

## **Standard and Poor's Retains Indonesia's Investment Rating**

Jakarta - Standard and Poor's (S&P) Credit Rating Agency retains the Sovereign Credit Rating of the Republic of Indonesia at 'BBB' (investment grade) but revises the outlook to negative on 17 April 2020. In its report, the S&P states that Indonesia's rank is maintained at 'BBB' because of the stable institutional arrangements, strong economic growth prospects, and historically prudent fiscal policies.

Meanwhile, the negative outlook reflects S&P's expectation that in the future Indonesia will face increasing external and fiscal risks due to the upsurge in foreign obligations as well as government debt to finance the handling of the COVID-19 pandemic.

In responses to the S&P decision, Central Bank of Indonesia (BI) Governor Perry Warjiyo said in a press conference held in Jakarta on Friday night, "The negative outlook is believed not to be a reflection of fundamental economic problems, but rather triggered by S&P's concerns about the risk of worsening external and fiscal conditions due to the COVID-19 pandemic which will be temporary."

According to Perry, this belief is based on the fact that up to sometime before COVID-19 extended throughout the world, the confidence of investors and global rating agencies upon Indonesia's prospects and economic resilience was still very high. Supported by the consistency of the government and BI in implementing the fiscal, monetary, and structural reform policies. This trust is seen, among others, from the huge foreign capital inflows as well as the series of upgraded credit ratings given to Indonesia by various reputable global credit rating agencies throughout the world. (\*)

*Source: NERACA Newspaper – Monday, 20 April 2020, Page 6*