

United States of America

Rating report

Rating rationale

Wealthy, competitive and diversified economy: the US benefits from the largest economy globally, with high levels of wealth and significant economic diversification underpinning resilience to global economic crises. Its leadership in innovation is exceptional, supporting medium-run trend growth.

Treasuries as the global safe asset: the US dollar’s role as the global reserve currency alongside Treasury’s role as the global safe asset anchor unparalleled advantages with respect to Treasury’s funding flexibility, especially relevant during global economic crises witnessing safe-haven inflows to US markets, and reduce risk to long-run public debt sustainability from comparatively high levels of government debt compared against many sovereigns of the same rating grade.

World-class economic institutions: the US benefits from a strong and resilient institutional framework, protecting the accountability and transparency of economic governance. The ratings are supported by world-class monetary and financial-supervisory institutions, anchoring price, financial and macroeconomic stability.

Well-capitalised financial system: the United States benefits from world-class financial institutions alongside deep capital markets. The banking system displays strong profitability although moderate levels of capitalisation compared against that of many European banking systems, while the financial-oversight framework may face challenges under the coming second Donald Trump presidency.

Rating challenges: i) elevated medium- to long-run risks to the timely repayment of debt associated with the politicised use of the US debt limit; ii) the foreseen further weakening of institutions under the coming administration, hampering standards of governance and removing checks and balances; iii) challenging longer-run fiscal dynamics, with budget deficits remaining elevated and public debt-to-GDP rising structurally; iv) economic and financial-stability risks amid elevated rates, forthcoming financial deregulation and geo-economic uncertainties; and v) a weak external sector.

Figure 1: United States of America’s sovereign rating drivers

Risk pillars	Quantitative		Reserve currency*	Political risk**	Qualitative***	Final rating
	Weight	Indicative rating	Notches	Notches	Notches	
Domestic economic risk	35%	aaa	USD	United States	1	AA
Public finance risk	20%	cc			1/3	
External economic risk	10%	cc			1	
Financial stability risk	10%	a			2/3	
ESG risk	Environmental factors	5%	[+3]	[-1]	0	
	Social factors	7.5%			0	
	Governance factors	12.5%			aaa	
Sovereign Quantitative Model			a		+3	
Additional considerations					0	

The reserve-currency quantitative adjustment applies to currencies in the IMF’s Special Drawing Rights (SDR) basket. **The political-risk quantitative adjustment is based on the World Bank’s Political Stability & Absence of Violence/Terrorism index. ***The qualitative scorecard analyst adjustments, capped at one notch per rating pillar, are weighted equally with an aggregate adjustment rounded to the nearest integer. For details, please see Scope’s [Sovereign Rating Methodology](#). Source: Scope Ratings.

Foreign currency

Long-term issuer rating

AA/Negative

Senior unsecured debt

AA/Negative

Short-term issuer rating

S-1+/Negative

Local currency

Long-term issuer rating

AA/Negative

Senior unsecured debt

AA/Negative

Short-term issuer rating

S-1+/Negative

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Credit strengths and challenges

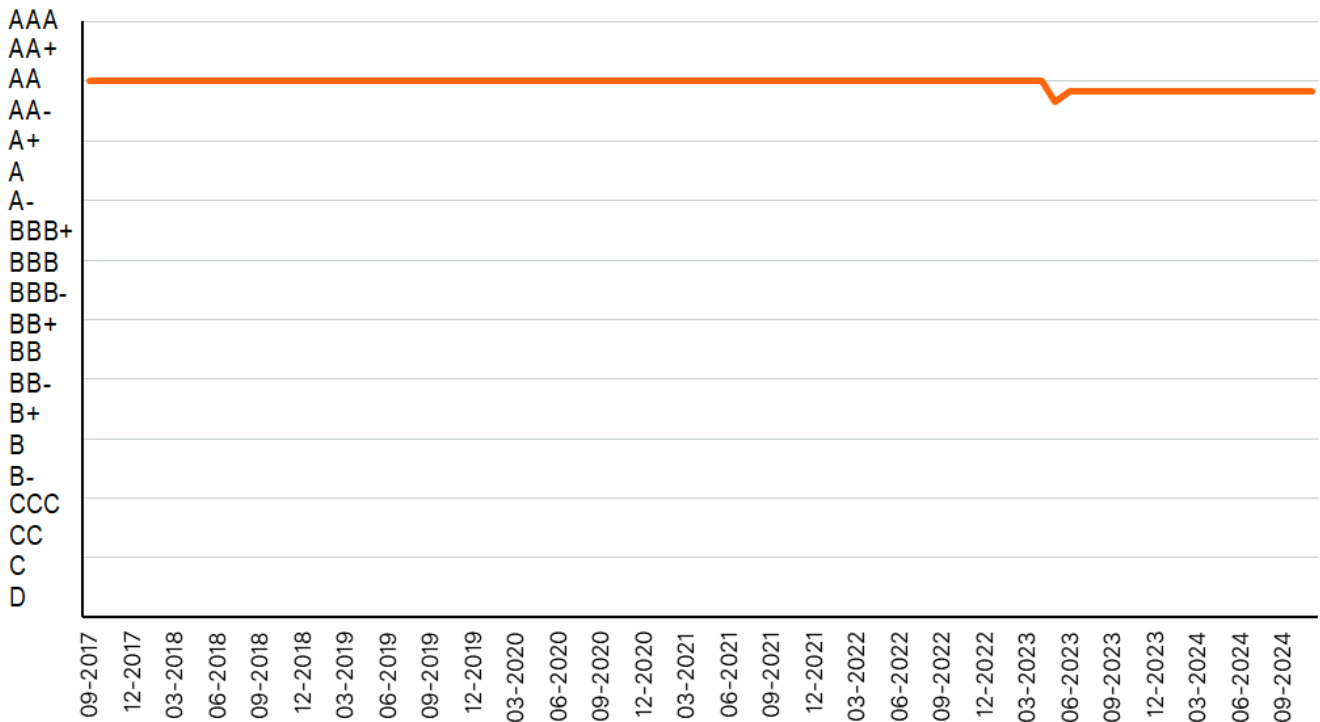
Credit strengths	Credit challenges
<ul style="list-style-type: none"> A large, diversified and very-wealthy economy Treasuries as the global safe asset and the dollar as the global reserve currency World-leading economic institutions World-class financial institutions and deep capital markets 	<ul style="list-style-type: none"> The misuse of the debt limit Governance risks for the coming years and for the long run Sustained elevated budgetary deficits Banking-system risks amid high rates and forthcoming deregulation

Outlook and rating triggers

The Negative Outlook reflects Scope’s view that risks for the ratings are skewed on the downside.

Positive rating-change drivers	Negative rating-change drivers
<ul style="list-style-type: none"> The reform or removal of the debt-ceiling instrument Sustained enhancement of the strength of US institutions Public-debt ratio is stabilised through the cycle 	<ul style="list-style-type: none"> A rise in long-run risk from the debt ceiling The further weakening of institutions and governance standards The weakening of public finances A significantly-reduced role for the US dollar as the reserve currency

Figure 2: Rating history¹



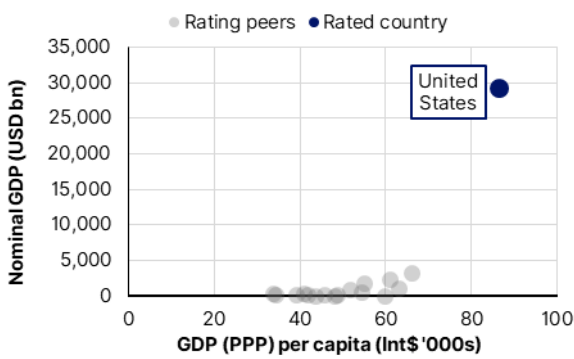
¹Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment
Source: Scope Ratings.

Domestic economic risk

Overview of Scope's assessments of the United States of America's Domestic Economic Risk

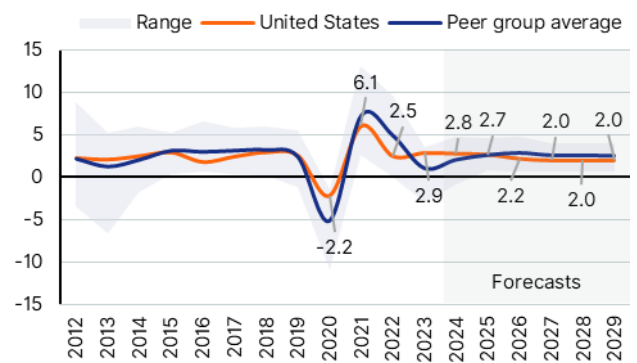
SQM* indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Growth potential and outlook	Strong	+1/3	Moderate growth potential, supported by structural reforms and expansionary fiscal policy; strong recent growth
	Monetary policy framework	Strong	+1/3	The Federal Reserve is the globe's foremost central bank; challenges for the independence of the central bank
	Macroeconomic stability and sustainability	Strong	+1/3	The United States sustains the world's largest economy; competitive and highly-diversified economy; flexible labour markets

Figure 3: Nominal GDP and GDP per capita



Source: IMF World Economic Outlook (WEO), Scope Ratings

Figure 4: Real GDP growth, %



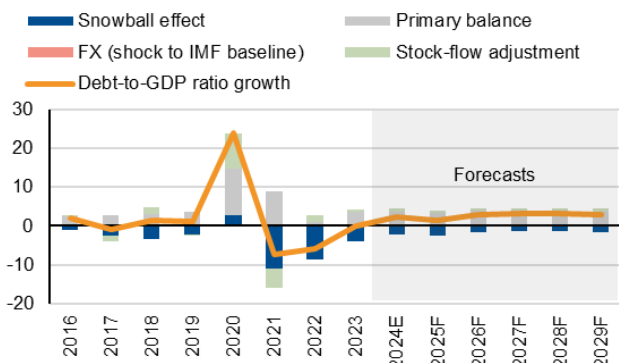
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

Overview of Scope's assessments of the United States of America's Public Finance Risk

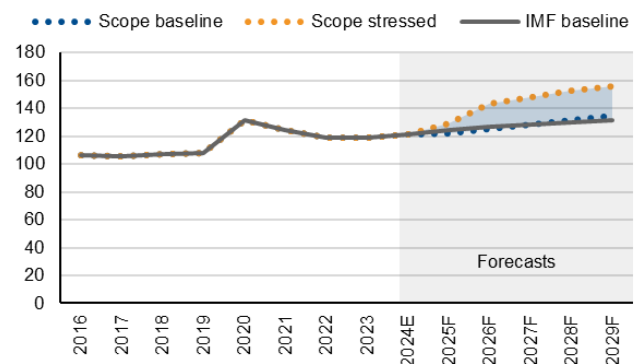
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
CC	Fiscal policy framework	Weak	-1/3	Inadequate fiscal framework including the politicisation of the debt limit and inability to pass budgets; the expectation of sustained elevated budgetary deficits
	Long-term debt trajectory	Strong	+1/3	An elevated and rising government debt ratio; challenges for long-run debt sustainability, but the highest debt tolerance of globally-rated sovereigns
	Debt profile and market access	Strong	+1/3	Global benchmark issuer status and world-class government market access; below-average maturity of treasuries and comparatively elevated financing rates for an advanced-economy sovereign alongside very-elevated yearly government gross financing requirements

Figure 5: Contributions to change in debt levels, pps of GDP



Source: IMF WEO, Scope Ratings forecasts

Figure 6: General government debt-to-GDP forecasts, % of GDP



Source: IMF WEO, Scope Ratings forecasts

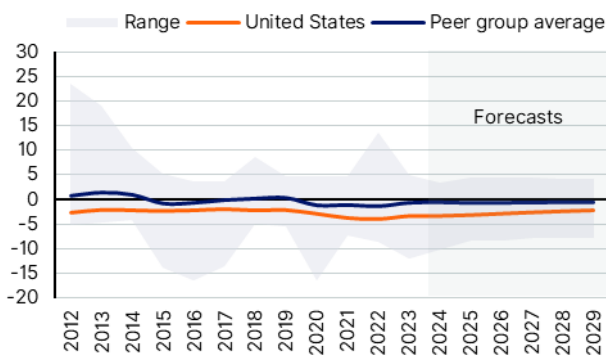
*Sovereign Quantitative Model

External economic risk

Overview of Scope's assessments of the United States of America's External Economic Risk

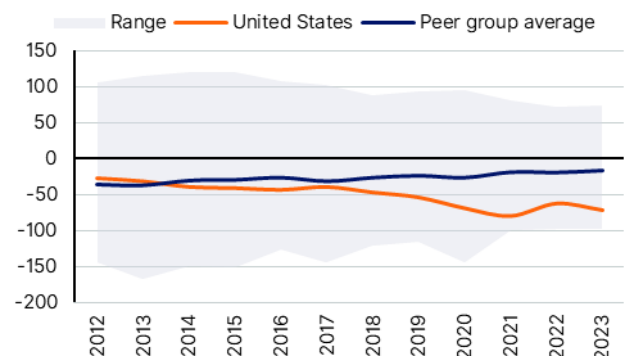
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
CC	Current account resilience	Strong	+1/3	Diversified export base; moderate current-account deficits but unparalleled capacity to fund annual trade deficits
	External debt structure	Strong	+1/3	Relatively low external debt; most foreign assets being in foreign currency, whereas liabilities are benignly in the US dollar
	Resilience to short-term external shocks	Strong	+1/3	The US dollar as the global reserve currency mitigates vulnerabilities to external-sector crises

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

Figure 8: Net international investment position (NIIP), % GDP



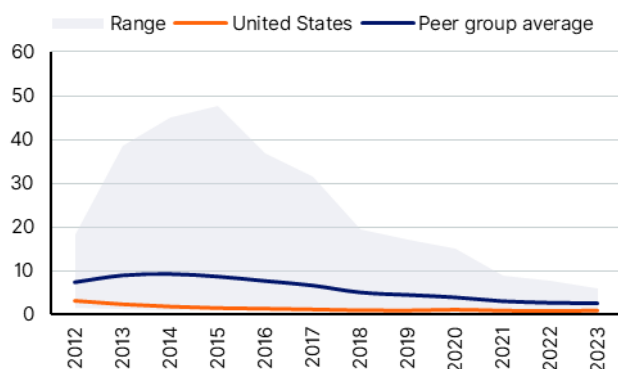
Source: IMF, Scope Ratings

Financial stability risk

Overview of Scope's assessments of the United States of America's Financial Stability Risk

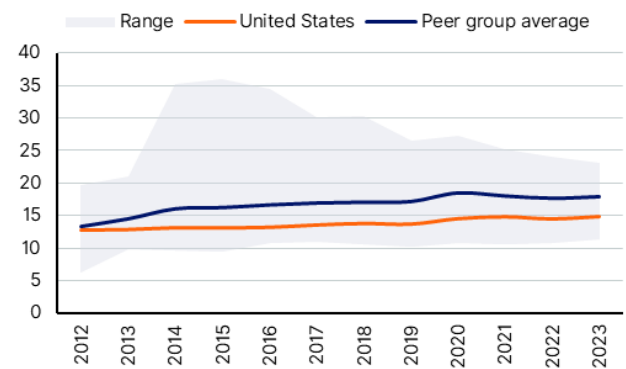
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a	Banking sector performance	Strong	+1/3	A world-class banking system with more-moderate capital adequacy compared against that of many European banking systems but stronger profitability; low NPLs
	Financial sector oversight and governance	Strong	+1/3	A sophisticated financial-regulatory system and strong financial governance framework, but deregulation anticipated under the second Trump administration – increasing long-run financial risks
	Financial imbalances	Neutral	0	Significant financial-market risks given continued challenge from inflation and the conditions of higher steady-state rates for longer

Figure 9: Non-performing loans (NPLs), % of total loans



Source: World Bank (WB), Scope Ratings

Figure 10: Tier 1 capital, % of risk-weighted assets



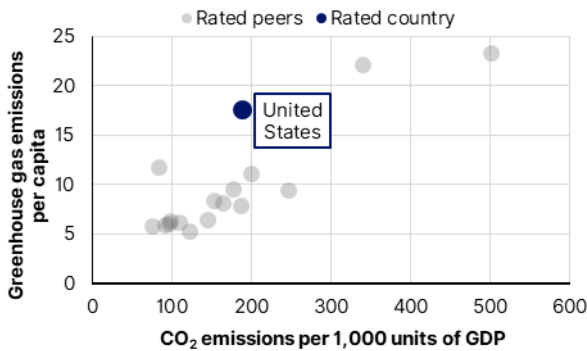
Source: IMF, Scope Ratings

ESG risk

Overview of Scope’s assessments of the United States of America’s ESG Risk

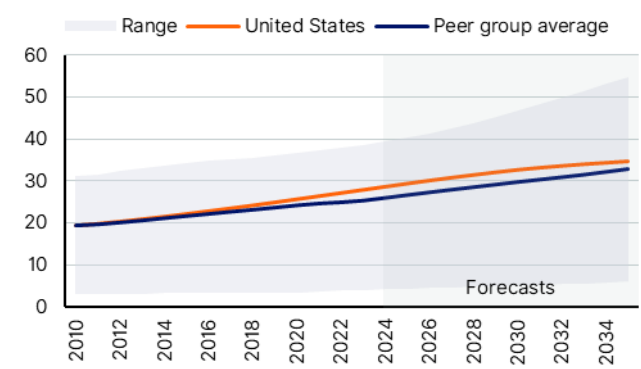
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a	Environmental factors	Neutral	0	Significant transition risks challenged by coming government’s pro-oil and gas policy; meaningful natural disaster risk exposure
	Social factors	Neutral	0	The erosion of socio-economic mobility and elevated inequality; weakening demographics; Joe Biden’s reform agenda has sought to counter outstanding social crises; the nation’s divisions may be exacerbated under the second Trump presidency
	Governance factors	Weak	-1/3	Institutional risks under the coming administration – such as for the rule of law and the independence of the judiciary; political polarisation prevents bipartisan policy making

Figure 11: CO₂ emissions per GDP, mtCO₂e (2023)



Source: European Commission (EC), Scope Ratings

Figure 12: Old age dependency ratio, %



Source: United Nations (UN), Scope Ratings

Reserve-currency adjustment

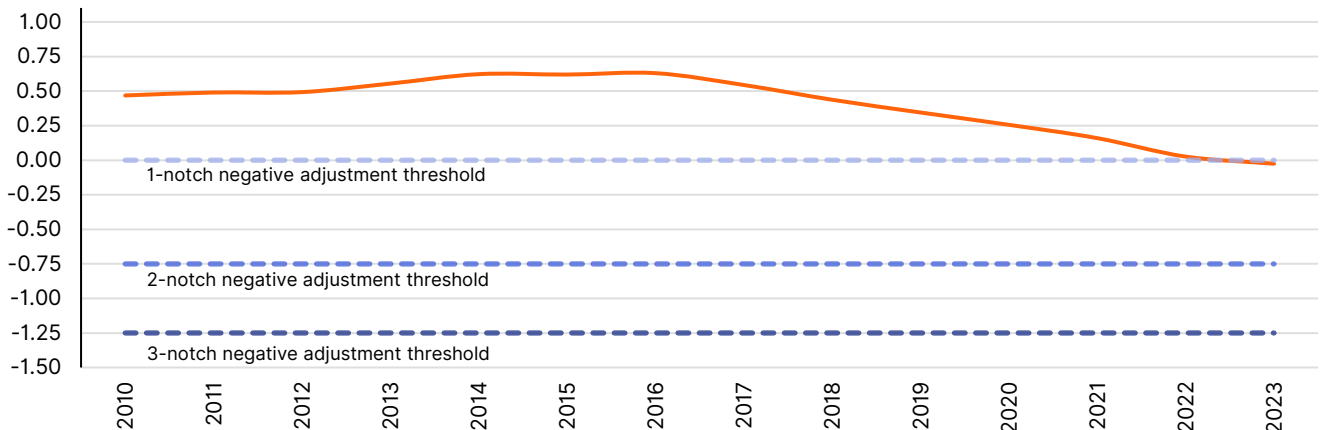
Figure 13: IMF SDR basket and Scope reserve-currency adjustment

Currency	U.S. dollar	Euro	Chinese yuan	Japanese yen	Pound sterling	Other
IMF SDR basket weights, %	43.4	29.3	12.3	7.6	7.4	0.0
Positive adjustment, notches	3	1	1	1	1	0

Source: IMF, Scope Ratings

Political-risk adjustment

Figure 14: WB Political Stability & Absence of Violence/Terrorism index, United States of America, three-year moving average



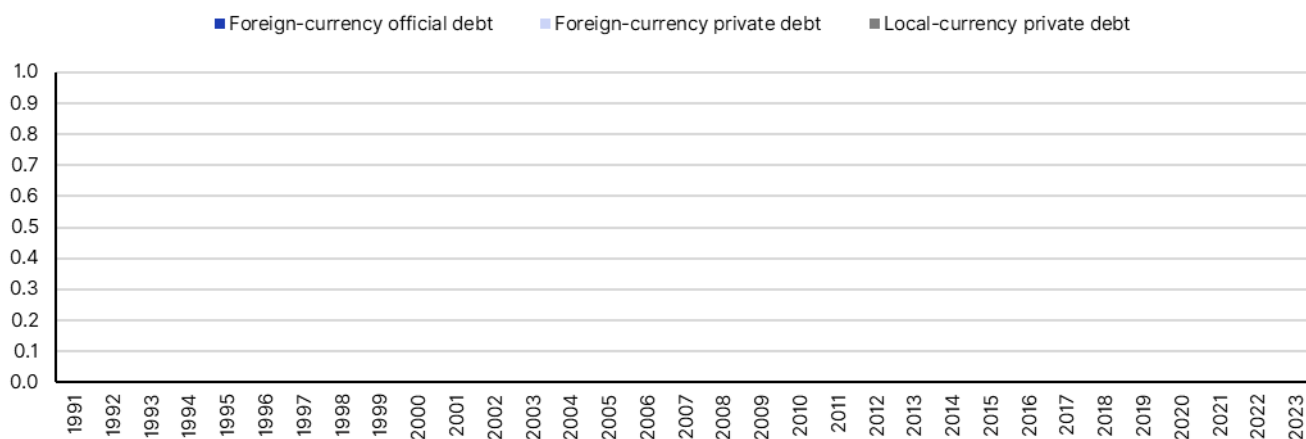
Source: WB, Scope Ratings

Additional consideration

No adjustment was applied to the rating from additional considerations.

Appendix I. Sovereign default history

Figure 15: Sovereign default history, USD bn



Depicted private-debt defaults may not always constitute a credit event under [Scope's credit-rating definitions](#).
 Source: [Bank of Canada–Bank of England Sovereign Default Database](#), Scope Ratings.

Appendix II. Rating peers

Rating peers are related to sovereigns with an indicative rating in the same rating category or adjacent categories, as assigned by Scope's sovereign quantitative model after accounting for methodological reserve-currency and political-risk adjustments.

Peer group*			
Bulgaria	Estonia	Latvia	Spain
Croatia	France	Poland	
Cyprus	Italy	Slovakia	

*Select publicly-rated sovereigns only; the full sample of sovereign-rating peers may be larger.

Appendix III. Economic development and default indicators

IMF Development Classification	Advanced economy
5y USD CDS spread (bps) as of 21 November 2024	30.1

Appendix IV. Statistical table for selected SQM indicators

This table presents a selection of the indicators (24 out of 30 – with the governance indicator reflecting a composite of five indicators) used in Scope's quantitative model, in line with Scope's Sovereign Rating Methodology. The metrics and sources for the data presented here ensure comparability across global country peers and may therefore differ from data from national and other select international statistical series.

Pillar	Core variable	Source	2018	2019	2020	2021	2022	2023
Domestic Economic	GDP per capita (PPP) , Int\$ '000s	IMF	63.2	65.6	64.5	71.3	78.0	82.7
	Nominal GDP , USD bn	IMF	20,657	21,540	21,354	23,681	26,007	27,721
	Real growth , %	IMF	3.0	2.6	-2.2	6.1	2.5	2.9
	CPI inflation , %	IMF	2.4	1.8	1.2	4.7	8.0	4.1
	Unemployment rate , %	WB	3.9	3.7	8.1	5.3	3.7	3.6
Public Finance	Public debt , % of GDP	IMF	106.8	108.0	131.8	124.5	118.6	118.7
	Net interest payment , % of government revenue	IMF	7.4	7.6	6.7	7.2	8.7	11.9
	Primary balance , % of GDP	IMF	-3.1	-3.5	-11.9	-8.7	-1.1	-3.6
External Economic	Current-account balance , % of GDP	IMF	-2.1	-2.1	-2.8	-3.7	-3.9	-3.3
	Total reserves , months of imports	WB	1.4	1.6	2.1	2.0	1.7	1.8
	NIIP , % of GDP	IMF	-47.4	-54.2	-68.9	-79.5	-62.5	-
Financial Stability	NPL ratio , % of total loans	IMF	0.9	0.9	1.1	0.8	0.7	0.8
	Tier 1 ratio , % of risk-weighted assets	IMF	13.5	13.9	13.8	14.8	15.2	14.7
	Credit to the private sector , % of GDP	WB	183.1	194.9	218.7	221.1	189.8	194.9
ESG	CO₂ per EUR 1,000 of GDP , mtCO ₂ e	EC	230.0	217.8	200.3	201.5	199.0	189.8
	Income share of bottom 50% , %	WID	13.3	13.6	10.2	10.3	10.4	-
	Labour-force participation rate , %	WB	72.4	72.9	71.7	72.1	72.7	-
	Old-age dependency ratio , %	UN	24.2	24.9	25.7	26.4	27.1	27.9
	Composite governance indicators*	WB	1.4	1.3	1.1	1.2	1.2	-
	Political stability , index	WB	0.4	0.1	0.0	0.0	0.0	-

*Average of the following five World Bank Worldwide Governance Indicators: *Control of Corruption, Voice and Accountability, Rule of Law, Government Effectiveness, Regulatory Quality*.

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Applied methodologies

[Sovereign Rating Methodology](#), January 2024

Related research

[US: clear Trump victory raises medium-term credit risks despite reduction of near-term uncertainty](#), 7 November 2024

[Global economic outlook: A resilient world economy faces US election test](#), 1 October 2024

[G7: rising debt heightens sovereign risks amid election uncertainty](#), 4 July 2024

[Rising debt, gradual de-dollarisation are growing risks for US sovereign rating](#), 31 May 2024

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