Country Insight Snapshot
United States of America

August 2021

Written 13 August 2021

OVERVIEW

OVERALL COUNTRY RISK RATING: DB2b

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: Improving

CORE OUTLOOK

+ Progress towards normalisation of business activities continues as reopenings are facilitated by the ongoing national Covid-19 vaccination campaign.
+ The Senate passed a bipartisan USD1.1trn infrastructure bill that includes upgrades to transportation, utility and technology infrastructure. If passed by the House, the investment will support medium- to long-term productivity.

- Sustained near-term growth hinges on the successful containment of new surges of Covid-19, as new virus strains and slowing vaccination rates drive higher infection rates.
- Extreme weather events, partly triggered by climate change, will stress supply chains, necessitating expanded contingency planning.

KEY DEVELOPMENT

Drought and extreme weather events - including heatwaves - are disrupting supply chains, keeping business continuity risk elevated.

CREDIT ENVIRONMENT OUTLOOK

G

Trend: Stable

Key Development has had a neutral impact on the outlook.

SUPPLY ENVIRONMENT OUTLOOK

A

Trend: Stable

Key Development has had a negative impact on the outlook.

MARKET ENVIRONMENT OUTLOOK

G

Trend: Improving

Key Development has had a neutral impact on the outlook.

POLITICAL ENVIRONMENT OUTLOOK

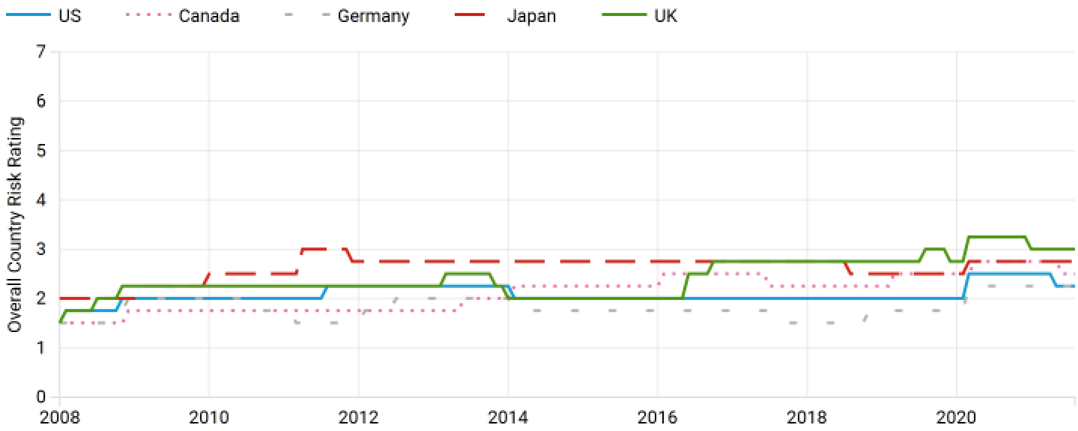
G

Trend: Stable

Key Development has had a neutral impact on the outlook.

KEY INDICATORS

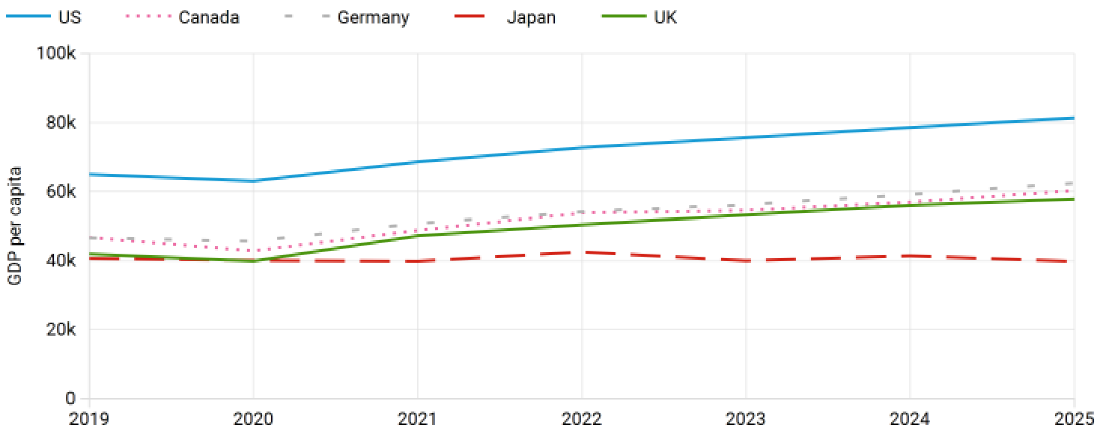
Rating History and Comparison



Source: Dun & Bradstreet

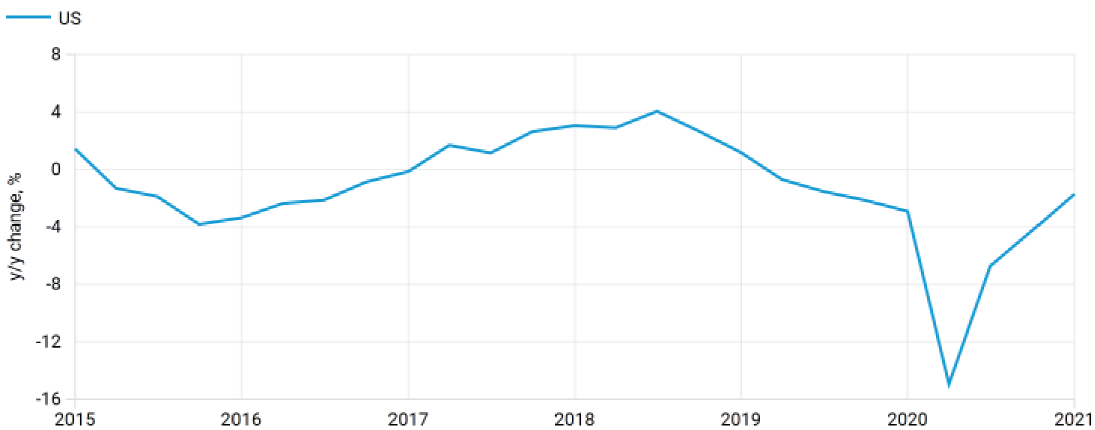
Note: 1 = Low Risk, 7 = High Risk

Regional Comparisons



Source: Haver Analytics/Dun & Bradstreet

Industrial Production Growth (Quarterly)



Source: Haver Analytics/Dun & Bradstreet

Economic Indicators

Indicator	2018	2019	2020	2021f	2022f	2023f	2024f	2025f
C/A balance % GDP	-2.1	-2.4	-2.7	-2.9	-2.9	-2.8	-2.7	-2.6
Govt balance, % GDP	-4.3	-4.8	-16.6	-13.5	-6.7	-5.8	-4.5	-4.0
Inflation, annual avge %	2.4	1.8	1.2	2.9	2.4	2.1	2.2	2.1
Real GDP Growth, %	2.9	2.3	-3.6	6.4	4.2	2.4	2.2	2.0
Unemployment (annual avge, %)	3.9	3.7	8.1	5.5	4.3	4.0	3.9	3.8

Source: Haver Analytics/Dun & Bradstreet

TRADE AND COMMERCIAL ENVIRONMENT

Economic output returned to its 2019 level by end-H1 and the labour market rebound progressed in July adding 934,000 jobs, though with room for further recovery as the labour-force participation rate stayed below its pre-pandemic level at 61.7%. As expected, the Fed maintained its ultra-loose stance in July adhering to its assumption of easing inflationary pressures in the coming months. The Federal Reserve is aiming to achieve inflation moderately over 2% to keep longer-term inflation expectations anchored well over 2%.

In July, headline consumer prices rose 5.4% y/y - the same as in June - but deceleration in the less-volatile measure of core inflation at 0.3% m/m from 0.9% in the previous month is potentially the beginning of easing price pressures through H2. We expect the Federal Reserve to keep interest rates near zero through H1 2023, but tapering of the Fed's aggressive USD120bn monthly asset purchase programme could begin before end-2021, if economic growth and labour market improvement continue their solid acceleration.

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.

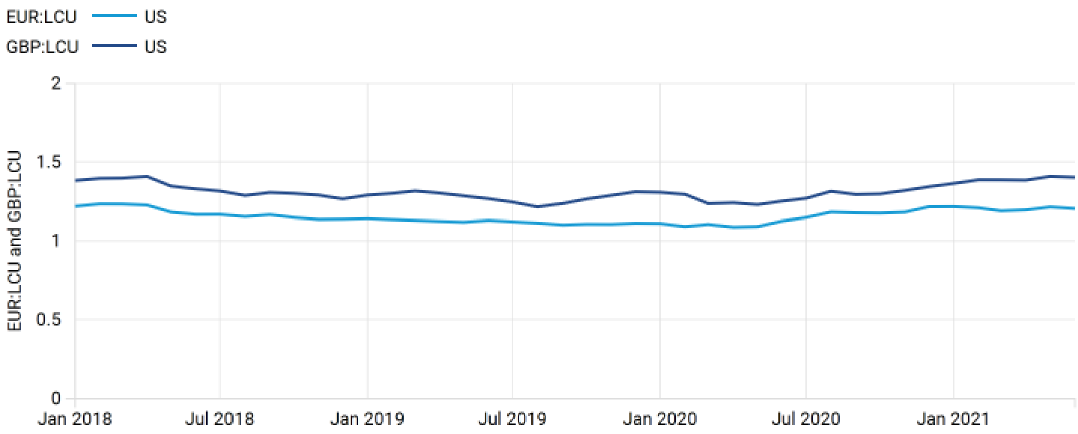
Local Delays: 0-2 months

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.

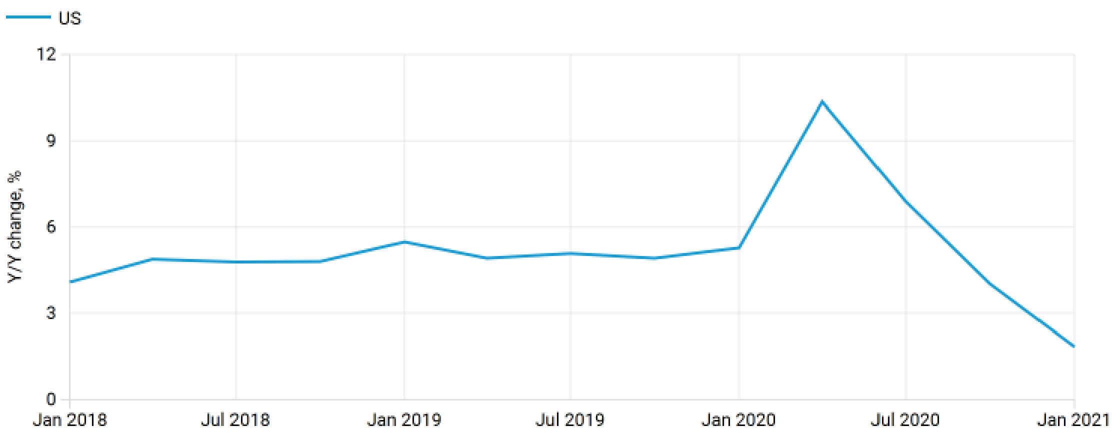
Exchange Rate



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

Business Continuity

Supply-chain risk remains elevated with drought and extreme heat

Supply chains are being disrupted by drought and extreme weather events, including heatwaves, which have fuelled massive wildfires. At the time of writing, active large fires were reported in 14 states including Montana, Idaho, Oregon, Washington and California, according to the National Interagency Fire Center. Relatedly, prolonged severe drought conditions in the West have hit key crops with 93% of spring wheat and 66% of barley now classified as experiencing 'poor' or 'very poor' conditions, according to the U.S. Drought Monitor. In addition to livestock, power transmission and infrastructure - including transportation networks - remain under threat. Risks will persist for several weeks, at least, with above-average temperatures forecast for September and October.

Additional supply-side disruptions including port congestion and labour shortages are maintaining demand-supply mismatches and driving higher producer prices. Recovering demand for services drove producer prices up 1% m/m and 7.8% y/y surpassing consensus forecasts, as robust consumer spending, particularly on services, powered economic growth estimated at 6.5% in Q2, slightly up from 6.3% in Q1. Dun & Bradstreet's average business operations activity index, which ranges from 0 to 1 (where 1 is complete recovery) reflected this, rising to 0.9040 as at 2 August from 0.8809 on 5 July.

However further normalisation of commercial operations in H2 is being challenged by a resurgence of Covid-19 infections. Aside from aggravating supply-side bottlenecks, the surge carries a risk of dampening demand particularly for high-contact businesses, especially in states with the highest cases such as Florida and Texas, which account for roughly 40% of new cases. Containment of Covid-19 is being complicated by the politicisation of measures to reduce spread (such as mask mandates in public buildings), lagging vaccination rates, and upcoming cold weather, which will increase indoor gatherings.

Supply-chain challenges can be managed using D&B Risk Analytics which provides supply teams with a solution that leverages AI-powered data to achieve a new level of visibility. In addition, utilising the Dun & Bradstreet Data Cloud, D&B Risk Analytics allows clients to screen suppliers, actively monitor risk changes, radically streamline reporting processes, and drive operational efficiency through automation. It is one of the very few solutions on the market today that provides comprehensive, continuously updated data integrated into software to help companies manage supplier risk.

Long-Term Economic Potential

Bipartisan bill could boost productivity

The passage of a bipartisan USD1.1trn infrastructure bill in the Senate on 10 August is a significant win for the Biden administration, whose originally-proposed 8-year USD2.2trn infrastructure plan was staunchly opposed by Republicans. The measure, which was passed by 69-30 votes, advanced the bill which allocated USD550bn in new spending for roads and bridges, rail, electric vehicle charging stations, ports, airports, potable water and high-speed internet.

The bill was sent to the house but faces obstacles to being passed and sent for the president's signature. House Speaker Nancy Pelosi has indicated that the infrastructure bill will not be brought for a house vote unless the Senate sends a separate trillion-dollar package which includes social welfare, climate change and other measures that are popular with the progressive wing of the Democratic Party.

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 be challenged 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 Joseph BIDEN
Capital	Washington D.C.
Timezone	GMT -05-00
Main languages	English, Spanish
Population (millions)	331.0
GDP (USD billions)	20,864.0
GDP per capita (USD)	63,033
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	2016	2017	2018	2019	2020
Real GDP growth (%)	1.7	2.3	2.9	2.3	-3.6
Nominal GDP in USDbn	18,695	19,480	20,527	21,377	20,864
Nominal GDP in local currency (bn)	18,695	19,480	20,527	21,377	20,864
GDP per Capita in USD	57,877	59,922	62,756	64,964	63,033
Population (year-end, m)	323.0	325.1	327.1	329.1	331.0
Exchange rate (yr avge, USD-LCU)	1.0	1.0	1.0	1.0	1.0
Current Account in USDbn	-397.6	-361.7	-438.2	-509.5	-569.2
Current Account (% of GDP)	-2.1	-1.9	-2.1	-2.4	-2.7
FX reserves (year-end, USDbn)	106.3	112.3	114.8	118.4	133.8
Import Cover (months)	0.5	0.5	0.4	0.4	0.5
Inflation (annual avge, %)	1.3	2.1	2.4	1.8	1.2
Govt Balance (% GDP)	-3.1	-3.5	-4.3	-4.8	-16.6

Source: Haver Analytics/Dun & Bradstreet

Forecasts

Metric	2021f	2022f	2023f	2024f	2025f
Real GDP growth (%)	6.4	4.2	2.4	2.2	2.0
Nominal GDP in USDbn	22,836	24,359	25,465	26,598	27,703
Nominal GDP in local currency (bn)	22,836	24,359	25,465	26,598	27,703
GDP per Capita in USD	68,594	72,757	75,635	78,565	81,385
Population (year-end, m)	332.9	334.8	336.7	338.5	340.4
Exchange rate (yr avge, USD-LCU)	1.0	1.0	1.0	1.0	1.0
Current Account in USDbn	-671.0	-700.1	-704.9	-708.9	-708.2
Current Account (% of GDP)	-2.9	-2.9	-2.8	-2.7	-2.6
FX reserves (year-end, USDbn)	136.5	139.3	142.0	144.9	147.8
Import Cover (months)	0.5	0.5	0.5	0.5	0.5
Inflation (annual avge, %)	2.9	2.4	2.1	2.2	2.1
Govt Balance (% GDP)	-13.5	-6.7	-5.8	-4.5	-4.0

Source: Haver Analytics/Dun & Bradstreet

Comparative Market Indicators

Indicator	US	Canada	Germany	Japan	UK
Income per Capita (USD)	68,594	48,817	50,793	39,866	47,227
Country Population (m)	332.9	38.1	83.9	125.5	68.2
Internet users (% of population)	87.3	91.0	89.7	84.6	94.9
Real GDP Growth (% p.a., 2021 - 2030)	1.5 - 3.5	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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