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International

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S&P revises United Kingdom's Credit Rating Outlook to Negative

- On 12th June 2015, United Kingdom had its credit rating outlook lowered to *negative* from *stable* by Standard and Poor's. Moreover, the agency affirmed the 'AAA' long-term and short-term sovereign credit rating.
- The outlook revision reflects the U.K. government's decision to hold a referendum on EU membership by 2017, which indicates that economic policymaking could be at risk of being more exposed to party politics.
- In addition, a possible U.K. departure from the EU also raises questions about the financing of the economy's large fiscal deficits and high short-term external debt.
- S&P believes that the results of the recent general elections could complicate the post-referendum scenario in Scotland should the U.K. decide to leave the EU. It is believed as the newly elected U.K. government enters into negotiations with its EU partners for potential treaty change, the aim is to agree at the same time upon a constitutional settlement entrusting wide-ranging powers to Scotland.
- United Kingdom is rated Aa1 (Stable) by Moody and AA+ (Stable) by Fitch.

Source: Standard & Poor's



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