MEDIO: THE NEWS
SECCIÓN: BUSINESS
PÁGINA: 15
FECHA: 11/JUNIO/2013

S&P revises US credit outlook

BY **DAVID GAFFEN**
Reuters

NEW YORK – Standard & Poor's on Monday revised its credit outlook on the United States government to stable from negative, citing Congress's avoidance of the year-end 2012 "fiscal cliff" and the higher-than-expected tax receipts that followed.

Additionally, the ratings agency, the only one to have cut the United States from the coveted AAA status, said it does not expect the debate later in 2013 regarding a raising of the debt ceiling to result in "a sudden unplanned contraction in current spending – which could be disruptive – let along debt service."

S&P estimates the government will need to authorize a further increase in the amount of debt it can issue near the end of the fiscal year in September.

The chances of a ratings downgrade is now "less than one in three" as improvements in tax receipts and economic performance are helping to bring down the country's debt levels.

The dollar rallied against the euro and yen and equity markets rose modestly. Investors sold safe-haven U.S. government debt, boosting the 30-year Treasury bond's yield briefly to a 14-month high.

In its release, S&P said recent increases in tax receipts and steps taken to address longer-term budget issues had improved the U.S. outlook. The agency raised concerns, however, about the ability of policymakers to tackle long-standing issues due to a deepening of the partisan divide in Washington in the last decade.

"We believe that our current 'AA-plus' rating already factors in a lesser ability of U.S. elected officials to react swiftly and effectively to public finance pressures over the longer term in comparison with officials of some more highly rated sovereigns and we expect repeated divisive debates over raising the debt ceiling," S&P said.

S&P said it expects the U.S. debt-to-GDP ratio to stabilize around 84 percent over the next few years, which would allow "policymakers some additional time to take steps to address pent-up age-related spending pressures."

"The strong stock market has created tax revenues, which is certainly positive, and the economy continues a slow but steady growth path, so while we continue to print money, the overall debt numbers have stabilized and I think that's what the S&P is reflecting," said Tim Ghriskey, chief investment officer at Solaris Group in Bedford Hills, New York.

In August 2011 S&P became the first credit rating agency to downgrade the sovereign U.S. credit rating from top-rated AAA to AA-plus, the second highest rating, and had left the U.S. credit outlook at "negative" at that time. Rival agencies Moody's and Fitch currently both hold AAA ratings on the United States, but have negative outlooks on the credit.