

CareEdge Global assigns 'Negative' outlook to the rating of the United States of America

Reaffirms Long-Term Foreign Currency Rating of 'CareEdge AA+' (Unsolicited)

Issuer rating

CareEdge AA+/Negative (Unsolicited)

Rating Action

CareEdge Global has assigned a 'Negative' outlook to the rating of United States of America (United States), while reaffirming the Long-Term Foreign Currency rating of **'CareEdge AA+ (Unsolicited)'**.

Rationale

The negative outlook reflects our view that the general government gross debt-to-GDP ratio and the interest servicing burden of the United States (US) are likely to remain elevated over the medium term. Further, the ongoing environment of policy uncertainty has a potential to weaken the government's effectiveness and the traditionally strong institutions and governance.

General government gross (GGG) debt of the US has risen by 13 percentage points since 2019 to around 121% of GDP in 2024 and is projected to rise further. The enactment of the One Big Beautiful Bill Act (OBBBA) could further add to this debt burden. While tariffs may provide some revenue offset, their continuity remains uncertain due to ongoing legal scrutiny. Meanwhile, interest expenses as a share of government revenue are expected to remain high, amidst elevated yields, and may potentially rise further.

The policy environment has become highly unpredictable, with frequent shifts in tariff and immigration policies. The Fed's independence has also recently faced challenges, highlighting potential risks to its credibility.

The credit profile of the US continues to be supported by its large economy, high per-capita income, and strong innovation. Its funding flexibility, underpinned by the US dollar's status as the primary global reserve currency, remains an important factor supporting its creditworthiness. These strengths are offset by weak fiscal position reflected by rising debt and worsening debt affordability.

Downside Scenario

The rating could face downward pressure if debt-to-GDP and interest-to-revenue ratios deteriorate significantly beyond current expectations. Further weakening of institutional factors, particularly those affecting policy predictability, government effectiveness, and regulatory credibility, could also weigh on the sovereign rating.

Upside Scenario

The outlook could be revised to stable if the debt trajectory improves meaningfully through fiscal consolidation, leading to a sustained decline in the interest-to-revenue ratio. Greater policy continuity and a more predictable macroeconomic environment would also support a stable outlook.

Key Rating Drivers

Economic Structure & Resilience

The US is a large, diversified economy with high GDP per capita and strong innovation and entrepreneurial activity.

US GDP growth in Q2 2025 was revised up to 3.8% (annualised) from an initial estimate of 3.3%, reflecting an upward revision to consumer spending and marking the strongest performance in two years. However, economic activity in H2 2025 is likely to be affected by higher tariffs implemented in August and ongoing tariff-related uncertainty. Recent indicators also point to weakness in the labour market. For instance, payrolls were revised downwards significantly for the year through March 2025. Additionally, the unemployment rate rose to 4.3% in August 2025, the highest level since 2021.

The IMF projects US growth to slow to 1.9% in 2025 from 2.8% in 2024. However, the outlook remains uncertain, with judicial decisions on tariffs and the broader impact of US immigration, fiscal, and monetary policies remaining key monitorables.

Fiscal Strength

The US fiscal position presents a key credit challenge due to its high debt burden and interest payments.

General government gross debt rose to approximately 121% of GDP in 2024 from around 108% in 2019 and is projected to rise further to around 127% by 2029 (IMF April 2025 WEO). The OBBBA, passed in July 2025, could add to this debt burden as it combines tax and spending cuts with higher allocations for national defence. Revenues from new tariffs under US trade policies may provide some offset, though their continuity remains uncertain due to ongoing legal challenges. Market concerns over the fiscal outlook are also reflected in elevated term premia for US treasuries, underscoring increasing discomfort of investors around high US debt levels. Although the Fed has begun cutting the policy rate, it is expected to remain elevated, keeping yields high. Combined with the rising debt trajectory, debt affordability is likely to remain a key challenge, as reflected by a substantial increase in the interest-to-revenue ratio over the past few years.

External Position & Linkages

The dollar index has weakened by about 10% year-to-date, weighed down by US trade policy uncertainty, fiscal concerns, and expectations of Fed rate cuts. Structural issues also persist, with global central banks gradually diversifying away from US assets and increasing gold holdings.

That said, the dollar's global dominance remains intact. It is the world's primary reserve currency, accounting for roughly 60% of global foreign exchange reserves, and continues to dominate international trade finance. Shifting to an alternative currency may take years, so the dollar's safe-haven status endures, even as investors reassess its long-term trajectory.

Monetary & Financial Stability

The US benefits from a highly developed financial system, and its monetary framework is supported by a strong central bank. However, the Fed's long-standing independence has recently faced challenges, with political pressure from the administration to lower interest rates, criticism of officials, and attempts to influence board appointments raising concerns about potential interference in monetary policy.

In September 2025, the Fed cut its policy rate by 25 bps, highlighting rising downside risks to employment. The Fed, through its dot plot, now signals two additional cuts this year, up from one previously, despite elevated inflation. In August 2025, the Personal Consumption Expenditures (PCE) inflation rose to 2.7%, the highest in six months, while the core PCE inflation, which excludes food and energy, increased to 2.9%, above the Fed's 2% target. Elevated tariffs, combined with a weaker dollar, may further add to domestic price pressures.

Institutions & Quality of Governance

The United States is recognised for its strong regulatory frameworks and a deep-rooted respect for the rule of law. However, political polarization and frequent legislative stalemates undermine governance.

Presidential elections were held in November 2024, and the Trump administration took office in January 2025. Like his previous tenure, the administration is focusing on an American-centric policy approach. However, unlike before, when tariffs were primarily targeted at China, they have now been extended broadly across trading partners, reshaping US trade dynamics. Frequent policy shifts, including changes in tariff policies, have raised concerns about policy consistency. For instance, US tariffs on China surged to unprecedented triple digits but were eased quickly. There is also a risk of sectoral tariffs being applied to items currently exempt, creating uncertainty for businesses and markets. Nevertheless, institutional checks seem to be in place, with the tariff measures being challenged in courts.

The 2026 mid-term Congressional elections will be key to watch, given their potential impact on the administration's ability to advance its policy priorities.

United States – Select Indicators									
	Unit	2019	2020	2021	2022	2023	2024	2025 F	2026 F
Economic Indicators									
Nominal GDP	USD Billion	21,540	21,354	23,681	26,007	27,721	29,185	30,507	31,718
GDP Per Capita (Constant-PPP)	USD	69,466	67,397	71,232	72,624	74,113	75,494	76,362	77,238
Real GDP Growth	%	2.6	-2.2	6.1	2.5	2.9	2.8	1.9	2.0
GFCF/GDP	%	21.3	21.6	21.3	21.4	21.4	21.6	-	-
Gross Domestic Savings/GDP	%	19.0	18.5	17.7	18.1	17.2	16.7	-	-
Exports (G&S)/GDP	%	11.8	10.1	10.8	11.6	11.0	10.9	-	-
Working-Age (15-64) Population (% Share in Total)	%	65.7	65.5	65.4	65.2	65.0	64.7	64.5	64.3
Old-Age (65+) Population (% Share in Total)	%	15.7	16.1	16.5	16.9	17.4	17.9	18.4	18.8
Fiscal Indicators – General Government									
Fiscal Balance/GDP	%	-5.8	-14.1	-11.4	-3.7	-7.2	-7.3	-6.5	-5.5
Revenue/GDP	%	30.0	30.7	31.8	33.1	30.0	30.3	31.4	32.5
Expenditure/GDP	%	35.8	44.8	43.2	36.8	37.1	37.6	37.8	38.0
GG Gross Debt/GDP	%	108.2	132.0	124.7	118.8	119.0	120.8	122.5	123.7
GG External Debt (by Creditor)/GG Gross Debt	%	24.8	22.6	27.6	22.9	23.5	24.9	-	-
Interest/Revenue	%	12.8	10.9	11.4	13.4	18.0	-	-	-
External Indicators									
Current Account Balance/GDP	%	-2.1	-2.8	-3.6	-3.8	-3.4	-4.1	-3.7	-3.2
FDI, Net Inflows/GDP	%	1.5	0.6	1.4	1.5	1.3	1.1	-	-
Outstanding FII Liabilities/GDP	%	101.0	117.9	122.3	93.9	103.7	113.6	-	-
NIIP/GDP	%	-54.2	-68.9	-79.5	-62.1	-73.7	-90.9	-	-
Foreign Exchange Reserves	USD Billions	516.7	628.4	716.2	706.6	773.4	910.0	-	-
Import Cover	Months	2.0	2.7	2.5	2.1	2.4	2.6	-	-
External Debt/GDP	%	95.6	100.0	98.7	94.4	93.7	94.7	-	-
Monetary and Financial Indicators									
CPI Inflation	%	1.8	1.3	4.7	8.0	4.1	3.0	3.0	2.5
Exchange Rate (Average)	LC per USD	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Non-Performing Loans/Total Gross Loans	%	1.5	1.6	1.3	1.2	1.4	1.6	-	-
Private debt, loans and debt securities/GDP	%	153.1	164.5	159.8	153.9	147.7	143.1	-	-

Sources: International Monetary Fund, World Bank, Bank for International Settlements, National Sources, CareEdge Global

Note: F – Forecast; PPP – Purchasing Power Parity; GFCF – Gross Fixed Capital Formation; Exports (G&S) – Exports of Goods and Services; GG – General Government; FDI – Foreign Direct Investment; FII – Foreign Institutional Investment; NIIP – Net International Investment Position; Data refers to fiscal/calendar year and actual/estimate as reported by the source; Where general government data is unavailable, central government data is used; Latest available data for 2024

Solicitation Status

The rating is unsolicited

Rating History

Instrument	Type	Rating	Date
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AA+/Negative	September 29, 2025
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AA+	October 03, 2024

Criteria Applied

[CareEdge Sovereign Rating Methodology](#)

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