

# **BANK OF BOTSWANA**

## **PRESS RELEASE**

### **STANDARD & POORS AFFIRMS BOTSWANA'S "A-/A-2" SOVEREIGN CREDIT RATING FOR 2016**

Standard and Poor's (S&P) Rating Services has released Botswana's 2016 sovereign credit rating, which reaffirms the ratings of "A-" for long term bonds and "A-2" for short term bonds in domestic and foreign currency denominated borrowing. The economic outlook has been revised from "stable" to "negative".

S&P observed that the "A-/A-2" ratings have appropriately taken account of the impact of the ongoing commodity price shock on the country's fiscal position and economic activity, including the accumulated buffers which have enabled absorption of the terms of trade shocks. The assessment also notes that prudent fiscal management and robust institutional framework continue to reinforce the ratings. The revision of the outlook to "negative" is meant to reflect the downside risks emanating from the possibility of a prolonged commodity price shock, especially in the diamond sector. Overall, the sound fiscal position strengthens the country's resilience to external shocks.

The sovereign credit ratings are constrained by the country's narrow economic base and the continued dominance of the diamond sector in the economy, which makes the country susceptible to external shocks.