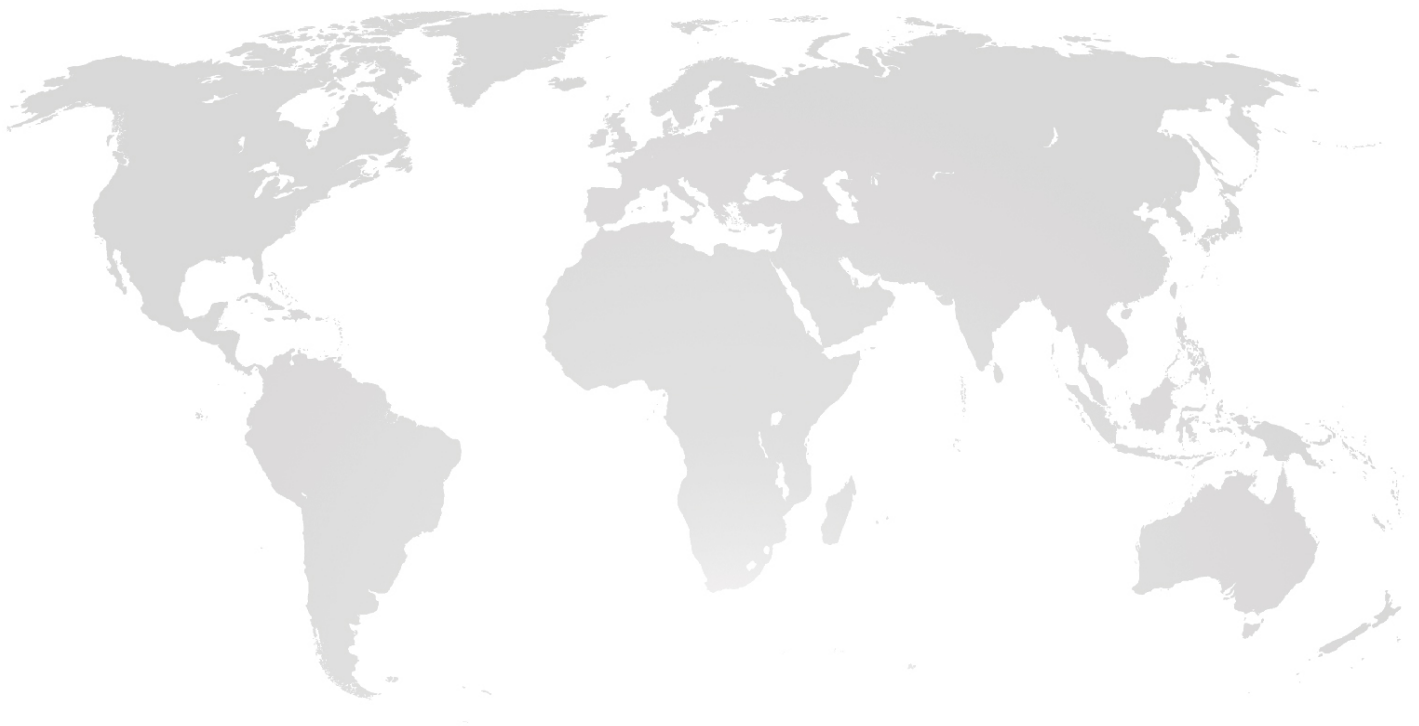


Country Insight Snapshot

United States of America

October 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.

G

Rating Outlook:

Stable



CORE OUTLOOK

- + Despite a slowdown in Q3, the US is still on track to achieve healthy growth.
- + Some job losses and cuts in capital expenditure in the energy sector notwithstanding, the drop in gas prices will benefit the economy through higher consumer spending.
- A slowdown in the rest of the world could weigh on US exports, and the strong dollar is an added concern in this regard.
- FX and equity market volatility will grow leading up to/immediately following the Fed's decision to raise rates.

KEY DEVELOPMENT

Topline real GDP growth slowed in Q3 2015, but the fundamentals of the US economy remain strong enough to keep the expansion intact.

CREDIT ENVIRONMENT OUTLOOK

G

Key Development has had a positive impact on the outlook.

SUPPLY ENVIRONMENT OUTLOOK

G

Key Development has had a neutral impact on the outlook.

MARKET ENVIRONMENT OUTLOOK

G

Key Development has had a positive impact on the outlook.

POLITICAL ENVIRONMENT OUTLOOK

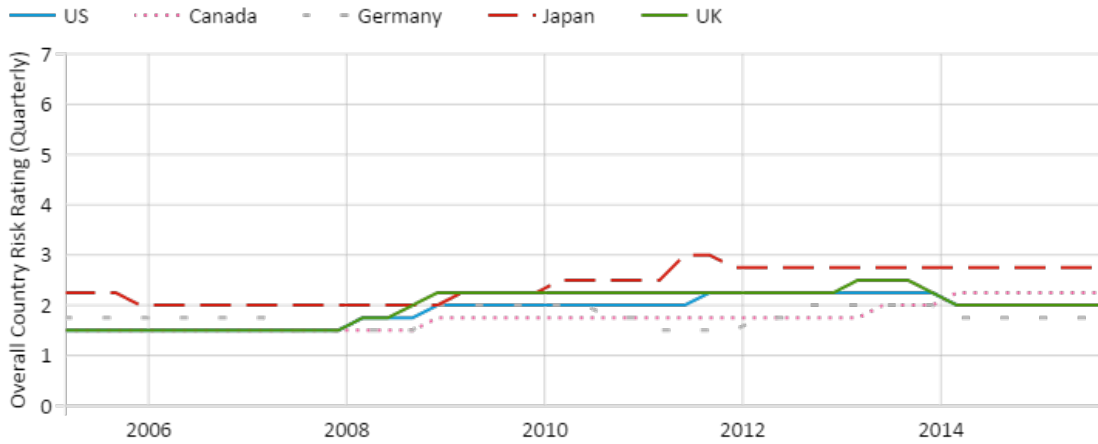
A

Key Development has had a positive impact on the outlook.



KEY INDICATORS

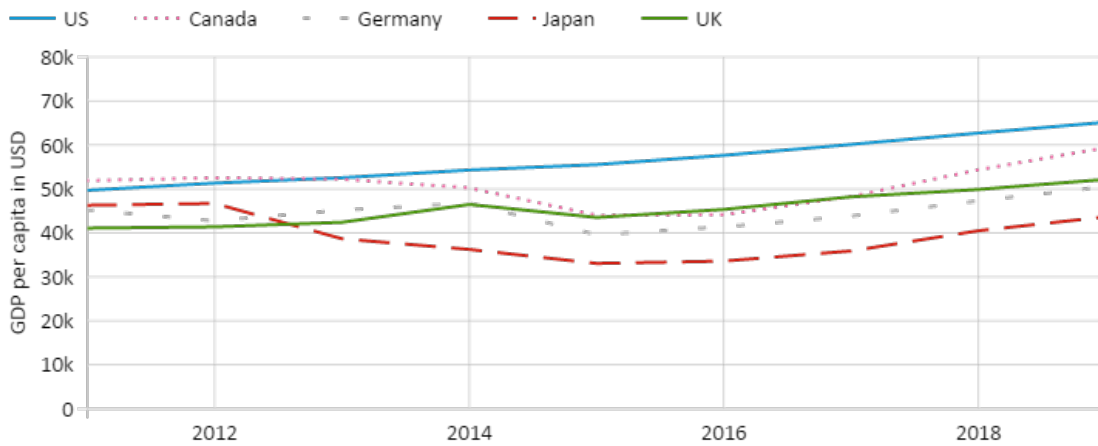
Rating History and Comparison



Source : Dun and Bradstreet

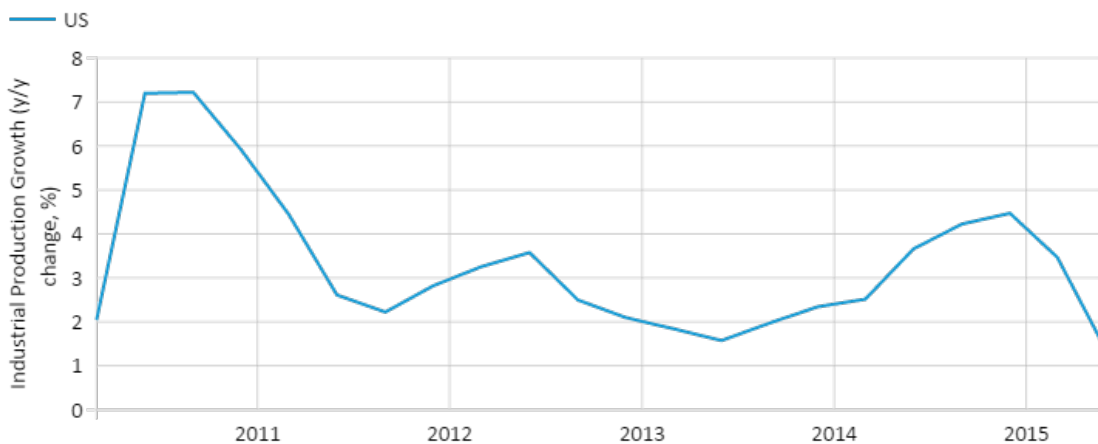
Note: 1 = Low Risk, 7 = High Risk

Regional Comparisons



Source : D&B

Industrial Production Growth (Quarterly)



Source : National Statistical Offices / Haver Analytics



Economic Indicators

Indicator	2012	2013	2014	2015f	2016f	2017f	2018f	2019f
C/A balance % GDP	-2.8	-2.0	-2.2	-2.4	-2.7	-2.8	-2.9	-2.9
Govt balance, % GDP	-6.8	-4.1	-2.8	-2.7	-2.4	-2.3	-2.4	-2.8
Inflation, annual avge %	2.1	1.5	1.6	0.5	2.1	2.4	2.3	2.2
Real GDP Growth, %	2.2	1.5	2.4	2.3	2.9	2.6	2.4	2.4
Unemployment, %	8.1	7.4	6.2	5.3	4.9	5.1	5.0	5.0

Source : Haver Analytics/D&B

TRADE AND COMMERCIAL ENVIRONMENT

Dun & Bradstreet 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 Dun & Bradstreet, standing at 0-2 months. After a soft patch in the previous two months, our proprietary leading indicator, the *Small Business Health Index* (SBHI), came back strongly in September and rose 1.5 points to reach 97.8 points. This brought the Q3 average of the SBHI to 96.8, more than a point higher than the Q2 average of 95.5, but still somewhat short of its December 2014 peak of 98.7. The SBHI is a leading indicator of macroeconomic performance; hence we expect a gradual improvement in the US operating environment in the near term, although small businesses will face modest headwinds.

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.

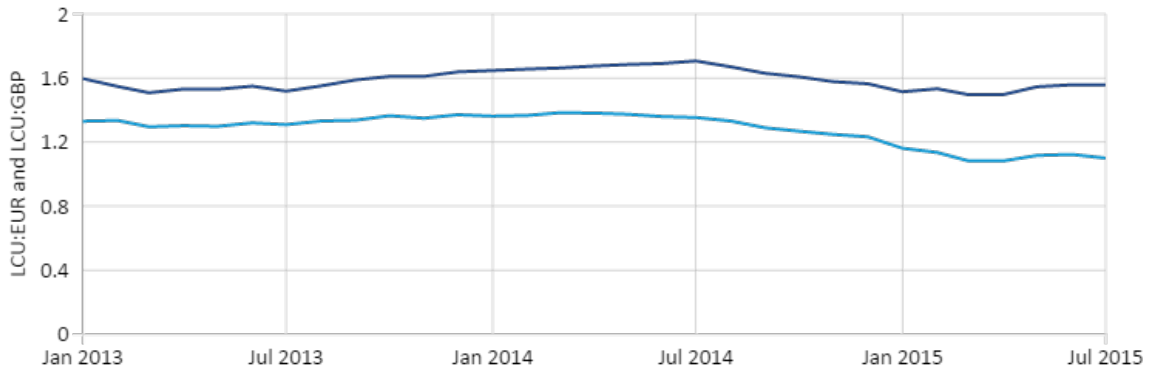
FX/Bank Delays: 0-1 month

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

LCU:EUR — US
 LCU:GBP — US

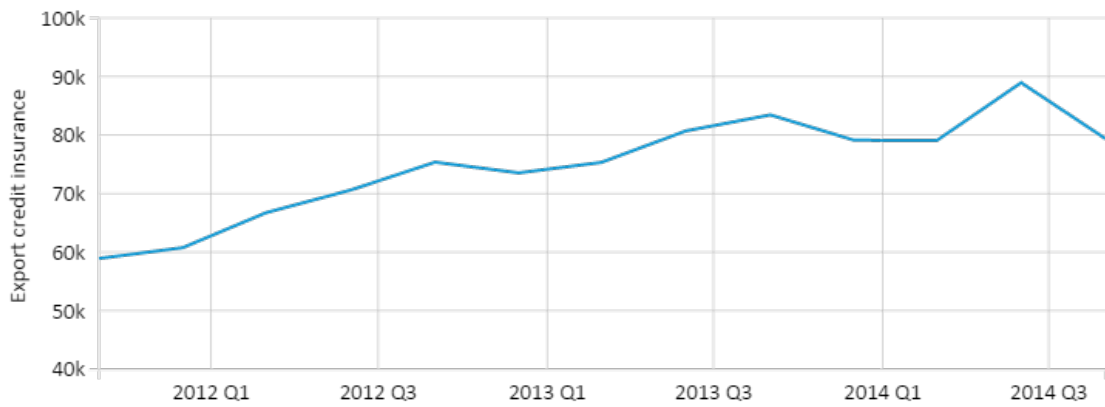


Source : IMF International Financial Statistics, National Statistical Offices

LCU = Local Currency Unit

Credit Conditions

— US



Source : Haver

Insured export credit exposures, USDm



RISKS AND OPPORTUNITIES

Short-Term Economic Outlook

Growth in Q3 suggests underlying strength

Dun & Bradstreet has reaffirmed the US's country risk rating at DB2a this month, as the economy continues to expand at a modest pace that reflects the interplay of solid domestic fundamentals with volatile external headwinds. The Bureau of Economic Analysis' advance estimate of real GDP showed that the US economy expanded by 1.5% (seasonally adjusted annual rate) in Q3 2015, a slower pace than the 3.9% seen in Q2 or the 4.3% recorded in Q3 2014. A sharp drop in inventory investment, one of the most volatile components of economic output, almost singlehandedly accounted for the slower pace of Q3 growth; inventory accumulation nearly halved from Q2, and subtracted 1.44 percentage points (pp) from topline growth. Net exports was another - lesser - drag on growth in Q3, subtracting 0.03 pp from GDP as growth in imports wiped out the boost from rising exports. As the US dollar remains strong and global demand weakens, foreign trade is a downside risk to the outlook.

As in the previous several quarters, consumer spending was the biggest driver of growth in Q3, contributing 2.2 pp to growth. We expect robust growth in consumer spending in the next few quarters, highlighting the underlying resilience of the economy and our positive near-term outlook. The consumption outlook, in turn, is based on our projections for steady growth in the labour market. Job growth fell drastically short of expectations and trend pace in September, as the US added only 142,000 net new jobs. Wages were largely flat over the month, with nominal average hourly earnings for all private sector workers up 2.2% y/y. Nevertheless, we expect September's payrolls to be an exception and job gains to pick up in the near term. Alternative measures also suggest that the extent of slack in the labour market has been diminishing steadily and that the economy is moving closer to full employment. The Federal Reserve's latest projections assume that the long-run unemployment rate consistent with full employment in the US is 4.9%. Even if we continue to see monthly job gains of around 150,000 this rate will be achieved in about ten months from now.

Market Potential

Budget deal removes uncertainty

Government spending was the other contributor to GDP growth in Q3, adding 0.3 pp. This was the second successive quarter in which the public sector added to growth; it had subtracted from growth in Q4 2014 and Q1 2015. The outlook for the public sector has brightened recently: on 30 October a bipartisan compromise agreement was reached on the budget and debt-ceiling; among other things, the agreement eliminates the possibility of a government shutdown or US default through March 2017, thereby removing the drag on the economy from fiscal policy uncertainty. Additionally, it will lift the so-called sequester spending caps and increase discretionary spending by about USD80bn over two years, an amount that will be split equally between defence and domestic programmes.



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)	319.4
GDP (USD billions)	17,345.0
GDP per capita (USD)	54,295
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	2.22	1.49	2.43
Nominal GDP in USDbn	14,964.0	15,518.0	16,155.0	16,663.0	17,345.0
Nominal GDP in local currency (bn)	14,965	15,518	16,155	16,663	17,345
GDP per Capita in USD	48,292	49,675	51,319	52,543	54,295
Population (year-end, m)	309.88	312.39	314.8	317.14	319.45
Exchange rate (yr avge, USD-LCU)	1	1	1	1	1
Current Account in USDbn	-441.96	-460.36	-449.67	-338.26	-382.62
Current Account (% of GDP)	-2.95	-2.97	-2.78	-2.03	-2.21
FX reserves (year-end, USDbn)	121.39	136.91	139.13	133.53	119.05
Import Cover (months)	0.62	0.61	0.6	0.58	0.49
Inflation (annual avge, %)	1.6	3.2	2.1	1.5	1.6
Govt Balance (% GDP)	-8.7	-8.5	-6.8	-4.1	-2.8

Source : D&B



Forecasts

Metric	2015	2016	2017	2018	2019
Real GDP growth (%)	2.3	2.9	2.6	2.4	2.4
Nominal GDP in USDbn	17,832.0	18,735.0	19,683.0	20,619.0	21,578.0
Nominal GDP in local currency (bn)	17,832.0	18,735.0	19,683.0	20,619.0	21,578.0
GDP per Capita in USD	55,419	57,802	60,290	62,703	65,153
Population (year-end, m)	321.8	324.1	326.5	328.8	331.2
Exchange rate (yr avge, USD-LCU)	1	1	1	1	1.3
Current Account in USDbn	-436.8	-502	-554.7	-588.2	-622.4
Current Account (% of GDP)	-2.45	-2.68	-2.82	-2.85	-2.88
FX reserves (year-end, USDbn)	121.4	123.9	126.3	128.9	131.4
Import Cover (months)	0.48	0.47	0.45	0.43	0.42
Inflation (annual avge, %)	0.5	2.1	2.4	2.3	2.2
Govt Balance (% GDP)	-2.7	-2.4	-2.3	-2.4	-2.8

Source : D&B

Comparative Market Indicators

Indicator	US	Canada	Germany	Japan	UK
Income per Capita (USD)	54,295	50,233	46,760	36,235	46,461
Country Population (m)	319.4	35.6	82.7	127.1	64.3
Internet users (% of population)	87.4	87.1	86.2	90.6	91.6
Real GDP Growth (% p.a., 2015 - 2024)	1.5 - 3	1.5 - 2.5	2 - 3	-0.5 - 1.2	1.5 - 3.5

Source : D&B



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