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Slovak Republic

ARDAL

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# ISSUANCE INCREASE AND RATING CORRECTNES OF RATINGS

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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

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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

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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

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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

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## 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**