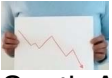


Negative Rating Actions Accelerate

Written by Rudi Prinsloo
Sunday, 07 June 2009 02:56 -



South Africa's corporate ratings are expected to be further affected in 2009, ratings agency Fitch said in a study published on Thursday.

Negative rating actions would increase as the country's main trading partners continued to experience challenging market conditions.

"Market conditions significantly deteriorated towards the end of 2008, negatively affecting the credit profiles of South African corporates.

"Fitch does not believe that the economic downturn will abate in the short-term," Roelof Steenekamp, associate director in Fitch's SA corporate team said.

He added that a sustained market recovery was only expected towards the end of 2010.

There were minimal rating actions during the first half of 2008 -- but with the onset of the global economic slowdown, negative rating actions accelerated in the second half of last year and in the first quarter of 2009.

This, Steemekamp said, was in line with the significant deterioration in the South African economy.

"This trend is likely to increase in 2009," he noted.

The diversified industrial sector showed the most negative rating actions during 2008 and the first quarter of 2009, he added, with the remaining rating actions spread between the mining, automotive, public sector enterprises (PSE) and manufacturing sectors.

The telecommunication and property sectors showed no negative rating actions during this period, he said.

Source : Sapa /jr/ks

Date : 04 Jun 2009 16:08