



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

## **MEDIA STATEMENT**

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### **Moody's affirms South Africa's ratings, maintains stable outlook**

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Government has noted Moody's Investors Service' (Moody's) decision today to affirm South Africa's sovereign ratings and maintain a stable outlook on the rating.

Moody's affirmed the South Africa's government bond ratings (foreign and local) at 'Baa2' respectively, based on the expectation that the fiscal consolidation path outlined in Budget documents will be maintained. The agency believes government's current fiscal prudence, its ability to collect taxes, adherence to the expenditure ceiling and its macro-institutional strength (National Treasury and South African Reserve Bank) supports SA's investment credit rating.

Moody's said the implementation of key structural reforms outlined in the National Development Plan (NDP) is critical in dealing with supply side constraints and unlocking the country's growth potential.

It cautioned that the rating could be downgraded if the commitment to fiscal consolidation and debt stabilisation falters, the investment climate deteriorates further as well as a significant rise in contingent liabilities.

#### **Government Response**

Government welcomes Moody's decision, especially in light of the recent developments that have led to heightened volatility in financial markets and a revision of global growth prospects.

Moody's decision to affirm the rating is in recognition of South Africa's commitment to sound macro-economic policies and its strong institutions.

Government is aware that the country's economic growth performance needs to be improved in a sustainable manner and has thus made the resolution of the energy challenge an immediate priority. Government is taking steps to speed up the implementation of the structural policy reforms embedded in the NDP in order to address the constraints that bind the economy.

Maintaining a prudent fiscal position remains one of government's top priorities. Government remains committed to adhering to the set expenditure ceiling while reducing the growth of the debt portfolio as set out in the February 2015 Budget. Government is committed to providing support to State Owned Companies in a fiscally sustainable manner. The approach to the recent capitalisation of Eskom gives real expression to this policy stance.

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