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Luxembourg keeps its AAA rating

On 13 January 2023, similarly to last year, the credit rating agency Fitch gave Luxembourg a triple-A rating, reflecting an exceptionally high-income per capita economy, a high level of domestic savings, resilient labour market, and well-capitalised banking sector. These indicators significantly mitigate pressures stemming from tighter monetary policy, an over-heated real estate market and high levels of household indebtedness.



Fitch predicted that this year Luxembourg's GDP growth will slow down (1.5% instead of the 2% experienced in 2022), and so will inflation (3.9% in 2023 and 2.4% in 2024) and real estate prices. Nevertheless, purchasing power, private consumption and investments will be protected in part due to the measures agreed on in the Tripartite Agreement last year.

Luxembourg's finance minister, Ms Yuriko Backes, stated that the triple A rating is a testament to the country's efficient public finance management in the face of the ongoing crisis and its resilience.

The credit agency identified Luxembourg's position as an "open economy" as a risk, since it could expose the country to potentially rising energy prices and a European Union demonstrating a slighter growth than expected.

Importantly, a triple A rating leads to lower borrowing costs for Luxembourg on the capital markets. The agency was positive that the Grand Duchy would be able to keep public debt below 30% of the GDP.

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