

**Foreign currency debt burden and reserve-currency status:  
Which impact on the sovereign credit ratings?**

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This paper sheds new light on the sovereign debt credit ratings. It argues that the currency of issuance and the currency status have an important impact in the rating of sovereign debt. Using an annual panel of 100 developed and developing countries between 1996 and 2012, the study shows that countries which borrow in their own currency enjoy relatively higher ratings than those whose debt is denominated in foreign currency. This finding is robust across different econometric specifications, and of economically significant magnitude. Our results point to a good performance of the estimated models and a good overall prediction power.

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