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Regional

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S&P downgrades Bermuda from “AA-” to “A+”

- On April 28th, 2015, Standard & Poor's Ratings Services lowered its sovereign credit ratings on Bermuda's long-term and senior unsecured debt ratings from “AA-” to “A+” citing concerns on weak economic performance, persistent government deficits, and increases in the debt burden.
- The credit rating outlook remains at “stable”.
- The agency expressed concerns that the economy continues to battle weak public finances, a situation which is expected to persist for the new two years.
- Additionally, given Bermuda's recessionary conditions for the past 6 years, this has resulted in fiscal deficits of 5% GDP for both 2013 and 2014. It is expected that the debt-financing of deficits will increase gross interest costs to more than 11% of revenues from government.
- Estimates from the Ministry of Finance show there was a contraction in real GDP of roughly 1.5% in 2014.
- Bermuda's gross general government debt stood at 39% of GDP in fiscal 2014.

- During the period 2009 to 2014, government revenues fell by roughly 7%. The 2015 budget saw increases in payroll air passenger, commercial property, corporate services, and fuel taxes.
- The government forecasts its fiscal deficit to improve to 3.9% of projected GDP in fiscal 2015.
- Bermuda is rated A1 (Stable) by Moody's and A+ (Stable) by Fitch.

Selected Indicators	2013	2014e	2015f	2016f
Real GDP growth (%)	-2.5	1.0	0.0	1.0
General government balance/GDP (%)	-5.4	-5.4	-3.9	-2.6
General government debt/GDP (%)	41.4	38.9	40.5	40.5
Net general government debt/GDP (%)	-13.6	-6.1	-3.9	-2.7
General government interest expenditure/revenues (%)	11.0	11.5	11.3	11.4
CPI growth (%)	1.8	2.0	1.6	1.8
Current account balance/CARs (%)	24.5	28.2	26.2	26.1

Source: Standard & Poor's



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