

**Egypt's Sovereign Credit Ratings aftermath Jan 25,
2011 and Its Impact on the Macroeconomic Variables**

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Abstract:

This paper examines the impact of political transformations in the aftermath Jan 25th 2011 revolution on the development of the sovereign credit rating of the Egyptian economy, Thus, the objectives of this paper are the following:

- The Conceptual underpinnings and the different levels of the sovereign credit ratings.
- Measure Impact the non-economic factors on the sovereign credit rating of the Egypt over the period 210-2014.

This paper is organized as follows. Section II provides Theoretical Background on Conceptual underpinnings and the different levels of the sovereign credit ratings. Section III reviews the existing literature and previous studies on rating determinants. Section IV econometric methodology to measure Impact the non-economic factors on the sovereign credit rating of the Egypt and presents the main results of the estimation, including goodness of fit and marginal effects analysis based on these findings. The last section summarizes and provides some concluding remarks.

التصنيفات الائتمانية السيادية لمصر في أعقاب 25 يناير وأثرها على الاقتصاد الكلي

المستخلص:

تبحث هذه الدراسة الحالية أثر أحداث 25/ يناير 2011م وما أعقبها من تحولات سياسية صاحبها الكثير من الاضطرابات والاحتجاجات السياسية، في آراء وكالات التصنيف الائتماني على التصنيفات الائتمانية السيادية للاقتصاد المصري، وقد استخدمت الدراسة نموذج قياسي بالاعتماد على إصدارات وكالات التصنيف عن الاقتصاد المصري خلال الفترة (2011-2014)، ومؤشرات أداء الاقتصاد المصري والعوامل السياسية ممثلة في نسبة المشاركة في الانتخابات والاستفتاء على الدستور المصري خلال فترة الدراسة وكذلك عدد الاضطرابات والاحتجاجات السياسية خلال نفس الفترة، وتشير نتائج الدراسة أظهرت النتائج التالية:

- أن مستوى الدين العام المحلي، وانخفاض معدلات النمو وارتفاع المستوى العام للأسعار ذات تأثير سلبي معنوي على تطور التصنيف الائتماني السيادي المصري، أكثر من الدين العام الخارجي، ويمكن أن يكون ذلك بسبب أن وكالات التصنيف الائتماني لا تميز بين أنواع الديون، إن وكالات التصنيف الائتماني تميل إلى رؤية أن المخاطر في مؤشرات الدين العام مرتفعة دون تمييز، وعلى العكس من النتائج حول الدين العام فإن التغييرات في سعر صرف العملات الأجنبية للجنة المصرية خلال الفترة (2011-2014) ذات تأثير سلبي ولكنه غير معنوي.

- تشير النتائج إلى أن العوامل السياسية لها تأثير غير معنوي وإن كان في علاقة سلبية مع تطور التصنيفات الائتمانية السيادية لمصر، في حين أن العوامل الاقتصادية أكثر تأثيراً. نعتقد أنه بسبب العوامل السياسية لها تأثير مباشر على الوضع الاقتصادي الذي يؤثر مباشرة على التصنيف الائتماني.

تقع الدراسة الحالية في أربعة أجزاء رئيسية يتناول الأول المقدمة متضمنة مشكلة البحث هدف ومنهجية الدراسة، ويتناول الجزء الثاني الجوانب النظرية في موضوع التصنيف الائتماني السيادي، ويتناول القسم الثالث الدراسات المعاصرة وأدبيات الدراسة، وفي الجزء الرابع منهجية القياس ونموذج ومتغيرات الدراسة ثم النتائج وتوصيات الرئيسة .

I- Introduction:

Egypt has witnessed in aftermath of the revolution Jan 25, 2011 transition period marked by political transformation accompanied by deteriorating socio-economic conditions and the high prices of basic goods and services, where, Egypt in the first ten years of the third millennium prior to the Jan 25th 2011 revolution has suffered from increased levels of corruption and economic performance bad, In spite of that,, the political considerations were more effective than the economic reasons, by virtue of the absence of political parties and real participation. in the presence of official opposition parties ineffective, and increasing the influence of a group of businessmen, has resulted in an increasing of unequal wealth and gains distribution, and Increase the level of food prices, spread the poverty and slums. Those circumstances have affected the sovereign credit ratings of Egypt since 2011 until now.

In general for all countries and in particular in the case of developing and emerging countries, Sovereign Credit Ratings (SCRs) play an important role in determining countries access to international capital markets and the terms of that access, it also has impacts on other aspects of country`s economy. The prevailing definition is that Sovereign credit Ratings (SCRs) are opinions published by specialized agencies "Credit Ratings Agencies' (CRAs), in evaluating credit risk, about the country's ability to repay the interest and principal of the public debt in due time and in accordance with the terms of these financial obligations.

This paper examines the impact of political transformations in the aftermath Jan 25th 2011 revolution on the development of the sovereign

credit rating of the Egyptian economy. Thus, the objectives of this paper are the following:

- The Conceptual underpinnings and the different levels of the sovereign credit ratings.
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This paper is organized as follows. Section II provides Theoretical Background on Conceptual underpinnings and the different levels of the sovereign credit ratings. Section III reviews the existing literature and previous studies on rating determinants. Section IV econometric methodology to measure Impact the politicaland economic factors on the sovereign credit rating of the Egypt and presents the main results of the estimation, The last section V summarizes and provides some concluding remarks.

II- Theoretical Background:

For all countries and in particular in the case of developing and emerging countries, Sovereign Credit Ratings (SCRs) play an important role in determining countries access to international capital markets and the terms of that access, it also has impacts on other aspects of country's economy. The prevailing definition is that Sovereign credit Ratings (SCRs) are opinions published by specialized agencies "Credit Ratings Agencies" (CRAs), in evaluating credit risk, about the country's ability to repay the interest and principal of the public debt in due time and in accordance with the terms of these financial obligations⁽¹⁾.

The sovereign credit ratings are also forward looking about the probability of the default⁽²⁾. However, ratings should not be regarded as assurances of credit quality or exact measures of the probability of default. Rather, the ratings devote a relative level of credit risk that reflects opinions of the rating agencies about the creditworthiness of an assure or credit quality of a particular debt issue.

There are many of credit rating agencies but the three major agencies (CRAs) are Standard & Poor's, Moody's investor Services, and Fitch ratings, the three biggest agencies cover about (95%) of the world market⁽³⁾, each agency applies its own methodology in measuring and evaluating the sovereign credit risk using a specific rating scale.

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- (1) Cantor, Richard, and F. Packer, (1996), "*Determinants and Impact of Sovereign Credit Ratings*," FRBNY Economic Policy Review, October, PP 37-54.
 - (2) Jaramillo, L. (2010), "Determinants of Investment Grade status in Emerging Markets" IMF Working Paper 10/117.
 - (3) New rules on credit rating agencies (CRAs), frequently asked questions, Brussels, 18 June 2013, European Commission, [http://europa.eu/rapid/press-release MEMO-13-571_en.htm](http://europa.eu/rapid/press-release_MEMO-13-571_en.htm)

To assess the creditworthiness and to form the opinion about government's ability and willingness to repay its financial obligations in full in accordance with their terms and duty time, the assessment of credit rating agencies rely on a broad set of economic, social, political, and financial attributes relevant to the government's issuer that may influence the issuer's ability to repay. These attributes include only few factors, for instance, key performance indicators, competitive trends, research and development prospects, patents rights, and labor relations. Sovereign credit ratings that issued by specialized agency in creditworthiness are provided in qualitative measure to cover the issuers of bonds and other instruments asset-backed securities.

The major credit ratings agencies (Moody's, Standard & poor`s, and Fitch), indicate that their assessments of government risk are based on the analysis of comprehensive set of economic, social, and political factors. Standard and poor's Ratings services has updated its data on the performance and default rates of sovereign ratings through year-end 2011. We can conclude that in general ⁽¹⁾:

- The relative rank ordering of sovereign readings has been consistent with historical default experience.
- Sovereign ratings have exhibited greater stability at higher rating levels than at lower levels.

(1) Jaramillo, L. and Tejada, C. (2011), "*Sovereign Credit Ratings and Spreads in Emerging Market: Does Investment Grade Matter?*" Grade status in Emerging Markets" IMF Working Paper. N, WP/11/44.

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- Sovereign ratings have been no more volatile than other credit ratings of private sector corporations and financial institution: large rating movements in either direction are the exception and not the rule even over years.

Every rating agency follows different rating techniques. The rating agency Moody's has 21 different types of ratings of which the top 10 are deemed to be investment grade. The remaining 11 are deemed to be speculative by the rating agency and —junk by the market. S&P has 12 different levels of ratings of which the top five are deemed to be investment grade. India's rating is BBB-, which is the last rating in the ratings which are deemed to be investment grade. If India's rating is downgraded, then the next rating is BB +. S&P defines it as a rating which is —considered highest speculative grade by market participants.

Table (1)

S&P, Moody's and Fitch rating systems

Characterization of debt and issuer (source: Moody's)		Rating			Linear transformation
		S&P	Moody's	Fitch	
Highest quality	Investment grade	AAA*	Aaa	AAA	21
High quality		AA+	Aa1	AA+	20
		AA	Aa2	AA	19
		AA-	Aa3	AA	18
Strong payment capacity		A+	A1	A+	17
		A	A2	A	16
		A-	A3	A-	15

Adequate payment capacity		BBB+	Baa1	BBB+	14
		BBB	Baa2	BBB	13
		BBB-	Baa3	BBB-	12
Likely to fulfill obligations, ongoing uncertainty		BB+	Ba1	BB+	11
		BB	Ba2	BB	10
		BB-	Ba3	BB-	9
High credit risk	Speculative grade	B+	B1	B+	8
		B	B2	B	7
		B-	B3	B-	6
Very high credit risk		CCC+	Caa1	CCC+	5
		CCC	Caa2	CCC	4
		CCC-	Caa3	CCC-	3
Near default with possibility of recovery		CC	Ca	CC	2
				C	1
Default	Default	SD D	C	DDD DD D	

Source: author elaboration, based on S&P, Moody's and Fitch websites

Hence BB+ is the first rating at the junk level. The ratings are essentially meant to be an estimate of probabilities. Hence, the bonds of a country which has a BB+ rating are expected to default more than the bonds of a country which has a BBB-rating, thus making them more risky.

CREDIT RATING As a credit-rating agency (CRA), the company issues credit ratings for the debt of public and private corporations. It is one of several CRAs that have been designated a nationally recognized statistical rating organization by the U.S. Securities and Exchange Commission.

Investment Grade:

- **AAA:** An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Poor's.
- **AAA:** : equivalent to Aaa
- **AA:** An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree. Includes:
 - **AA+:** equivalent to Moody's Aa1 (high quality, with very low credit risk, but susceptibility to long-term risks appears somewhat greater)
 - **AA:** equivalent to Aa2
 - **AA-:** equivalent to Aa3
- **A:** An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
- **A+:** equivalent to A1
- **A:** equivalent to A2
- **BBB:** An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

Speculative Grade (Non-Investment Grade)⁽¹⁾

- **BB:** An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitments.
 - **B:** An obligor rated 'B' is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.
 - **CCC:** An obligor rated 'CCC' is currently vulnerable, and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
 - **CC:** An obligor rated 'CC' is currently highly vulnerable.
 - **C:** highly vulnerable, perhaps in bankruptcy or in arrears but still continuing to pay out on obligations
 - **CI:** past due on interest
 - **R:** An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
 - **SD:** has selectively defaulted on some obligations
 - **D:** has defaulted on obligations and S&P believes that it will generally default on most or all obligations
 - **NR:** not rated
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(1)Mudigonda, srinivasa Rao, (2013), "*The Impact of Standard and Poor's Credit Rating on Indian Economy*," International Journal of Social Science & Interdisciplinary Research, Vol.2.

In their study, "Does Investment Grade Matter?"⁽¹⁾ to measure the impact of investment grade status on sovereign borrowing costs, Laura J and Catalina M asked whether moving up from a rating of BB+ to BBB- results in significantly lower spreads than any other movement along the rating scale, as such a move would be expected to considerably diversify and broaden the country's investor base. Previous studies generally convert ratings linearly to numerical values, under the simplifying assumption that, on average, one-notch movements have the same impact on spreads regardless of the asset class (i.e. investment grade or speculative grade).

III- Literature and previous studies:

Most studies that addressed the sovereign credit ratings and its impact on the macroeconomic variables found that the effects of ratings depend on the factors of ratings determinants. Rowland, Peter, 2004, by using a set of (49) developed and developing countries, found that six variable were likely to determine the ratings, namely, GDP growth, GDP per capita (capita income), inflation rate, level of economic development, external debt, and default history.

In contrast, other studies have divided the determinants of ratings according to the economic level of the country, Mudler & Perrelli (2001) report that for emerging market economies the ratio of investment to GDP

was the key factor determines the rating. In (2003) Afonso found that GDP per capita was the relevant factor explaining the ratings of developed countries, while external debt plays a key role in determining the rating of developing countries.

- (1) Jaramillo, L. and Tejada, C. (2011), “*Sovereign Credit Ratings and Spreads in Emerging Market: Does Investment Grade Matter?*” Grade status in Emerging Markets” IMF Working Paper. N, WP/11/44.
- (2) Rowland, Peter, 2004, “Determinants of Spread, Credit Ratings and Creditworthiness for developed and developing countries: A Follow-up Study Using Pooled Data Analysis,”
- (3) Mulder, Christian, and R. Perrelli, 2001, “Foreign Currency Credit Ratings for Emerging Market Economies:” IMF Working Paper 01/191, November 2001 (Washington: International Monetary Fund).
- (4) Afonso, Antonio, 2003, “Understanding the Determinants of Sovereign Debt Ratings: Evidence for the Two Leading Agencies,” *Journal of Economics and Finance*, Vol. 27, Number 1, spring.

In addition, Hartelius . A (2008)⁽¹⁾ found that political factors have a negative impact on the credit rating. Investigate the determinants of the

credit rating when the economy suffered under the revolution status. The empirical analysis covers the period from July 2005, when the first signs of increasing turmoil in global financial markets became visible, until about end-March 2014. The dependent variable is the daily 10-year government bond yield spreads relative to Germany for the following ten euro area countries: Austria, Belgium, Finland, France, Greece, Ireland, Italy, the Netherlands, Portugal and Spain. Since the start of stage three of the EMU5 and until the onset of the financial crisis, 10-year government bond yields for euro area countries converged and differentials vis-à-vis Germany became very low. Since September 2008, when the financial turmoil intensified, spreads started to widen considerably. In particular, countries such as Greece and Ireland experienced the largest increase in their bond spreads, followed by Portugal, Italy, Belgium, Austria and Spain. As already introduced in the literature review section, long-term government bond yield spreads are likely to depend on three sets of factors: (i) countries' credit risk, as captured particularly by indicators of fiscal positions; (ii) markets' liquidity risk, and (iii) degree of international risk aversion.

In a study about the Egyptian banking system post 25 Jan 2011, Sahar Nasr⁽²⁾ found that the banking sector in Egypt could be affected by the overall macroeconomic framework during periods of political and economical transition, following the January 25th revolution. Current assessment of the system reveals its resilience to the shocks due to the reforms undertaken to strengthen the system. In addition she has indicated that, there are concerns regarding the sustainability and irreversibility of the banking reform program. Preventing such problems, addressing gaps, and

maintaining a sound banking system, is therefore an essential economic policy target.

(1) Hartelius Archer et (2008) Determinants of Sovereign Spreads in Emerging Markets, IMF Working Paper No. 08/259.

(2) Nasr, Sahar, 2012 Cambridge Business & Economics Conference
ISBN : 9780974211428

Through a review of previous studies we can explain below the most important factors that affect the country's ability and willingness to service its debt:

Per capita income. The greater the potential tax bases of the borrowing country, the greater the ability of a government to repay debt. This variable can also serve as a proxy for the level of political stability and other important factors.

GDP growth. A relatively high rate of economic growth suggests that a country's existing debt burden will become easier to service over time.

Inflation. A high rate of inflation points to structural problems in the government's finances. When a government appears unable or unwilling to pay for current budgetary expenses through taxes or debt issuance, it must resort to inflationary money finance. Public dissatisfaction with inflation may in turn lead to political instability

Fiscal balance. A large federal deficit absorbs private domestic savings and suggests that a government lacks the ability or will to tax its citizenry to cover current expenses or to service its debt.

External balance. A large current account deficit indicates that the public and private sectors together rely heavily on funds from abroad. Current

account deficits that persist result in growth in foreign indebtedness, which may become unsustainable over time

External debt. A higher debt burden should correspond to a higher risk of default. The weight of the burden increases as a country's foreign currency debt rises relative to its foreign currency earnings (exports)

Economic development. Although level of development is already measured by our per capita income variable, the rating agencies appear to factor a threshold effect into the relationship between economic development and risk.

IV- The methodology and empirical model

As previously introduced in the literature review section, to assess the creditworthiness and government's ability and willingness to repay its financial obligations, the key credit rating agencies rely on a broad set of economic, social, political, and financial attributes. These attributes include only few factors, for instance, key performance indicators, competitive trends, research and development prospects, patents rights, and labor relations. The determinants of sovereign credit ratings are likely to depend on three sets of factors:

- Countries' credit risk, as included in indicators of fiscal status;
- Markets' liquidity risk
- Degree of international risk avoids.

The most commonly used indicators of a country's fiscal position are the general government debt and deficit ratio. Several papers also use the debt service ratio, interest payments as a share of GDP (Bernoth et al. 2004)⁽¹⁾, a country's credit rating (Manganelli and Wolswijk 2009)⁽²⁾, and

in some cases dummies on fiscal announcements (Afonso and Strauch (2004)⁽³⁾.

In this paper we will focus on the determinants of sovereign credit ratings in Egypt's economy during the period revolutionary situation, and in the aftermath of Jan 25, 2011. Here we will focus on the impact of political factors in the Egyptian's credit rating during the period 2011-2014. In this paper we will focus on the determinants of sovereign credit ratings in Egypt's economy during the period revolutionary situation, and in the aftermath of Jan 25, 2011. Here we will focus on the impact of political factors in the Egypt's credit rating during the period 2011-2014. We define a binary dependent variable for sovereign credit ratings grade, (upgrade vs. downgrade status) based on long-term and short-term sovereign ratings data from Moody's, S&P, and Fitch agencies. The rating for any given year is the end-December rating, and the dummy is made equal to 1 for credit rating were upgrade status and 0 for credit rating were downgrade status by at least two out of the three agencies. A random effects binomial logit model produces better results (from an econometric point of view) than those obtained from a pooled regression and a fixed effects regression. The advantage of this technique is that the marginal effect of any independent variable on the probability is conditional on the values of all covariates.

(3) Bernoth et al. (2004) "Interest Rate Swap Spreads and Policy Events: Some Evidence from the EU".

- (1)(Manganelli and Wolswijk (2009), “What Drives Spreads in the Euro Area Government Bond Market?” Economic Policy 24 (58), pp. 191-240.
- (2)Afonso and Strauch (2004),“What Hides Behind Sovereign DebtRatings?” European Central Bank Working Paper Series No. 711.

The model

The model specification can be written as:

$$IG = \alpha + \beta X_{it} + \lambda Z_{it} + \mu_{it}, \quad (1)$$

Where (*IG*) is the dependent variable (dummy binary variable) represents sovereign credit ratings for Egyptian economy, Dummy variable is equal to (1) if the credit rating was upgrade status, and is equal to (zero)for credit rating was downgrade status, by at least two out of the three agencies,

X is a vector containing the Macroeconomic variables.

Z is a vector of the political risk variable

Dataandvariables

The regression analysis is based on The regression analysis is based on the ratings data are obtained from the three main rating agencies for the 2011-2014, table (2, 3) as the dependent variable, the independent variables include:

- Macroeconomic variables:
 - *Per capita income*
 - External public debt
 - Domestic public debt

- GDP growth
- Inflation
- Exchange rate
- The political risk variable;
 - Political participation rate (ratio of the vote in the constitution and the presidential election)
 - The number of demonstrations and political turmoil

RESULTS AND CONCLUSIONS

This paper investigates the complex interactions between credit constraints, political unrest, and sovereign credit ratings for Egyptian economy. We estimate the seminal dynamic model by means of a novel two-step empirical approach and using a unique data set on Egypt 'Sovereign Credit Ratings by Agencies. The results show that:

- the level of domestic public debt have significant effect and negatively than external public debt for determining the Egyptian sovereign credit rating, It could be due to that the Credit Rating agencies do distinguish between types of debt. They tend to see risk in high public debt indicators, but do not seem to assign a significant weight to private external debt. On the contrary, the changes during (2011-2014) in foreign exchange rate negatively affect but not significant.
- Finally, and in general, the impact of political factors had a negative impact on the sovereign credit rating to Egypt, but not significantly, while the economic factors were more influential. We think that because the political factors have direct impact on the economic situation that directly impact on the credit rating.

- Table (2)
- Sovereign Credit Ratings by Agency

The Agency	Date	Sovereign C. R	Trends S.C. R	Outlook	Trends of Outlook
Fitch	28Jan 2011	Foreign currency Long-term rating from BB+ to BB.		Negative	From stable
Moody's	31Jan 2011	from BA1 to BA2	Down	Negative	From stable
S&P's	1 Feb 2011	Foreign and local currency from BB to BB+	Down	Negative	From stable
Fitch	3 Feb 2011	Debt ratings one notch to BB+.	Down	Negative	From negative
Moody's	16 Mar2011	Foreign currency one notch Ba2 to Ba3.	Down	Negative	Remain negative
Moody's	16 Mar2011	Government bond one notch Ba2 to Ba3.	Down	Negative	Remain negative
S&P's	18 Oct 2011	Foreign currency from BB- to BB	Down	Negative	Remain negative
S&P's	18 Oct 2011	Local currency from BB to BB+	Down	Negative	Remain negative
Moody's	27 Oct 2011	Government bond one notch Ba3 to B1.	Down	Negative	Remain negative
S&P's	24Nov 2011	Foreign and local currency from BB- to B+	Down	Negative	Remain negative
Moody's	21Dec 2011	Government bond from Ba1 to B2.	Down	Negative	Remain negative
Fitch	30Dec 2011	Foreign currency debt from BB to BB-	Down	Negative	Remain negative
S&P's	10Feb 2012	Long-term rating from B+ to B.	Down	Negative	Remain negative
Fitch	15June 2012	Long-term foreign currency from BB- to B+.	Down	Negative	Remain negative
S&P's	24Dec 2012	Long-term rating from B to B-.	Down	Negative	Remain negative

- Table (3)

- Sovereign Credit Ratings by Agency

The Agency	Date	Sovereign C. R	Trends S.C. R	Outlook	Trends of Outlook
Fitch	30Jan 2013	Sovereign credit rating from B+ to B.	Down	Negative	Remain negative
Moody's	12Feb 2013	Government bond from B2 to B3.	Down	Negative	Remain negative
Moody's	21Mar 2013	Government bond from B3 to Caa1.	Down	Negative	Remain negative
S&P's	9 May 2013	Long-term rating from B- to CCC+	Down	Negative	Remain negative
Fitch	6 July 2013	Sovereign credit rating from B to B-.	Down	Negative	Remain negative
S&P's	17July2013	maintained long-term sovereign ratings at CCC+/C,	Down	Stable	From negative
Moody's	24July 2013	Affirmed Egypt's government bond rating CAA1	Down	Negative	Remain negative
S&P's	15Nov2013	Raised long-term foreign currency sovereign credit rating from CCC+/C, to B-/B	Up	Stable	From Stable
Fitch	4 Jan 2014	Maintained the rating for long-term foreign at B-.	Down	Stable	From negative
S&P's	16 May 2014	Foreign and local currency long-and short-term 'B-/B'	Up	Stable	From Stable

V- References.

- (1) Afonso, Antonio, 2003, "Understanding the Determinants of Sovereign Debt Ratings: Evidence for the Two Leading Agencies," *Journal of Economics and Finance*, Vol. 27, Number 1, spring .
- (2) Afonso and Strauch (2004), "What Hides Behind Sovereign Debt Ratings?" *European Central Bank Working Paper Series No. 711*.
- (3) Bernoth et al. (2004) "Interest Rate Swap Spreads and Policy Events: Some Evidence from the EU".
- (4) Cantor, Richard, and F. Packer, (1996), "Determinants and Impact of Sovereign Credit Ratings," *FRBNY Economic Policy Review*, October, PP 37-54.
- (5) Hartelius Archer et (2008) *Determinants of Sovereign Spreads in Emerging Markets*, IMF Working Paper No. 08/259.
- (6) Jaramillo, L. and Tejada, C. (2011), "Sovereign Credit Ratings and Spreads in Emerging Market: Does Investment Grade Matter?" *Grade status in Emerging Markets*" IMF Working Paper. N, WP/11/44.
- (7) Jaramillo, L. and Tejada, C. (2011), "Sovereign Credit Ratings and Spreads in Emerging Market: Does Investment Grade Matter?" *Grade status in Emerging Markets*" IMF Working Paper. N, WP/11/44.
- (8) Jaramillo, L. (2010), "Determinants of Investment Grade status in Emerging Markets" IMF Working Paper 10/117.
- (9) Manganeli and Wolswijk (2009), "What Drives Spreads in the Euro Area Government Bond Market?" *Economic Policy* 24 (58), pp. 191-240.

- (10) Mulder, Ch New rules on credit rating agencies (CRAs), frequently asked questions, Brussels, 18 June 2013, European Commission,http://europa.eu/rapid/press-release_MEMO-13-571_en.htmristian, and R. Perrelli, 2001, "Foreign Currency Credit Ratings for Emerging Market Economies:"IMF Working Paper 01/191, November 2001 (Washington:International Monetary Fund).
- (11) Mudigonda, srinivasa Rao, (2013), "The Impact of Standard and Poor's Credit Rating on Indian Economy," International Journal of Social Science & Interdisciplinary Research, Vol.2.
- (12) Nasr, Sahar, 2012Cambridge Business & Economics Conference ISBN 9780974211428.
- (13) Rowland, Peter, 2004, "Determinants of Spread, Credit Ratings and Creditworthiness for developed and developing countries: A Follow-up Study Using Pooled Data Analysis,".
- (14) S&P, Moody's and Fitch websites