

More downgrades, mass strike as EU counts days to summit

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By Andrew Rettman | EUobserver

Ratings agencies have downgraded Spanish debt and a raft of Italian banks, while Greece on Wednesday (19 October) expects a massive strike ahead of an EU summit on new anti-crisis measures.

Moody's on Tuesday pulled Spanish debt down two notches from A1 to Aa2, putting the eurozone country in a similar bracket to Italy and non-euro states such as Botswana, Japan and Poland.

It cited debt-laden banks and low growth prospects in its statement, noting: "Since placing the ratings under review in late July 2011, no credible resolution of the current sovereign debt crisis has emerged and it will in any event take time for confidence in the area's political cohesion and growth prospects to be fully restored."

The same day Standard & Poor's cut grades for three major Italian banks - Monte dei Paschi di Siena, Banco Popolare and UBI Banca - as well as 21 local-level lenders. "Funding costs for Italian banks ... will remain noticeably higher than those in other eurozone countries unless the Italian government implements workable growth enhancing measures and achieves a faster reduction in the public sector debt burden," it said.

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