

Scope Ratings completes euro area sovereign coverage



Scope Ratings

Scope Ratings has assigned first-time credit ratings to Cyprus (BBB-/Stable), Luxembourg (AAA/Stable) and Malta (A+/Stable), thereby extending the rating agency's coverage to all 19 euro area sovereigns.

Luxembourg ranks among Scope's four AAA-rated euro area sovereigns alongside Austria, Germany and Netherlands which also share the city state's stable outlook. Malta shares A+ ratings with Estonia, Ireland and Slovakia. Cyprus ranks above Greece (B+/Positive) but below Portugal (BBB/Stable) in Scope's assessment of euro area countries whose public finances are under the most strain.

Figure 1: Scope's euro area long-term sovereign ratings as of 15 November 2018

Euro Area Sovereigns					
Austria	AAA/Stable	Greece	B+/Positive	Malta	A+/Stable
Belgium	AA/Stable	Ireland	A+/Stable	Netherlands	AAA/Stable
Cyprus	BBB-/Stable	Italy	A-/Negative	Portugal	BBB/Stable
Estonia	A+/Stable	Latvia	A-/Stable	Slovakia	A+/Stable
Finland	AA+/Stable	Lithuania	A-/Stable	Slovenia	A-/Stable
France	AA/Stable	Luxembourg	AAA/Stable	Spain	A-/Stable
Germany	AAA/Stable				

Rating coverage accounts for all European issued sovereign debt

"Completing our coverage of the euro area is another important milestone for Scope Ratings and our public finance research team," says Giacomo Barisone, head of public finance at Scope.

"Today, we cover 36 sovereign issuers accounting for 100% of European issued sovereign debt and around 75% of global sovereign debt," says Barisone.

Scope acquired FERI EuroRating in 2016 and formally launched its own sovereign and sub-sovereign issuer and debt ratings in June 2017.

Figure 2: Scope's non-euro area long-term sovereign ratings as of 15 November 2018

Non-Euro Area Sovereigns					
EU non-euro area		European Free Trade Association		Other Countries	
Bulgaria	BBB/Positive	Norway	AAA/Stable	China	A+/Negative
Croatia	BB+/Stable	Switzerland	AAA/Stable	Georgia	BB/Stable
Czech Republic	AA/Stable			Japan	A+/Stable
Denmark	AAA/Stable			Russia	BBB-/Stable
Hungary	BBB/Positive			Turkey	BB-/Negative
Poland	A+/Stable			United States	AA/Stable
Romania	BBB-/Negative				
Sweden	AAA/Stable				
UK	AA/Negative				

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Related Research

[Scope assigns Malta A+/Stable credit rating](#)
9 November 2018

[Scope assigns Luxembourg AAA/Stable credit rating](#)
19 October 2018

[Scope assigns Cyprus BBB-/Stable credit rating](#)
19 October 2018

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Malta's high growth potential contrasts with external vulnerabilities

Cyprus, Luxembourg and Malta have distinct credit profiles

The three newly rated euro area countries are all small open economies with large services and specifically financial-services sectors. "Still, as highlighted by their different rating levels, their credit profiles are quite distinct," says Barisone.

Luxembourg is one of the world's leading financial centres with the highest per capita incomes among sovereigns rated by Scope. The country has one of the world's strongest fiscal positions. The gross financing needs were estimated at 0.7% of GDP in 2017, reflecting a primary budget surplus of 1.4% and a low gross debt-to-GDP ratio of just 23%.

Malta's A+ rating, supported by a strong fiscal profile and high growth potential, is challenged by contingent liabilities of 9.6% of GDP (in 2017), resulting from financially weak state-owned enterprises (SOEs), external vulnerabilities, given its reliance on the export of business-cycle relevant services such as tourism and gaming, as well as regulatory shortcomings in the financial sector.

Finally, Cyprus's investment-grade rating today represents a dramatic recovery from the euro area crisis when the country's finances had to be stabilised through an EU-IMF economic adjustment programme which the country successfully exited in March 2016.

Scope's most recent sovereign rating actions in 2018:

- 9 November: Scope assigns Malta first-time credit rating of A+ with Stable Outlook
- 2 November: Scope affirms Germany's credit rating of AAA with Stable Outlook
- 19 October: Scope assigns Cyprus first-time credit rating of BBB- with Stable Outlook
- 19 October: Scope assigns AAA to Luxembourg with Stable Outlook
- 19 October: Scope downgrades Romania's credit rating to BBB- from BBB, Outlook remains Negative
- 21 September: Scope affirms the USA's credit rating of AA with Stable Outlook
- 21 September: Scope affirms China's credit rating at A+ and revises the Outlook to Negative
- 17 August: Scope affirms credit rating of A- for Slovenia with Stable Outlook
- 16 August: Scope downgrades Turkey's credit rating to BB- from BB+ and changes Outlook to Negative
- 10 August: Scope affirms the United Kingdom's credit rating at AA; Outlook Negative
- 27 July: Scope upgrades Croatia's long-term credit rating to BB+ from BB, with Stable Outlook
- 20 July: Scope affirms Poland's credit rating of A+ with Stable Outlook
- 20 July: Scope affirms the Republic of Ireland's credit rating at A+; Outlook Stable
- 8 June: Scope affirms Italy's rating at A- and revises the Outlook to Negative
- 8 June: Scope affirms Portugal's credit rating of BBB with Stable Outlook
- 8 June: Scope affirms Georgia's credit rating of BB, Outlook remains Stable



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Cyprus, Luxembourg, Malta assigned ratings

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