

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 growth potential.

US dollar as the global reserve currency: the US dollar's role as the global reserve currency carries unparalleled advantages with respect to Treasury's funding flexibility, especially relevant during global financial crises, and reduces risk to long-run debt sustainability from comparatively higher government debt than many countries of the same ratings grade.

World-class economic institutions: the US benefits from a strong and resilient institutional framework, protecting the accountability and transparency of fiscal management. 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 one of the world's most-advanced financial systems alongside deep capital markets. The banking system is well capitalised with strengthened profitability amid higher rates, while a strong financial-oversight framework anchors sound macroprudential policies.

Rating challenges: i) elevated medium- to long-run risks to the timely repayment of debt associated with partisan use of the debt-ceiling instrument; ii) political polarisation, hampering the efficacy of economic policy making; iii) challenging long-run fiscal dynamics, with budget deficits staying elevated and public debt-to-GDP rising structurally; iv) economic and financial-stability risks amid higher rates for longer even as rates are gradually eased; and v) a comparatively 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%	ccc			1/3	
External economic risk		10%	cc			1	
Financial stability risk		10%	bbb-			2/3	
ESG risk	Environmental factors	5%	bbb-	[+3]	[-1]	0	
	Social factors	7.5%	b+			0	
	Governance factors	12.5%	aaa			- 1/3	
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/Outlook

AA/Negative

Senior unsecured debt

AA/Negative

Short-term issuer rating/Outlook

S-1+/Negative

Local currency

Long-term issuer rating/Outlook

AA/Negative

Senior unsecured debt

AA/Negative

Short-term issuer rating/Outlook

S-1+/Negative

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Credit strengths and challenges

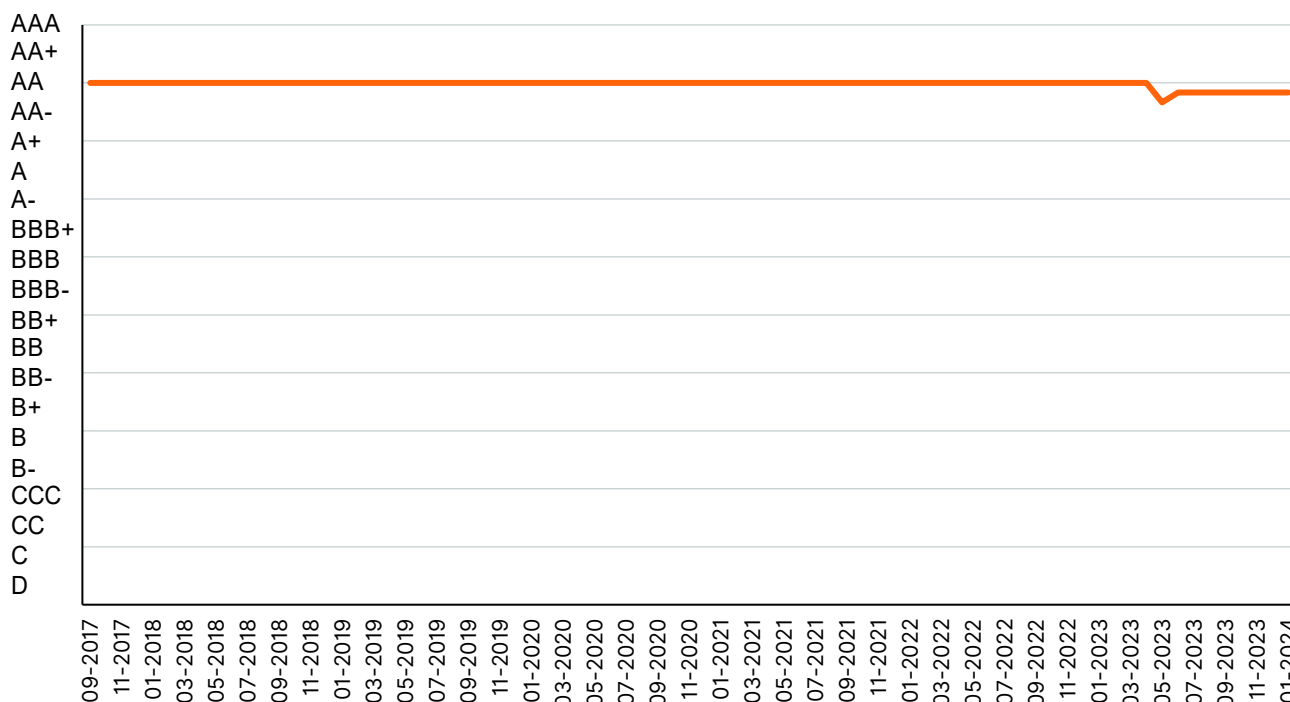
Credit strengths	Credit challenges
<ul style="list-style-type: none"> • Large, diversified and wealthy economy • US dollar as the leading global reserve currency • Globally-leading economic institutions • Well-capitalised banks; deep capital markets 	<ul style="list-style-type: none"> • Misuse of the debt-ceiling instrument • Longer-run governance risks • Sustained elevated fiscal deficits • Banking-system risks amid higher rates for longer

Outlook and rating triggers

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

Positive rating-change drivers	Negative rating-change drivers
<ul style="list-style-type: none"> • Reform or removal of the debt-ceiling instrument • Sustained reduction in political polarisation • Public-debt ratio placed on a sustained declining trajectory 	<ul style="list-style-type: none"> • Conclusion of a rise in long-run risk from the debt ceiling • Weakening in governance • Weakening of public finances • A significantly reduced role for the US dollar as the global reserve currency

Figure 2: Rating history¹



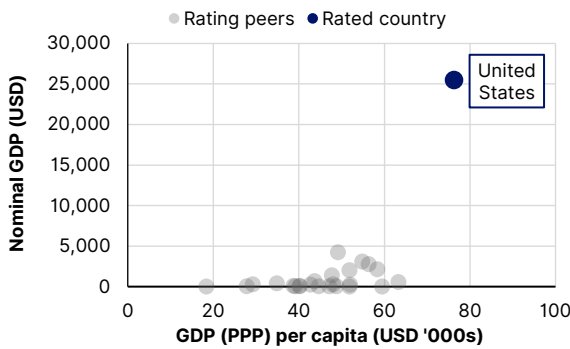
¹Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

Domestic economic risk

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

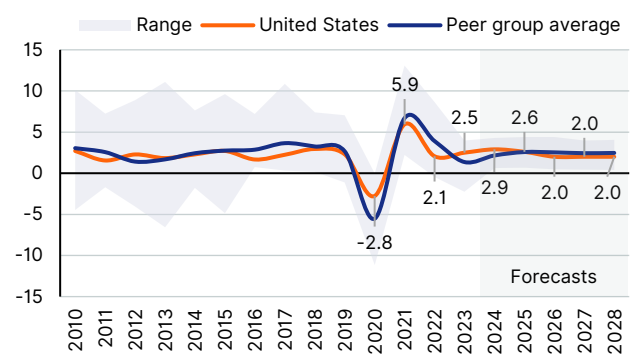
SQM* indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Growth potential and outlook	Strong	+1/3	Moderate growth potential, supported by structural reforms and investment
	Monetary policy framework	Strong	+1/3	Federal Reserve is the globe's leading central bank; the United States has an independent monetary policy
	Macroeconomic stability and sustainability	Strong	+1/3	Competitive and highly-diversified economy; flexible labour market

Figure 3: Nominal GDP and GDP per capita



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

Figure 4: Real GDP growth, %



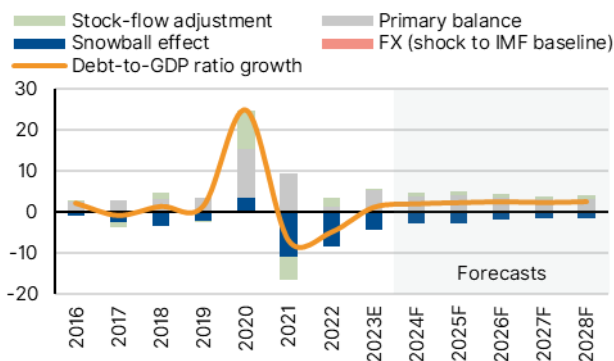
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

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

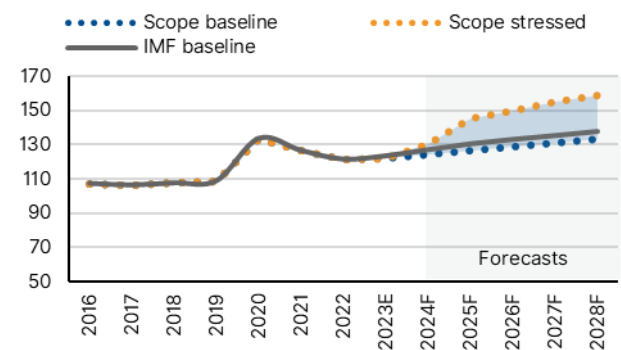
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
CCC	Fiscal policy framework	Weak	-1/3	Weak fiscal framework including politicisation of the debt limit
	Long-term debt trajectory	Strong	+1/3	Elevated debt ratio and challenges to long-run debt sustainability, but highest debt tolerance of globally-rated sovereigns
	Debt profile and market access	Strong	+1/3	Global benchmark issuer status and excellent government market access; below-average maturity of debt for an advanced-economy sovereign and 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: Debt-to-GDP forecasts, % of GDP



Source: IMF WEO, Scope Ratings forecasts

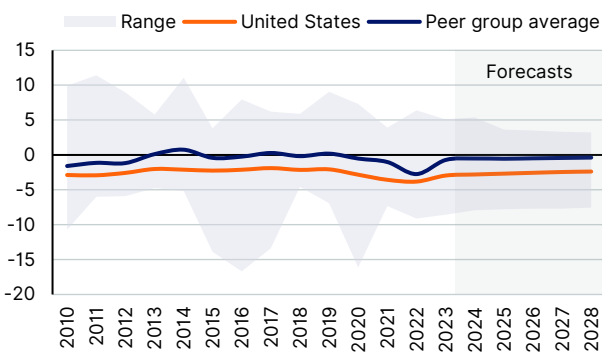
*Sovereign Quantitative Model.

External economic risk

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

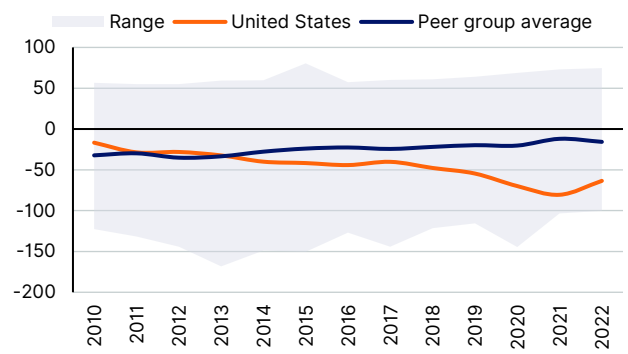
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
CC	Current account resilience	Strong	+1/3	Diversified export base; moderate current-account deficits
	External debt structure	Strong	+1/3	Relatively low external debt; most foreign assets are in foreign currency, whereas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

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

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



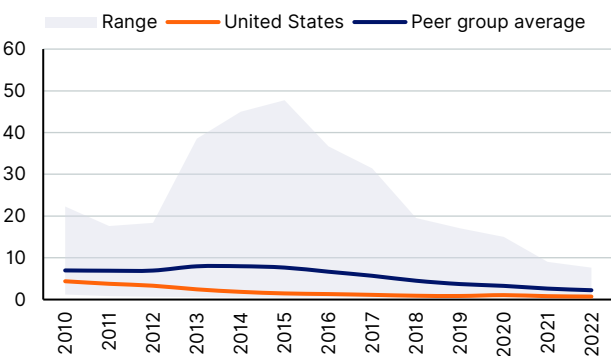
Source: IMF, Scope Ratings

Financial stability risk

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

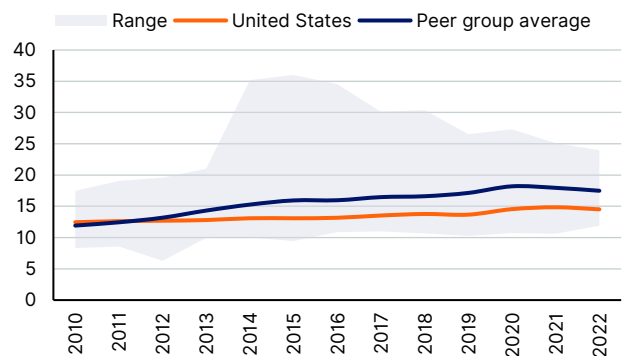
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bbb-	Banking sector performance	Strong	+1/3	Preeminent banking system with sizeable capital buffers and strong asset quality; stronger profitability than peer European banking systems
	Financial sector oversight and governance	Strong	+1/3	Sophisticated financial-regulatory system and strong financial governance framework under the Federal Reserve Board, Federal Deposit Insurance Corporation, and the Securities and Exchange Commission
	Financial imbalances	Neutral	0	Corporate debt risk; significant financial risks given conditions of higher rates for longer even as rates are gradually eased

Figure 9: Non-performing loans, % of total loans



Source: World Bank (WB), Scope Ratings

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



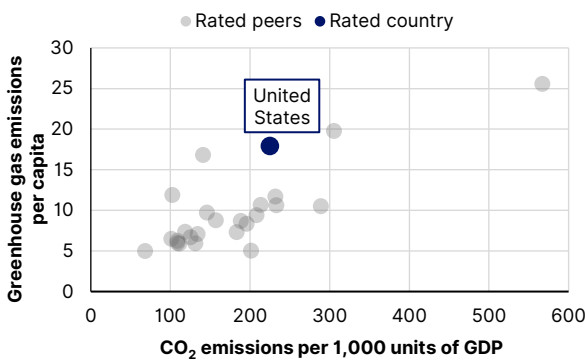
Source: IMF, Scope Ratings

Environmental, Social and Governance (ESG) risk

Overview of Scope's assessments of United States of America's ESG Risk

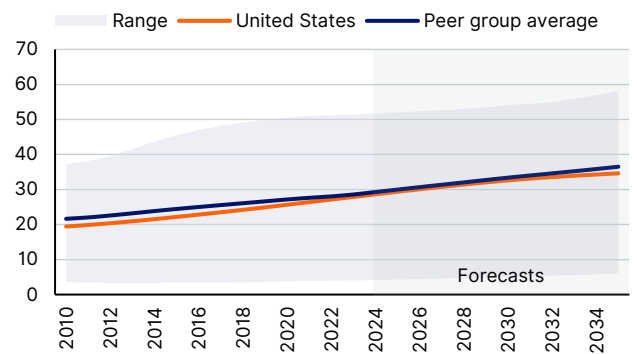
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a	Environmental factors	Neutral	0	Significant transition risks balanced by current government's ambitious environmental-policy initiatives; meaningful natural disaster risk exposure
	Social factors	Neutral	0	Erosion of socio-economic mobility and elevated inequality; weakening demographics; Joe Biden's social-reform agenda counters social crises
	Governance factors	Weak	-1/3	Resilient democratic institutions despite erosion of institutional strengths since the Donald J. Trump presidency; polarisation prevents bipartisan problem solving; gridlock following 2022 elections and institutional risk after 2024 elections

Figure 11: CO₂ emissions per GDP, mtCO₂e



Source: European Commission (EC), Scope Ratings

Figure 12: Old-age dependency ratio, %



Source: United Nations (UN), Scope Ratings

Reserve-currency adjustment

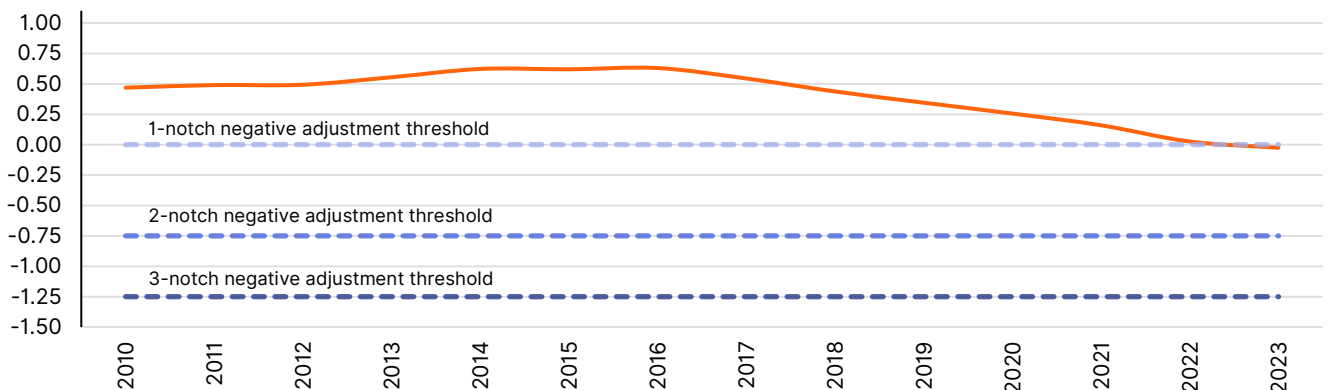
Figure 13: IMF SDR basket and Scope reserve-currency adjustment

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, 3-year moving average



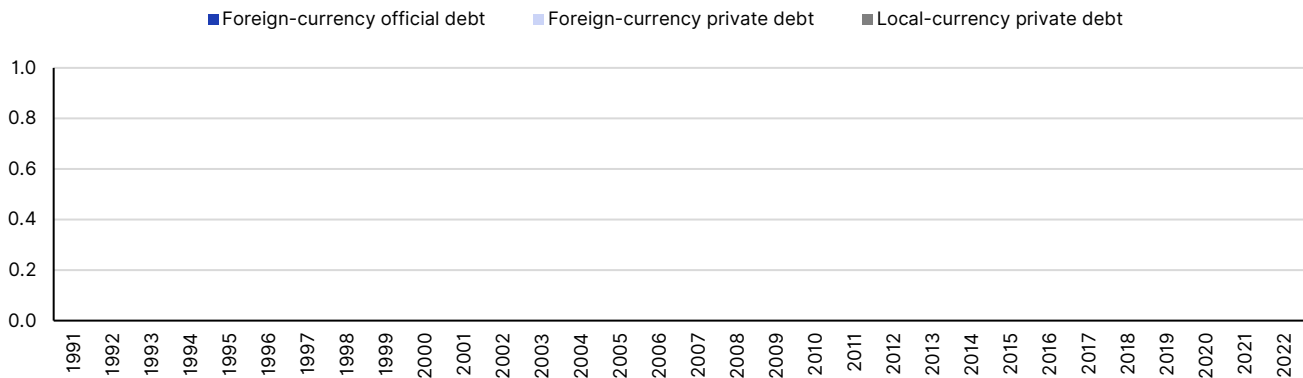
Source: WB, Scope Ratings

Additional considerations

No adjustment was applied to the rating from additional considerations.

Appendix I. Sovereign default history

Figure 15: Sovereign default history, USD m



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*			
Belgium	France	Malta	Spain
Croatia	Italy	Poland	United Kingdom
Cyprus	Japan	Portugal	
Czech Republic	Latvia	Slovakia	
Estonia	Lithuania	Slovenia	

*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 (bp) as of 8 February 2024	37.8

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	2023E
Domestic Economic	GDP per capita (PPP), USD '000s	IMF	62.8	65.1	63.6	70.2	76.3	80.4
	Nominal GDP, USD bn	IMF	20,533	21,381	21,060	23,315	25,463	26,950
	Real growth, %	IMF	2.9	2.3	-2.8	5.9	2.1	2.1
	CPI inflation, %	IMF	2.4	1.8	1.3	4.7	8.0	4.1
	Unemployment rate, %	WB	3.9	3.7	8.1	5.4	3.6	-
Public Finance	Public debt, % of GDP	IMF	107.4	108.7	133.5	126.4	121.3	123.3
	Net interest payments, % of government revenue	IMF	7.4	7.5	6.7	7.3	7.4	9.3
	Primary balance, % of GDP	IMF	-3.1	-3.5	-11.9	-9.3	-1.3	-5.5
External Economic	Current-account balance, % of GDP	IMF	-2.1	-2.1	-2.8	-3.6	-3.8	-3.0
	Total reserves, months of imports	IMF	1.4	1.6	2.1	2.0	1.7	-
	NIIP, % of GDP	IMF	-47.7	-54.6	-69.9	-80.6	-63.5	-
Financial Stability	NPL ratio, % of total loans	IMF	0.9	0.9	1.1	0.8	0.7	-
	Tier 1 ratio, % of risk-weighted assets	IMF	13.5	13.9	13.8	14.8	13.6	14.7
	Credit to the private sector, % of GDP	WB	180.5	191.2	215.8	216.3	-	-
ESG	CO ₂ per EUR 1,000 of GDP, mtCO ₂ e	EC	257.7	244.4	225.4	227.0	-	-
	Income share of bottom 50%, %	WID	13.3	13.6	13.9	13.8	-	-
	Labour-force participation rate, %	WB	72.4	72.9	71.7	72.1	-	-
	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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