

# Fitch: Debt Exchange Could Move Argentina's Ratings Out of Restricted Default ('RD') Ratings

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Fitch: Debt Exchange Could Move Argentina's Ratings Out of Restricted Default ('RD') Ratings 19 Nov 2009 12:02 PM (EST) Fitch Ratings-New York-19 November 2009: Fitch Ratings could raise Argentina's credit ratings out of Restricted Default ('RD') in the near term if a proposed exchange of about US\$20 billion is executed successfully. Nonetheless, Argentina's Sovereign ratings are likely to remain in a highly speculative category due to ongoing macroeconomic and financial pressures as well as still high government debt ratios relative to sovereigns rated in the 'B-', 'B', and 'B+' categories. On Nov. 18, 2009, Argentina's congress approved legislation which allows the Fernandez Administration to restructure approximately US\$20 billion owed to holdout creditors that did not take part in the 2005 exchange. Fitch assigned Argentina a Foreign Currency IDR of 'RD' following the exchange, indicating that a material portion of the outstanding external bond debt remained in default. 'Macroeconomic deterioration, potentially unsustainable fiscal policies and limited financing flexibility weigh on Argentina's ratings,' said Casey Reckman, Associate Director, Fitch Ratings. 'Even in the event the exchange is successful, investor concerns about transparency of official data and the coherence of economic policies could limit Argentina's ability to access external funding sources.' In light of the Argentine congress's actions, Fitch has published a special report 'Argentina: Rapprochement with Creditors and Sovereign Ratings,' that discusses the country's current credit and economic profile and outlook. Fitch will monitor the process of Argentina's renewed efforts to restructure with holdout creditors, as a successful outcome could potentially prompt removal of the country's long-term IDR from 'RD.' The full report is available on the Fitch Ratings' web site 'www.fitchratings.com', under the sector: Sovereigns. Contact: Casey Reckman +1-212-908-9155, Theresa Paiz-Fredel +1-212-908-0534, or Erich Arispe +1-212-908-9165, New York. Media Relations: Brian Bertsch, New York, Tel: +1 212-908-0549, Email: brian.bertsch@fitchratings.com. Additional information is available at 'www.fitchratings.com'. ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE.