

S&P Downgrades Japan's Sovereign Credit Rating to A+



New York, September 17 (RHC)-- Standard & Poor's ratings agency has downgraded its sovereign credit rating for Japan by one notch, saying that chances for the country being able to revive its economic growth are slim.

The agency noted that the East Asian country was not probable to end the current state of deflation in its economy and reinvigorate growth within the next few years, AFP reported.

"Despite showing initial promise, the government's strategy to revive economic growth and end deflation appears unlikely to reverse this deterioration in the next two to three years," the agency added. Standard & Poor's then stated that it has lowered the sovereign ratings on Japan to A+ from AA-.

Japan's economy has been in a state of deflation for the past two years after Prime Minister Shinzo Abe launched his "Abenomics" policy to kick-start the economy and overcome deflation.

The prime minister's program, which has been largely stalled so far, calls for big government spending, massive Bank of Japan monetary easing and reforms to cut bureaucratic red tape in the country's highly-regulated economic system.

"We believe the likelihood of an economic recovery in Japan strong enough to restore economic support for sovereign creditworthiness commensurate with our previous assessment has diminished," S&P said.

The agency noted that "Japan's very weak fiscal attributes are an important weakness in its credit metrics," while projecting the national debt to reach 135 percent of GDP in fiscal 2018.

The downgrade came just a day after the Japanese central bank held fire on expanding its monetary easing program, while economists warned that more stimulus could be needed to boost the country's sagging economy.

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