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Research Update:

South Africa Ratings Affirmed; Outlook Remains Negative On Weak Growth

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Overview

- Low GDP growth is putting South Africa's economic metrics at risk and could eventually weaken the government's social contract with business and labor.
- Rising political tensions are accentuating vulnerabilities in the country's sovereign credit profile.
- Still, energy sector improvements will likely reduce some of the economic bottlenecks and pending finalization of labor and mining reforms could engender a positive confidence shock. On the fiscal side, the government is showing greater resolve to reduce fiscal deficits at a faster pace than we expected.
- We are therefore affirming our 'BBB-/A-3' foreign currency and 'BBB+/A-2' local currency ratings on South Africa.
- The outlook remains negative, reflecting the potential adverse consequences of low GDP growth and signaling that we could lower our ratings on South Africa this year or next if policy measures do not turn the economy around.

Rating Action

On June 3, 2016, S&P Global Ratings affirmed its long- and short-term 'BBB-/A-3' foreign currency and 'BBB+/A-2' local currency sovereign credit ratings on the Republic of South Africa. The outlook remains negative.

At the same time, we affirmed the 'zaAAA/zaA-1' South Africa national scale ratings.

Rationale

South Africa's weak economic growth, relative to that of peers in similar wealth categories, continues to be hurt by a combination of factors, in our view. On the external side, adverse terms of trade and weak external demand have created headwinds. On the domestic side, drought and subdued mining and manufacturing output, coupled with structural constraints, remain key negative factors. Largely due to some of these cyclical factors, we have revised down our real GDP growth assumptions for South Africa to 0.6% in 2016 from our 1.6% forecast published in December 2015. As weather patterns and terms of trade revert to mean levels, economic growth should improve.

However, to place South Africa's economy on firmer footing and to maintain our investment-grade rating, we see several structural measures as key. The first is the provision of a reliable source of energy, where we have observed progress. Eskom, the state-owned power utility, has improved the energy supply through a better maintenance program, managing demand in peak periods, and by additions from its new power plants and from independent power producers. The combined measures have helped eliminate load shedding, which was prevalent in the last winter cycle and depressed overall 2015 economic growth. The second is labor reform. Prolonged strikes, mainly

in mining and some manufacturing sectors, combined with less flexible labor laws and high youth unemployment, continue to pose structural weaknesses to South Africa's economy. The third measure is the mining code, for which negotiations on Black Economic Empowerment are already sensitive. On these latter two points, we see risks that negotiations between the government, private sector, and unions could become protracted and, even if concluded, implementation could be nettlesome. Rules regarding labor relations and extractive industries are contentious in any country, but even more so in South Africa, given the historical legacy of apartheid. However, these challenges are not new and we believe a successful conclusion could help improve confidence and investment. The fourth factor pertains to the cohesion of the executive branch. Political tensions have increased in South Africa since the removal of former Finance Minister, Nhlanhla Nene, on Dec. 9, 2015; the Constitutional Court ruling against President Jacob Zuma on March 31, 2016; and periodic disputes between key government institutions and within the ruling African National Congress (ANC). We believe that these political factors--if they continue to fester--could weigh more on investor confidence than inconclusive labor or mining sector reform. We base our rating affirmation on the expectation that they will be held in check, albeit in the context of political jockeying in the run-up to local government elections in August of this year and the ANC's elective conference in December 2017.

Keeping in mind these structural issues and our expectation that future interest rate hikes by the U.S. Federal Reserve will not roil emerging markets and that China will remain moderately supportive of world growth, we forecast South Africa's economy will grow 1.5% in real terms in 2017 and rise above 2% only by 2019. We also estimate that real GDP per capita will stand at US\$5,000 this year and rise commensurately with growth through our forecast horizon to 2019.

South Africa has strong democracy with independent media and reporting. We believe South Africa will continue to maintain strong institutions such as the Public Protector and the Judiciary, which provide checks and balances. However, the latter have been tested after the executive and ANC-dominated legislature attempted to set aside some of the recommendations of the Public Protector. On a broader basis, South Africa has shown effective policy-making since 1994 that has produced sustainable public finances. That said, the socioeconomic dynamics of race and skewed income distribution have the potential, in our view, to shift policy toward intervention and income redistribution, at the cost of headline GDP growth.

On the fiscal side, the government is showing stronger resolve to reduce fiscal deficits, with targets of 3.2% of GDP this year, 2.8% in 2017, and 2.4% in 2018. This consolidation is being achieved through a combination of expenditure and revenue measures. On the expenditure side, the nominal expenditure ceiling, while tight, can accommodate unforeseen expenditure pressures within the existing framework--as was the case this year with extra outlays on university fees and higher-than-budgeted wage increases. On the revenue side, the government has introduced some tax hikes in trade and excise duties, among other measures. On the broader taxes, treasury tax collection targets have often performed better than suggested by nominal GDP growth, pointing to tax buoyancy that is somewhat resilient to weaker economic growth trends. However, the treasury's annual change in general

government debt in the past has tended to be higher than the reported deficit by at least 1% of GDP in the past five years. Therefore, we project the annual change in general government debt will average 4% of GDP over 2016-2019.

General government debt, net of liquid assets, increased to around 45% of GDP in 2015 from about 30% in 2010, and we expect it will stabilize at around 48% of GDP only in 2018-2019. Although less than a tenth of the government's debt stock is denominated in foreign currency, nonresidents hold about 35% of the government's rand-denominated debt, which could make financing costs vulnerable to foreign investor sentiment, exchange rate fluctuations, and rises in developed market interest rates. We project interest expense will remain at about 11% of government revenues this year. Debt-servicing costs could be higher than we estimate if domestic interest rates continue to rise owing to a repricing of South Africa risk or changing inflation expectations.

We currently view South Africa's contingent liabilities as limited. Nevertheless, in our view, the government faces risks from nonfinancial public enterprises with weak balance sheets, which may require more government support than we currently assume. Eskom benefits from a government guarantee framework of South African rand (ZAR) 350 billion (US\$22 billion)--about 7% of 2015 GDP. Eskom has used approximately ZAR170 billion of this guarantee amount to date. The government has provided Eskom a support package in the form of a ZAR23 billion equity injection, and a conversion of a ZAR60 billion loan to equity in order to boost the firm's capital. Other state-owned entities that we consider may pose a risk to the fiscal outlook include national road agency Sanral, which is reported to have revenue collection challenges with its Gauteng tolling system, and South African Airways, which may be unable to obtain financing without additional government support. In 2016, net general government debt and used government guarantees combined (excluding the independent power producers' guarantees, which are more like completion guarantees than financial guarantees of operation), account for close to 55% of GDP. Broader state-owned enterprise reform is under discussion but we do not expect it to conclude this year or next.

The size of the current account deficit has narrowed in 2015 owing to the lower price of oil (which constitutes about one-fifth of South Africa's imports), weak domestic demand, and some export response from the mining and auto manufacturing sectors. We believe real exports' growth will be slow over 2016-2019 as supply side constraints to production remain, while import growth may be compressed, with currency weakness and the weak domestic economy. Therefore, we estimate current account deficits will average 4% of GDP (or 12% of current account receipts) over 2016-2019. The rand floats and is an actively traded currency. According to the Bank of International Settlements' triennial survey of foreign exchange dealing, it is traded in 1.1% of global foreign-exchange contracts. The country finances its current account deficits mostly with portfolio and other investment flows, which can be volatile. Such volatilities could result from global changes in risk appetite; foreign investors reappraising prospective returns in the event of growth or policy slippage in South Africa; or rising interest rates in developed markets. We expect external debt net of liquid assets will average below 50% of current account receipts over 2016-2019.

South Africa continues to pursue a floating exchange rate regime. The South African Reserve Bank (SARB, the central bank) does not have exchange rate targets and does not defend any particular exchange rate level. It consequently forgoes expending reserves to lean against market sentiment. We assess the SARB as being operationally independent and its policies as credible. It uses an inflation-targeting framework for its monetary policy. The bank also uses open market operations to manage liquidity, including sterilizing its purchases of foreign exchange inflows. The repurchase (repo) rate is the bank's most important monetary policy instrument.

Despite lower oil prices, a weaker exchange rate and higher electricity prices have increased inflationary pressures. The central bank expects inflation to remain outside its 3%-6% target range in 2016 and early 2017 while these transitory shocks dissipate. The bank is in a monetary tightening cycle, with 75 basis points (bps) of cumulative hikes in 2016 so far, or 200 bps since January 2014. Domestic capital markets are well developed, in our view, with depository corporation claims on residents' nongovernment sector accounting for about 80% of GDP. Local currency debt market capitalization (dominated by government bonds) accounts for 60% of GDP.

Our long-term local currency sovereign rating on South Africa is two notches above the long-term foreign currency sovereign rating. This is because we believe that the sovereign's flexibility in its own currency is supported by the SARB's independent monetary policy, a large and active local currency fixed-income market, and a prudent fiscal policy.

South Africa remains a middle-income country with a diversified economy and wide income disparities. The ratings are supported by our assumption that South Africa will experience continued broad political institutional stability and macroeconomic policy continuity. We also take into account our view that South Africa will maintain fairly strong and transparent political institutions and deep financial markets. The ratings are constrained by the need for further reforms, low GDP growth, volatile sources of financing, structural current account deficits, and sizable general government debt.

Outlook

The negative outlook reflects the potential adverse consequences of low growth and signals that we could lower our ratings on South Africa this year or next if policy measures do not turn the economy around.

We could lower the ratings if GDP growth does not improve in line with our current expectations, or wealth levels continue to decline in U.S. dollar terms. We could also lower the ratings if we believed that institutions became weaker due to political interference affecting the government's policy framework.

Downward rating pressure would also mount if net general government debt plus government guarantees to financially weak government-related entities together surpass 60% of GDP throughout our forecast period through 2019. A reduction in fiscal flexibility could also lead us to narrow the gap between the local and foreign currency ratings.

We could revise the outlook to stable if we observed policy implementation leading to improving business confidence and increasing private sector investment, and ultimately contributing to higher GDP growth.

Key Statistics

Table 1

Republic of South Africa Selected Indicators										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ECONOMIC INDICATORS (%)										
Nominal GDP (bil. ZAR)	2,748	3,020	3,245	3,539	3,797	4,043	4,336	4,653	5,016	5,423
Nominal GDP (bil. US\$)	375	416	395	367	350	317	275	291	314	339
GDP per capita (US\$000s)	7.4	8.1	7.5	6.9	6.5	5.8	4.9	5.1	5.5	5.8
Real GDP growth	3.0	2.9	2.5	2.8	1.7	1.2	0.6	1.5	1.8	2.1
Real GDP per capita growth	1.5	1.4	1.0	1.2	0.1	(0.5)	(0.9)	0.0	0.3	0.6
Real investment growth	(3.9)	5.5	2.6	7.0	1.5	2.5	0.3	1.3	1.5	1.5
Investment/GDP	19.5	19.7	20.0	21.1	20.8	20.7	20.7	21.1	21.5	21.5
Savings/GDP	18.0	17.5	15.0	15.4	15.4	16.4	16.6	17.0	17.3	17.0
Exports/GDP	28.6	30.5	29.8	30.9	31.3	30.5	31.0	31.8	32.4	32.7
Real exports growth	7.7	3.6	0.7	3.6	3.3	3.8	2.5	3.9	3.4	3.0
Unemployment rate	24.9	24.8	24.9	24.7	25.1	25.4	25.9	26.1	25.9	25.9
EXTERNAL INDICATORS (%)										
Current account balance/GDP	(1.5)	(2.2)	(5.0)	(5.8)	(5.4)	(4.3)	(4.2)	(4.1)	(4.2)	(4.5)
Current account balance/CARs	(5.0)	(6.8)	(15.9)	(17.6)	(16.3)	(13.1)	(12.4)	(12.0)	(12.1)	(12.9)
Trade balance/GDP	2.2	1.7	(1.0)	(1.9)	(1.8)	(0.9)	(1.1)	(1.0)	(1.1)	(1.4)
Net FDI/GDP	1.0	1.1	0.4	0.5	(0.5)	(1.1)	(0.5)	(0.2)	0.3	0.4
Net portfolio equity inflow/GDP	2.7	1.1	2.6	1.6	1.3	1.4	1.3	1.3	1.3	1.3
Gross external financing needs/CARs plus usable reserves	98.9	100.5	104.1	109.3	107.8	110.2	102.6	103.3	104.2	105.9
Narrow net external debt/CARs	1.4	3.7	21.4	19.0	26.6	34.8	46.5	48.0	46.6	44.7
Net external liabilities/CARs	84.0	31.2	42.6	11.1	20.3	32.8	49.8	58.2	59.8	61.4
Short-term external debt by remaining maturity/CARs	28.9	27.1	29.3	37.9	37.3	48.9	41.5	38.2	35.9	33.9
Reserves/CAPs (months)	4.0	3.7	4.1	4.3	4.4	5.0	5.3	4.9	4.5	4.1
FISCAL INDICATORS (% , General government)										
Balance/GDP	(4.3)	(3.7)	(4.2)	(3.8)	(3.6)	(3.9)	(3.2)	(2.9)	(2.6)	(2.4)
Change in debt/GDP	6.8	6.5	5.5	6.2	5.6	6.5	4.4	4.2	3.9	3.7
Primary balance/GDP	(1.9)	(1.1)	(1.5)	(1.0)	(0.6)	(0.7)	0.2	0.6	1.0	1.1
Revenue/GDP	27.8	27.9	28.0	28.5	29.0	30.3	30.5	30.9	31.3	31.5
Expenditures/GDP	32.0	31.6	32.2	32.3	32.6	34.1	33.8	33.8	33.9	34.0
Interest /revenues	8.7	9.1	9.7	10.0	10.4	10.6	11.2	11.3	11.4	11.4
Debt/GDP	36.0	39.3	42.1	44.8	47.4	51.0	51.9	52.5	52.6	52.3

Table 1

Republic of South Africa Selected Indicators (cont.)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt/Revenue	129.8	141.0	150.5	157.2	163.5	168.5	169.9	170.2	167.9	166.1
Net debt/GDP	29.9	32.8	36.4	39.6	42.4	46.1	47.4	48.3	48.6	48.6
Liquid assets/GDP	6.2	6.6	5.7	5.2	5.0	4.9	4.5	4.3	4.0	3.7
MONETARY INDICATORS (%)										
CPI growth	4.3	5.0	5.6	5.7	6.1	4.6	6.5	6.0	5.4	5.4
GDP deflator growth	6.4	6.8	4.8	6.1	5.5	5.2	6.6	5.7	5.9	5.9
Exchange rate, year-end (ZAR/US\$)	6.63	8.14	8.50	10.49	11.58	15.55	16.00	16.00	16.00	16.00
Banks' claims on resident non-gov't sector growth	6.1	5.6	10.6	6.0	9.0	11.0	8.0	8.0	8.0	8.0
Banks' claims on resident non-gov't sector/GDP	78.7	75.7	77.9	75.7	76.9	80.1	80.7	81.2	81.4	81.3
Foreign currency share of claims by banks on residents	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency share of residents' bank deposits	2.5	2.8	3.5	3.9	4.6	5.9	4.0	4.0	4.0	4.0
Real effective exchange rate growth	15.6	(2.1)	(5.4)	(10.5)	(6.4)	(0.5)	N/A	N/A	N/A	N/A

Savings is defined as investment plus the current account surplus (deficit). Investment is defined as expenditure on capital goods, including plant, equipment, and housing, plus the change in inventories. Banks are other depository corporations other than the central bank, whose liabilities are included in the national definition of broad money. Gross external financing needs are defined as current account payments plus short-term external debt at the end of the prior year plus nonresident deposits at the end of the prior year plus long-term external debt maturing within the year. Narrow net external debt is defined as the stock of foreign and local currency public- and private- sector borrowings from nonresidents minus official reserves minus public-sector liquid assets held by nonresidents minus financial-sector loans to, deposits with, or investments in nonresident entities. A negative number indicates net external lending. ZAR--South African rand. CARs--Current account receipts. FDI--Foreign direct investment. CAPs--Current account payments. N/A--Not applicable. The data and ratios above result from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information.

Ratings Score Snapshot

Table 2

Republic of South Africa Ratings Score Snapshot

Key rating factors

Institutional assessment	Neutral
Economic assessment	Weakness
External assessment	Neutral
Fiscal assessment: flexibility and performance	Weakness
Fiscal assessment: debt burden	Neutral
Monetary assessment	Strength

S&P Global Ratings' analysis of sovereign creditworthiness rests on its assessment and scoring of five key rating factors: (i) institutional assessment; (ii) economic assessment; (iii) external assessment; (iv) the average of fiscal flexibility and performance, and debt burden; and (v) monetary assessment. Each of the factors is assessed on a continuum spanning from 1 (strongest) to 6 (weakest). Section V.B of S&P Global Ratings' "Sovereign Rating Methodology," published on Dec. 23, 2014, summarizes how the various factors are combined to derive the sovereign

foreign currency rating, while section V.C details how the scores are derived. The ratings score snapshot summarizes whether we consider that the individual rating factors listed in our methodology constitute a strength or a weakness to the sovereign credit profile, or whether we consider them to be neutral. The concepts of "strength", "neutral", or "weakness" are absolute, rather than in relation to sovereigns in a given rating category. Therefore, highly rated sovereigns will typically display more strengths, and lower rated sovereigns more weaknesses. In accordance with S&P Global Ratings' sovereign ratings methodology, a change in assessment of the aforementioned factors does not in all cases lead to a change in the rating, nor is a change in the rating necessarily predicated on changes in one or more of the assessments.

Related Criteria And Research

Related Criteria

- General Criteria: S&P Global Ratings' National And Regional Scale Mapping Tables - June 01, 2016
- Criteria - Governments - Sovereigns: Sovereign Rating Methodology - December 23, 2014
- General Criteria: National And Regional Scale Credit Ratings - September 22, 2014
- General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers - May 07, 2013
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments - May 18, 2009

Related Research

- Sovereign Risk Indicators - May 3, 2016. An interactive version is available at www.spratings.com/SRI:
- Default, Transition, and Recovery: 2015 Annual Sovereign Default Study And Rating Transitions - May 24, 2016

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see 'Related Criteria And Research'). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision. After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee agreed that all key rating factors were unchanged.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see 'Related Criteria and Research').

Ratings List

	Rating	
	To	From
South Africa (Republic of)		
Sovereign Credit Rating		
Foreign Currency	BBB-/Negative/A-3	BBB-/Negative/A-3
Local Currency	BBB+/Negative/A-2	BBB+/Negative/A-2
South Africa National Scale	zaAAA/--/zaA-1	zaAAA/--/zaA-1
Transfer & Convertibility Assessment	BBB+	BBB+
Senior Unsecured		
Foreign Currency [#1]	BBB-	BBB-
Foreign Currency	BBB-	BBB-
Local Currency [#1]	BBB+	BBB+
Local Currency	BBB+	BBB+
Short-Term Debt		
Foreign Currency	A-3	A-3
Development Bank of Southern Africa Ltd.		
Senior Unsecured		
Local Currency[1]	BBB+	BBB+
Republic of South Africa Sukuk No. 1 Trust		
Senior Unsecured		
Foreign Currency	BBB-	BBB-

[1] Dependent Participant(s): South Africa (Republic of)

[#1] Issuer: Transnet SOC Ltd., Guarantor: South Africa (Republic of)

Regulatory Disclosures

- Primary credit analyst: Gardner Rusike, Associate Director
- Rating committee chairperson: John Chambers, CFA
- Date initial rating assigned: Oct. 3, 1994
- Date of previous review: Dec. 4, 2015

Disclaimers

This rating has been determined by a rating committee based solely on the committee's independent evaluation of the credit risks and merits of the issuer or issue being rated in accordance with S&P Global Ratings' published criteria and no part of this rating was influenced by any other business activities of S&P Global Ratings.

This credit rating is solicited. The rated entity participated in the credit rating process. S&P Global Ratings had access to the accounts, financial records and other relevant internal, non-public documents of the rated entity or a related third party. S&P Global Ratings has used information from sources believed to be reliable but does not guarantee the accuracy, adequacy, or completeness of any information used.

Glossary

- Consumer price index: Index of prices of a representative set of consumer goods regularly bought by a typical household.
- Contingent liabilities: Obligations that have the potential to become government debt, or affect a government's credit standing if they materialize.
- Current account balance: Exports of goods and services minus imports of the same plus net factor income plus official and private net transfers.
- Current account receipts (CARs): Proceeds from exports of goods and services plus factor income earned by residents from nonresidents plus official and private transfers to residents from nonresidents.
- Date initial rating assigned: The date S&P Global Ratings assigned the long-term foreign currency issuer credit rating on the entity.
- Date of previous review: The date S&P Global Ratings last reviewed the credit rating on the entity.
- Debt burden assessment: Reflects a sovereign's prospective debt level, as indicated by the general government debt relative to GDP (including assessment of contingent liabilities), the interest cost of the debt relative to general government revenue, and debt structure and funding access.
- Depository corporation claims: Claims from resident depository corporations (excluding those of the central bank) on the resident nongovernment sector.
- Economic assessment: Based on the analysis of economic structure and growth prospects. Reflects income levels (GDP per capita), economic growth prospects, and economic diversity and volatility.
- External assessment: Based on the analysis of external liquidity and international investment position as well as the status of a sovereign's currency in international transactions. Reflects a country's ability to obtain funds from abroad necessary to meet its public- and private-sector obligations to nonresidents.
- Fiscal performance and flexibility assessment: Reflects the sustainability of sovereign's fiscal deficits. Based on the prospective change in general government debt, calculated as a percentage of GDP, taking into account long-term trends and a government's fiscal flexibility and vulnerabilities.
- Foreign direct investment (FDI): Direct investment by nonresidents.
- GDP per capita: GDP divided by population.
- General government: Aggregate of the national, regional, and local government sectors, including social security and other defined benefit public-sector pension systems, and excluding intergovernmental transactions.

- General government debt: Debt incurred by national, regional, and local governments and central bank debt.
- General government interest: Interest payments on general government debt.
- General government liquid financial assets: General government deposits in financial institutions (unless the deposits are a source of support to the recipient institution), widely traded securities, plus minority arms-length holdings of incorporated enterprises that are widely traded plus balances of defined-benefit government-run pension plans or social security funds (or stabilization or other freely available funds) that are held in bank deposits, widely traded securities, or other liquid forms.
- Gross domestic product (GDP): Total market value of goods and services produced by resident factors of production.
- Gross external financing needs: Current account payments plus short-term external debt at the end of the prior year, including nonresident deposits at the end of the prior year plus long-term external debt maturing within the year.
- Institutional assessment: An analysis of how a government's institutions and policymaking affect a sovereign's credit fundamentals by delivering sustainable public finances, promoting balanced economic growth, and responding to economic or political shocks. Reflects the effectiveness, stability, and predictability of the sovereign's policymaking and political institutions; transparency and accountability of institutions, data, and processes; the sovereign's debt payment culture; and security risks.
- Monetary base: Local currency in circulation plus the monetary authority's local currency liabilities to other depository corporations.
- Monetary assessment: The extent to which a sovereign's monetary authority can fulfil its mandate while supporting sustainable economic growth and attenuating major economic or financial shocks. Based on the analysis of the sovereign's ability to coordinate monetary policy with fiscal and other economic policies to support sustainable economic growth; the credibility of monetary policy, and the effectiveness of market-oriented monetary mechanisms.
- Narrow net external debt: Stock of foreign and local currency public- and private-sector borrowings from nonresidents minus official reserves minus public-sector liquid claims on nonresidents minus financial sector loans to, deposits with, or investments in nonresident entities.
- Net general government debt: General government debt minus general government liquid financial assets.
- Net external liabilities: Total public- and private-sector liabilities to nonresidents minus total external assets.
- Official reserves: Monetary authority liquid claims in foreign currency (including gold) on nonresidents.
- Real GDP per capita: Constant-price per capita GDP.
- Terms of trade: Price of goods exports relative to price of goods imports.
- Usable reserves: Official reserves minus items not readily available for foreign exchange operations and repayment of external debt.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at spcapitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public Web site at

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