

## NEWS from BELIZE

# MOODY'S INVESTORS SERVICE

*By Aaron Humes*

Moody's Investors Service today announced it had upgraded the long-term local and foreign currency issuer ratings of the Government of Belize to Caa2 from Caa3, with a stable outlook. The upgrade reflects the reduction in the debt/GDP ratio following the buyback of the "superbond" in November 2021 and its expectation of a further reduction supported by a balanced primary budget going forward.

<https://www.breakingbelizenews.com/2022/12/09/belize-economy-stable-after-debt-reservicing-says-moodys-ratings-improve/>

Moody's reported that "although the reduction in the debt/GDP ratio benefits from a statistical nominal GDP rebasing effect that broadens the economic base, the rebasing also highlights the government's inability before the restructuring to service a lower than initially assumed debt/GDP burden, underscoring Belize's continued weak debt tolerance."

Moody's judged that Belize's financial risks are balanced – a prospect of fiscal and economic reform implementation from Belmopan measured against the economy's limited external shock absorption capacity with repercussions on the government's access to external liquidity for external debt service payments.

Concurrently, Belize's local currency (LC) ceiling has been raised to B3 from Caa1, reflecting persistent external imbalances and moderate predictability and reliability of institutions and government actions. Similarly, the foreign currency (FC) ceiling has been raised to Caa1 from Caa2 reflecting moderate external indebtedness, a weak track record of policy effectiveness and potential capital account restrictions to safeguard the currency peg to the U.S. dollar in times of stress.