

Fitch Grants Brazil Investment Grade Following Standard & Poor's

Contributed by Newsroom
Saturday, 31 May 2008

Following in the footsteps of Standard and Poor's Fitch Ratings became the second large rating agency in less than a month to up Brazil credit ratings to investment grade. Fitch said in a statement that the upgrade "reflects the dramatic improvement in Brazil's external and public sector balance sheet".

It also praised Brazilian authorities for their commitment to low inflation and a primary budget surplus "that has dispelled previous concerns over medium-term fiscal sustainability." Fitch upgraded Latinamerica's largest economy long-term foreign currency ratings to "BBB-" from "BB+"

Brazilian Central Bank president, Henrique Meirelles, said the announcement of a second investment-grade credit rating was a reward for proving that Brazil's economy can grow at a sustainable pace.

"The main reason that Brazil won investment grade is precisely because it is showing that it has the capacity to grow with stability," Meirelles told reporters in Brazilian capital Brasília, adding that the upgrade would increase the pool of investors that can buy Brazilian securities.

Brazil's Finance Minister, Guido Mantega, said the solid fiscal position of Brazil is the main reason behind its recognition by two major credit agencies.

Standard & Poor's upgraded Brazil's debt in April. Moody's Investors Service is the only major agency to now rate Brazil's sovereign bonds below investment grade.

On Fitch's announcement the real rallied to 1.639 per US dollar, the strongest since January 20, 1999.

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