

20120119 Bank Indonesia: Moodys Upgrades Indonesia Sovereign Rating

Source: Bank Indonesia

Moody's Investors Service has today (January 18, 2012) upgraded Republic of Indonesia's foreign and local-currency bond ratings to Baa3 with stable outlook. In the press release today, Moody's stated the key factors supporting this action were (1) Moody's anticipation that government financial metrics will remain in line with Baa peers (2) The demonstrated resilience of Indonesia's economic growth to large external shocks (3) The presence of policy buffers and tools that address financial vulnerabilities and (4) A healthier banking system capable of withstanding stress.

According to Christian de Gusman, Moody's Lead Analyst for Indonesia mentioned in the press release rationale for the upgrade is Indonesia's cyclical resilience to large external shocks points to sustainably high trend growth over the medium term. Robust growth has been accompanied by the continued health of its external payments position, supported by increasingly large flows of foreign direct investment, while inflationary expectations are becoming better anchored at a more stable and historically lower level.

"Having the Investment Grade from two Major Rating Agencies (Fitch and Moody's) shows that Indonesia is gaining stronger acknowledgment due to its strong economic performance, amidst highly uncertain condition in the global economy. I believe, Indonesia could achieve a better performance in 2012", says Darmin Nasution, Bank Indonesia Governor.

NovaRes Team