

## United States of America

This annex refers to the release of the monitoring note of 05 February 2021.

### Annex I: Summary of core variable scorecard, reserve currency adjustment and qualitative scorecard<sup>1</sup>

| <b>Implied rating of core variable scorecard (CVS)</b> |  | <b>a</b>      |
|--|--|---------------|
| <b>Reserve currency adjustment</b>                     |  | <b>3</b>      |
| <b>Weight</b>  | <b>Qualitative scorecard (QS) for long-term issuer ratings</b> |               |
| 20%  | Growth potential of the economy                                | Neutral       |
|  | Monetary policy framework                                      | Strong        |
|  | Macro-economic stability and sustainability                    | Strong        |
| 20%  | Fiscal policy framework  | Weak          |
|  | Debt sustainability  | Weak          |
|  | Debt profile and market access                                 | Strong        |
| 20%  | Current account resilience                                     | Strong        |
|  | External debt structure  | Strong        |
|  | Resilience to short-term shocks                                | Neutral       |
| 20%  | Banking sector performance                                     | Neutral       |
|  | Banking sector oversight                                       | Strong        |
|  | Financial imbalances   | Weak          |
| 20%  | Environmental risks  | Neutral       |
|  | Social risks   | Weak          |
|  | Institutional and political risks                              | Weak          |
| <b>QS adjustment (notches)</b>                         |  | <b>0</b>      |
| <b>Additional considerations (notches)</b>             |  | <b>0</b>      |
| <b>Final rating</b>                                    |  | <b>AA STA</b> |

### Annex II: Selected indicators

|                                      | 2016  | 2017  | 2018  | 2019  | 2020E | 2021F | 2022F |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| GDP per capita (USD '000s)           | 58.0  | 60.1  | 63.1  | 65.3  | 63.1  | 66.1  | 69.0  |
| Real GDP, % change                   | 1.7   | 2.3   | 3.0   | 2.2   | -3.5  | 4.0   | 2.5   |
| CPI, % change                        | 1.3   | 2.1   | 2.4   | 1.8   | 1.5   | 2.8   | 2.1   |
| General government balance, % of GDP | -4.4  | -4.6  | -5.8  | -6.3  | -16.0 | -12.0 | -8.0  |
| General government debt, % of GDP    | 106.6 | 105.7 | 106.9 | 108.7 | 128.2 | 133.1 | 135.4 |
| Current account balance, % of GDP    | -2.1  | -1.9  | -2.2  | -2.2  | -2.1  | -2.1  | -2.1  |
| Gross external debt, % of GDP        | 94.8  | 95.6  | 94.3  | 95.0  | -     | -     | -     |

Source: Macrobond, IMF, Scope Ratings GmbH

### Annex III: Economic development and default indicators

IMF Development Classification<sup>2</sup>

AE

5y USD CDS spread (bps) as of 04 February 2021

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<sup>1</sup> The weighting and explanation of all rating factors are described in Scope's 'Sovereign Ratings' methodology, available on [www.scooperatings.com](http://www.scooperatings.com)

<sup>2</sup> AE = advanced economy; EMDE = emerging market and developing economy

Annex IV: Analytical rationale for QS assessments

| United States            | February 2021                                    | Assessment | Rationale  |
|--------------------------|--|------------|--|
| Peers*                   | United Kingdom, Austria, Finland, Czech Republic |            |  |
| Domestic economic risk   | Growth potential                                 | Neutral    | Moderate growth potential; some upside due to forthcoming structural reforms and investment  |
|                          | Monetary policy framework                        | Strong     | Federal Reserve is a highly credible and effective central bank; appropriate monetary policy response to the Covid-19 crisis; independent monetary policy            |
|                          | Macro-economic stability & sustainability        | Strong     | Competitive and very diversified economy; flexible labour market   |
| Public finance risk      | Fiscal policy framework                          | Weak       | Appropriate fiscal response to Covid-19 shock but overall weak fiscal framework given misuse of debt ceiling; medium-term fiscal consolidation unlikely              |
|                          | Debt sustainability                              | Weak       | Debt on an upward trajectory; high contingent liabilities from pension and healthcare obligations  |
|                          | Debt profile & market access                     | Strong     | Safe haven, global benchmark issuer status ensures excellent government market access  |
| External economic risk   | Current account resilience                       | Strong     | Diversified export base; moderate current account deficits but no dependence on energy imports   |
|                          | External debt structure                          | Strong     | Relatively low external debt; most US foreign assets in foreign currency, while liabilities are in US dollars  |
|                          | Resilience to short-term shocks                  | Neutral    | US dollar as global reserve currency shields against short-term external shocks  |
| Financial stability risk | Banking sector performance                       | Neutral    | Efficient banking sector with sizeable capital buffers and strong asset quality; declining profitability   |
|                          | Banking sector oversight                         | Strong     | Sophisticated financial-regulatory system and strong macro-prudential governance framework under the Federal Reserve Board and Federal Deposit Insurance Corporation |
|                          | Financial imbalances                             | Weak       | High private debt level; deteriorating quality of corporate debt; high student debt; elevated asset prices   |
| ESG risk                 | Environmental risks                              | Neutral    | Significant transition risks balanced by the government's now ambitious environmental policy efforts; natural disaster risk exposure                                 |
|                          | Social risks                                     | Weak       | Erosion of socio-economic mobility, disappointing tertiary education outcomes, stagnating incomes among many households, increasing income and wealth inequality     |
|                          | Institutional and political risks                | Weak       | Robust democratic institutions; persistent political polarisation preventing bi-partisan policy solutions  |

\*Peers relate to selected sovereigns with a similar indicative rating per Scope's Core Variable Scorecard.