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MEDIA STATEMENT

GOVERNMENT'S RESPONSE TO THE RATING ACTION OF FITCH RATINGS (FITCH)

Government welcomes Fitch's decision to upgrade South Africa's long-term foreign and local currency credit ratings to 'BB' from 'BB-' and maintain the stable outlook. According to Fitch, the upgrade reflects South Africa's record of prudent fiscal management and its progress on fiscal consolidation, despite weak economic growth and domestic and external shocks. This, together with GDP revisions, leaves government debt-to-GDP ratio well below levels anticipated at the time of the rating downgrade to 'BB-' in 2020. This is Fitch's first rating upgrade on South Africa in almost 21 years.

The outcome means South Africa becomes only the second G20 country to be upgraded by Fitch this year. This is despite a challenging backdrop with five investment-grade sovereigns having received negative rating actions by Fitch since the current conflict in the Middle East began in late February.

Fitch notes that South Africa has transitioned from primary fiscal deficits to consistent and widening primary surpluses, alongside signs that government debt is stabilising amid improved revenue collection and disciplined expenditure management. The agency also highlights that the long average maturity of total government debt, at over 10 years, and low share of foreign-currency-denominated debt supports the sovereign rating. The agency also points to ongoing reforms in the energy and logistics sectors that are expected to support economic growth in coming years.

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The decision by Fitch comes after S&P Global Ratings upgraded South Africa’s rating by one notch in November 2025 and Moody’s put the rating on positive outlook. All three major rating agencies now have South Africa on ‘BB’ or ‘Ba2’, which is two levels below investment grade, with Moody’s and S&P having the sovereign on a positive outlook indicating they could look to upgrade their ratings within 12 to 18 months.

Government remains committed to sound public finances and to implementing structural reforms that will support higher and more inclusive economic growth and underpin investor confidence.

“Improved sovereign credit ratings help to lower borrowing costs for government, businesses and households and have tangible benefits for ordinary people,” said the Director-General of the National Treasury, Dr Duncan Pieterse.

“South Africa still has some way to go to regain its investment grade credit rating but for the first time in more than a decade we are seeing a clear turnaround in the downward ratings trend. The turnaround is especially notable because it comes at a time when the global sovereign credit trend is overwhelmingly negative,” Pieterse said.

“Fiscal policy continues to focus on achieving its twin objectives of stabilising and then reducing the debt to GDP ratio, by running a growing primary budget surplus – where revenue exceeds non-expenditure by an ever-wider margin. This will put government’s debt level on a more sustainable path. We will embed this principle in a fiscal anchor, details of which we expect to announce in the 2026 Medium Term Budget Policy Statement” Pieterse said.

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