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NEWS

24 April 2015

Will SA avoid a junk status rating?

South Africa is under "no immediate risk" of credit rating companies downgrading the nation's debt to junk status, said South African Reserve Bank (SARB) governor, Lesetja Kganyago.

Standard & Poor (S&P), which rates South Africa one level above non-investment grade, has a stable outlook on its BBB- assessment and has said it probably won't lower it in the next 18 to 24 months, Kganyago said in an interview with Bloomberg News.

While Fitch Ratings has South Africa on a negative watch, "they are also rating us higher" than S&P, Kganyago said. "At the moment there is no risk of the nation's debt dropping below investment grade."

S&P, Fitch Ratings and Moody's Investors Service downgraded South Africa's sovereign ratings over the past three years as government debt increased and strikes and electricity shortages curbed economic growth. S&P and Fitch are due to publish rating assessments in June.

A rating downgrade will increase South Africa's funding costs, put pressure on the rand and undermine financial stability, the governor reportedly said.

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