis**

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### **Abstract**

This paper tries to investigate the determinants of sovereign credit ratings from 2016 to 2020. This has been conducted using S&P, Fitch and Moody's ratings in 23 countries, including G7 (i.e. Canada, France, Germany, Italy, Japan, United Kingdom and United States), BRICS (i.e. Brazil, Russia, India, China, South Africa) and NEXT11 (i.e. Bangladesh, Egypt, Philippines, South Korea, Turkey, Vietnam, Indonesia, Iran, Mexico, Nigeria and Pakistan). Using panel analysis according to GMM technique, results reveal the importance of macroeconomic variables in explaining the sovereign credit rating, where GDP per Capita, GDP Growth, Economic Growth, External Debt, Unemployment Rate, Foreign Reserves and Inflation Rate seem to have significant effects on sovereign credit rating. In addition, robustness checks - using country types as control variables - have supported the significant effects of macroeconomic variables in explaining the sovereign credit rating. Country type seems to have different effects, where including in G7 may have a negative effect on S&P rating, while including in BRICS may have a negative effect on Fitch rating. In addition, including in NEXT11 may have a positive effect on Moody's rating. This needs to be more elaborated.

**Keywords:** BRICS, Credit rating, Fitch, G7, Moody's, NEXT11, S&P