

RAEX-Europe downgraded the credit ratings of Armenia from 'BB-' to 'B+'. The rating outlook is stable.

RAEX-Europe downgraded the sovereign government credit ratings (SGCs) of Armenia from 'BB-' to 'B+' (moderately low level of creditworthiness of the government) in national and foreign currency. The rating outlook is stable, which means that in the mid-term perspective there is a high probability of maintaining the rating score.

The change of the credit ratings for Armenia from 'BB-' to 'B+' reflects a higher than expected contraction of the economy due to the COVID-19 outbreak and an increase in the budget deficit and debt levels by the end of 2020. Also, the six-week war with Azerbaijan amplified this dynamic and the achieved peace agreement resulted in a declining support for the government of the prime minister Nikol Pashinyan. In addition, the inflation rate grew significantly due to the sharp depreciation of AMD and increase in the world commodity prices. Progress of the vaccination campaign can be assessed as slow.

Research report on Armenia is available at:

https://raexpert.eu/reports/Research_report_Armenia_09.07.2021.pdf

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