
Moody's Investors Service affirms South Africa's credit ratings and maintains the negative outlook

Moody's Investors Service (Moody's) has affirmed South Africa's investment grade credit ratings of "Baa1 / P-2" and maintained the negative credit outlook.

Moody's main reasons for affirming the country's "Baa1/P-2" ratings are:

- Government's commitment to fiscal discipline by ensuring that debt-to-GDP stabilizes below 45 percent;
- The reflection of the National Development Plan (NDP) in the spending plans of the departments which demonstrates a clear intention to implement the plan; and
- The introduction of the macro prudential policy initiative aimed at strengthening financial market stability as well as the framework agreement for ensuring a stable labour market, particularly in the mining sector.

Government has noted Moody's decision which is a sign of confidence in our macroeconomic policy strategies, particularly given the current global economic climate. Government has taken proactive measures to address all the key concerns raised by Moody's and remains committed to implement these measures.

Government is confident that the various measures that are being implemented will in time contribute to improved ratings for South Africa. These measures include the comprehensive reviews of both government expenditure and tax policy announced in February this year. The outcome of these reviews will be a fiscal framework more attuned to the current economic environment. On the tax policy review, government yesterday announced the members of the Tax Review Committee as well as the committee's terms of reference. Furthermore, government will intensify efforts to ensure the successful implementation of the framework agreement in the mining sector.

The NDP is a spur to further action in addressing the challenges of faster and more inclusive economic growth, employment, environmental sustainability, redistribution, social cohesion, education, universal health coverage, social protection and regional economic development.

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