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International

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Russia downgraded to “BB+” by Standard & Poor's

- Standard & Poor's lowered Russia Foreign Current Ratings to “BB+” from “BBB-”.
- The downgrade reflects the agency's view that Russia's monetary policy flexibility has become more limited and its economic growth prospects have weakened.
- Moreover, there is a heightened risk that external and fiscal buffers will deteriorate due to rising external pressures and increased government support to the economy. It is further noted that Russia's financial system is weakening, therefore limiting the Central Bank of Russia's (CBR's) ability to implement effective monetary policy.
- S&P projects that the economy will expand by about 0.5% annually in 2015-2018, below the 2.4% of the previous four years. This muted projected growth is partly as a legacy of a secular economic slowdown that had already begun before the recent developments in the Ukraine according to S&P.
- The negative outlook reflects the view that Russia's monetary policy flexibility could diminish further.
- The Russian Federation is rated Baa3/Negative by Moody's Investor Services.



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