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ECONOMIA

Standard & Poor's may cut Portugal's rating

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A budget implementation that is lower than expected or reform plans that don't work may lead the rating agency to cut the rating it gives to Portugal.

Standard & Poor's placed Portugal's BB rating under a negative outlook on Wednesday and acknowledged it may cut the country's rating "in the coming months".

The rating agency said it would make the cut "if the budget implementation is lower than expected, if the reform plans don't work, if there is no more official support or if political tensions increase leading to delays in the 2014 budget or its revisions".

S&P also said in its communiqué that the "potential failures in the (economic and financial assistance) programme may increase the uncertainty about the trajectory of the debt and the likelihood of Portugal needing a second programme".

The agency also believes that the Constitutional Court decisions "raise doubts about whether Portugal is going to be able to comply with the ambitious debt stability target in the (adjustment) programme".

Nevertheless, Standard & Poor's said the Portuguese economy was showing signs of stabilisation and noted that exports were "stronger than expected".