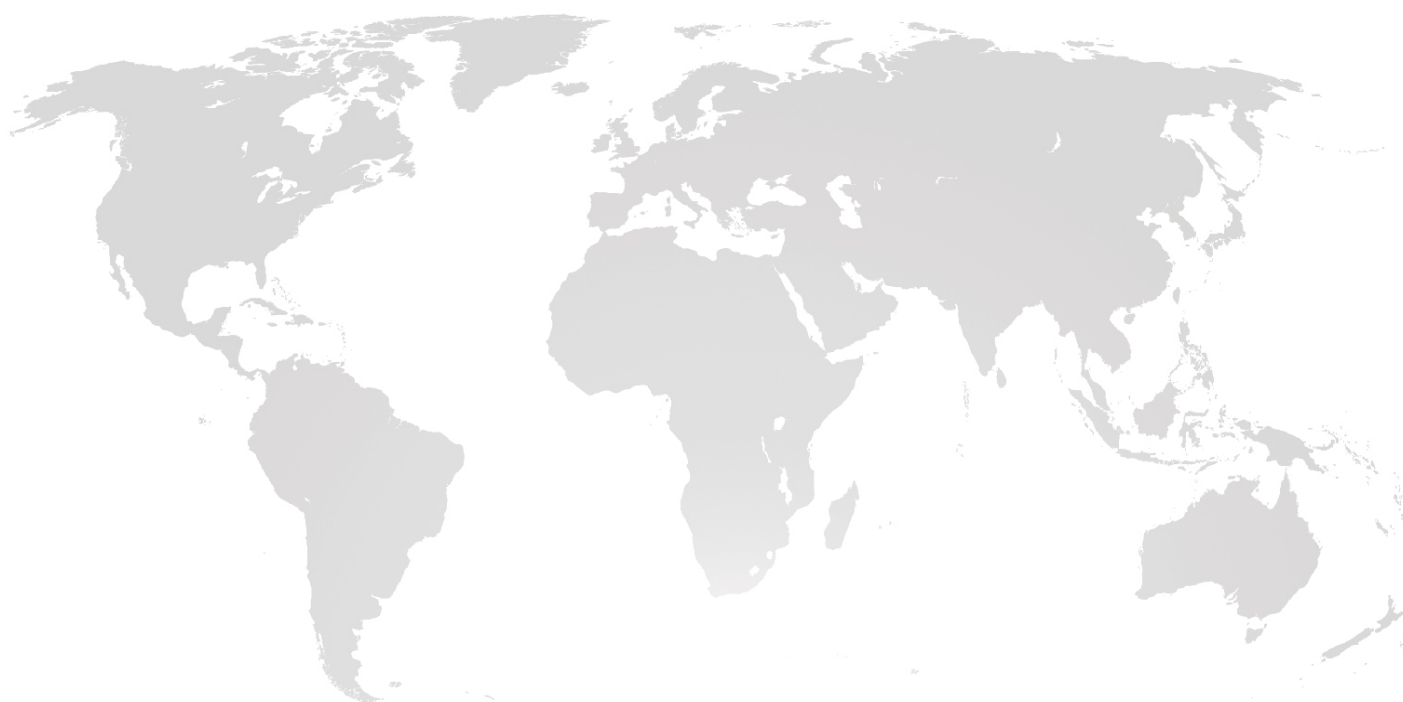




D&B Country Insight Snapshot: United States of America

February 2015



Overview

Overall Country Risk Rating : DB2a



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

- + Despite a slowdown in many of its peers, the US is on track to achieve healthy growth.
- + After the most serious, unique recession in several generations, the US recovery is slowly returning to sustained expansion.
- A slowdown in the rest of the world could weigh on US exports; the strong USD is an added concern in this regard.
- Expect EUR:USD volatility to continue to be greater than fundamentals alone could possibly imply.

Key Development

Quarterly growth slows, but the underlying trend is strong, mainly driven by consumer spending; various measures of consumer confidence continue to trend upwards.

Credit Environment Outlook



Key Development has had a positive impact on the outlook.

Supply Environment Outlook



Key Development has had a positive impact on the outlook.

Market Environment Outlook



Key Development has had a positive impact on the outlook.

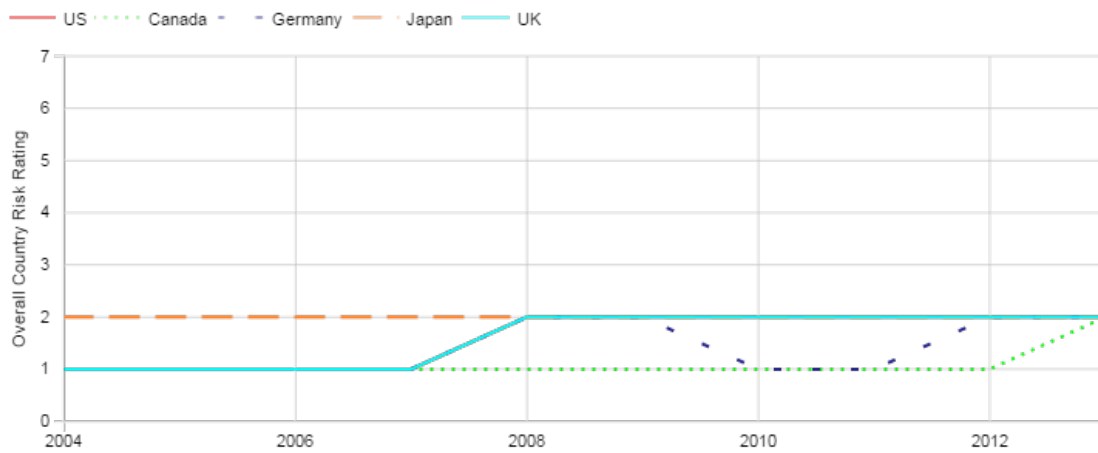
Political Environment Outlook



Key Development has had a neutral impact on the outlook.

Key Indicators

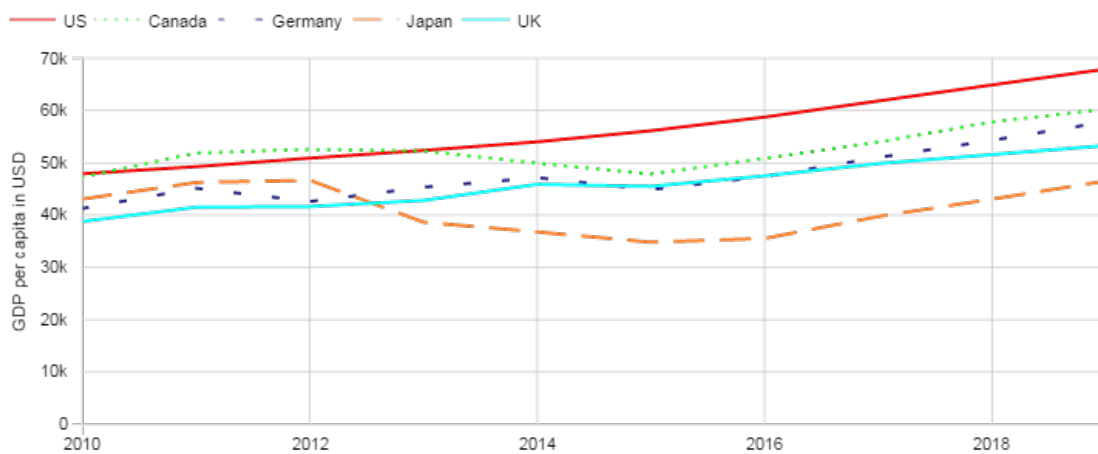
Rating History and Comparison



Source : D&B

Note: 1 = Low Risk, 7 = High Risk

Regional Comparisons



Source : D&B

Chart of the Month



Source : National Statistical Offices / Haver Analytics

Economic Indicators

Indicator	2011	2012	2013	2014f	2015f	2016f	2017f	2018f
C/A balance % GDP	-3.0	-2.9	-2.0	-2.2	-2.2	-2.3	-2.3	-2.2
Govt balance, % GDP	-8.4	-6.8	-4.1	-2.9	-2.6	-2.9	-2.7	-2.7
Inflation, annual avge %	3.2	2.1	1.5	1.7	1.6	2.1	2.4	2.3
Real GDP Growth, %	1.6	2.3	2.2	2.2	3.1	3.3	3.6	3.4
Unemployment, %	8.9	8.1	7.4	6.1	5.6	5.3	5.4	5.5

Source : Haver Analytics/D&B

Trade and Commercial Environment

D&B continues to recommend SD terms for most transactions with US customers, while usual terms are between 30 and 60 days. Local delays and FX/bank delays are one of the shortest among the countries monitored by D&B, standing at 0-2 months. D&B's proprietary leading indicator, the *Small Business Health Index (SBHI)*, rose for the third straight month, advancing 2.5 points in December. This takes the average value of the *SBHI* to a healthy 96.6 points in Q4 2014, up from 90.6 points in Q3, and is one of the key drivers of our upbeat 2015 outlook. A marked decline in payment delinquency helped to boost the *SBHI*; credit card utilisation by small businesses also increased slightly, indicating better access to credit. Survey data from the Fed also show rising demand for credit.

Trade Terms and Transfer Situation

Minimum Terms: OA

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

Recommended Terms: SD

D&B'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.

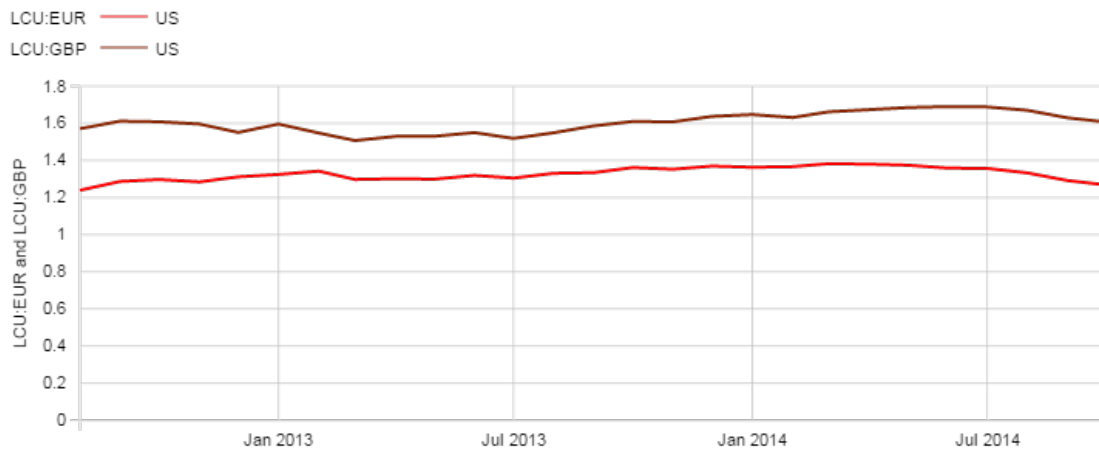
Local Delays: 0-2 months

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

FX/Bank Delays: 0-1 month

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.

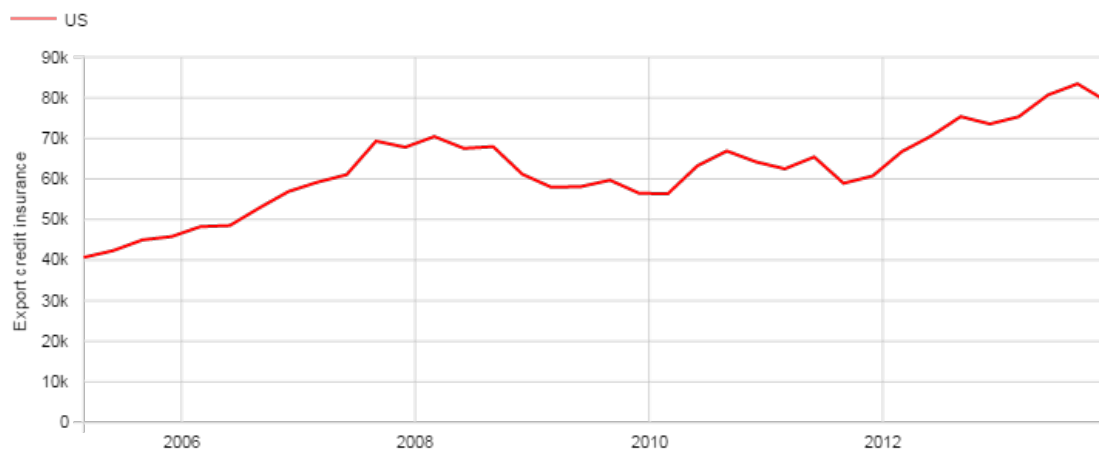
Exchange Rate



Source : IMF International Financial Statistics, National Statistical Offices

LCU = Local Currency Unit

Credit Conditions



Source : Haver

Insured export credit exposures, USDm

Risks and Opportunities

Short-Term Economic Outlook

Quarterly growth slows but the underlying trend is strong

In stark divergence with the rest of the Western economies, the US continues to expand at a solid clip and is expected to surpass its potential of 3.0% growth in 2015 for the first time since the Great Recession of 2008-09. The Bureau of Economic Analysis' advance estimate shows that real GDP expanded 2.6% at a seasonally adjusted annual rate (SAAR) in Q4 2014. While more complete data will lead to revisions in that figure, the Q4 number means that the US ended 2014 with annual growth of 2.4%. Compared with the previous quarter, growth in Q4 slowed measurably from the 5.0% SAAR pace set in Q3 2014. However, the underlying trend in the economy continues to point upward. The two main drivers of the deceleration in Q4 were net exports and the federal government. A strong and appreciating US dollar weighed on exports, which grew 2.8%, while it fueled a surge in imports, which grew 8.9%; thus, on balance, net exports subtracted a full percentage point from growth. Following a large increase in one-time defence expenditure, federal spending dropped sharply by 7.5%. Notably, as in the past several quarters, consumer spending was the biggest driver of GDP growth in Q4, growing 4.3% SAAR and contributing 2.9% to the topline number.

Market Potential

Confident consumers to help drive growth

Continued gains in consumer spending underscore our near-term outlook. Consumer sentiment has jumped recently, encouraged by the improving fundamentals of the economy. The three-month moving average of the *Consumer Confidence Index* (published by the Conference Board) reached 95.7 points in January; this marks the highest level reached since the recovery began after the Great Recession of 2008-09 and signals that, abstracting from month-to-month fluctuations, consumers are feeling the most optimistic at any point after the downturn. It should be noted that the index still remains about 10% below its last peak before the recession, but it is encouraging that it is on a steadily rising trend. The *University of Michigan's Consumer Sentiment Index*, an alternative measure of consumer confidence, also reached its best reading in nearly 11 years in January, surpassing its pre-recession peak. Confidence measures are expected to keep trending up during the near term and bode well for stronger consumer spending in 2015.

A fortuitous development that has contributed to consumer confidence, and will prompt consumers to spend more going forward, is the drop in gasoline prices, which acts as a tax cut for the average household. A combination of increased supply (particularly from the US), an appreciation of the currency, and a decline in demand (to a lesser extent) has caused global crude oil prices to drop by more than 50% since last summer; in turn, this has caused the US average retail price of a gallon of gasoline to drop to around USD2.00 per gallon from a recent high of around USD3.70 at the peak of the driving season last summer.

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 located in North America, with borders on Canada, Mexico, the Atlantic Ocean and the Pacific Ocean. The US has been unchallenged as the world's only superpower since the collapse of the Soviet Union in 1991.

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; however, its position as the best place to carry out business could be threatened by protectionist pressures within the country.

The country runs large current account and fiscal deficits, and relies on foreign financing to maintain the value of the US dollar. However, its natural resources are vast and export potential remains good.

Key Facts

Key Fact	Detail
Head of state	President Barack OBAMA
Capital	Washington D.C.
Timezone	GMT -05-00
Main languages	English, Spanish
Population (millions)	322.6
GDP (USD billions)	17,428.3
GDP per capita (USD)	54,027
Life expectancy (years)	79
Literacy (% of adult pop.)	99.9
Surface area (sq km)	9,826,675

Source : UN / Haver Analytics / D&B

Historical Data

Metric	2010	2011	2012	2013	2014
Real GDP growth (%)	2.53	1.6	2.32	2.22	2.2
Nominal GDP in USDbn	14,964.5	15,517.9	16,163.1	16,768.1	17,428.33
Nominal GDP in local currency (bn)	14,965	15,518	16,163	16,768	17,428
GDP per Capita in USD	47,925	49,277	50,907	52,392	54,027
Population (year-end, m)	312.25	314.91	317.51	320.05	322.58
Exchange rate (yr avge, USD-LCU)	1	1	1	1	1
Current Account in USDbn	-443.93	-459.35	-460.75	-339.1	-383.52
Current Account (% of GDP)	-2.97	-2.96	-2.85	-2.02	-2.2
FX reserves (year-end, USDbn)	121.39	136.91	139.13	133.53	136.2
Import Cover (months)	0.62	0.61	0.6	0.58	0.56
Inflation (annual avge, %)	1.6	3.2	2.1	1.5	1.7
Govt Balance (% GDP)	-8.8	-8.4	-6.8	-4.1	-2.9

Source : D&B

Forecasts

Metric	2015	2016	2017	2018	2019
Real GDP growth (%)	3.1	3.3	3.6	3.4	3.2
Nominal GDP in USDbn	18,256.1	19,254.6	20,426.5	21,606.8	22,788.8
Nominal GDP in local currency (bn)	18,256.1	19,254.58	20,426.5	21,606.78	22,788.76
GDP per Capita in USD	56,151	58,759	61,849	64,916	67,942
Population (year-end, m)	325.1	327.7	330.3	332.8	335.4
Exchange rate (yr avge, USD-LCU)	1	1	1	1	1.3
Current Account in USDbn	-397.9	-442.8	-473.6	-483.5	-492.3
Current Account (% of GDP)	-2.18	-2.3	-2.32	-2.24	-2.16
FX reserves (year-end, USDbn)	138.9	141.7	144.5	147.4	150.4
Import Cover (months)	0.55	0.54	0.51	0.5	0.48
Inflation (annual avge, %)	1.6	2.1	2.4	2.3	2.2
Govt Balance (% GDP)	-2.6	-2.9	-2.7	-2.7	-3

Source : D&B

Comparative Market Indicators

Indicator	US	Canada	Germany	Japan	UK
Income per Capita (USD)	56,151	49,628	44,894	34,830	45,687
Country Population (m)	325.1	35.9	82.6	127	63.8
Internet users (% of population)	84.2	85.8	84	86.3	89.8
Real GDP Growth (% p.a., 2014 - 2023)	1.5 - 3	1.5 - 2.5	2 - 3	-0.5 - 1.2	1.5 - 3.5

Source : D&B

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