

## **Cambodia's First-ever Moody's Ratings**

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The Cambodian government Monday welcomed its first-ever foreign currency and local currency government bond ratings from Moody's, saying the B2 rating represented a milestone.

In a joint government press release with the government's rating advisor Credit Suisse, Deputy Prime Minister Sok An said the rating represented a new era in financial transparency and foreign investment for Cambodia.

"The ratings are a milestone in improving investor confidence in Cambodia and show Cambodia's willingness to make public its financial health," Sok An said in the press release.

Cambodia also secured a B+ rating for long-term foreign and local currency government notes from Standard & Poor's, according to the press release.

Standard & Poor's also awarded a short-term foreign and local currency rating of B. Moody's assigned a foreign currency notes ceiling of B1, a foreign-currency ceiling for bank deposits of B3, and a local currency notes ceiling and a local currency deposit ceiling of Ba1.

Moody's said the ratings at least partially reflected a favorable offset of Cambodia's current account deficit against foreign-direct investment inflows and a build-up in official foreign exchange reserves to a level adequate in relation to the country's near-term debt repayments.

The continued success of the country's tourism and garment sectors as well as anticipated good returns from oil and gas reserves, on which commercial drilling is expected to begin within two years, were also contributing factors, it said.

"Cambodia has recently attracted significant inflows of foreign- direct investment into sectors such as tourism, garments and energy, which should help to continue to boost the overall level of investment in the economy as well as to strengthen the balance of payments," Moody's Vice President Thomas Byrne said in the release.

The release also quoted Standard & Poor's primary credit analyst Agost Bernad as saying real gross domestic product (GDP) growth averaging nine percent over the past six years had boosted Cambodia's per-capital GDP by 64 percent.

"There is reason to expect similar robust growth performance in the medium term, given the policy continuity, which focuses on export-led growth and stability in price and exchange rates," Barnad said in the release.

Credit Suisse said the ratings showed that the ratings agencies had recognized "significant momentum" in Cambodia's reform programs.

The outlook for all ratings was given as stable, according to the press release. All short-term ratings and ceilings were not prime.