The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia's Debt Rating Slashed Again by Moody's as Economy Falters

By The Moscow Times

October 19, 2014



Russia's President Vladimir Putin attends the closing ceremony of Europe-Asia summit (ASEM) in Milan, Oct. 17, 2014.

Moody's Investors Service cut Russia's sovereign debt rating to Baa2 from Baa1, becoming the second ratings agency to cut the country's ratings this year, after S&P initiated a downgrade in April.

Moody's said the prolonged crisis in Ukraine was weighing on Russia's medium-term growth prospects.

"The military confrontation in Ukraine and escalating sanctions against Russia are likely to have an increasingly negative macroeconomic impact on Russia's investment climate," the ratings agency said Friday. The agency maintained its negative outlook on Russia.

Moody's cited the ongoing erosion of Russia's foreign exchange buffers due to low oil prices

and Russian borrowers' restricted access to international markets as key drivers for the downgrade.

The agency expects real growth to start declining by the end of the year and continue falling at least until mid-2015.

Moody's also lowered Russia's long-term country ceilings for local and foreign currency debt and for local currency deposits to 'A3' from 'A2'.

Original url:
https://www.themoscowtimes.com/2014/10/19/russias-debt-rating-slashed-again-by-moodys-as-economy-falters-a40531