

World Cup 2022: The Credit Effect

November 2022



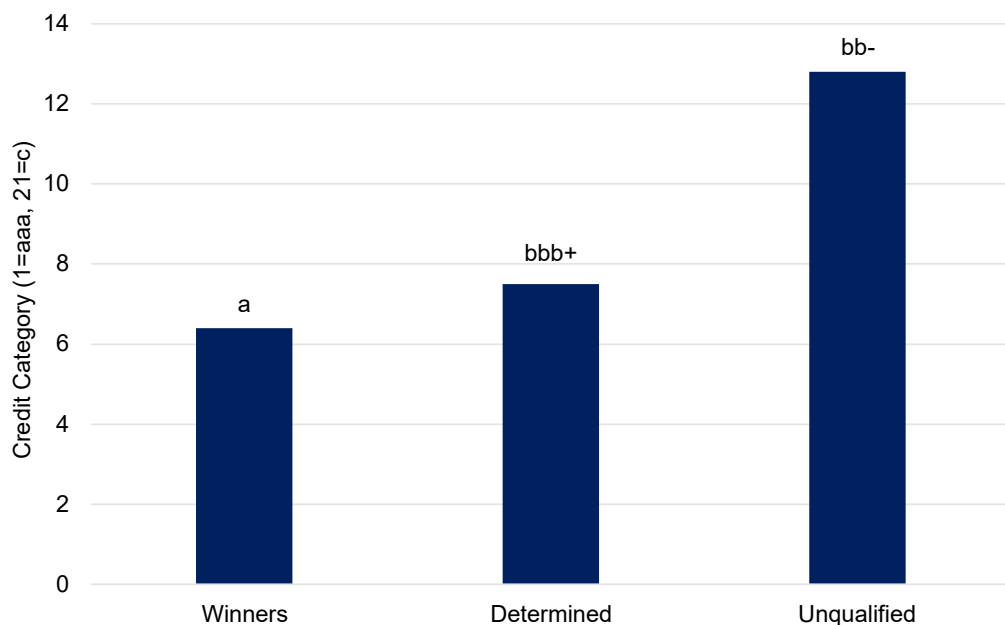
With more teams playing than ever before (and a further expansion planned for 2026) the World Cup might provide some real surprises, with more chances of early baths for favourites and a better shot at football immortality for the new arrivals.

But for a quadrennial contest that has been around for over 90 years, the list of winners is a bit repetitive. Across 21 tournaments, there are only eight winning countries. Brazil have played in every tournament and won 5 times; Germany and Italy 4 times, Argentina, Uruguay and France have won twice, England and Spain have each won once. Based on numbers of matches won, we could add Netherlands (ranked 8th, ahead of Uruguay) and Sweden to make this a top 10. Call this the Winners group.

The smallest countries to qualify across those 21 tournaments are Iceland, Paraguay, Trinidad & Tobago, Northern Ireland, Kuwait, Slovenia, Jamaica, Qatar, Wales and Panama - although technically two of these nations are still part of the UK. These 10 group members may be small, but they are Determined.

Compared with any other sport, Association Football has the world's largest TV audience, as well as at least 250m professional or organized amateur players, plus countless informal kickabouts. Yet nearly half of the world's nations have never qualified, including some very populous countries: India, Pakistan, Bangladesh, Thailand, Vietnam, Ethiopia, Kenya, Tanzania, Myanmar and the Philippines. Cricket may be part of the reason in the first three of these nations, but there is no other obvious common theme. Call this group of 10 the Unqualified.

Figure 1 compares average Sovereign Credit Consensus Rating for each of these groups.



The top 10 match winning nations (including Netherlands and Spain) have the highest average Credit Consensus Rating (a), although the Winners are a group of two halves: three of the European nations are **aaa**, Brazil is **bb** and two times cup winners and frequent credit defaulters Argentina are **ccc**.

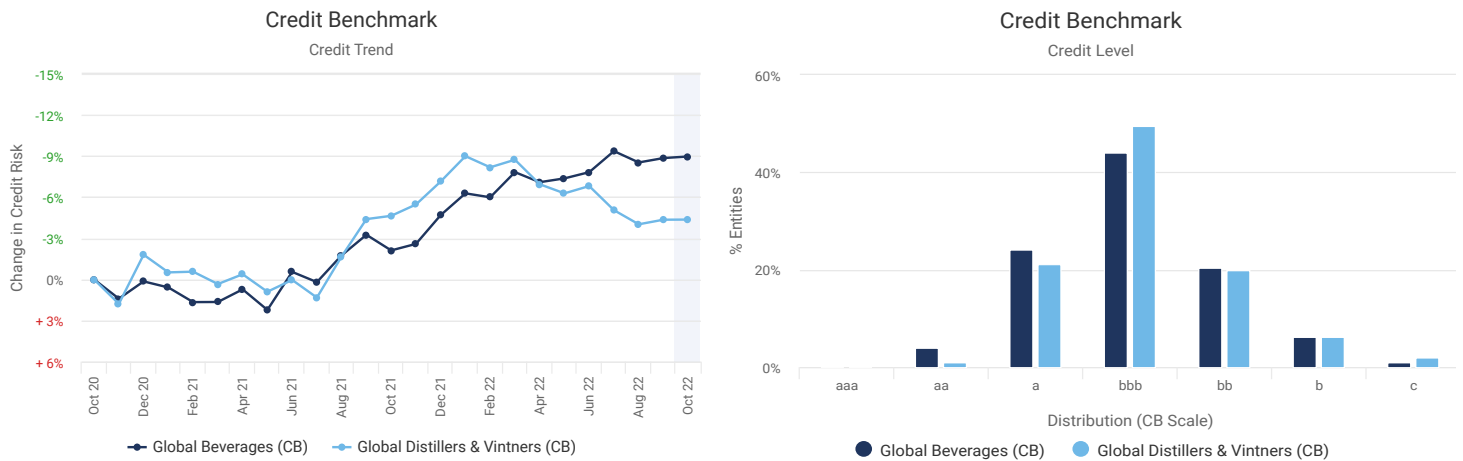
The Determined group have a lower but still investment grade average Credit Consensus Rating (**bbb+**), but again mix highly rated (and oil rich) nations like Kuwait (**aa-**) and Qatar (**aa-**) with the more economically disadvantaged Paraguay (**b+**) and Jamaica (**b**).

The Unqualified group have an average Credit Consensus Rating of **bb-**, and only three are investment grade: India (**bbb-**), Philippines (**bbb**) and Thailand (**a-**). While it is possible that their sporting interests and investments in training just do not favour football, it also shows that a large population is no guarantee of success.

A common complaint is that too much money has ruined the beautiful game, but this quick sketch of the credit dimension suggests that most successful teams have been nurtured by large amounts of money. But being football, there is always room for an upset by the underfunded or the small with a hunger for glory.

Late result: Budweiser (owned by AB InBev (**a-**)) lost \$40m after gearing up as sole supplier of lager to thirsty fans in Qatar before the full alcohol ban imposed at the last minute. But the World Cup is typically good for global beer sales to that huge TV audience, and as Figure 2 shows the sector would benefit from the boost.

Figure 2: Global Distillers & Vintners vs. Global Beverages



The Distillers & Vintners sub-sector is slightly lower credit quality than the broader Beverages sector, and credit quality has been declining for most of 2022 as cost of living hikes bite; but soft drinks have had an easier time - during one of the hottest summers on record...

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160+

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80+

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50+

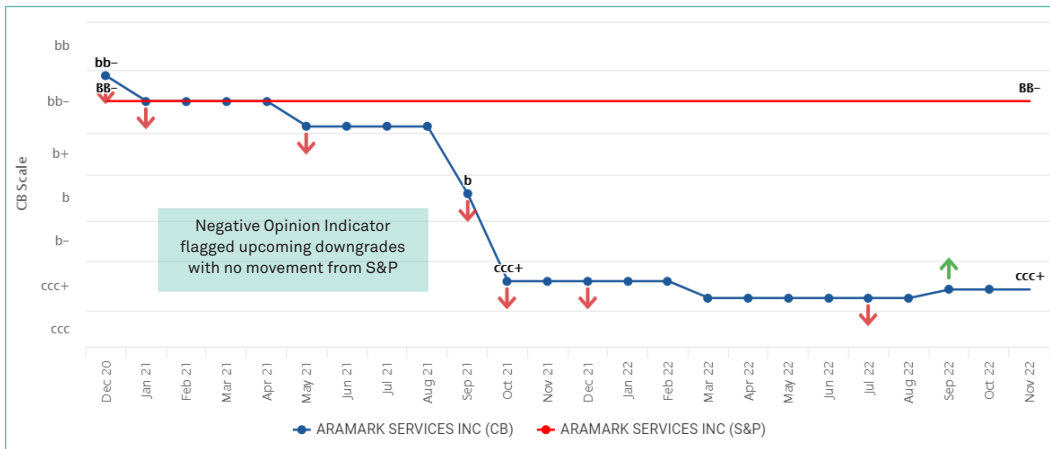
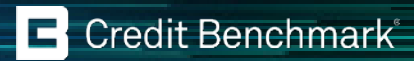
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Build screener with criteria below:

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- Fitch Rating is Unrated
- CCR is aaa, aa+, aa, aa-, a+, a, a-, bbb+, bbb, bbb-

44,628 Entities found

CBID	Entity Name	Credit Consensus Rating	S&P Rating	Fitch Rating
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CB0000000025	GYP HOLDINGS III CORP	bb	Unrated	Unrated
CB0000000080	GESTIELLE CEDOLA DUAL BRAND	a-	Unrated	Unrated
CB0000000087	TRANE TECHNOLOGIES LUXEMBOURG FINANCE SA	bbb+	Unrated	Unrated
CB0000000088	TECK HIGHLAND VALLEY COPPER PARTNERSHIP	bbb	Unrated	Unrated

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