



****Coronavirus Covid-19 Update****

The risks associated with doing business are likely to be negatively impacted by the global coronavirus pandemic. Severe disruption to supply chains caused by lockdown procedures in many countries will affect country risk ratings. Demand will also be lower than initially anticipated as export earnings will be reduced amid a global economic slowdown and falls in both business and consumer confidence, as well as lower investment due to decreasing corporate earnings. We advise clients to monitor the containment efforts, as the adverse economic and supply chain effects will persist until the outbreak is controlled.

Country Insight Snapshot United States of America

October 2020





OVERVIEW

OVERALL COUNTRY RISK RATING: DB2c

Low risk: Low degree of uncertainty associated with expected returns. However, country-wide factors may result in higher volatility of returns in future.



Rating Outlook: Stable

CORE OUTLOOK

- + Monetary and fiscal programmes worth more than USD3trn will help to cushion the economic impact from Covid-19.
- + Monetary easing will help to shore up credit markets, while a return to/expansion of crisis-era programmes will improve functionality.
- Our downgrade of the US's overall risk rating in March took it to its poorest level on record amid widespread supply-chain disruptions and demand-side shocks.
- The government balance deficit will widen significantly (and persist over the long term) in the wake of the fiscal stimulus measures.
- A second wave of Covid cases also risks disrupting the recovery.
- Repeated and persistent periods of asset price volatility can dent optimism and spill over into the real economy.

KEY DEVELOPMENT

The short-term economic outlook is heavily clouded by the low probability of approval for much-needed fiscal stimulus, given the ongoing political impasse.

CREDIT ENVIRONMENT OUTLOOK



Trend: Stable

Key Development has had a negative impact on the outlook.

SUPPLY ENVIRONMENT OUTLOOK



Trend: Stable

Key Development has had a negative impact on the outlook.

MARKET ENVIRONMENT OUTLOOK



Trend: Stable

Key Development has had a neutral impact on the outlook.

POLITICAL ENVIRONMENT OUTLOOK



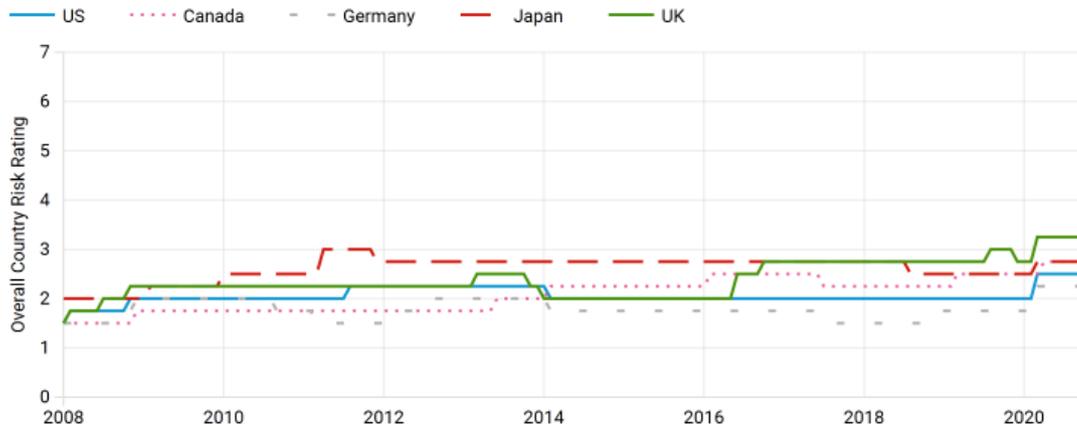
Trend: Stable

Key Development has had a negative impact on the outlook.



KEY INDICATORS

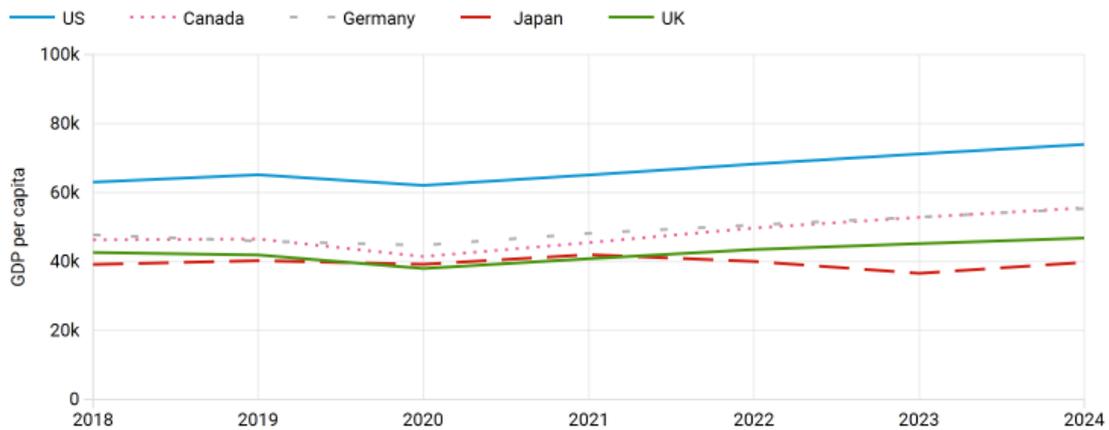
Rating History and Comparison



Source: Dun & Bradstreet

Note: 1 = Low Risk, 7 = High Risk

Regional Comparisons



Source: Haver Analytics/Dun & Bradstreet

Industrial Production Growth (Quarterly)



Source: Haver Analytics/Dun & Bradstreet



Economic Indicators

Indicator	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
C/A balance % GDP	-1.9	-2.2	-2.3	-2.7	-2.5	-2.6	-2.6	-2.7
Govt balance, % GDP	-3.5	-4.2	-4.6	-15.9	-12.9	-11.0	-8.8	-4.5
Inflation, annual ave %	2.1	2.4	1.8	1.0	1.9	2.3	2.6	2.1
Real GDP Growth, %	2.3	3.0	2.2	-5.1	3.5	3.1	2.2	2.3
Unemployment (annual ave, %)	4.3	3.9	3.7	8.3	6.8	6.3	5.5	4.7

Source: Haver Analytics/Dun & Bradstreet

TRADE AND COMMERCIAL ENVIRONMENT

The Federal Open Market Committee's monetary policy adjustment in September 2020 has ushered in lower-for-longer interest rates for several years to come. Consequently, the US federal funds target rate is expected to remain at 0-0.25% to end-2023, at least, or until desired labour market conditions and the longer-run average inflation target are attained. In its pursuit of maximum employment and a 2% average inflation rate in the longer term, the Committee will tolerate inflation moderately above 2%, given that inflation has been persistently below target in recent years. The historically lower cost of borrowing will keep mortgage rates subdued and buoy the fairly robust residential real estate market in coming months. Conversely, savers and risk-averse investors will struggle with low returns for the duration of the accommodative stance. The flow of credit to households and firms will also be supported by increased holdings of selected mortgage-backed securities and Treasury securities by the Federal Reserve in the months ahead.

TRADE TERMS AND TRANSFER SITUATION

Minimum Terms: OA

The minimum form of documentation or trading method that Dun & Bradstreet advises its customers to consider when pursuing export trade with the stated country.

Recommended Terms: SD

Dun & Bradstreet's recommended means of payment. The use of recommended terms, which are generally more stringent than minimum terms, is appropriate when a customer's payment performance cannot be easily assessed or when an exporter may wish to limit the risk associated with a transaction made on minimum terms.

Usual Terms: 30-60 days

Normal period of credit associated with transactions with companies in the stated country.

Local Delays: 0-2 months

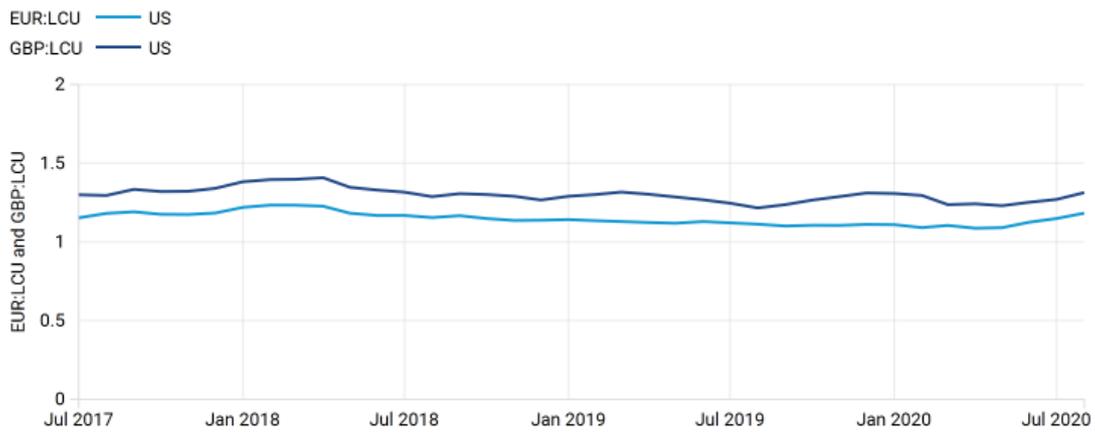
The time taken beyond agreed terms for a customer to deposit money in their local bank as payment for imports.

FX/Bank Delays: No delays reported

The average time between the placement of payment by the importer in the local banking system and the receipt of funds by the exporter. Such delays may be dependent on FX controls, FX availability and the efficiency of the local banking system.



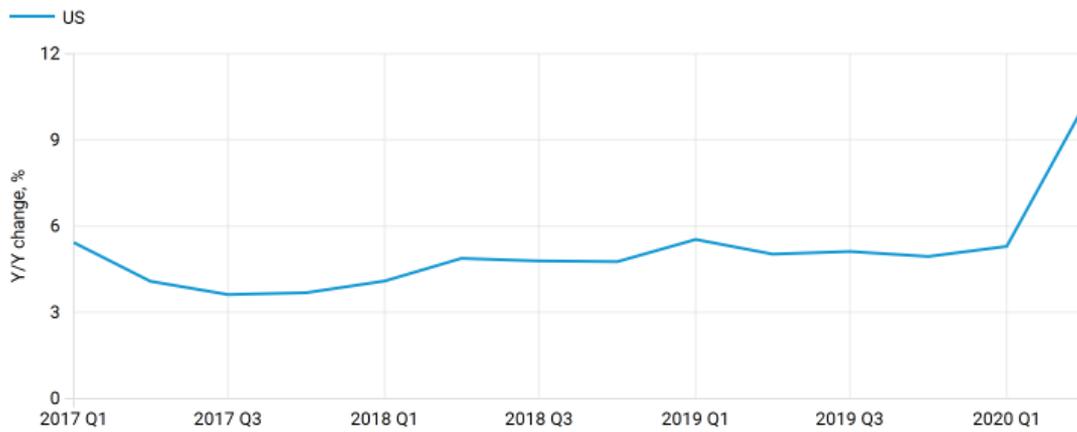
Exchange Rate



Source: International Monetary Fund/Dun & Bradstreet

LCU (local currency unit) = US dollar

Bank Lending to the Private Sector



Source: IMF, Central Banks, Haver Analytics



RISKS AND OPPORTUNITIES

Short-Term Economic Outlook

Fiscal stimulus impasse weighs on recovery

The pace of economic recovery, which began to display signs of slowing in Q3, is set to decelerate in Q4. The combined effects of the impasse between the Democratic-controlled US House of Representatives, the Republican-led Senate and President Donald Trump over crucial fiscal stimulus, alongside an acceleration of new coronavirus cases, augur poorly for the near-term outlook. Recent employment, income and spending data have signalled the need for additional stimulus given the expiration of enhanced unemployment benefits under the USD2.2trn CARES Act in July.

While the US unemployment rate of 7.9% in September reflected a faster-than-expected rebound from 14.7% in April, despite having slid from 8.4% in August, any recovery in the coming quarters is heavily dependent on the successful containment of Covid-19 and the mitigation of the pandemic's impacts on households and firms. Worryingly, a majority of US states began experiencing rising new Covid-19 infections at the beginning of Q4, with increases being especially sharp in mid-western and northeastern states. In the US overall, daily positive case data remains above the lows recorded in June. However, control of Covid-19 is being hampered by uneven implementation of control measures at the state level, underpinned by contrasting partisan approaches tied to a bitter presidential campaign ahead of the 3 November presidential election.

Despite the upsurge in cases, there is little appetite for full lockdowns owing to the severe economic consequences. High-contact businesses remain vulnerable to rising numbers of Covid-19 infections, keeping key segments of the services sector acutely vulnerable to permanent job losses and bankruptcies. The airline, energy, and financial services sectors have recently cut thousands of jobs to mitigate losses. While contrasting pandemic management measures will be adopted at the federal level depending on who wins the presidential election, Covid-19 will continue to depress economic prospects in coming quarters, even in a best-case scenario of an approved Covid-19 vaccine emerging by end-2020.

Business Regulatory Environment

Election outcome threatens policymaking

While the Democratic party is expected to retain control of the House of Representatives, control of the Senate appears to be a closely fought race, whose outcome could severely complicate policymaking for the next two years. If the Democratic party flips at least four Senate seats to regain control, and former Vice-President Joe Biden is elected president in November, the Democrats' legislative agenda - which includes healthcare reform, expanded fiscal stimulus to fight Covid-19, as well as marked shifts from current trade and foreign policy positions - will be largely unhindered, at least until mid-term elections in November 2022. However, retention of the Senate by the Republican party and/or victory for President Trump will result in a continuation of the fraught policymaking environment, resulting in heightened uncertainty in the commercial sphere.



COUNTRY PROFILE AND STATISTICS

Overview

The world's fourth-largest country, the US (50 states plus the District of Columbia) has a total area of nearly 10m square kilometres, with borders on Canada, Mexico, the Atlantic and the Pacific.

While the US is still the top economy in the world, its dominance will come under challenge in the near term; China, in second place, is trying to close the gap with significantly faster growth. The US economy is predominantly market oriented, although government spending plays an important role in many states. The US currently has the most powerful, diverse and technologically-advanced economy in the world, but its position as the best place to carry out business could be threatened by protectionist pressures within the country. The US runs large current account and fiscal deficits, and relies on foreign financing to maintain the value of the dollar. However, its natural resources are vast and export potential remains good.

Key Facts

Key Fact	Detail
Head of state	President Donald TRUMP
Capital	Washington D.C.
Timezone	GMT -05-00
Main languages	English, Spanish
Population (millions)	329.1
GDP (USD billions)	21,439.0
GDP per capita (USD)	65,152
Life expectancy (years)	78.8
Literacy (% of adult pop.)	99.9
Surface area (sq km)	9,826,675

Source: Various sources/Dun & Bradstreet

Historical Data

Metric	2015	2016	2017	2018	2019
Real GDP growth (%)	3.1	1.7	2.3	3.0	2.2
Nominal GDP in USDbn	18,238	18,745	19,543	20,612	21,439
Nominal GDP in local currency (bn)	18,238	18,745	19,543	20,612	21,439
GDP per Capita in USD	56,839	58,032	60,117	63,015	65,152
Population (year-end, m)	320.9	323.0	325.1	327.1	329.1
Exchange rate (yr avge, USD-LCU)	1.0	1.0	1.0	1.0	1.0
Current Account in USDbn	-407.4	-394.9	-365.3	-449.7	-486.7
Current Account (% of GDP)	-2.2	-2.1	-1.9	-2.2	-2.3
FX reserves (year-end, USDbn)	106.5	106.3	112.3	114.8	118.4
Import Cover (months)	0.5	0.5	0.5	0.4	0.4
Inflation (annual avge, %)	0.1	1.3	2.1	2.4	1.8
Govt Balance (% GDP)	-2.6	-3.1	-3.5	-4.2	-4.6

Source: Haver Analytics/Dun & Bradstreet



Forecasts

Metric	2020f	2021f	2022f	2023f	2024f
Real GDP growth (%)	-5.1	3.5	3.1	2.2	2.3
Nominal GDP in USDbn	20,544	21,672	22,853	23,968	25,039
Nominal GDP in local currency (bn)	20,544	21,672	22,853	23,968	25,039
GDP per Capita in USD	62,066	65,097	68,258	71,188	73,960
Population (year-end, m)	331.0	332.9	334.8	336.7	338.5
Exchange rate (yr avge, USD-LCU)	1.0	1.0	1.0	1.0	1.0
Current Account in USDbn	-547.9	-539.0	-584.1	-631.1	-680.0
Current Account (% of GDP)	-2.7	-2.5	-2.6	-2.6	-2.7
FX reserves (year-end, USDbn)	124.4	126.8	129.4	132.0	134.6
Import Cover (months)	0.5	0.5	0.4	0.4	0.4
Inflation (annual avge, %)	1.0	1.9	2.3	2.6	2.1
Govt Balance (% GDP)	-15.9	-12.9	-11.0	-8.8	-4.5

Source: Haver Analytics/Dun & Bradstreet

Comparative Market Indicators

Indicator	US	Canada	Germany	Japan	UK
Income per Capita (USD)	62,066	41,430	44,713	39,196	37,964
Country Population (m)	331.0	37.7	83.8	125.5	67.9
Internet users (% of population)	87.3	91.0	89.7	84.6	94.9
Real GDP Growth (% p.a., 2020 - 2029)	1.5 - 3.3	1.3 - 2.6	0.5 - 2.5	-0.8 - 1.3	1.5 - 2.8

Source: Various sources/Dun & Bradstreet



LINKS

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Please click [here](#) to visit our online user guide.

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