

MEDIA STATEMENT

S&P Global Ratings affirms South Africa's rating, keeps outlook negative

S&P Global Ratings (S&P) has affirmed South Africa's long and short term foreign and local currency bond ratings at 'BBB-/A-3' and 'BBB+/A-2' respectively. The foreign currency bond rating remains one notch above sub-investment grade whereas the domestic currency bond rating remains three notches above sub-investment grade.

Government notes and welcomes S&P's decision to affirm South Africa's credit ratings. The benefit of this decision is that South Africa is given more time to demonstrate further concrete implementation of reforms that are underway aimed at achieving higher levels of inclusive growth and place public finances on a sustainable path.

The rating outcome demonstrates that South Africans can unite, especially during difficult times, to achieve a common mission. In this regard, government thanks all social partners for their efforts towards achieving this positive outcome and urges our partners to continue its close working relationship with government over the period ahead.

S&P maintained the negative outlook on the rating, citing concerns about economic growth and warned it could lower the rating by year-end or next year if policy measures do not turn the economy around. Alternatively, S&P could revise the outlook to stable if they observe policy implementation that leads to an improved business confidence environment and increased private sector investment and ultimately result in higher levels of growth.

Government is aware that the next six months are critical and there is a need to step up the implementation of the 9-point plan and other measures to boost the economy.

Government, business and labour will collectively intensify efforts aimed at:

- i) Restoring confidence and boosting investment amongst local and international investors;
- ii) Unblocking obstacles to faster employment growth in key sectors; and
- iii) Undertaking fiscal, State-Owned Companies (SOCs) and regulatory reforms.

United effort towards concrete delivery in these priorities will lay a solid foundation for all South Africans to break through, in a sustainable manner, the cycle of poverty, inequality and unemployment.

Issued on behalf of National Treasury

Date: 3 June 2016