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Slovak Republic

ARDAL

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ISSUANCE INCREASE AND RATING CORRECTNES OF RATINGS

Where is the “healthy” limit of Debt/GDP ratio?

Rich country (GDP/capita) = access to
functional capital market

Are countries rated accordingly?

Should be Japan rated AAA?

Should be Slovakia rated A+?

Change of ratings appears to came too slow.

Ratings respond to the trend of economy.

MARKET BEHAVIOUR VERSUS RATINGS ANALYSES & RESEARCH OUTSIDE OR INSIDE CRA

Market react as first

Market reactions (exaggeration) requires
corrections

Events like CB step or rating change is
expected and market react before & after

Delay of rating change after market
expectations

CREDIBILITY AND FUTURE ROLE OF CRAs IN GOVERNMENTS RATING

Issuer point of view

Confirmation/denegation of market evaluation

For some countries the only rating source

Slovakia example

before Euro adoption

after Euro adoption

Investor point of view

lack of staff to analyse all counterparties

ALTERNATIVES TO RATING

Except of analyses and research no other resource of credit evaluation

CDS – spreads derivate (insurance) based on debt (Norway?)

- size of market and volatility
- issuers selling own CDS?
- through crisis on financial market raising star

THE RELATIONSHIP OF GOVERNMENT WITH CRAs

Case of Slovakia

Relationship established by Central bank as issuer.

S&P, Moody's, Fitch, JCR, R&I

By Euro adoption relationship transferred to MoF SR that manages everything regarding CRAs

DMO provide data and answer questions by CRAs visits

Thank You