



**Bank of Botswana**

September 16, 2022

## **PRESS RELEASE**

### **S&P AFFIRMS THE SOVEREIGN CREDIT RATING AND THE ECONOMIC OUTLOOK ON BOTSWANA**

On September 16, 2022, S&P Global Ratings (S&P) released an update of the sovereign credit rating for Botswana. The rating agency maintained the country's sovereign credit rating for long and short term foreign and local currency sovereign credit at "BBB+/A-2", and the stable outlook. The stable outlook is on account of S&P's expectation that the demand for Botswana's diamond will remain strong against downsides risks presented by the weakening global economic activity.

According to S&P, the investment grade BBB+ and A-2 credit ratings are underpinned by the country's robust institutional frameworks (compared with that of regional peers), which has supported the prudent management of the country's natural wealth; strong monetary policy framework; proactive and independent central bank; strong mineral revenues that will support broadly balanced fiscal outcomes; all of which support durable macroeconomic stability. S&P expects Botswana's current account and fiscal outcomes to be supported by strong diamond revenues in the medium term. The rating agency also indicated that the gradual widening of the current account surpluses will strengthen foreign exchange reserves and support the exchange rate framework.

The S & P Global Ratings indicated that, on the one hand, a rating upgrade could occur if there is a significant increase in Botswana's economic growth, along with the diversification of the export base, that could lead to greater economic resilience. On the other hand, a rating downgrade, may arise in the event of a weaker fiscal or external sectors' performance, combined with a short-lived recovery in the upstream and downstream diamond segments.

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