



Decide with Confidence

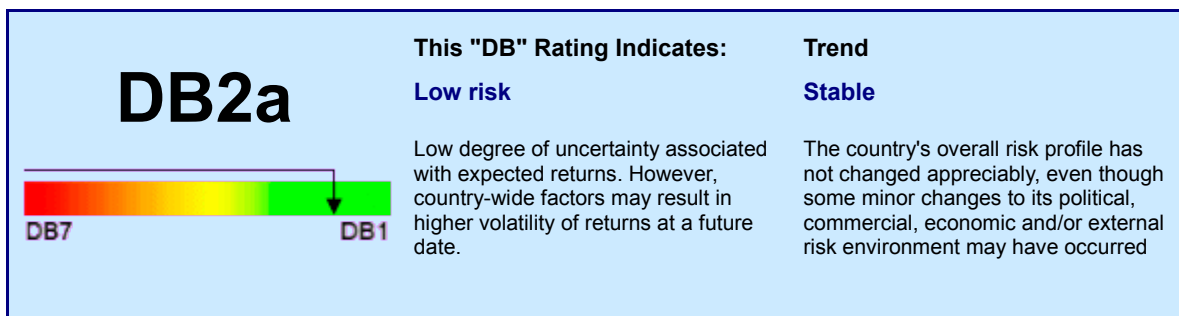
D&B Country RiskLine Report

UNITED STATES OF AMERICA

Region : The Americas

Edition : September 2010

D&B Country Risk Indicator



The 'DB' risk indicator provides a comparative, cross-border assessment of the risk of doing business in a country and encapsulates the risk that country-wide factors pose to the predictability of export payments and investment returns over a two year time horizon. The 'DB' risk indicator is a composite index of four over-arching country risk categories:

Political risk - internal and external security situation, policy competency and consistency, and other such factors that determine whether a country fosters an enabling business environment;

Commercial risk - the sanctity of contract, judicial competence, regulatory transparency, degree of systemic corruption, and other such factors that determine whether the business environment facilitates the conduct of commercial transactions;

External risk - the current account balance, capital flows, FX reserves, size of external debt and all such factors that determine whether a country can generate enough FX to meet its trade and foreign investment liabilities;

Macroeconomic risk - the inflation rate, government balance, money supply growth and all such macroeconomic factors that determine whether a country is able to deliver sustainable economic growth to provide further expansion in business opportunities.

The DB risk indicator is divided into seven bands, ranging from DB1 through DB7. Each band is subdivided into quartiles (a-d), with an 'a' designation representing slightly less risk than a 'b' designation and so on. Only the DB7 indicator is not divided into quartiles.

Key Facts

Population:	314.7m
Surface area (sq km):	9,826,675
Capital:	Washington D.C.
Timezone:	GMT -05:00
Main languages:	English, Spanish
Head of state:	President Barack OBAMA
GDP (USD):	14.3trn
GDP per capita (USD):	45,307
Life expectancy (years):	78
Literacy (% of adult pop.):	99.9

Country Overview:

The world's fourth-largest country, the US (50 states plus the District of Columbia) has a total area of nearly 10 million 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 mounting 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.

Trade & Commercial Environment

Trade Terms

Minimum Terms:	OA
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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
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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
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Normal period of credit associated with transactions with companies in the stated country.

Transfer Situation

Local Delays:	0-2 months
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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
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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.

Trade & Commercial Environment

The Institute for Supply Management's manufacturing Purchasing Managers' Index (PMI) suggests that manufacturing growth will remain weak in the months ahead; it dropped to 55.5% in July from 56.2% in June (a reading above 50% indicates that activity is expanding at more firms than it is contracting at), and the new orders sub-index dropped sharply to 53.5% from 58.5%. The non-manufacturing PMI reflects a slight upturn in other sectors; it rose to 54.3% in July from 53.8% in June. Non-manufacturing exports orders and employment sub-indices both returned to growth (after contracting outright in May), but they remain weak. Overall, indications are that economic activity will be increasingly subdued during the second half of the year.

Export Credit Agencies

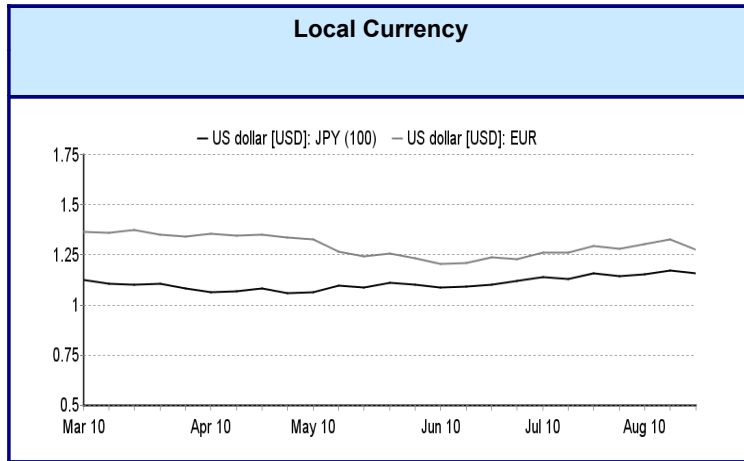
Atradius	Full cover available
ECGD	Full cover available
Euler Hermes UK	Full ST cover available

Economic Indicators

	2007	2008	2009	2010f	2011f
Real GDP growth, %	2.1	0.4	-2.4	2.0	1.7
Inflation, annual ave, %	2.9	3.8	-0.3	2.0	1.5
Govt balance, % GDP	-1.2	-3.2	-9.9	-9.5	-8.0
Unemployment, %	4.6	5.8	9.3	9.5	8.5
C/A balance, % GDP	-5.2	-4.9	-2.9	-3.2	-3.2

Currency Information

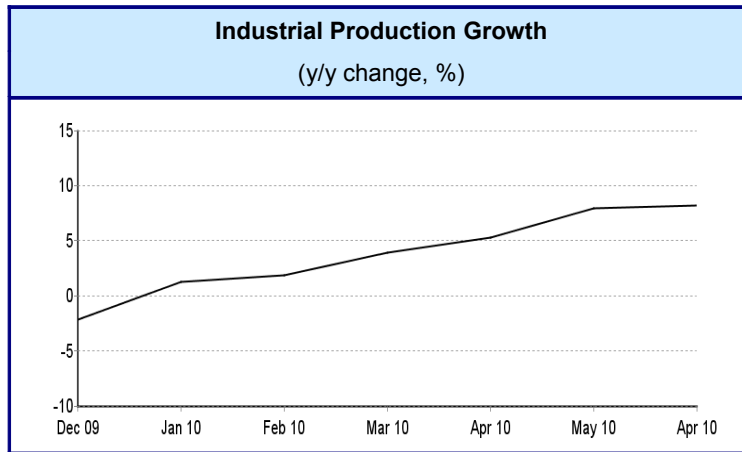
Exchange Rates	
(London, 16 Aug 10)	
EUR	1.2761
GBP	1.5586
JPY*	1.1581
*(x 100)	



Local Currency

	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10
Week 1	1.125	1.064	1.064	1.088	1.140	1.154
Week 2	1.104	1.070	1.099	1.091	1.130	1.174
Week 3	1.102	1.084	1.087	1.101	1.157	1.158
Week 4	1.105	1.061	1.112	1.120	1.146	
Week 5	1.080		1.100			

Industrial Production Growth



Data Table

Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Apr 10
-2.2	1.3	1.9	3.9	5.3	7.9	8.2

Risk Factor

Economic indicators suggest that the US recovery is increasingly at risk of stalling. In Q2, the economy slowed markedly, growing by an annualised 2.4%, down from Q1's 3.7%. Worryingly, nearly half of all growth was still contributed by inventory adjustments. Private consumption grew by a meagre 1.7% as consumers continued to deleverage. One positive indicator was the extent to which firms began to re-invest, as profit growth surged thanks to low operating costs and growing emerging market sales; private fixed capital formation grew by an annualised 19.1%. Even so, the level of quarterly investment in Q2 remained almost 20% lower than the levels regularly seen before the financial crisis, and it is unlikely that profit growth will maintain such a strong upward trajectory into 2011. In July, the economy shed a total of 131,000 jobs (as a number of short-term jobs for the national census ended); and private sector job creation remained weak. Unemployment remained at 9.5% only because a large number of frustrated job seekers stopped looking for work.

The weak labour market, alongside the ongoing slump in the housing market, continues to undermine consumption. Consumer spending increased by a marginal 0.4% month on month (m/m) in July; excluding automobiles and gasoline sales, it dropped by 0.1%. Meanwhile, the Conference Board's July Consumer Confidence Index continued to slide, dropping to 50.4 from 52.9 in June (it is now about 50% of the level of the mid-2000s). Private consumption, which accounts for 70% of US GDP and is usually the core driver of economic growth, will remain fragile throughout the second half of 2010.

Given clear signs that the recovery is tiring, the Federal Reserve has postponed any exit from its monetary stimulus. In August, it announced that it would not shrink the size of its balance sheet; it will instead re-invest the principal of the USD1.2trn it has used in supporting mortgage-backed securities and government-agency debt in government debt (with medium-term maturities), in the hope that this will help to free up more credit for small businesses and households. Unfortunately, July's *Senior Loan Officer Opinion Survey* suggests that weak demand, not limited supply, is the reason that bank credit continues to contract. Even so, if fresh economic indicators suggest further deceleration, the Fed may yet print more money to counter deflationary pressures, and it is unlikely to raise rates before late 2011. On the fiscal front, the government is proposing new ad hoc stimulus measures. In August, it agreed an aid package to help alleviate severe budgetary problems in a number of states. However, the programme is probably too small (USD26bn) to prevent state-level fiscal retrenchment putting further downward pressure on domestic demand.

Glossary & Definitions

DEFINITIONS

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Recommended Terms:

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Usual Terms:

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

Local Delays:

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

F/X Bank Delays:

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C/A (current account) balance, % GDP:

Part of the balance of payments that records a nation's exports and imports of goods and services, and income and transfer payments.

DSR (debt service ratio), %:

Annual interest and principal payments on a country's external debts as a percentage of exports of goods and services.

Govt balance, % GDP:

The balance of government expenditure and receipts.

Real GDP growth, %:

GDP adjusted for inflation.

Inflation, %:

The increase in prices over a given period.

GLOSSARY

CiA	Cash in Advance
CLC	Confirmed Letter of Credit
CWP	Claims Waiting Period
FX	Foreign Exchange
LC	Letter of Credit
LT	Long term
MT	Medium term
OA	Open Account
SD	Sight Draft
ST	Short term

Customer Service & Support

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D&B Country Risk Services

For information relating to D&B's Country Risk Services.

UK

Telephone: 01628 492700

Fax: 01628 492929

Email: CountryRisk@dnb.com

USA Inquiry

Telephone: 1-800 234-3867 option 1, 1 and then 2

Email: CountryRiskServices@dnb.com

Rest of World

Telephone: +44 1628 492700

Email: CountryRisk@dnb.com

D&B Customer Services

For all other information or queries relating to D&B products and services.

UK

Telephone: 0870 243 2344 (UK) / 1 890 923296 (IR)

Email: CustomerHelp@dnb.com

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Telephone: 1-800 234-3867 option 1, 1 and then 2

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