



# LIBRARY LINK

## EUROPE



**Library Link: Europe** features the latest research on the region. Scroll down for **Sovereign Rating Reports, Books, and Working Papers**.

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## SOVEREIGN RATING REPORTS

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Email [Library@IMF.org](mailto:Library@IMF.org) to request the full reports; we'll send them to you as quickly as possible! *(Reports are from May 5 to June 6, 2022)*

### European Region

- Fitch: "[Economics Dashboard: Jump in Eurozone Wage Growth to Concern ECB](#)" (May 26)
- Moody's: "EU's Russian oil embargo will raise oil prices through summer" (June 6)
- Moody's: "Sovereigns – Europe: Most are resilient to Russian energy cuts and cyberattacks, but wider military conflict would have major credit effects" (May 31)
- S&P: "CEE Cities Are Withstanding Russia-Ukraine War Risks, At Least For Now" (May 30)
- S&P: "Capturing Environmental Risks In Banks' Capital Frameworks Is An Ongoing Discussion In Europe" (May 6)

### Central 1 & 2

- Fitch: "[Austria Rating Report](#)" (May 5)
- Fitch: "[Czech Republic Rating Report](#)" (May 19)
- S&P: "Research Update: Slovakia Outlook Revised To Negative From Stable On Rising Economic And Fiscal Risks; 'A+/A-1' Ratings Affirmed" (May 20)

## Eastern & Eastern 2

- Fitch: "[Belarus Rating Report](#)" (May 25)
- S&P: "Research Update: Belarus Foreign Currency Long-Term Ratings Lowered To 'CC' On High Vulnerability To Debt Nonpayment; Kept On Watch Neg" (May 5)
- Moody's: "Government of Moldova - B3 negative: Annual credit analysis" (May 31)
- Moody's: "Government of Turkey – B2 negative: Regular update" (May 31)
- Moody's: "Government of Ukraine – Caa3 negative: Update following downgrade to Caa3; negative outlook" (May 23)
- S&P: "Research Update: Ukraine Foreign Currency Ratings Lowered To 'CCC+/C' On Larger Fallout From Russia's Military Attack; Outlook Negative" (May 27)

## Nordic

- Fitch: "[Finland Rating Report](#)" (May 12)
- Moody's: "Government of Norway - Aaa stable: Annual credit analysis" (May 20)

## Northwestern 1 & 2

- Fitch: "[Belgium Rating Report](#)" (May 19)
- Moody's: "Government of Ireland - A1 positive: Annual credit analysis" (May 25)
- S&P: "Ireland Full Analysis" (May 23)
- Fitch: "[Germany Rating Report](#)" (May 5)

## Other Advanced Economies

- S&P: "Research Update: Iceland 'A/A-1' Ratings Affirmed; Outlook Stable" (May 13)
- Moody's: "Government of Israel – A1 positive: Annual credit analysis" (May 19)
- S&P: "Research Update: Israel Ratings Affirmed At 'AA-/A-1+'; Outlook Stable" (May 13)

## Poland & Baltics

- Moody's: "Government of Estonia - A1 stable: Annual credit analysis" (May 13)
- Moody's: "Government of Latvia - A3 stable: Annual credit analysis" (May 31)
- S&P: "Research Update: Lithuania 'A+/A-1' Ratings Affirmed; Outlook Stable" (June 3)
- Moody's: "Government of Poland — A2 stable: Annual credit analysis" (May 17)

## Southeastern 1 & 2

- S&P: "Research Update: Bulgaria Ratings Affirmed At 'BBB/A-2'; Outlook Stable" (May 27)
- Moody's: "Government of Montenegro - B1 stable: Annual credit analysis" (May 12)
- Fitch: "[Serbia Rating Report](#)" (May 31)

## Southern 1-3

- Moody's: "Government of Italy - Baa3 stable: Annual credit analysis" (May 17)
- Moody's: "Government of Malta – A2 negative: Update following change to forecasts" (May 17)
- Fitch: "[Portugal Rating Report](#)" (May 26)

## BOOKS



### [Real and Financial Sectors in Post-Pandemic Central and Eastern Europe: The Impact of Economic, Monetary, and Fiscal Policy](#)

**Editors: Bojana Olgić Draženović, Vesna Buterin, Stella Suljić Nikolaj**

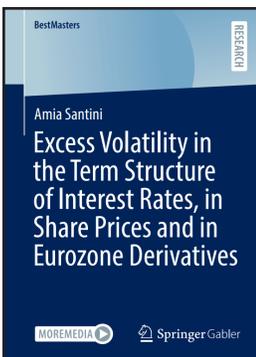
- Offers new insights into the real and financial sectors in the post-pandemic European Union
- Presents a specific focus on the countries of Central and Eastern Europe
- Examine the timeliness, justification, and appropriateness of the measures taken in response to the pandemic



### [Contemporary Trends in European Cooperative Banking: Sustainability, Governance, Digital Transformation, and Health Crisis Response](#)

**Editors: Marco Migliorelli and Eric Lamarque**

- Discusses the role of cooperative banks in the policy and societal movement towards sustainability
- Explores the digital transformation of cooperative banks and the impact of the consolidation of Fintech players
- Debates the evolution of cooperative banks to foster democracy and transparency in the decision-making



### [Excess Volatility in the Term Structure of Interest Rates, in Share Prices and in Eurozone Derivatives](#)

**By Amia Santini**

The phenomenon of excess volatility in the context of share prices and of the term structure of interest rates has been documented by the existing literature, highlighting the limitations of traditional models of rational expectations and of reliance on the efficient market hypothesis. The data violates the bounds on volatility that are derived from them.

## WORKING PAPERS

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### [The Financial Drivers of Populism in Europe](#) (CEPR Discussion Paper 17332, CEPR)

This paper identifies a specific channel through which the financial crisis has fostered populism. The financial crisis has extended economic insecurity also to segments of the population untouched by the globalization and immigration shocks. To establish causality, we use a pseudo-panel analysis and instrument the economic insecurity of different cohorts leveraging on a new methodology designed to highlight the different sensitivity to financial constraints for people in different occupations.

### [The Impact of German Public Support Transfers on Firm Finance – Evidence From the Covid-19 Crisis](#) (Discussion Paper No 19/2022, Deutsche Bundesbank)

The economic policy response to COVID-19 lockdowns included a variety of measures. Their effects on non-financial firms, however, remain unclear. To shed light on the effect of transfers, we investigate the effect of German emergency aid transfers (November-December aid), a program designed for small and medium sized firms. Using novel survey data, we exploit variation in application status to estimate its effects on the financial situation of firms.

### [The Double Materiality of Climate Physical and Transition Risks in the Euro Area](#) (ECB Working Paper Series No 2665 / May 2022, European Central Bank)

The analysis of the conditions under which, and extent to which climate-adjusted financial risk assessment affects firms' investment decisions in the low-carbon transition, and the realisation of the climate mitigation trajectories, still represent a knowledge gap. Filling this gap is crucial to assess the "double materiality" of climate-related financial risks. Our results highlight the importance for financial supervisors to consider the role of firms and investors' expectations in the low-carbon transition, in order to design appropriate macro-prudential policies for tackling climate risks.

### [The Rise of Bond Financing in Europe](#) (ECB Working Paper Series No 2663 / May 2022, European Central Bank)

Using large panel data of public and private firms, this paper dissects the growth of bond financing in the Euro Area through the lens of the cross-section of issuers. In recent years, the composition of bond issuers has shifted, with the entry of many smaller and riskier issuers. New issuers invest and grow, instead of simply repaying bank loans. Moreover, holdings of 'buy-and-hold' bond investors are large in aggregate but small for weaker issuers. Nevertheless, the bond investors' sell-off after March 2020 was largely directed at bonds of larger, safer issuers.

### [Central Bank Digital Currency and Bank Intermediation](#) (ECB Occasional Paper Series No 293 / May 2022, European Central Bank)

In July 2021 the Eurosystem decided to launch the investigation phase of the digital euro project, which aims to provide euro area citizens with access to central bank money in an increasingly digitalised world. While a digital euro could offer a wide range of benefits, it could prompt changes in the demand for bank deposits and services from private financial entities, with knock-on consequences for bank lending and resilience. By inducing bank disintermediation, a central bank digital currency, or CBDC, could in principle alter the transmission of monetary policy and impact financial stability.

## **[Instinctive Versus Reflective Trust in the European Central Bank](#) (ECB Working Paper Series No 2660/ May 2022, European Central Bank)**

Political science research has established that trust in institutions, including central banks, is shaped by socio-economic and demographic factors, as well as by the assessment of institutional features and by slow-moving components such as culture. However, the role of cognitive processes has largely been neglected, especially in the analysis of central bank trust. In this paper we aim to address this gap focusing on the case of the European Central Bank (ECB). We introduce the concepts of “instinctive trust”, which captures an on-the-spot judgement on the institution’s trustworthiness, and of “reflective trust”, which refers to a more pondered opinion on the matter.

## **[Are EU Firms Climate-Ready?](#) (EIB Working Paper 2022/08 / June 2022, European Investment Bank)**

This study uses unique firm-level data from EIBIS to identify EU firms’ climate strategies and the firm characteristics associated with them. Through a clustering analysis, these strategies are divided into five distinct clusters, in line with the correspondent literature. We then investigate the role of various firms’ characteristics in their adoption based on a multi-logit regression.

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