

Sovereign credit ratings

Sovereign credit ratings indicate the creditworthiness of a government, and are an assessment of the capacity and willingness of that government to repay sovereign debt. They are assigned after a thorough assessment of indicators such as national and domestic income, economic structure, economic growth prospects, fiscal flexibility, the public debt burden, price stability, balance of payments flexibility and external debt and liquidity. An investment grade denotes a low level of credit risk, and is in general associated with sound economic fundamentals.

In the recent past, South Africa was afforded favourable credit ratings by three prominent international credit ratings agencies. The accompanying table shows the increasingly favourable rating of the long-term foreign-currency denominated debt of the South African government. The rating of this particular type of debt is important for a country wishing to access the international financial markets. An investment grade rating allows the country access to a wider range of potential investors, and usually contributes to a lower interest rate on the country's foreign debt.

The recent credit rating upgrades have put South Africa in the same category as countries such as Lithuania, Latvia and Tunisia.

Sovereign credit ratings of South Africa's long-term foreign-currency denominated debt

		Moody's		Standard and Poor's		Fitch	
		Rating	Date	Rating	Date	Rating	Date
↑ Lower risk	Investment grade	Aaa		AAA		AAA	
		Aa1		AA+		AA+	
		Aa2		AA		AA	
		Aa3		AA-		AA-	
		A1		A+		A+	
		A2		A		A	
		A3		A-		A-	
		Baa1		BBB+		BBB+	
		Baa2	29 Nov 2001	BBB	07 May 2003	BBB	02 May 2003
		Baa3	30 May 1995	BBB-	25 Feb 2000	BBB-	27 Jun 2000
↓ Higher risk	Speculative grade	Ba1		BB+	20 Nov 1995	BB+	19 May 2000
		Ba2		BB	03 Oct 1994	BB	22 Sep 1994
		Ba3		BB-		BB-	
		B1		B+		B+	
		B2		B		B	
		B3		B-		B-	
		Caa1		CCC+		CCC+	
		Caa2		CCC		CCC	
		Caa3		CCC-		CCC-	
		Ca		CC		CC	
		C		C		C	
-		D		D			

Note: South Africa's current ratings are highlighted