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S&P downgrades Turkey's local currency ratings from “BBB” to “BBB-”

- On May 8th, 2015, Standard & Poor's Ratings Services lowered its sovereign credit ratings on Turkey's long and short term *local currency sovereign credit ratings* from “BBB/A-2” to “BBB-/A-3” citing concerns with the independence of Turkey's central bank and rising currency volatility.
- The credit rating outlook remains at “negative”.
- The agency expressed concerns that the country's central bank continues to be challenged by the monetary authority's ability to fulfill its mandate of restoring price stability and curtail volatility of the exchange rate on the nation's future growth prospects.
- S&P affirmed its foreign currency sovereign credit ratings on Turkey at BB+ reflecting confidence that annual GDP growth will average about 3% from 2015-2018, external debt will remain relatively stable and the problematic issue of Turkey's leveraged private and state-owned banks, which have high current account deficits since 2008, will not require fiscal support.
- Moreover, S&P expects government will continue running limited deficits, averaging 1.6% of GDP in 2015-2016. In the medium term the agency believes the economy will be challenged with the need to address high unemployment and political instability.
- Currently, Turkey is rated by Moody's at Baa3 (Negative) and by Fitch at BBB- (Stable)



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