United States of America

Sovereign Debt

United States LT
HR AAA (G)
Stable Outlook

United States ST
HR+1 (G)

Public Finance and Sovereign Debt
March 30, 2026
*A NRSRO Rating***

2024	2025	2026
HR AAA (G)	**HR AAA (G)**	**HR AAA (G)**
Stable Outlook	Stable Outlook	Stable Outlook

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HR Ratings ratified the long-term rating of HR AAA (G) with a Stable Outlook and the short-term rating of HR+1 (G) for the Sovereign Debt of the United States of America

HR Ratings ratifies the HR AAA (G) rating with a Stable Outlook for United States of America, supported by the role of the U.S. dollar as the world's primary reserve currency, which continues to attract substantial capital inflows and provides exceptional financing flexibility despite elevated fiscal deficits and rising public debt levels. Furthermore, the size and dynamism of its economy, the depth of its financial markets, and its favorable ESG attributes all contribute to the overall economic stability.

Our baseline scenario assumes that economic growth will remain relatively resilient in the near term, with real GDP expanding by 2.5% in 2026 and gradually converging toward around 1.8% over the medium term. Inflation is expected to remain somewhat above the Federal Reserve's target, averaging close to 2.5% over the projection period, while interest costs are projected to increase gradually from 3.1% of GDP in 2026 to around 4.5% by 2033. As a result, public debt is expected to continue rising from approximately 100% of GDP in 2026 to around 120% of GDP by the end of the projection horizon, reflecting persistent primary deficits.

In this context, geopolitical developments are becoming increasingly relevant to the sovereign credit outlook. Strategic rivalry between the United States and China—particularly regarding Taiwan—along with ongoing tensions in the Middle East, could have implications for global supply chains, financial markets, and U.S. fiscal policy. These developments may place upward pressure on defense spending, which we assume will average around 3.3% of GDP during the forecast period. While higher defense spending could strengthen geopolitical deterrence, it may also add pressure to fiscal balances if not accompanied by adjustments in other areas of government spending.

Summary table for key metrics

Fiscal Year	Nominal GDP (USD billions)	Real GDP	Primary Balance* (% of GDP)	Interest Costs* (% of GDP)	Public Debt* (% of GDP)	PCE Inflation (LTM growth)	Current Account (% of GDP)
2025	30,779	2.17%	-2.65%	3.19%	99.7%	2.58%	-3.80%
2026	32,417	2.50%	-3.26%	3.07%	100.9%	2.70%	-3.85%
2027	33,826	2.00%	-3.30%	3.11%	103.3%	2.41%	-3.86%
2028	35,215	1.80%	-3.20%	3.34%	105.6%	2.39%	-3.90%
2029	36,645	1.80%	-3.11%	3.61%	108.3%	2.38%	-3.95%
2030	38,144	1.80%	-3.45%	3.80%	111.0%	2.39%	-3.99%
2031	39,710	1.80%	-3.30%	4.02%	114.1%	2.39%	-4.04%
2032	41,367	1.80%	-3.36%	4.23%	116.9%	2.39%	-4.08%
2033	43,121	1.80%	-3.60%	4.49%	120.1%	2.38%	-4.15%

Source: HR Ratings Forecast with data from the BEA, the Congressional Budget Office & FRED.

*Fiscal accounts are expressed in Fiscal years (October through September). The Primary balance does not inlcude net interest costs. Interest costs are those arising from servicing the public (i.e., excluding intragovernmental) debt, net of Treasury interest income. The GDP data is LTM ended in September for each year.

*** In this report, and in accordance with our Sovereign Debt Methodology, the rating metrics developed in our Base and Stress models cover the period from FY23 through FY33. However, in order to provide a longer historical and forecast perspective we may present tables and graphs with longer time periods both historical and forecast.

Historical vs. Forecasted Performance

- **Economic growth exceeded expectations.** In calendar year 2025, real GDP increased by 2.2%, above the expected 2.0% gain. Consumer spending and investment accounted for most of the growth.
- **The Federal Government's total deficit for FY25 was 5.8% of GDP.** The deficit for FY25 was less than our anticipated value of 6.2%. This outcome was driven by slightly higher revenues (17.2% of GDP vs. 17.1% forecast) and somewhat lower total expenditures (23.1% vs. 23.3%).
- **Public debt was lower than anticipated.** The ratio of public debt to GDP increased from 97.8% at the end of FY24 to 99.7% in FY25. This was less than 100% that we had anticipated. The better-than-expected performance was led by a greater deficit reduction as well as better nominal GDP performance. For FY 2032, we see the ratio reaching 116.9% of GDP vs.122.77% in our previous report, which represented the final year of our forecast period.

HR Ratings Future Assumptions

- **Public Finance projections.** HR Ratings anticipates that the primary deficit trajectory would persist above 3.0% of GDP from FY26 to FY33, driven by increased expenditure, particularly in defense, due to geopolitical concerns. In FY26, HR Ratings projects defense spending to reach 3.60% of GDP, with a medium and long-term average of 3.2% of GDP. In this context, we anticipate that public debt will continue to climb. We assume that the debt/GDP ratio will reach 120.1% of GDP by 2033, exceeding the Congressional Budget Office's projection of 114.0%.
- **Economic expansion.** For 2026, HR Ratings forecasts a modest rebound in US economic activity, with real GDP growth rising to 2.5% from 2.2% in 2025. This improvement is attributed to the gradual normalization of monetary policy, resilient private consumption supported by the 2025 reconciliation act, and a rebound following the late 2025 government shutdown.

Looking ahead, we expect growth to moderate to 2.0% in 2027 and gradually converge toward 1.8% from 2028 onwards, broadly in line with estimates of the US economy's long-term potential growth rate.

- **Inflation.** HR Ratings expect that inflation will remain above target, averaging 2.5% over the projection period. In our view, the US economy faces structural inflationary pressures, including the pass-through from trade constraints and regulatory restrictions in some strategic sectors such as housing. In addition, services' inflation has remained relatively elevated, which may limit the pace of disinflation going forward.
- **External Accounts.** We expect the U.S. current account deficit to gradually increase over the projection horizon, averaging around 4.0% of GDP. This outlook reflects the continued strength of domestic demand and investment, which is expected to sustain relatively high import levels, partially offset by solid performance in services exports. At the same time, the primary income balance has deteriorated in recent years and has recently turned negative. Over the projection horizon, we expect this deficit to persist and even expand as the United States continues to attract capital inflows.

Additional factors considered

- **Environmental, Social and Governance (ESG) factors.** HR Ratings views the social and governance factors as *superior*, with a positive focus within the rating, due to the information analyzed by organizations like the World Bank, Our World in Data, Climate Watch, and World Justice Projects. With high levels of education investment as a percentage of GDP and a narrowing of the poverty gap due to the substantial amount of per capita income, the sovereign's high human development index stands out. Furthermore, the World Bank Governance Indicators show that the United States has achieved significant progress in terms of political stability and human rights, which makes the governance aspect especially important. The rule of law is seen by the American people as an essential component of democracy. The environmental factor is evaluated as *average* consequently that U.S. is vulnerable to environmental disaster events according to data from Our World in Data and Climate Watch.
- **U.S. dollar as the world's main reserve currency.** The dollar's special status allows the US to pay for all its international transactions using its own currency.

Factors that could downgrade the rating

- **A significant deterioration in geopolitical conditions affecting the United States' global strategic position.** An escalation of tensions between the United States and China, particularly regarding Taiwan, or a broader military confrontation involving major powers could disrupt global trade, financial markets, and supply chains.
- **A sustained deterioration in fiscal metrics driven by higher defense spending**. A significant increase in military expenditures in response to heightened geopolitical tensions -potentially rising above currently projected levels- combined with the absence of offsetting fiscal adjustments, could accelerate the increase in public debt and interest costs.

Results: Observed vs. Forecasted

In Figure 1 we present the economic and fiscal results of the United States compared to the assumptions made in our previous rating report, published in April 2025. The fiscal numbers correspond to the US Fiscal Year, which begins in October and ends in September. The macroeconomic variables and external accounts are displayed based on the calendar year.

Economic performance in 2025 was broadly in line with the assumptions incorporated in the sovereign review of April 2025. Real GDP growth reached 2.2%, above the 2.0% anticipated (second vs. third column of Figure 1). This stronger economic performance, together with somewhat higher nominal GDP, supported fiscal metrics expressed as share of GDP, contributing to a narrower than expected primary deficit and a marginally lower public debt ratio.

PCE inflation averaged 2.6%, above the 2.2% previously anticipated, reflecting persistent price pressures, particularly in services. In addition, the current account deficit widened to -4.0% of GDP, compared with the -3.5% expected. This outcome was partly driven by stronger imports associated with the front-loading of purchases ahead of the implementation of new tariffs, as firms accelerated the acquisition of foreign goods to avoid higher trade costs.

Fiscal outcomes also performed somewhat better than anticipated. The primary deficit narrowed to -2.7% of GDP, compared with -3.0% projected, while the financial deficit reached -5.8%, improving relative to -6.2% forecast. This outcome was driven by slightly higher revenues (17.2% of GDP vs. 17.1% forecast) and somewhat lower total expenditures (23.1% vs. 23.3%). As a result, public debt reached 99.7% of GDP, marginally below the 100.0% expected in our previous baseline scenario.

Overall, while inflation and external accounts evolved somewhat less favorably than projected, economic growth and fiscal outcomes slightly outperformed expectations, contributing to a marginally better debt trajectory than previously anticipated.

Figure 1. Economic and Fiscal results vs. forecasted

	Observed		Baseline Scenario		
Indicator	**2024**	**2025**	**2025***	**2026***	**2026****
Real LTM GDP Growth	3.1%	2.2%	2.0%	1.7%	2.5%
Nominal LTM GDP (USD billion)	28,948	30,363	30,143	31,874	32,417
Primary Balance	-3.0%	-2.7%	-3.0%	-3.4%	-3.3%
Financial Balance	-6.1%	-5.8%	-6.2%	-6.7%	-6.3%
Total Revenues	17.0%	17.2%	17.1%	17.0%	17.3%
Total Expenses	23.0%	23.1%	23.3%	23.7%	23.7%
Interest Costs	3.0%	3.2%	3.2%	3.3%	3.1%
Public Debt	97.8%	99.7%	100.0%	103.2%	100.9%
PCE Inflation (LTM)	2.7%	2.6%	2.2%	2.2%	2.7%
Current Account	-3.9%	-4.0%	-3.5%	-2.9%	-3.9%

Source: HR Ratings with data from Bureau of Economic Analysis and CBO.

Economic and current account data correspond to calendar year and fiscal data corresponds to US fiscal year which ends in September and starts in October. The fiscal and current account data its expressed as a ratio of the GDP.

*Corresponds to last revision of the sovereign rating of US in April 2, 2025.

**Corresponds to current forecast of the sovereign rating of US.

Economic Outlook

Growth moderates in 2025

According to the US Bureau Analysis (BEA), real GDP expanded 2.2% in 2025, compared to 2.8% in 2024, reflecting a gradual normalization in economic activity following four consecutive years of above-trend growth. Notably, this result was modestly above our 2.0% growth rate incorporated in HR Ratings' April Sovereign baseline, indicating somewhat stronger-than-expected resilience despite trade policy uncertainty and the temporary effects of the federal government shutdown.

The composition of growth in 2025 indicates that economic expansion remained primarily driven by private domestic demand (Figure 2). Personal consumption expenditures increased 2.65%, supported by solid gains in both durable (+3.5%) and non-durables goods (+3.0%), while services advanced 2.4%. In addition, non-residential fixed investment expanded 4.2%, with particularly strong growth in equipment (8.2%) and intellectual property products (5.8%), suggesting continued capital deepening in technology and productivity-enhancing sectors. Residential investment, however, contracted 2.2%, reflecting the persistence of relatively elevated mortgage rates.

Net exports contributed negatively to growth, as the trade deficit widened 5.2% from US$1.0 trillion to US$1.1 trillion. While quarterly fluctuations were significant, the annual outcome indicates that the external sector exerted a modest drag on growth, partly reflecting tariff-related front-loading of imports in the first quarter, followed by normalization in trade flows. At the same time, the decline in federal government spending was influenced by the temporary government shutdown during October-November 2025. However, defense spending has also provided a modest but steady contribution to US economic activity. Between 2020 and 2025, US defense spending increased at a CAGR of 4.57%, reflecting heightened political tensions. In 2025, defense spending represented 2.94% of GDP.

Figure 2. Real GDP Growth and its components

	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Gross Domestic Product	**-2.21%**	**5.80%**	**2.93%**	**3.13%**	**2.79%**	**2.17%**
Personal consumption expenditures	**-2.52%**	**8.41%**	**3.52%**	**2.57%**	**2.95%**	**2.65%**
Goods	4.88%	11.33%	-0.75%	1.72%	2.83%	3.20%
Durable goods	7.96%	16.75%	-2.80%	3.82%	3.87%	3.52%
Nondurable goods	3.31%	8.46%	0.41%	0.61%	2.28%	3.02%
Services	-5.87%	6.94%	5.78%	2.99%	3.00%	2.40%
Gross private domestic investment	**-4.70%**	**8.66%**	**6.38%**	**1.32%**	**3.01%**	**2.03%**
Fixed investment	**-2.11%**	**7.09%**	**3.09%**	**3.32%**	**2.99%**	**2.72%**
Nonresidential	-4.73%	5.86%	7.31%	7.07%	2.93%	4.18%
Structures	-9.53%	-3.19%	4.51%	16.28%	1.11%	-5.01%
Equipment	-10.10%	6.37%	4.61%	2.00%	3.51%	8.23%
Intellectual property products	4.46%	10.41%	11.45%	6.80%	3.50%	5.77%
Residential	7.22%	10.73%	-8.00%	-7.87%	3.17%	-2.17%
Net exports of goods and services	**7.44%**	**40.75%**	**11.55%**	**-11.19%**	**11.61%**	**5.17%**
Exports	-13.13%	6.34%	7.67%	3.47%	3.64%	1.74%
Imports	-9.01%	14.47%	8.80%	-0.90%	5.77%	2.71%
Government consumption & investment	**3.17%**	**-0.29%**	**-0.94%**	**3.56%**	**3.81%**	**1.16%**
Federal	6.07%	1.37%	-2.60%	3.31%	3.81%	-1.15%
National defense	2.81%	-1.89%	-2.88%	3.91%	3.97%	1.17%
Nondefense	10.92%	5.89%	-2.21%	2.52%	3.60%	-4.22%
State and local	1.45%	-1.30%	0.07%	3.72%	3.80%	2.58%

Source: HR Ratings based on seasonally adjusted data from BEA.
*A negative figure reduces GDP.

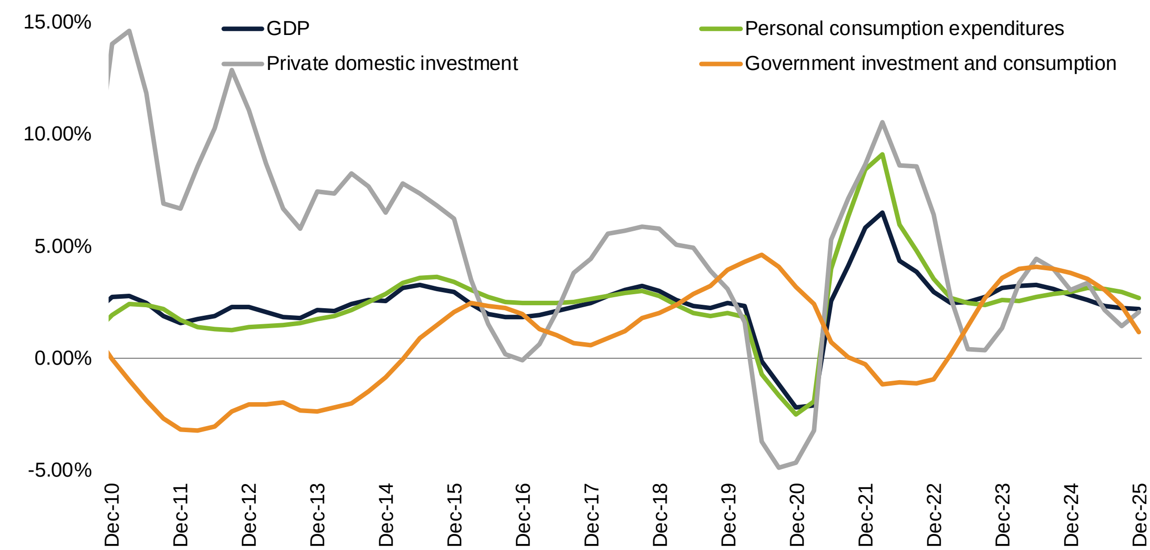
As illustrated in Figure 3, US economic growth has been primarily supported by stable household consumption, consistently expanding around 2-3%, with the exception of the pandemic-related disruption in 2020-2022. This stability reflects the broad access to consumer credit and relatively stable income growth, even as the US labor market showed signs of notable weakening throughout 2025, which together provide a durable anchor for overall activity.

The pace of job creation slowed considerably in 2025 compared to the previous year. Average monthly non-farm payroll employment gains averaged 15k per month, a sharp slowdown compared to the 116k monthly average recorded in 2024, reflecting a gradual cooling in labor demand as the cumulative effects of tighter monetary policy and ongoing sectoral adjustments, particularly in technology and manufacturing, filtered through the economy. Despite this moderation, labor market conditions remained relatively tight, with a still-low unemployment rate (around 4.3%) supporting household income and consumption.

At the same time, private investment has exhibited greater volatility, reflecting its sensitivity to changes in financial conditions, business expectations, and global economic cycles. Following the sharp contraction during the pandemic, investment rebounded strongly in 2021–2022 before gradually normalizing in recent years as monetary policy tightened.

Recent data suggest that the US economy has returned to a pattern of moderate, consumption-led growth, with investment gradually normalizing following the post-pandemic surge and government spending contributing modestly to overall activity.

Figure 3. Trailing LTM change in GDP and main subcomponents



Source: HR Ratings with seasonally adjusted data from the US BEA.

Inflation and Interest Rates

In 2025, inflation in the United States continued to moderate reflecting the cumulative impact of tighter monetary policy and the continued diversification of supply chains. Headline consumer inflation (CPI) slowed over the course of the year and closed at

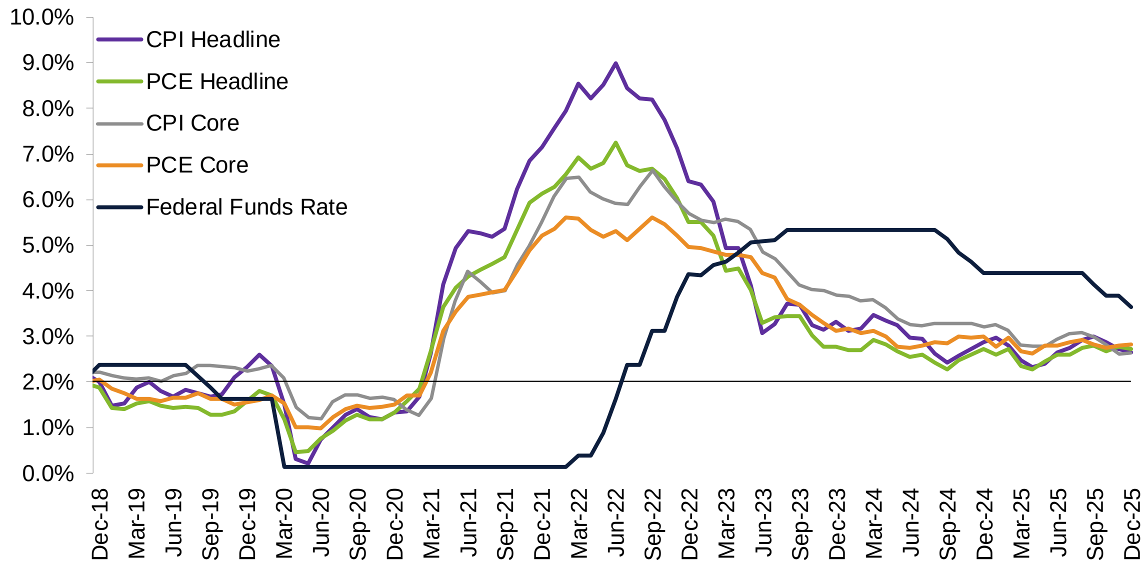
2.65% in December 2025, with an annual average of 2.71%, marking a modest decline from the 2.87% year-end rate and 2.95% annual average in 2024.

The deceleration was partly supported by more stable energy prices and subdued goods inflation following the unwinding of pandemic-related supply disruptions. However, core inflation remained more persistent, largely driven by services, particularly in housing which are related to regulatory restrictions and other labor-intensive sectors, where price pressures continue to reflect still resilient domestic demand.

Overall, while the downward trajectory reinforced expectations that inflation was gradually converging toward the Federal Reserve's 2.0% target, the uneven pace of disinflation across components continued to pose challenges for policymakers in calibrating the timing and magnitude of potential monetary easing.

Meanwhile, the Federal Reserve (Fed) was able to maintain its gradual cycle of monetary easing as inflation continued to fall and the labor market showed signs of cooling. The Fed maintained interest rates constant until September 2025, partly to see if President Trump's tariff increases in 2025 would have a greater impact on inflation or employment. In the lack of evidence of inflation or employment tariff related shocks, the Fed cut interest rates by 25 basis points at its final three sessions in 2025 to achieve a more neutral policy posture, leaving the rate in a range of 3.5% to 3.75% (3.63% mid-range).

Figure 4. Federal Fund Rate and year-over-year CPI and PCE inflation



Source: HR Ratings with data from the US Bureau of Labor Statistics.

Economic Projections

US Economic Activity

For 2026, HR Ratings forecasts a modest rebound in US economic activity, with real GDP growth rising to 2.5% from 2.2% in 2025. This improvement is attributed to the gradual normalization of monetary policy, resilient private consumption supported by the 2025 reconciliation act, and a rebound following the late 2025 government shutdown. Furthermore, we anticipate sustained investment in high productivity sectors, including digital infrastructure and artificial intelligence. While fiscal constraints may persist in the medium term, easing financial conditions and a stable labor market are anticipated to support moderate economic acceleration.

As for the labor market, we expect the US labor force will regain some momentum after the sharp deceleration observed in 2025. While employment growth is likely to remain below the exceptionally strong levels recorded in the post-pandemic period, improving economic activity should support gradual stabilization in hiring. In this context, the unemployment rate is expected to remain close to 4.0% over the projected horizon.

Looking ahead, we expect growth to moderate to 2.0% in 2027 and gradually converge toward 1.8% from 2028 onwards, broadly in line with estimates of the US economy's long-term potential growth rate. Our current growth projections represent an upward revision compared to the assumptions used in 2025 sovereign rating review, when we anticipated real GDP growth of 1.8% for both 2026 and 2027. These higher growth assumptions have a supportive effect on fiscal indicators, as stronger nominal GDP growth improves the denominator of key fiscal ratios. Still, it is possible that deregulatory policies, the advance of AI with its implications for productivity growth may boost growth above the level we are now expecting, albeit with pressures weakening the labor market.

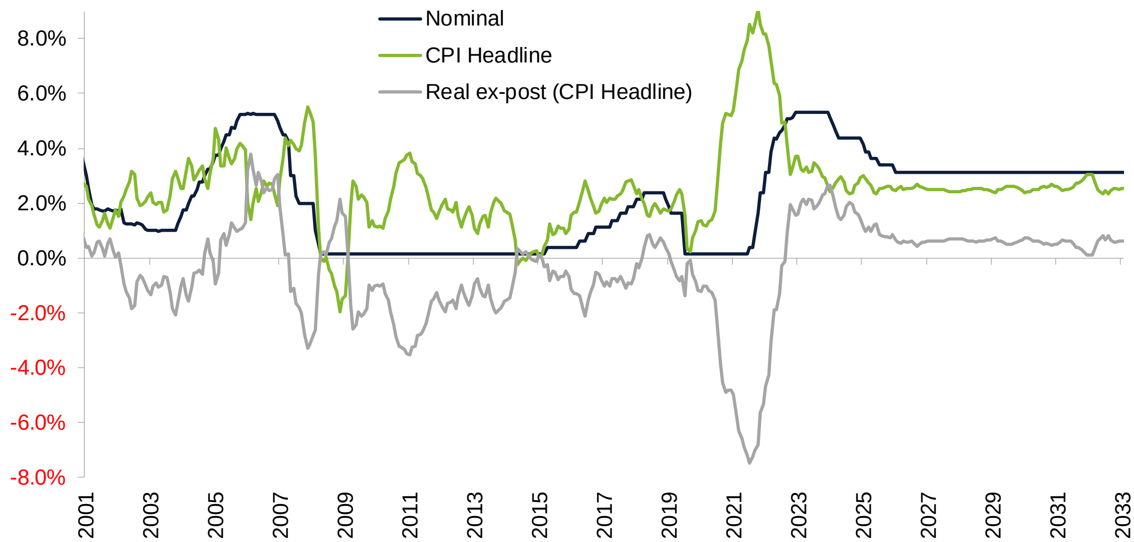
Inflation and Interest Rates

Regarding the outlook for inflation, the Supreme Court's February 2026 decision to strike down tariffs imposed under the International Emergency Economic Powers Act (IEEPA) is anticipated to slightly ease inflation by removing duties that had increased the cost of imported goods. However, the overall effect on inflation may be moderate as the administration is already introducing new tariffs under section 122 of the Trade Act of 1974, which allows tariffs of up to 15% for a period of 150 days.

In this context, our baseline scenario assumes that inflation will remain above target, averaging 2.5% over the projection period. In our view, the US economy faces structural inflationary pressures, including the pass-through from trade constraints and regulatory restrictions in some strategic sectors such as housing. In addition, services' inflation has remained relatively elevated, which may limit the pace of disinflation going forward.

Under this scenario, interest rates are projected to fall 50 bp in 2026 as the Federal Reserve lowers its target range for the federal funds rate to address downside risks to the labor market. However, as shown in Figure 5, real federal fund rates are projected to remain positive and above levels observed during much of the period following the 2008-2009 global financial crisis, reflecting the expectation that inflation will stabilize above the Fed's target and that structural factors may keep the neutral interest rate above prepandemic levels.

Figure 5. Federal Funds Rates in Nominal and Real Terms



Source: HR Ratings and historic information from the Fderal Reseve retrieved from FRED.

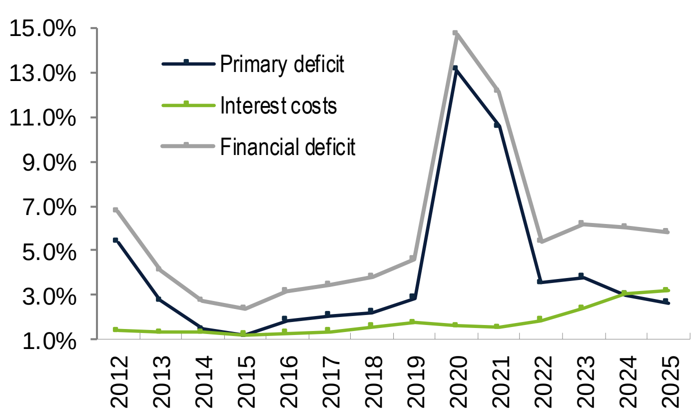
Recent Evolution and Underlying Trends in Fiscal Policy

Annual Evolution: Deficits, Revenues and Outlays

In Fiscal Year 2025, the federal deficit amounted to US$1,775 billion, compared to the US$1,869 billion projected in our last analysis, while the primary deficit totaled US$805 billion, as opposed to the US$909 billion indicated in our report. This resulted from the rise in revenue as a proportion of GDP, particularly in individual income taxes compared to the previous fiscal year. Conversely, nondiscretionary spending was lower than anticipated by HR Ratings. In FY25, net interest costs reached 3.2% of GDP, amounting to roughly US$970bn.

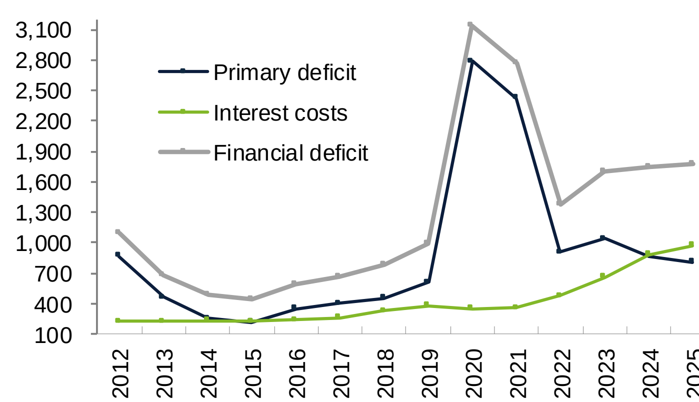
This is the second consecutive year in which the deficit has decreased as a proportion of GDP. In FY24, the primary deficit was 3.0% and the financial deficit was 6.1%; in FY25, those amounts were 2.65% for the primary deficit and 5.85% for the financial deficit. The interest cost of debt has consistently increased since 2022, escalating from 1.86% of GDP in FY22 to 3.19% of GDP in FY25.

Figure 6. Primary Deficit & Interest costs as Percentage of GDP



Source: HR Ratings forecasts with data from the CBO.

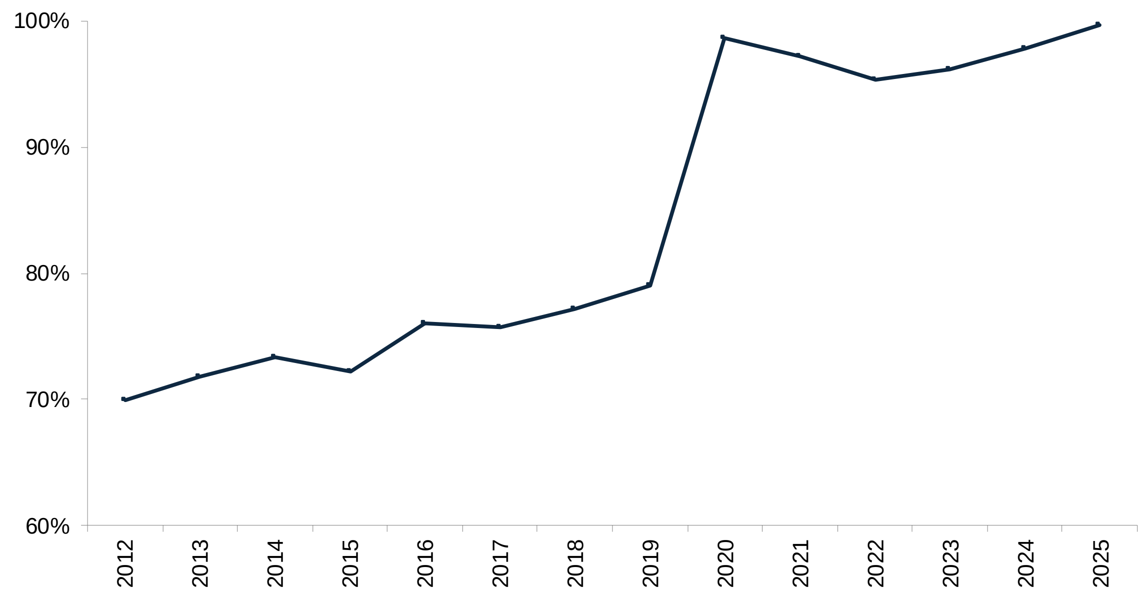
Figure 7. Primary Deficit & Interest costs in billions of dollars



Source: HR Ratings forecasts with data from the CBO.

The accumulated debt level has maintained near 100% from fiscal years 2020 to 2025, concluding in FY25 at 99.7%, compared to the 100% projected by HR Ratings. We anticipate that the effective cost of the debt reached 3.4% in FY25 vs. 3.3% in FY24.

Figure 8. Public debt as percentage of GDP



Source: HR Ratings forecasts with data from the CBO.

Figure 9 illustrates that in FY25, revenues constituted 17.2% of GDP, nearly aligning with our forecast of 17.1%. Individual income taxes rose from 8.4% of GDP in FY24 to 8.7% in FY25. Furthermore, in 2025, a new category labeled "Customs Duties[1]" was incorporated into the revenue to enforce the tariffs of the current administration. Mandatory expenditures were below projections, constituting 13.7% of GDP compared to the previously estimated 13.9% in our prior analysis. We noted a primary deficit of 2.65% of GDP, which is lower than our expectation of 3.0%, while the finance deficit was 5.85%, compared to the previously predicted 6.2% of GDP.

Figure 9. Fiscal Year 2025: Forecast vs. Results

	In Billions of USD		As Percentage of GDP	
	Projected	**Observed**	**Projected**	**Observed**
Total Revenue	5,165	5,235	17.1%	17.2%
Mandatory Spending	4,189	4,168	13.9%	13.7%
Discretionary Spending	1,884	1,872	6.3%	6.2%
Defense	980	893	3.3%	2.9%
Non-Defense	905	980	3.0%	3.2%
Primary Deficit	909	-805	-3.0%	-2.7%
Interest Cost	960	970	3.2%	3.2%
Financial Deficit	-1,869	-1,775	-6.2%	-5.8%
Public Debt	30,129	30,278	100.0%	99.7%

Source: HR Ratings with information from the CBO.

[1] In 2025, the Administration increased tariff rates on most imports from most countries and implemented additional tariffs on imports of automobiles, automobile parts, steel, aluminum, copper, and certain other goods.

Figure 10 illustrates that Individual Income Taxes achieved their highest performance in the past four years, attributed to elevated wage growth, augmented tax payments on capital gains from robust asset values, and heightened withholding. The comprehensive growth of the economy has increased the income tax base. Individual Income Taxes shown a US$230 billion increase, totaling US$2,656 billion (8.7% of GDP).

The second greatest source of revenue, payroll taxes, rose due to elevated wage growth and the increase of the social security taxable wage base from US$168,600 to US$176,100 in 2024. Although rates stayed mostly same, inflation-adjusted higher pay tiers led to an increase in nominal dollar taxation. Conversely, Corporate Income Taxes dropped in FY25 mainly due to heightened business deductions and tax policy alterations that favored investment incentives and lowered corporate profit margins in certain sectors. The drop in corporate taxes has stimulated the economy, resulting in an increase in overall income through capital gains.

In 2025, the administration implemented new and extended tariffs on an extensive range of imported commodities, substantially raising the tax imposed on imports. In FY25, customs duty receipts surged by 150% compared to 2024, totaling US$195 billion (0.6% of GDP).

Figure 10. Federal Government Revenue Evolution

	In Billions of USD						As percentage of GDP					
Fiscal Year	**Individual Income Taxes**	**Payroll Taxes**	**Corporate Income Taxes**	**Customs Duties**	**Others**	**Total**	**Individual Income Taxes**	**Payroll Taxes**	**Corporate Income Taxes**	**Customs Duties**	**Others**	**Total**
FY18	1,683	1,171	205	n.s.	270	3,329	8.2%	5.7%	1.0%	n.s.	1.3%	16.3%
FY19	1,719	1,243	230	n.s.	271	3,463	8.1%	5.8%	1.1%	n.s.	1.3%	16.3%
FY20	1,609	1,310	212	n.s.	289	3,420	7.6%	6.2%	1.0%	n.s.	1.4%	16.1%
FY21	2,044	1,314	372	n.s.	317	4,047	8.9%	5.7%	1.6%	n.s.	1.4%	17.6%
FY22	2,634	1,486	426	n.s.	350	4,896	10.3%	5.8%	1.7%	n.s.	1.4%	19.2%
FY23	2,176	1,614	420	n.s.	229	4,439	7.9%	5.9%	1.5%	n.s.	0.8%	16.2%
FY24	2,426	1,709	530	n.s.	253	4,918	8.4%	5.9%	1.8%	n.s.	0.9%	17.0%
FY25	2,656	1,748	452	195	183	5,235	8.7%	5.8%	1.5%	0.6%	0.6%	17.2%

Source: HR Ratings based on CBO data primarily its Budget and Economic Outlook reports.

In FY25, mandatory outlays constituted 13.7% of GDP, compared to 14.0% in the preceding fiscal year, attributed to a substantial decrease in Department of Education expenditures resulting from alterations to the federal student loan program in the 2025 reconciliation act, which led to a reduction in outlays of US$131 billion. The projected expenses for outstanding student loans decreased by US$56 billion compared to FY24. Net outlays of the Federal Deposit Insurance Corporation diminished by US$68 billion, while expenditures by the Small Business Administration reduced by US$32 billion.

Expenditures on social security benefits increased by US$120 billion due to a 2.5% rise in annual benefit payments and an increase in recipients to 75 million Americans, constituting 5.1% of GDP. Meanwhile, Medicare, Medicaid, and other programs accounted for 5.5% of GDP, up from 5.1% in FY23.

Figure 11. Federal Government Mandatory Outlays Evolution

	In Billions of USD							As Percentage of GDP			
Fiscal Year	Nominal GDP	Social Security	Total Health Care	Medicare	Medcaid & Other HC	Other Programs	Mandatory Outlays	Social Security	Total Health Care	Other Programs	Mandatory Outlays
FY18	20,436	964	1,036	581	455	520	2,520	4.7%	5.1%	2.5%	12.3%
FY19	21,275	1,020	1,126	643	483	588	2,734	4.8%	5.3%	2.8%	12.9%
FY20	21,292	1,071	1,302	769	533	2,206	4,579	5.0%	6.1%	10.4%	21.5%
FY21	22,937	1,109	1,298	689	609	2,427	4,834	4.8%	5.7%	10.6%	21.1%
FY22	25,487	1,192	1,443	748	695	1,500	4,135	4.7%	5.7%	5.9%	16.2%
FY23	27,389	1,326	1,564	839	725	863	3,753	4.8%	5.7%	3.2%	13.7%
FY24	28,948	1,431	1,483	865	618	1,145	4,059	4.9%	5.1%	4.0%	14.0%
FY25	30,363	1,551	1,656	988	668	961	4,168	5.1%	5.5%	3.2%	13.7%

Source: HR Ratings based on CBO data primarily its Budget and Economic Outlook reports.

Discretionary expenditures including defense and non-defense expenditures totaled US$1,872 billion (6.2% of GDP), reflecting a nominal increase of 3.6% compared to FY24 (US$1,730 billion), consistent with our projections (6.3% of GDP). The increase compared to FY24 is attributable to a US$45 billion augmentation in defense funding for security and technology. The defense budget constituted 2.9% of GDP, consistent with the previous three fiscal years, reflecting a nominal growth of 8.1%. Geopolitical tensions involving China and Russia have precipitated a notable increase in cyber capabilities and strategic readiness, accompanied by a rise in service members of 4.5%.

Figure 12. Federal Government Discretionary Outlays Evolution

	In Billions of USD			As Percentage of GDP		
Fiscal Year	Defense	Non Defense	Total	Defense	Non Defense	Total
FY18	622	642	1,263	3.0%	3.1%	6.2%
FY19	677	661	1,338	3.2%	3.1%	6.3%
FY20	714	914	1,628	3.4%	4.3%	7.6%
FY21	742	894	1,636	3.2%	3.9%	7.1%
FY22	749	913	1,662	2.9%	3.6%	6.5%
FY23	805	917	1,722	2.9%	3.3%	6.3%
FY24	826	904	1,730	2.9%	3.1%	6.0%
FY25	893	980	1,872	2.9%	3.2%	6.2%

Source: HR Ratings based on CBO data primarily its Budget and Economic Outlook reports.

The non-defense component rose to 3.2% of GDP from 3.1% in the prior fiscal year due to increased emergency financing for national disasters (up 8.1% in nominal terms). The operational requirements increased inflation-adjusted funding for key public services, including veterans' medical care, education, and transportation, to sustain service delivery. On the other hand, given international threats the level of defense spending appears to be dangerously low.

For its part, interest expense on federal government debt maintained an upward trajectory for the fourth consecutive year, reaching 3.38% of GDP (US$970 billion) for FY25, compared to 3.29% of GDP (US$881 billion). In 2025, the Fed continued to adjust its monetary policy rate, decreasing the reference rate by 75 basis points, from 4.38% at the conclusion of 2024 to 3.63% by the end of 2025. This was corroborated by diminished, although still high, inflation rates, concluding the year-end at 2.65%. Notwithstanding the reduction in the monetary policy rate, we anticipate that the interest rate on public debt will continue to increase in the future. In FY26, the cost of interest on debt might decrease due to the anticipated two reductions in the reference rate of interest for 2026, which we project to average 3.13%. Nonetheless, this effect may be offset by a greater nominal escalation in debt.

Figure 13. Federal Government Interest Cost Relative to Public Debt and GDP

Net interest in billions of USD

Fiscal Year	Net Interest on Public Debt	Cost of Public Debt	Net Interest to GDP	Average Federal Funds Rate
FY18	325	2.18%	1.59%	1.58%
FY19	375	2.33%	1.76%	2.27%
FY20	345	1.90%	1.62%	0.75%
FY21	352	1.58%	1.53%	0.13%
FY22	475	2.09%	1.86%	0.98%
FY23	659	2.66%	2.41%	4.64%
FY24	881	3.29%	3.04%	5.31%
FY25	970	3.38%	3.19%	4.42%

Source: HR Ratings with information from the CBO. Cost of debt calculated by HR Ratings.

Figure 14 illustrates that the primary deficit reached US$805 billion in FY25, which was US$66bn below FY24. For its part, the financial deficit came was US$23bn below FY24 as higher interest costs eroded part of the reduction in the primary deficit. The primary deficit has accumulated two fiscal years of reductions, which was mitigated by the sharp increase in the cost of debt by US$89bn, reaching US$970bn in FY25, its highest level since records began. As a result, the financial deficit stands at US$1.78 trillion, a level that is maintained for the third fiscal year. As can been seen in Figure 14, the primary deficit constitutes 2.65% of GDP, while financial deficit reached 5.85% of GDP. This indicates a portion of the advantage derived from the rise in Customs Duties revenue, alongside an improved nominal GDP relative to the estimates in the last report. Public debt reached US$30.3 trillion in 2025, representing 99.72 % of GDP. The subsequent sections of the document will delineate the evolution projected by HR Ratings.

Figure 14. Federal Government Deficit and Debt Evolution

	In Billions of USD						Deficits and Debt % of GDP			
Fiscal Year	Revenue	Primary Outlays	Net Interest	Primary Deficit	Financial Deficit	Public Debt	Net Interest to GDP	Primary	Financial	Public Debt
FY18	3,329	3,783	325	-454	-779	15,761	1.59%	-2.22%	-3.81%	77.12%
FY19	3,463	4,072	375	-609	-984	16,809	1.76%	-2.86%	-4.63%	79.01%
FY20	3,420	6,207	345	-2,787	-3,132	21,015	1.62%	-13.09%	-14.71%	98.70%
FY21	4,047	6,470	352	-2,423	-2,775	22,283	1.53%	-10.56%	-12.10%	97.15%
FY22	4,896	5,797	475	-901	-1,376	24,299	1.86%	-3.54%	-5.40%	95.34%
FY23	4,439	5,475	659	-1,036	-1,695	26,330	2.41%	-3.78%	-6.19%	96.13%
FY24	4,918	5,789	881	-871	-1,752	28,307	3.04%	-3.01%	-6.05%	97.79%
FY25	5,235	6,040	970	-805	-1,775	30,278	3.19%	-2.65%	-5.85%	99.72%

Source: HR Ratings based on CBO data primarily its Budget and Economic Outlook reports.

Looking Forward: Debt and Deficits

HR Ratings' forecasts are partially based on information presented in the CBO's February 2026 report. The Fiscal and Economic Forecast: 2026 to 2036. Similar to other sovereign rating reports, HR Ratings formulates its own forecasts in essential domains of public finances, including tax revenues and non-discretionary expenditures (defense and non-defense). This facilitates the projection of the primary metrics utilized by HR Ratings for its assessments in both base and stress scenarios.

The current administration has introduced significant changes that have altered the tax base, including a reduction in corporate tax and the establishment of customs duties, taxes on imports, enacted in the 2025 fiscal year. In contrast to the projections provided by the CBO, our estimates indicate a decline in tariff collections starting in 2026 due to the dissolution of the majority of tariffs by the U.S. Supreme Court. We assume that it will be difficult to replace them with comparable tariffs under different legislation.

The following sections present HR Ratings' forecasts for 2026, encompassing medium and long-term projections, emphasizing the financial cost of debt and the level of the primary and financial deficit (primary deficit plus financial cost). Ultimately, we incorporate forecasts for the debt-to-GDP ratio.

Debt Forecasts

Prior to the pandemic, public debt was already on an ascending trajectory, which escalated significantly due to the outbreak's impact and the subsequent rise in federal assistance. Despite the continuous annual rise in debt, the growth rate has been moderate, totaling 99.7% of GDP in FY25, indicating an increase of 1.0% of GDP since the conclusion of FY20. Although we anticipate that public debt will persist in its ascent we have lowered our forecasts vs. our previous review. We assume that the debt/GDP ratio will reach 120.1% of GDP by 2033, compared to the previously forecast 122.7% of GDP for FY32 and exceeding the Congressional Budget Office's projection of 114.0%. We projected a GDP of US$42,695 billion for the fiscal year 2033, compared to the US$41,796 billion expected by the CBO.

Figure 15. Public Debt as a Percentage of GDP

Source: HR Ratings forecasts with data from the CBO.

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The two most important factors explaining the difference in the forecasted Debt/GDP ratios are lower revenues and higher discretionary spending, in particular on defense. These higher level of primary deficits also produce moderately higher interest expense despite a lower expected effective interest rate on the debt. The lower revenues are primarily a function of the expectation of lower customs receipts derived from the suspension of the collection of tariffs by the Supreme Court. We estimate that customs duty revenue could reach 1.0% of GDP in FY26, 0.3% below what the CBO estimates. Although we forecast a higher level of defense spending than does the CBO ours will still be at historically moderate levels given the challenging strategic environment.

Primary Deficits: FY 2026 and beyond

HR Ratings anticipates that the primary deficit trajectory would persist above 3.0% of GDP from FY26 to FY33, driven by increased expenditure, particularly in defense, due to geopolitical concerns. In FY26, HR Ratings projects defense spending reach 3.60% of GDP, with a medium and long-term average of 3.2% of GDP. The projections for discretionary spending diverge from the estimates provided by the CBO in the report "The Budget and Economic Outlook: 2026 to 2036" in its most recent update, which anticipates that this category will remain below 3.0% for the forecast period.

In FY26, HR Ratings forecasts total revenues to achieve 17.3% of GDP (US$5.56 trillion), compared to 17.2% in the preceding fiscal year. HR Ratings anticipates that the implementation of tariffs on foreign imports and the renegotiation of trade agreements will result in customs duties rising to 1.0% of GDP in the current fiscal year, compared to 0.6% of GDP in FY25. In our baseline scenario, individual income taxes are projected to remain consistent with FY25, accounting for 8.6% of GDP, showing an increase in the coming fiscal years. As the economy expands and nominal income increases, individual income earners may be elevated into higher tax brackets. Furthermore, continuous enhancements in tax administration could improve the efficacy of revenue collection.

Furthermore, HR Ratings anticipates that by 2026, payroll taxes will constitute 5.8% of GDP due to the fortification of the labor market, characterized by moderate increases in employment and earnings. This category constitutes the second most significant source of revenue for the federal government. Corporate income taxes are expected to decrease relative to GDP, declining to 1.4% in FY26 from 1.5% in FY25. This is mostly attributable to the expiration of one-time transition taxes on overseas profits and the gradual elimination of temporary investment incentives under the 2017 Tax Cuts and Jobs Act (TCJA).

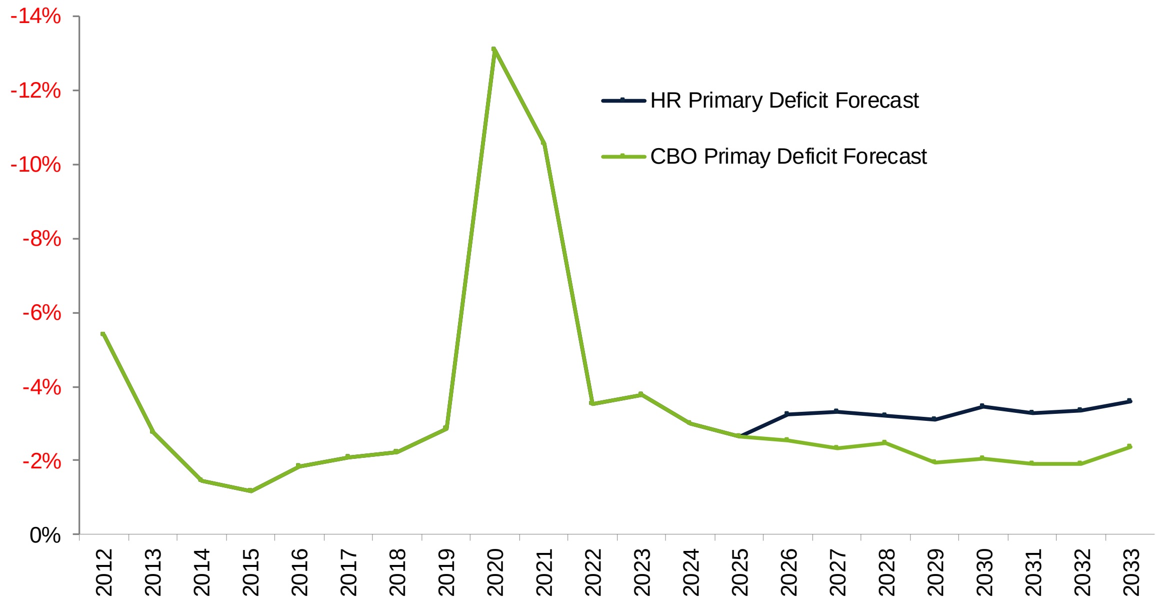
HR Ratings anticipates mandatory expenditures in FY26 to amount to 13.8% of GDP, compared to the 14.2% forecast by the CBO. Proposed legislation such as the OBBB is anticipated to reduce net projected mandatory spending by more than US$1 trillion from 2026 to 2035. Limitations on eligibility for Affordable Care Act (ACA) premium tax credits are anticipated to decrease compulsory expenditures. Furthermore, modifications to the Supplemental Nutrition Assistance Program, alterations to the federal student loan system, and the abolition of green energy credits are anticipated to decrease required expenditures.

It remains to be seen what impact recent reports of fraud in government programs will have in containing mandatory and non-defense discretionary spending. HR Ratings forecasts Social Security (SS) expenditures at US$1,650 billion, constituting 5.1% of GDP, which include a 2.8% yearly increase in the cost-of-living adjustment based on the CPI. The population of individuals receiving Social Security continues to increase. Our projections suggest that Medicare will constitute 3.4% of GDP as a result of an aging demographic, inflation in medical expenses, and increased service consumption.

We anticipate that Discretionary Spending will increase to 6.8% of GDP, compared to 6.2% in the prior fiscal year, owing to security and defense imperatives. The FY26 budget proposal emphasizes strengthening the border and increasing financial allocations for the Departments of Defense and Homeland Security. We project that defense expenditure will constitute 3.6% of GDP in FY26, above the CBO's forecast of 2.8% of GDP. This represents the peak level in the last decade. We project non-defense discretionary expenditures to remain at 3.2% of GDP in FY26, compared to the 3.1% anticipated by the CBO.

For the fiscal period from 2027 to 2033, we project that mandatory outlays will register an increase in the level of spending, averaging 14.2% for the period. We project that discretionary spending will constitute 6.4% of GDP throughout the same timeframe. In the initial instance, we diverge from the forecasts presented by the CBO, which anticipates required outlays to reach 14.5% of GDP.

Figure 16. Primary Deficit as Percentage of GDP



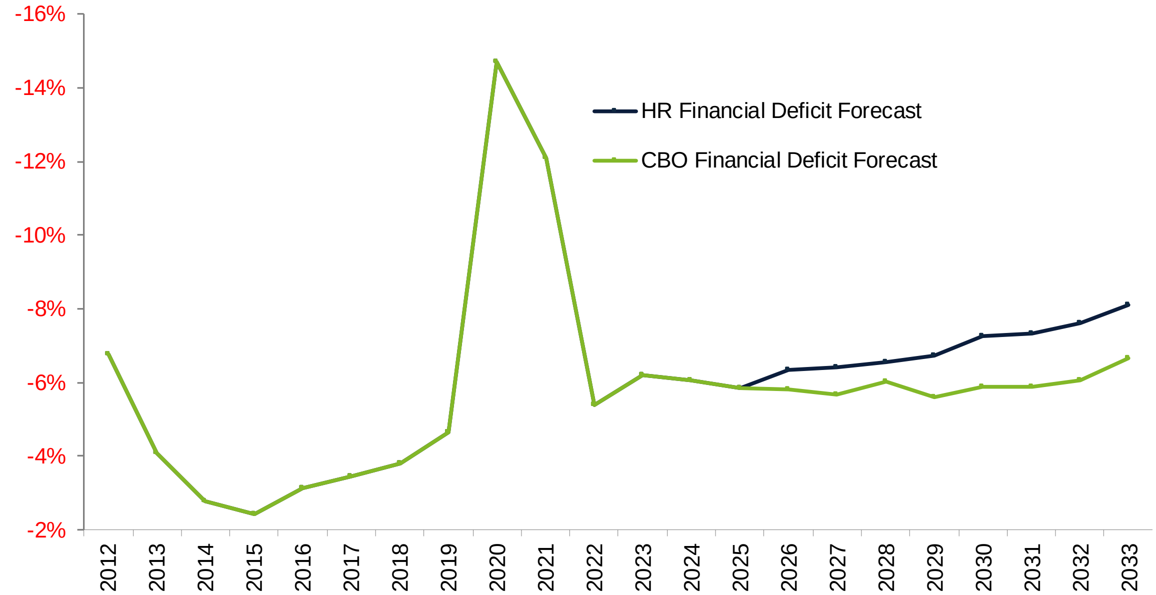
Source: HR Ratings forecasts with data from the CBO.

Financial Deficits: FY26 and Beyond

Figure 17 illustrates HR Ratings and CBO forecasts for the federal deficit from 2026 to 2033. It indicates that HR Ratings considers an elevated deficit for the forecasted period due to three primary variables. HR Ratings anticipates that customs duty revenues will average 0.8% of GDP from 2027 to 2033, but the CBO forecasts 1.1% of GDP.

HR Ratings projects that defense expenditure will exceed 3.0% of GDP in the upcoming fiscal years, whereas the CBO anticipates an average of 2.6% of GDP. Third, we expect that the trend in interest costs will continue its upward trajectory throughout the projected period, exceeding CBO assumptions. For FY26, we expect net interest to reach 3.1% and an average of 3.8% of GDP from 2027 to 2033, similar to the 3.8% forecast by the CBO. In Figure 17 below we show the consequences of these differences on the evolution of the financial deficit.

Figure 17. Financial Deficit as a Percentage of GDP



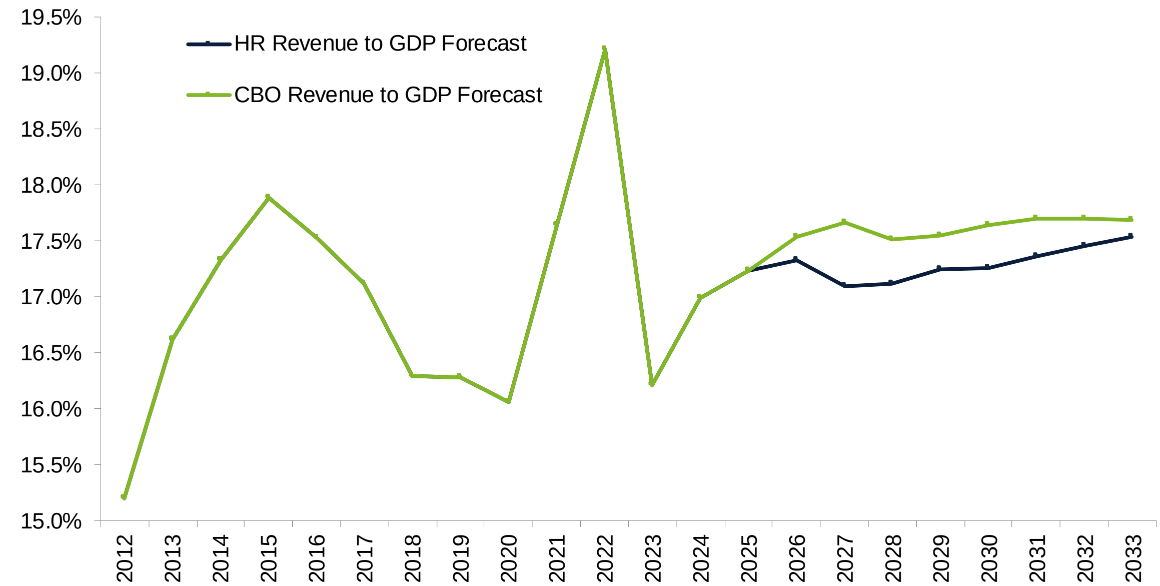
Source: HR Ratings forecasts with data from the CBO.

Long Term Revenue Forecasts

HR Ratings projects that total revenue will reach 17.3% of GDP in FY26, indicating a 0.1% increase relative to FY25. Total revenues are anticipated to be supported by three primary components: Individual Income Taxes, Payroll Taxes, and Corporate Taxes. These three collection areas account for 91.0% of total income. In contrast to the CBO, HR Ratings projects that individual income taxes will experience moderate growth in relation to GDP, averaging 8.8% of GDP over the medium to long term, vs. 8.9% for the CBO.

Conversely, we anticipate corporate income taxes exhibiting a declining trend during the forecast period, averaging 1.3% of GDP compared to 1.4% in FY26. Conversely, customs duty revenues are projected to reach 1.0% of GDP in FY26 vs. 0.8% on average. We expect that trade agreements enacted in 2026 will enable imports from U.S. trading partners to encounter lower tariff rates, leading to a decrease in customs revenues to 0.8% in FY27 and to remain at that level for the entire forecast period. Accordingly, and as reflected in the chart below, HR Ratings projects that by 2027, total revenues will constitute 17.1% of GDP, with a small increase anticipated to reach 17.5% of GDP in FY33, which is below the CBO's forecast of 17.7% for FY33.

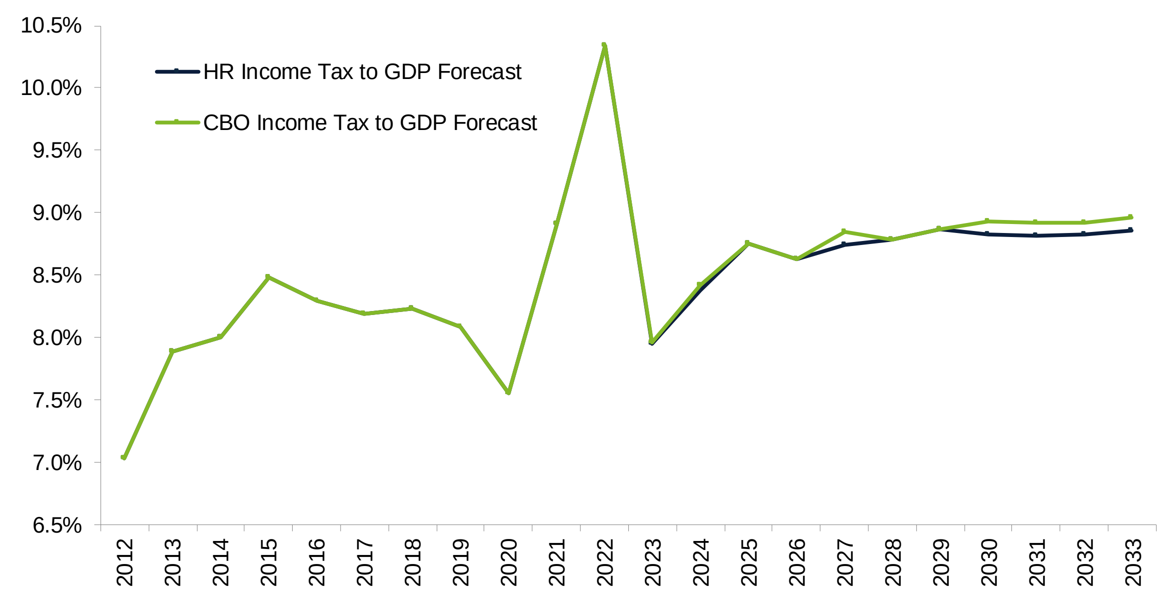
Figure 18. Total Revenue to GDP



Source: HR Ratings forecasts with data from the CBO.

The evolution of total revenues in future fiscal years will depend on economic activity performance and the adjustment of tariffs with primary trading partners, particularly China. As of this report, a global duty of 15% has been imposed on imported items. This may lead to a reorganization of global supply chains, advantageous for trading partners like Mexico and Canada.

Figure 19. Personal Income Tax Revenue to GDP



Source: HR Ratings forecasts with data from the CBO.

Long Term Mandatory Outlays

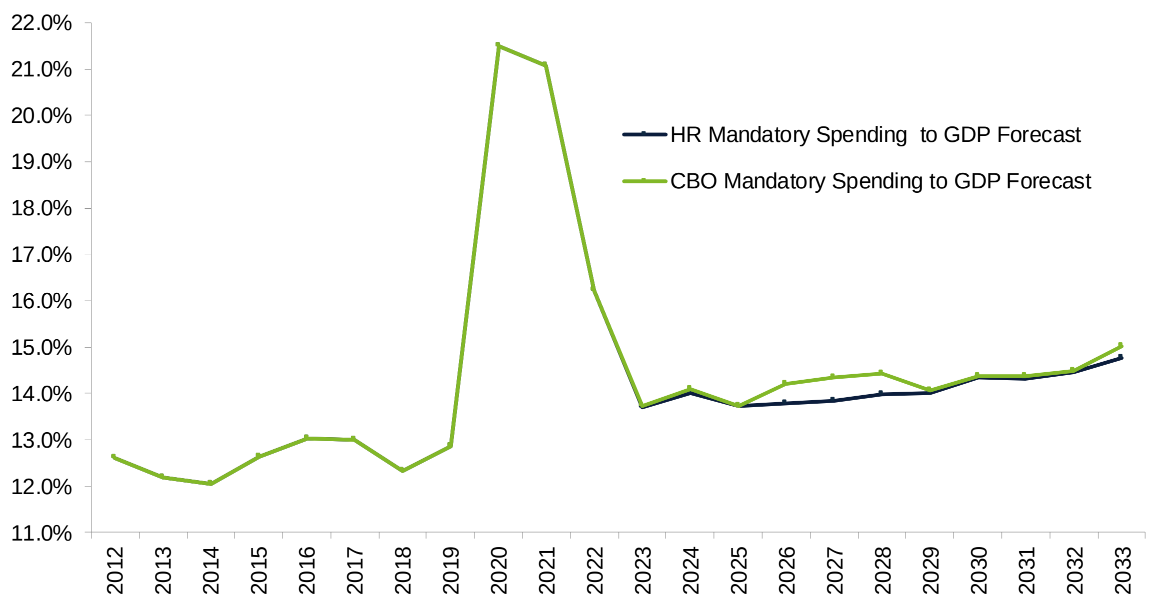
HR Ratings anticipates that mandatory expenditures will increase in Fiscal Year 2026 as a result of an aging demographic, escalating healthcare expenses, and cost-of-living increases for entitlement programs such as Social Security. We project an increase to 13.8% of GDP, compared to 13.7% in FY25 but lower than the 14.2% as anticipated by the CBO. We anticipate that Social Security expenditure will continue to increase relative to GDP reaching 5.1% in FY26 due to a growing population of seniors. This sector represents the highest expenditure within the Federal Government's budget.

The average retired worker is scheduled to receive $56 monthly increase, while the average benefit for a married couple would climb to $3,208 per month. The maximum Federal SSI payments were to rise to $994 monthly for individuals and $1,491 for couples, effective December 31, 2025. The taxable maximum for wages subject to Social Security taxes will increase to $184,500. In fiscal year 2026, this program will represent 5.1% of the Gross Domestic Product. Medicare constitutes 3.4% of GDP and represents 60.0% of total healthcare expenditure (US$1,790 billion).

We estimate that social Security Spending will continue to show gradual growth in the coming fiscal years, reaching a level of 5.2% of GDP in FY27 and an average of 5.5% of GDP in the fiscal period from 2027 to 2033. The CBO estimates that spending on Social Security will reach an average level of 5.7% of GDP in the coming years.

In contrast, we believe that *other programs*[2] related to social security will have a lower level of spending in the projected periods. In FY26. Thus, we include a cut of 10bp, reaching 3.1% of GDP. We assume that reductions in this area could help to contain budgetary deficits as a result of possible austerity policy implemented by the current administration.

Figure 20. Mandatory Outlays as Percentage of GDP



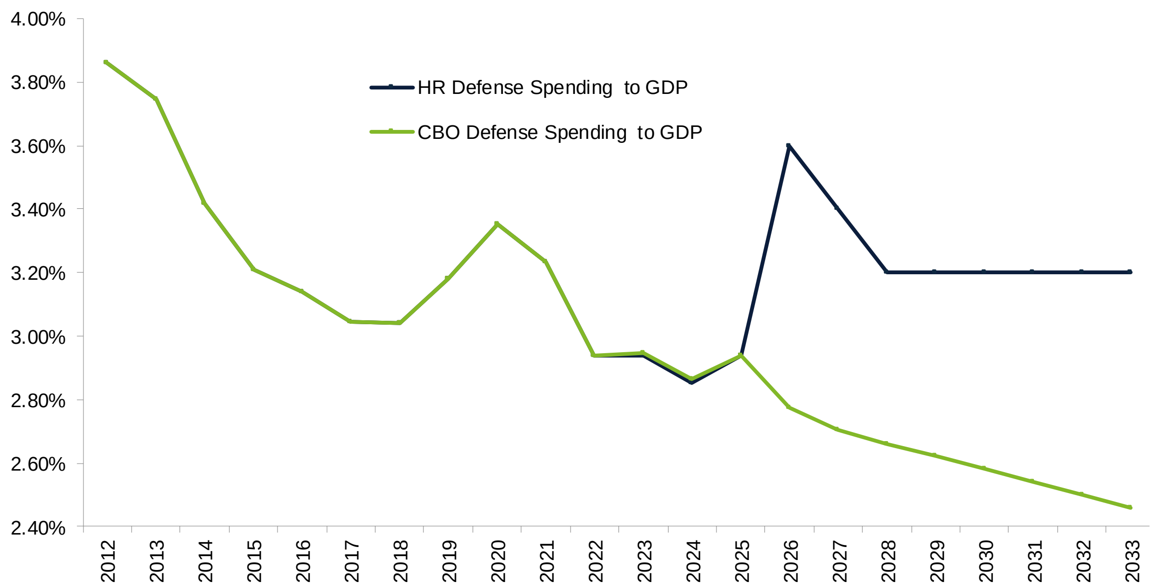
Source: HR Ratings forecasts with data from the CBO.

[2] Environmental Protection Agency, Department of Veterans Affairs.

Long Term Discretionary Outlays

HR Ratings forecasts that discretionary outlays are projected to reach 6.8% of GDP in FY26, above CBO's predictions by 90 basis points, which are set at 5.9% of GDP. This disparity arises from our elevated projection for defense expenditure in the medium to long term, driven by geopolitical tensions and the anticipation that the United States will persist in augmenting its military capabilities. We project that defense expenditure will attain US$1,154 billion, exceeding US$1 trillion for the first time. A portion of this increment will be allocated for the development of the Golden Dome missile defense initiative. The evolution of defense spending can be seen in the figure below.

Figure 21. Defense Spending as Percentage of GDP



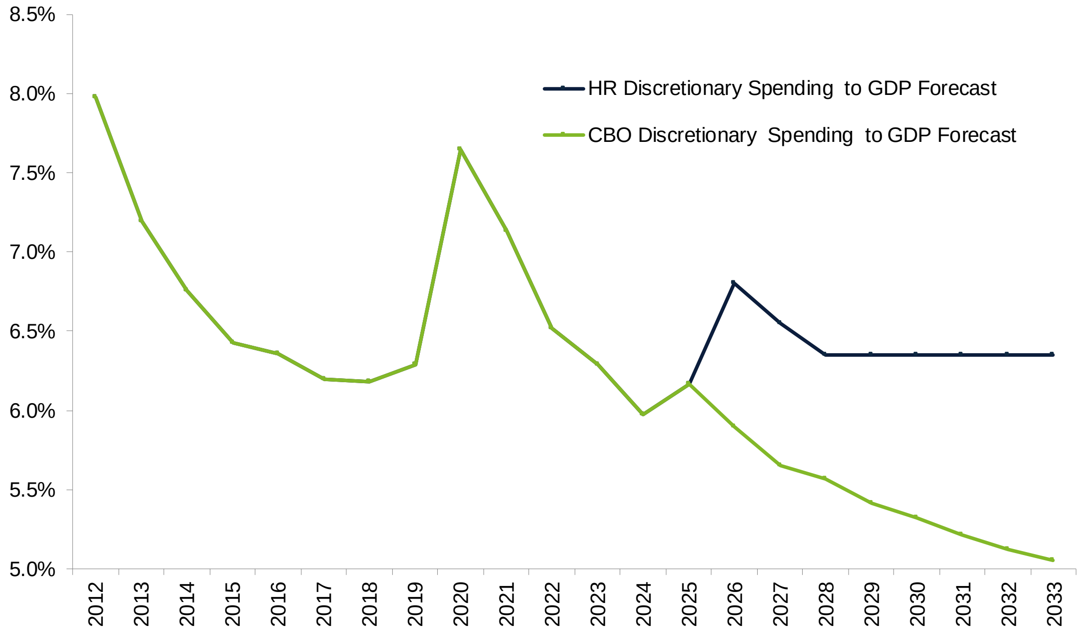
Source: HR Ratings forecasts wth data from the CBO.

The budget has the largest allocation for research, development, test, and evaluation, amounting to US$180.3 billion, bolstered by one-time reconciliation financing to expedite innovation. HR Ratings anticipates an average spending of 3.2% of GDP over the fiscal period from 2027 to 2033, which is 50 basis points above the CBO's predictions of 2.7%.

We anticipate that non-defense expenditure will reach 3.2% of GDP in FY26, consistent with the prior period. Notwithstanding promises to curtail government expenditure, Congress has dismissed the government's suggested reductions. This expenditure level, as a percentage of GDP, will be sustained in the medium and long run. The CBO projects that non-defense expenditure will average 2.7% from 2027 to 2033.

A possible limitation on even higher, and probably necessary, defense spending is the possibility that instead of inducing lower nondefense discretionary spending a larger defense budget would require higher discretionary spending in order to be approved.

Figure 22. Discretionary Outlays as Percentage of GDP

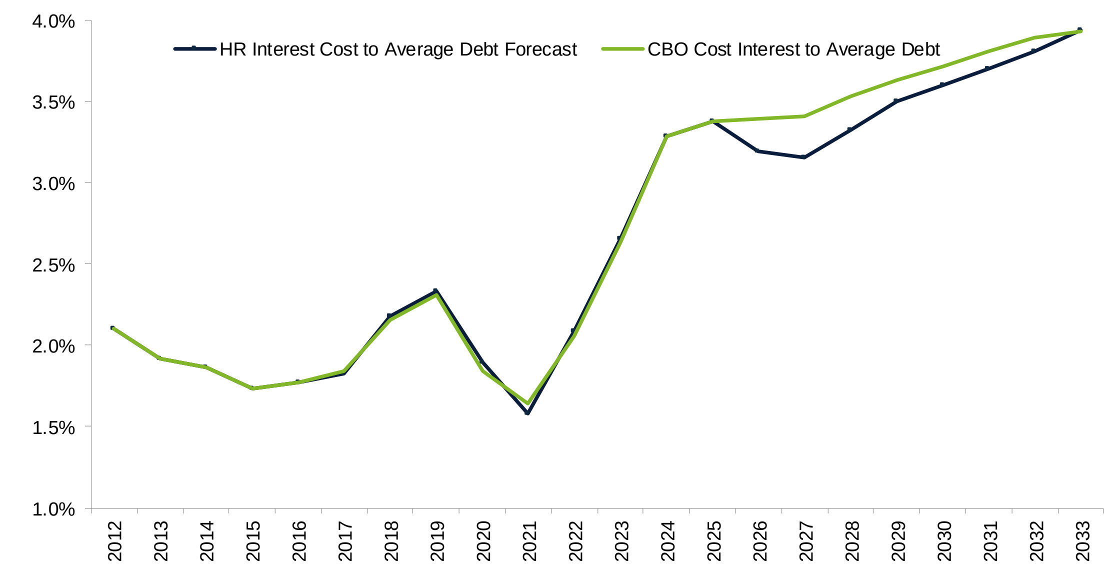


Source: HR Ratings forecasts wth data from the CBO.

Interest Expense

Figure 23 indicates that HR Ratings forecast a lower interest rate compared to CBO's estimate. Over the previous two years, interest expenses on public debt have been a major factor influencing overall financial deficit. HR Ratings projects that interest expense will reach 3.1% of GDP in FY26, driven by a confluence of a rising debt level and elevated average interest rates relative to prior years. Continued deficit spending requires additional borrowing at these high interest rates. We anticipate that the interest expense of public debt will average 3.6% of GDP for the fiscal years 2027 to 2033. During the same time, the CBO projects an average of 3.8% of GDP. Conversely, we project that the financial deficit will reach 6.3% of GDP in FY26, increasing to 8.1% by the conclusion of FY33.

Figure 23. Interest cost to Public Debt



Source: HR Ratings forecast with data from the CBO.

External Accounts

Current and Financial Account in 2025

For 2025, with observed data through the first three quarters and HR Ratings forecast for the fourth quarter (4Q), the US external accounts suggest a modest improvement in the current account deficit relative to 2024. According to our estimates, the current account deficit is expected to reach US$1,170bn (3.8% of GDP), compared with US$1,185bn (4.0% of GDP) in 2024 (Figure 24). This improvement is mainly explained by a moderate narrowing of the trade deficit in goods and services, following the record deficit observed in 2024.

According to data from the Bureau of Economic Analysis (BEA), the United States international trade deficit stood at $901 billion (2.9% of GDP), slightly lower than in 2024 (3.1% of GDP), as surging exports were offset by high imports. While tariffs caused disruptions and record import volumes in the first half of 2025, the overall annual deficit remained largely unchanged, with Mexico leading as the top trade partner followed by Canada. In this context, the revision of the USMCA will be crucial for the international trade environment going forward.

However, an important structural development in the external accounts is the deterioration of the primary income balance. Historically, the United States maintained a surplus in primary income, reflecting strong returns on U.S. investments abroad. Nonetheless, recent data suggest that this surplus has been progressively eroded and turned negative in 2024, reflecting increasing income payments to foreign investors. The primary income, which includes employees' salaries and investment income, is expected to generate a deficit of $36 billion, followed from the deficit of $41 billion registered in 2024. This development is consistent with the increasingly negative Net International Investment Position (NIIP) of the United States, as sustained financial inflows have raised foreign ownership of U.S. assets and therefore increased payments of dividends, reinvested earnings, and interest to non-resident investors.

As for the secondary income balance (mostly remittances), we estimate that it reached a deficit of US$235billion (0.8% of GDP), which is comparable to the US$241 billion (0.8% of GDP) deficit that occurred in 2024. This account had been growing in previous years as more transfers overseas were made annually; however, in 2025, both government and private sector transactions started to slow down. The government's fiscal policies of 2025, which included cuts to social assistance and education programs, aimed to lower the deficit and reduced transfers abroad, while the private sector may have been impacted by the Trump administration's immigration policies.

Despite the persistence of a sizable current account deficit, the United States continues to attract strong capital inflows through the financial account. These inflows more than compensate for the deficit in the current account and reflect continued global demand for U.S. financial assets. HR Ratings anticipates that the financial account inflows will reach US$1,335bn in 2025 (4.3% of GDP), up from US$1,088bn in 2024 (3.7% of GDP). However, as foreign holdings of U.S. assets continue to expand, the associated income payments may increasingly weigh on the primary income balance over time. The balance of payments performance over the past five years and the projections for 2025 are shown in Figure 24.

Figure 24. Current, Capital and Financial Accounts in billions of USD

Balances	Calendar Year						
	2019	2020	2021	2022	2023	2024	2025
Current Account	**-442**	**-593**	**-859**	**-993**	**-928**	**-1,185**	**-1,170**
Goods and Services	-559	-646	-837	-924	-774	-904	-901
Goods	-857	-913	-1,083	-1,175	-1,057	-1,215	-1,255
Services	298	267	246	251	283	312	354
Primary Income	247	178	117	119	53	-41	-34
Secondary Income	-130	-125	-139	-188	-206	-241	-235
Capital Account	-6	-6	-1	-0	-7	4	3
Current and Capital Account	-448	-599	-860	-994	-935	-1,182	-1,166
Financial Account*	521	676	788	801	1,057	1,088	1,335
Financial Account & Derivatives*	563	681	827	881	1,073	1,131	1,296
Change in Reserve Assets	5	9	1	6	0	2	-113
Statistical discrepancy	-110	-73	34	118	-138	53	-243
As a share of GDP	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Current Account	**-2.1%**	**-2.8%**	**-3.6%**	**-3.8%**	**-3.3%**	**-4.0%**	**-3.8%**
Goods and Services	-2.6%	-3.0%	-3.5%	-3.6%	-2.8%	-3.1%	-2.9%
Goods	-4.0%	-4.3%	-4.6%	-4.5%	-3.8%	-4.1%	-4.1%
Services	1.4%	1.3%	1.0%	1.0%	1.0%	1.1%	1.1%
Primary Income	1.1%	0.8%	0.5%	0.5%	0.2%	-0.1%	-0.1%
Secondary Income	-0.6%	-0.6%	-0.6%	-0.7%	-0.7%	-0.8%	-0.8%
Capital Account	-0.0%	-0.0%	-0.0%	-0.0%	-0.0%	0.0%	0.0%
Current and Capital Account	-2.1%	-2.8%	-3.6%	-3.8%	-3.4%	-4.0%	-3.8%
Financial Account*	2.4%	3.2%	3.3%	3.1%	3.8%	3.7%	4.3%
Financial Account & Derivatives*	2.6%	3.2%	3.5%	3.4%	3.9%	3.9%	4.2%
Change in Reserve Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%
Statistical discrepancy	-0.5%	-0.3%	0.1%	0.5%	-0.5%	0.2%	-0.8%

Source: HR Ratings with data from BEA

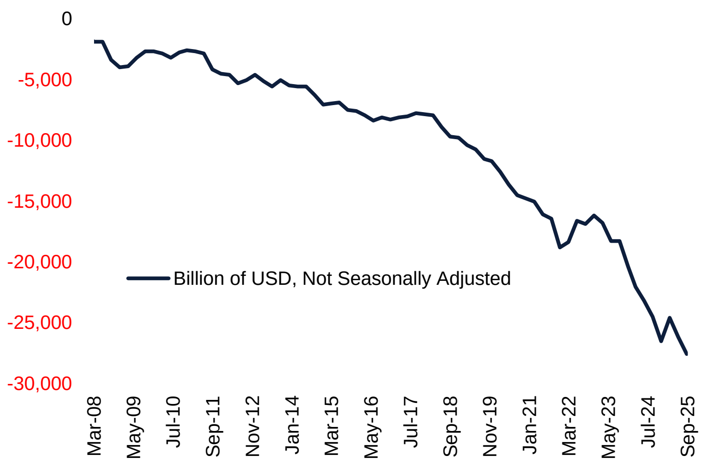
*Excludes changes in Reserves Assets. Cash basis

** Calculated with information published up to Q325 and HR forecasts for 4Q25.

On the other hand, the United States' financial account has significant inflows, resulting in rising liabilities and a negative net investment position (NIIP). Figures 25 and 26 show that the US NIIP is currently at its highest level ever, both nominally and as a proportion of GDP. According to the Bureau of Economic Analysis, the United States NIIP deficit was $27.6 trillion, or 90.9% of GDP, in 3Q25, up $3.1 trillion and 6.3 percentage points from 3Q24.

Over the past year, the U.S.'s net debtor status continued to deteriorate. This decline mainly reflected valuation effects linked to rising U.S. equity prices, which increased the market value of U.S. liabilities held by foreign investors more than the value of U.S. external assets. According to the Bureau of Economic Analysis, U.S. external assets totaled USD 41.3 trillion, while liabilities reached USD 68.9 trillion. The quarterly change in the NIIP (–USD 1.46 trillion) was driven by net financial transactions of –USD 386 billion and other valuation changes of –USD 1.07 trillion, largely reflecting stock market movements.

Figure 25. U.S. Net International Investment Position



Source: HR Ratings with data retrieved from the FRED.

Figure 26. U.S. Net International Investment Position

Source: HR Ratings with data retrieved from the FRED.

Despite the increasingly negative NIIP, this position does not necessarily imply financial instability for the U.S. economy. The country continues to benefit from the dominant role of the U.S. dollar in the global financial system, as a large share of global foreign exchange reserves (57% of total allocation) remains denominated in dollars. This structural demand for U.S. financial assets supports sustained capital inflows and allows the U.S. to finance persistent external deficits in its own currency, mitigating risks associated with its negative external position.

Figure 27. World Currency Composition of Official Foreign Reserves in 3Q25

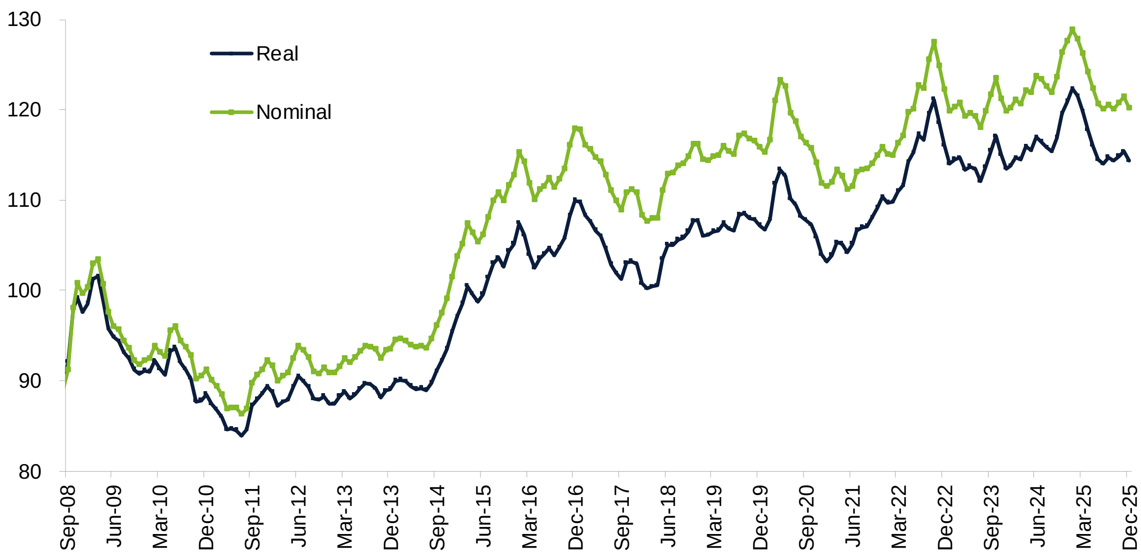
Allocated Reserves	US Dollars, Millions	Percentage
Total Allocated Reserves	13,025,462	100%
Claims in U.S. dollars	7,414,472	57%
Claims in Euro	2,647,978	20%
Claims in Japanese yen	757,832	6%
Claims in Pounds Sterling	580,798	4%
Claims in Canadian dollars	346,892	3%
Claims in Australian dollars	268,128	2%
Claims in Chinese renminbi	251,259	2%
Claims in other currencies	758,102	5.8%

Source: HR Ratings with data from International Monetary Fund.

Below in Figure 28, we illustrate the evolution of the U.S. dollar in both real and nominal terms as measured by the Federal Reserve's Broad Dollar Index. After several years of appreciation, the dollar weakened during 2025 as global financial conditions evolved. In trade-weighted terms, the U.S. dollar declined notably over the year, reflecting shifting expectations regarding U.S. monetary policy and a narrowing interest rate differential with other major economies. Market participants increasingly anticipated a gradual easing cycle by the Federal Reserve, which reduced the relative yield advantage of U.S. assets. In addition, policy uncertainty surrounding trade measures and fiscal dynamics contributed to a reassessment of the dollar's outlook, while improved global risk appetite supported capital flows toward other regions and asset classes. Despite this moderation, the U.S. dollar remains historically strong and continues to play a central role in global financial markets.

Movements in the U.S. dollar also have important implications for the country's external balance sheet. A strong dollar tends to increase the market value of U.S. liabilities held by foreign investors—particularly equity and portfolio assets—while also affecting the valuation of U.S. assets abroad. In this context, fluctuations in the exchange rate, together with movements in global equity markets, can significantly influence the evolution of the U.S. Net International Investment Position (NIIP). Despite the increasingly negative NIIP observed in recent years, the United States continues to benefit from sustained global demand for dollar-denominated assets and the depth of its financial markets, which support stable capital inflows and mitigate risks associated with its external debtor position.

Figure 28. Broad Dollar Index, Jan. 2020=100



Source: HR Ratings with data retrieved from the FRED. Monthly, Not Seasonally Adjusted

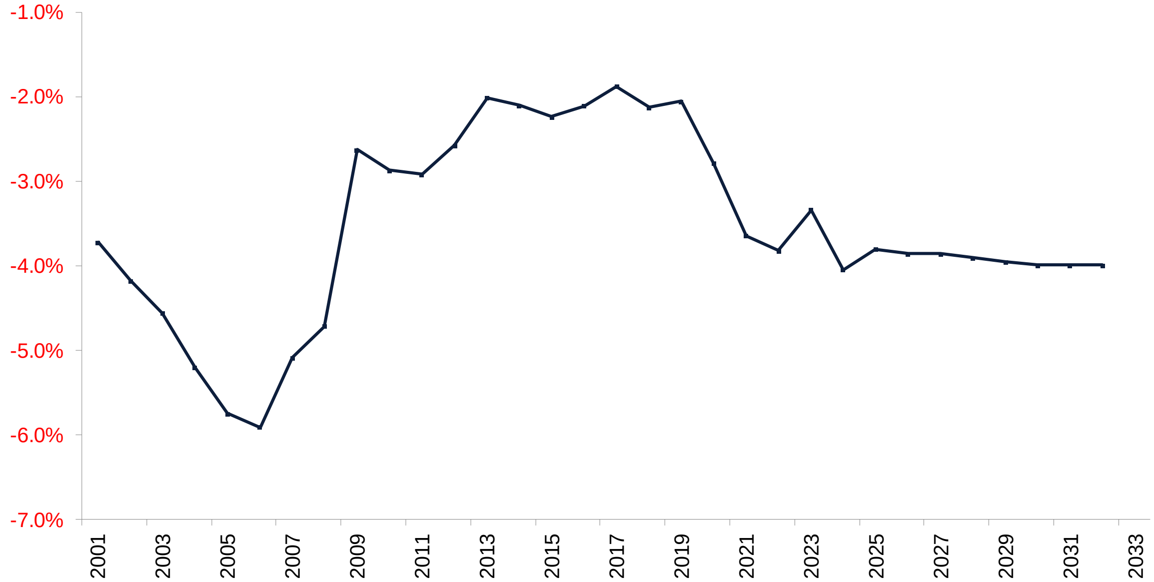
Current Account Projections

Looking ahead, we expect the U.S. current account deficit to increase gradually over the projection horizon, averaging around 4.0% of GDP. Our baseline scenario does not anticipate a significant narrowing of the external trade deficit as a result of increased domestic investment. Instead, we expect the trade balance to remain broadly stable around 2.9% of GDP, reflecting structural strength of domestic demand and the continued reliance on imported goods.

In particular, we assume that tariffs imposed under section 122 of the Trade Act will not be extended beyond their 150-day period, while negotiations within the USMCA framework are expected to restore trade flows with the United States main partners, Mexico and Canada. As a result, import volumes are expected to remain relatively elevated and the U.S. trade deficit is likely to remain structurally negative.

At the same time, the primary income balance has deteriorated in recent years and recently turned negative, reflecting the increasingly negative NIIP. Strong capital inflows into the US financial markets have increased foreign ownership of US assets, leading to rising payments of dividends and interest to non-resident investors. As a result, the primary income balance is expected to remain negative over the projection horizon, contributing to the increasing current account deficit, as shown in Figure 29, with additional details available in Appendix 3 and 4 of this report.

Figure 29. Current account as a percentage of GDP



Source: HR Ratings forecasts with information from the Bureau of Economics Analysis (BEA).

Evaluation of ESG Factors

The purpose of the assessment is to incorporate into the credit rating the impact that environmental, social and governance (ESG) factors may have on the Sovereign's credit quality. The following are the main items considered, as well as the factors and the corresponding label for each one. The principal sources of information used in the analysis were described in the applicable sovereign debt methodology.

Environmental: Average

US environmental policy is in a transitional phase, with federal mandates facing headwinds while state level and voluntary reporting remain dominant. Key environmental factors focus on climate change like decarbonization, air quality, water waste management, biodiversity, and high natural resource depletion. The U.S. environmental policy is primarily shaped by laws such as Clean Air Act, Clean Water Act, and National Environmental Policy Act (NEPA).

- According to U.S. Environmental Protection Agency, the U.S. is not on track to meet 2050 net-zero goals, with projections showing it remaining among the top global emitters. The U.S. ranked as the world's second largest CO_2 emitter. High industrial activity leads to high electricity consumption from non-renewable sources, resulting in a massive greenhouse gas emission. As a consequence, the United States has key issues including rising sea levels and increasing frequency of disasters like, droughts, floods, and storms. On the other hand, the U.S. has experienced a massive surge in renewable energy investments, exceeding US$378bn in 2025 and driving 91% of new power capacity through solar and wind in early 2025. According to the International Energy Agency (IEA) renewables are projected to constitute 50% of the U.S. electricity supply by 2030.
- The U.S. is highly vulnerable to hurricanes and tornadoes, experiencing approximately 403 major weather disasters since 1980, costing over US$2.9 trillion. According to the National Oceanic and Atmospheric Administration, coastal areas, especially in Florida and Louisiana, face extreme risks. Nonetheless, the Federal Emergency Management Agency (FEMA) assists people, families, and businesses whose property has been damaged or destroyed.
- Over the past years, the green bond market has expanded. The U.S. green bond market is ranked the second, passed US$3 trillion in 2025. The market is dominated by investments in data center infrastructure, sustainable housing, and community energy.
- Water stress is also a risk concern due to increased industrial demand and aquifer depletion. The United States has the world's third-largest freshwater reserves. However, groundwater reserves in the United States are being depleted at an alarming rate.
- The reconstruction and recovery process following natural disasters in the United States typically involves a coordinated effort across multiple levels of government and sectors, including local government budgets, state disaster relief funds, and insurance companies, ensuring that the Federal Government is not constrained after a natural disaster occurs.

Social: Superior

An evaluation of social factors in the United States reveals a complex landscape characterized by high average wealth alongside intense inequality, significant disparities in health and education, and low social mobility compared to other high-income nations. The combination of these factors contributes to a superior score in the social measure of ESG practices.

- The United States has a high Human Development Index (HDI) with a level of 0.938, according to UN data and, raking 17th out of 193 countries. The HDI is calculated based on a life expectancy at birth, years of schooling, and Gross National Income per capita. Factors contributing to elevated GDP per capita include a highly diversified economy and the presence of numerous major innovative enterprises.
- The United States is consistently ranked among the top 10 easiest countries for doing business globally. According to the Worl Bank is ranked 7th place out of 190 economies. Key strength includes strong insolvency resolution, high intellectual property protection, and robust investor protection.
- Total government education spending in the U.S. (federal, state, and local) typically constitutes over 5.0% of GDP. It impacts on workforce quality, social equity, and economic stability. Increased education spending is positively associated with higher employment rates, better health, and lower social costs.
- Labor Rights: The U.S. has established labor laws that provide protections for workers, including minimum wage laws, occupational health and safety regulations, and the right to unionize.

Governance: Superior

In the US, the governance factor might be superior as it is characterized by a separation of powers. The United States separation of powers system, which distributes authority among the legislative, executive, and judicial branches, is designed to prevent the concentration of power and safeguard individual liberties. These factors reflect the institutional frameworks, regulatory environments, and corporate governance practices that promote accountability, transparency, and ethical behavior.

- The United States has experienced a downward trend in political stability and absence of violence. The Worldwide Governance Indicators' data indicates a minimum value for the US was reached in 2023. The metric measures perceptions of the likelihood of political instability or politically motivated violence. The country has faced challenges with its democratic institutions and political stability in recent years.
- The adherence to the rule of law and an independent judiciary helps ensure that governance practices in the US are transparent, accountable, and consistent with constitutional principles. The US legal system ensures that governing acts, such as the enforcement of laws and the administration of justice, are based on established legal procedures rather than political shifts.
- The rule of law ensures that contracts are upheld and legal frameworks are predictable, which promotes a stable business environment.
- For voice and accountability, the value for 2024 reached 0.890 points, which is lower than the historical average of 1.19. The judicial system is notable for upholding equality before the law for all groups while defending the rights of minority groups.

Appendix

Appendix 1. Public Finance Accounts in billion US dollars

Fiscal Year	Revenues	Mandatory Outlays	Defense	Non Defense Discretionary	Discr. Outlays	Primary Outlays	Net Interest	Total Outlays	Primary Deficit	Financial Deficit	Other change in Debt	Public Debt
FY19	3,463	2,734	677	661	1,338	4,072	375	4,447	-609	-984	984	16,809
FY20	3,420	4,579	714	914	1,628	6,207	345	6,552	-2,787	-3,132	3,132	21,015
FY21	4,047	4,834	742	894	1,636	6,470	352	6,822	-2,423	-2,775	2,775	22,283
FY22	4,896	4,135	749	913	1,662	5,797	475	6,272	-901	-1,376	1,376	24,299
FY23	4,439	3,753	805	917	1,722	5,475	659	6,134	-1,036	-1,695	1,695	26,330
FY24	4,918	4,059	826	904	1,730	5,789	881	6,670	-871	-1,752	1,752	28,307
FY25	5,235	4,168	893	980	1,872	6,040	970	7,010	-805	-1,775	1,775	30,278
FY26	5,559	4,421	1,154	1,027	2,181	6,603	984	7,587	-1,044	-2,029	2,029	32,377
FY27	5,717	4,630	1,137	1,054	2,191	6,821	1,039	7,860	-1,103	-2,143	2,143	34,542
FY28	5,973	4,876	1,116	1,099	2,215	7,091	1,167	8,257	-1,118	-2,284	2,284	36,834
FY29	6,252	5,077	1,160	1,143	2,303	7,379	1,309	8,688	-1,127	-2,436	2,436	39,260
FY30	6,524	5,429	1,210	1,191	2,401	7,830	1,437	9,267	-1,306	-2,743	2,743	41,978
FY31	6,822	5,622	1,257	1,238	2,495	8,117	1,578	9,695	-1,295	-2,873	2,873	44,815
FY32	7,146	5,921	1,310	1,290	2,601	8,522	1,733	10,255	-1,376	-3,109	3,109	47,878
FY33	7,486	6,309	1,366	1,345	2,712	9,021	1,918	10,939	-1,535	-3,453	3,453	51,273

Source: HR Ratings with information from the CBO

Appendix 2. Public Finance Accounts as a share of GDP

Fiscal Year	Revenues	Mandatory Outlays	Defense	Non Defense Discretionary	Discr. Outlays	Primary Outlays	Net Interest	Total Outlays	Primary Deficit	Financial Deficit	Other change in Debt	Public Debt
FY19	16.3%	12.9%	3.2%	3.1%	6.3%	19.1%	1.8%	20.9%	-2.9%	-4.6%	4.6%	79.0%
FY20	16.1%	21.5%	3.4%	4.3%	7.6%	29.2%	1.6%	30.8%	-13.1%	-14.7%	14.7%	98.7%
FY21	17.6%	21.1%	3.2%	3.9%	7.1%	28.2%	1.5%	29.7%	-10.6%	-12.1%	12.1%	97.2%
FY22	19.2%	16.2%	2.9%	3.6%	6.5%	22.7%	1.9%	24.6%	-3.5%	-5.4%	5.4%	95.3%
FY23	16.2%	13.7%	2.9%	3.3%	6.3%	20.0%	2.4%	22.4%	-3.8%	-6.2%	6.2%	96.1%
FY24	17.0%	14.0%	2.9%	3.1%	6.0%	20.0%	3.0%	23.0%	-3.0%	-6.1%	6.1%	97.8%
FY25	17.2%	13.7%	2.9%	3.2%	6.2%	19.9%	3.2%	23.1%	-2.7%	-5.8%	5.8%	99.7%
FY26	17.3%	13.8%	3.6%	3.2%	6.8%	20.6%	3.07%	23.7%	-3.26%	-6.3%	6.3%	100.9%
FY27	17.1%	13.8%	3.4%	3.2%	6.6%	20.4%	3.11%	23.5%	-3.30%	-6.4%	6.4%	103.3%
FY28	17.1%	14.0%	3.2%	3.2%	6.4%	20.3%	3.34%	23.7%	-3.20%	-6.5%	6.5%	105.6%
FY29	17.2%	14.0%	3.2%	3.2%	6.4%	20.4%	3.61%	24.0%	-3.11%	-6.7%	6.7%	108.3%
FY30	17.3%	14.4%	3.2%	3.2%	6.4%	20.7%	3.80%	24.5%	-3.45%	-7.3%	7.3%	111.0%
FY31	17.4%	14.3%	3.2%	3.2%	6.4%	20.7%	4.02%	24.7%	-3.30%	-7.3%	7.3%	114.1%
FY32	17.5%	14.5%	3.2%	3.2%	6.4%	20.8%	4.23%	25.0%	-3.36%	-7.6%	7.6%	116.9%
FY33	17.5%	14.8%	3.2%	3.2%	6.4%	21.1%	4.49%	25.6%	-3.60%	-8.1%	8.1%	120.1%

Source: HR Ratings forecasts with information from the CBO. "Other changes in Debt" forecasts from the CBO.

Appendix 3. Current Account in billion US dollars

Calendar Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Receipts	**3,294**	**3,808**	**4,430**	**4,650**	**4,871**	**5,107**	**5,258**	**5,425**	**5,597**	**5,773**	**5,950**	**6,136**	**6,323**	**6,539**
Goods and Services	2,173	2,584	3,058	3,093	3,233	3,411	3,515	3,609	3,718	3,829	3,937	4,051	4,163	4,301
Goods	1,434	1,766	2,096	2,047	2,080	2,183	2,244	2,300	2,363	2,422	2,482	2,546	2,605	2,684
Services	739	818	963	1,045	1,153	1,228	1,271	1,309	1,355	1,407	1,454	1,505	1,557	1,617
Primary Income	954	1,048	1,185	1,363	1,451	1,514	1,556	1,622	1,680	1,740	1,803	1,868	1,936	2,007
Compensation of Employees	7	7	8	8	9	9	9	9	10	10	10	10	10	11
Investment Income	947	1,041	1,177	1,355	1,442	1,505	1,547	1,613	1,671	1,730	1,793	1,858	1,926	1,997
Secondary Income	167	175	186	194	188	182	187	193	199	205	211	217	224	230
Payments	**3,888**	**4,666**	**5,423**	**5,578**	**6,057**	**6,277**	**6,508**	**6,729**	**6,972**	**7,222**	**7,472**	**7,742**	**8,009**	**8,328**
Goods and Services	2,819	3,421	3,982	3,867	4,136	4,312	4,455	4,589	4,738	4,891	5,041	5,204	5,360	5,552
Goods	2,347	2,849	3,270	3,105	3,295	3,438	3,553	3,660	3,780	3,905	4,025	4,158	4,283	4,442
Services	472	572	712	762	841	874	902	930	957	986	1,016	1,046	1,078	1,110
Primary Income	776	931	1,066	1,311	1,492	1,548	1,617	1,690	1,765	1,844	1,927	2,014	2,104	2,209
Compensation of Employees	14	18	26	29	31	32	34	35	36	37	39	40	42	44
Investment Income	762	913	1,040	1,281	1,461	1,515	1,584	1,655	1,729	1,807	1,888	1,973	2,062	2,166
Secondary Income	292	314	374	400	429	417	435	451	469	486	504	524	545	566
Balances														
Current Account	**-593**	**-859**	**-993**	**-928**	**-1,185**	**-1,170**	**-1,249**	**-1,305**	**-1,375**	**-1,448**	**-1,522**	**-1,605**	**-1,687**	**-1,789**
Trade	-646	-837	-924	-774	-904	-901	-940	-980	-1,020	-1,063	-1,104	-1,153	-1,198	-1,251
Primary Income	178	117	119	53	-41	-34	-61	-67	-85	-104	-124	-146	-168	-202
Secondary Income	-125	-139	-188	-206	-241	-235	-248	-258	-270	-281	-293	-306	-321	-336

Source: HR Ratings projections with data from the BEA.

Appendix 4. Current Account as a share of GDP

Calendar Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Receipts	**15.4%**	**16.1%**	**17.0%**	**16.7%**	**16.6%**	**16.6%**	**16.2%**	**16.0%**	**15.9%**	**15.8%**	**15.6%**	**15.5%**	**15.3%**	**15.2%**
Goods and Services	10.2%	11.0%	11.8%	11.1%	11.0%	11.1%	10.8%	10.7%	10.6%	10.4%	10.3%	10.2%	10.1%	10.0%
Goods	6.7%	7.5%	8.1%	7.4%	7.1%	7.1%	6.9%	6.8%	9.6%	9.7%	9.7%	9.7%	9.7%	9.7%
Services	3.5%	3.5%	3.7%	3.8%	3.9%	4.0%	3.9%	3.9%	3.8%	3.8%	4.1%	4.1%	4.1%	4.1%
Primary Income	4.5%	4.4%	4.6%	4.9%	5.0%	4.9%	4.80%	4.80%	4.77%	4.75%	4.73%	4.70%	4.68%	4.65%
Compensation of Employees	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment Income	4.4%	4.4%	4.5%	4.9%	4.9%	4.9%	4.8%	4.8%	4.7%	4.7%	4.7%	4.7%	4.7%	4.6%
Secondary Income	0.8%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%
Payments	**18.2%**	**19.8%**	**20.9%**	**20.1%**	**20.7%**	**20.4%**	**20.1%**	**19.9%**	**19.8%**	**19.7%**	**19.6%**	**19.5%**	**19.4%**	**19.3%**
Goods and Services	13.2%	14.5%	15.3%	13.9%	14.1%	14.0%	13.7%	13.6%	13.5%	13.3%	13.2%	13.1%	13.0%	12.9%
Goods	11.0%	12.1%	12.6%	11.2%	11.2%	11.2%	11.0%	10.8%	10.7%	14.2%	14.2%	14.2%	14.2%	14.2%
Services	2.2%	2.4%	2.7%	2.7%	2.9%	2.8%	2.8%	2.7%	2.7%	2.7%	2.8%	2.8%	2.8%	2.8%
Primary Income	3.6%	3.9%	4.1%	4.7%	5.1%	5.0%	5.0%	4.99%	3.91%	3.95%	3.96%	3.96%	3.96%	3.96%
Compensation of Employees	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Investment Income	3.6%	3.9%	4.0%	4.6%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	5.0%	5.0%	5.0%	5.0%
Secondary Income	1.4%	1.3%	1.4%	1.4%	1.5%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Balances														
Current Account	**-2.78%**	**-3.64%**	**-3.82%**	**-3.34%**	**-4.05%**	**-3.80%**	**-3.85%**	**-3.86%**	**-3.90%**	**-3.95%**	**-3.99%**	**-4.04%**	**-4.08%**	**-4.15%**
Trade	-3.03%	-3.55%	-3.55%	-2.78%	-3.08%	-2.93%	-2.90%	-2.90%	-2.90%	-2.90%	-2.90%	-2.90%	-2.90%	-2.90%
Primary Income	0.83%	0.50%	0.46%	0.19%	-0.14%	-0.11%	-0.19%	-0.20%	-0.24%	-0.28%	-0.33%	-0.37%	-0.41%	-0.47%
Secondary Income	-0.59%	-0.59%	-0.72%	-0.74%	-0.82%	-0.76%	-0.76%	-0.76%	-0.77%	-0.77%	-0.77%	-0.77%	-0.78%	-0.78%

Source: HR Ratings projections with data from the BEA.

Complementary information in compliance with section V, paragraph A), of Annex 1 of the General Provisions applicable to credit rating agencies.

Methodologies used*	Rating Methodology for Sovereign Debt, March 2025 General Methodological Criteria, October 2024
Previous Rating	HR AAA (G) with Stable Outlook HR+1 (G)
Date of the previous rating	April 2, 2025
Period covered by the financial information used by HR Ratings for this rating	January 1999 to February 2026
List of sources of information used, including those provided by third parties.	Congressional Budget Office, Federal Reserve, IMF, Bureau of Economic Analysis
Ratings granted by other credit rating agencies that were used by HR Ratings (if any)	N.A.
HR Ratings considered the existence of mechanisms to align incentives between the issuer, servicer and guarantor and the potential purchasers of such securities (if any) when granting the rating or following up on the rating.	N.A.
Ratings given by other credit rating agencies to these securities (if any)	N.A.

***For further information regarding this methodology(ies), please visit https://hrratings.com/methodology/**

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