

## **Moody's assigns Aaa to ESM with negative outlook**

NEW YORK, Oct. 8 (Xinhua) -- Moody's Investors Service Monday gave the newly-launched European bailout fund, European Stability Mechanism (ESM), a rating of Aaa but with a negative outlook.

The ESM with a capacity of 500 billion euro (657.1 billion U.S. dollars) was officially announced effective by eurozone financial ministers in Luxembourg on Monday to help the financially-distressed members that are either unable to access the capital markets, or able to do so only at very high interest rates.

Moody's said in a report that the triple A rating was based on the ESM's anticipated low leverage, the creditworthiness of the ESM's members, and the sound liquidity and capital management policy with an Early Warning System (EWS).

According to the Moody's, the rationale for the negative outlook was that countries with large contribution to the fund were rated by the Moody's as Aaa with negative outlook, including Germany with 27.1 percent share and France with 20.4 percent stake of the subscribed capital.

Meanwhile, the Moody's said that deterioration of the creditworthiness of the member states, weakening in the political commitment among the members, or failure of financial management could trigger downgrade of the rating, and it could also be moved up due to outlook improvement of those Aaa members.