



national treasury

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National Treasury
REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT

GOVERNMENT'S RESPONSE TO THE RATING ACTION OF S&P GLOBAL RATINGS (S&P)

Government notes and welcomes S&P's decision to revise South Africa's outlook to positive from stable and affirm the sovereign's long-term foreign and local currency debt ratings at 'BB-' and 'BB', respectively.

According to S&P, the positive outlook reflects the agency's view that increased political stability following the May 2024 general elections and impetus for reform could boost private investment and GDP growth. S&P further states that since the formation of the new broad coalition of 11 political parties under the Government of National Unity (GNU), debt yields and portfolio inflows have improved, leading to easing financing conditions and currency strengthening.

According to S&P, despite the government publishing weaker fiscal projections in the most recent Medium Term Budget Policy Statement (MTBPS) compared with those it published in the February 2024 Budget Review, the agency sees higher fiscal policy predictability regarding efforts towards achieving primary surpluses and fiscal consolidation.

Government's strategy focuses on achieving fiscal sustainability, supporting economic growth and critical social services, and addressing significant fiscal and economic risks. The four pillars of economic growth strategy are: (i) Maintaining macroeconomic stability; (ii) Implementing structural reforms; (iii) Building state capability; and (iv) Supporting growth-enhancing public infrastructure investment.

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