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MEDIA STATEMENT

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

Government notes the decision by S&P Global Ratings to affirm South Africa's long-term foreign currency sovereign credit rating at 'BB' and local currency rating at 'BB+', and to maintain the positive outlook.

S&P expects South Africa's real GDP growth to rise slightly to 1.2 percent in 2026 and average 1.7 percent over 2027-2029, as reforms to electricity and other sectors support growth. The agency noted that, in 2025/26, fiscal revenue outperformed budgeted targets and the government delivered its third consecutive fiscal year of rising primary surpluses. Given improving tax collection and expenditure restraint, S&P expects fiscal consolidation to continue through 2029/30, leading to a decline in government debt as a percentage of GDP.

S&P's positive outlook reflects scope for further fiscal improvement and debt stabilisation, conditional on continued consolidation and an easing of the current energy-price shock. The rating decision also recognises stronger revenue performance, which has enabled the government to maintain fiscal discipline while implementing targeted measures to protect vulnerable households, including the temporary fuel levy relief in response to elevated global energy prices. These interventions have been implemented in a manner that remains consistent with the existing fiscal framework and does not compromise the medium-term consolidation path.

S&P highlights the acceleration in structural reforms, particularly under Operation Vulindlela Phase II, which continues to address longstanding constraints in electricity, logistics, and infrastructure delivery. However, the agency notes that economic growth remains moderate in the near term, reflecting the impact of global headwinds and tighter financial conditions.

Its affirmation comes after S&P upgraded South Africa's ratings on 14 November 2025, with a positive outlook. This was the first upgrade in more than 16 years by any of the major global rating agencies.

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The retention of a positive outlook comes in a context in which 23 sovereigns' S&P ratings have been negatively impacted since the start of the current Middle East conflict in late February, including 14 investment-grade sovereigns. South Africa is currently one of only two G20 nations, alongside Italy, on a positive outlook from S&P.

The government remains committed to maintaining prudent fiscal policy, strengthening the credibility of the fiscal framework, and accelerating reforms that support higher growth, job creation, and improved service delivery. The government is developing a principles-based fiscal anchor to reinforce the credibility and durability of the fiscal framework.

The Director-General of the National Treasury, Duncan Pieterse, said: "The affirmation from S&P that government is on track to deliver on its commitment to reduce the debt to GDP ratio over the medium term reflects the progress we have made towards restoring the health of South Africa's public finances, and our ability to continue to do so despite geopolitical upheavals."

"Two of the major rating agencies, S&P and Moody's, now have South Africa on a positive outlook, which is an encouraging signal that we have the potential to lift our economic growth rate higher and reduce our public debt faster. We are determined to do so," Pieterse said.

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Issued by: National Treasury

Date: 29 May 2026