



# Fitch revises South Africa's outlook to 'stable' on economic recovery

Fitch this week upgraded the outlook on South Africa's long-term foreign-currency issuer default rating to "stable" from "negative", citing a faster-than-expected economic recovery.



Source: REUTERS

"A recovery is underway and GDP now seems on track to return to pre-pandemic levels during 2022," Fitch said.

The rating agency affirmed the country's sovereign debt rating at 'BB-', constrained by high and rising government debt, low trend growth, and high inequality.

Fitch said the revision reflected South Africa's "surprisingly" strong fiscal performance this year and significant improvements to key GDP-based credit metrics following the re-basing of national accounts.

The pandemic continues to weigh on the economic performance of South Africa, the country worst affected by the pandemic on the African continent in terms of confirmed infections and deaths, Fitch said, adding that the likelihood of severe negative effects on creditworthiness has declined over the last year.