

S&P Downgrades Argentina after Nationalizing Oil

Contributed by Tom McGregor
Mon, Apr 23, 2012, 08:00 PM

On Monday, Standard & Poor's downgraded its credit rating outlook for Argentina from stable to negative, after its government seized control of the nation's largest oil company, YPF.

The Korea Herald quotes the rating agency's statement as saying that, "in our view, the recent government policies could increase risks of Argentina's macroeconomic framework, squeeze its external liquidity and hinder medium-term growth prospects. As such, we revised the outlook on the Republic of Argentina to negative from stable."

The S7P announced the decision was sparked from policies implemented since President Christina Kirchner was re-elected last year.

It said, "these include rising restrictions to international trade and recent steps to nationalize the hydrocarbon company Yacimientos Petroliferos Fiscales (YPF)."

The Korea Herald reports that, "the agency affirmed Argentina's credit ratings at B. It said the negative outlook indicates at least a one-in-three chance of a downgrade this year or next."

On April 16, Argentina declared YPF, a public utility, which allows the government to seize a 51% stake. Later in the week, it extended the move to YPF Gas, a separate company 85 % owned by Spain's Repsol.

To read the entire article from the Korea Herald, link here: Mcgregor@chinadaily.com.cn