

RAEX-Europe confirmed at 'BB+' the ratings of Azerbaijan. The rating outlook changed from negative to stable.

RAEX-Europe confirmed the sovereign government credit ratings (SGC) of Azerbaijan at 'BB+' (Sufficient level of creditworthiness of the government) in national currency and at 'BB+' (Sufficient level of creditworthiness of the government) in foreign currency. The rating outlook changed from negative to stable, which means that in the mid-term perspective there is a high probability of maintaining the rating score.

“The ratings of Azerbaijan were confirmed at BB+; however, we decided to change the outlook from negative to stable. This mainly reflects the effects of the peace agreement signed last year to temporarily bring to a halt the military conflict in the Nagorno-Karabakh region. This action has eased pressure on potential capital outflows, currency depreciation and public finances. Moreover, the vast and increasing buffers of the State Oil Fund of the Republic of Azerbaijan (SOFAZ) are enough to cover public debt by more than 4x.

On the other hand, the economy remains highly dependent on the oil sector, which increases the risk of economic and public instability in case negative developments in hydrocarbons production or prices were to occur”. – Clarified Hector Alvarez, Associate Director of RAEX-Europe.

Research report on Azerbaijan is available at:

https://raexpert.eu/reports/Research_report_Azerbaijan_07.05.2021.pdf

Next scheduled rating publication: 5 November 2021. The full sovereign rating calendar can be found at [Sovereign Rating Calendar 2021](#)

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