

## USA and USD: The Ticking Debt Time Bomb

In recent years, the United States has been facing a growing economic concern: its national debt. As of September 2023, the U.S. national debt had surpassed a staggering \$33 trillion, and it's projected to reach an alarming ~\$50 trillion by 2033. To put this in perspective, that's an accumulation of ~\$5.2 billion every single day, a financial challenge that cannot be ignored (Yahoo Finance, 2023).

Compounding the issue, credit card debt has crossed another historic high of \$1.08 trillion, marking a year-over-year increase of \$154 billion. Student loan debt also continued to rise, reaching \$1.6 trillion in Q3 2023. And household debt has surged by \$786 billion compared to the previous year, reaching \$17.29 trillion in the third quarter of 2023. The rise in credit card delinquency rates, especially among young people with student loans and vehicle loans, adds further strain to an already bleeding debt economy (Federal Reserve Bank of New York, 2023).

This surge in borrowing is happening simultaneously with historically low levels of savings. In simple terms, more and more money is being printed to cover existing debts, raising questions about the long-term stability of the economy.

Furthermore, on November 10, 2023, the credit rating agency Moody's downgraded the United States' rating outlook from "stable" to "negative." This decision was influenced by factors such as a disappointing Treasury bond auction in October 2023, soaring national debt levels, increased government spending, and a general sentiment of deteriorating economic conditions (CNBC, 2023).

In a recently released audit opinion, independent auditors stated the Pentagon has failed its annual financial audit **for the 6th consecutive time in a row**. The audit consists of 29 "checklists" of criteria that must be satisfied in order for the overall audit to receive approval. Shockingly, 23 out of the 29 checklists were failed, mostly because the auditors did not receive access to requested audit data. To conduct the audit, it cost US taxpayers ~USD 190 million in order for 1,600 auditors to make 700 site visits and assess \$3.8 trillion in assets and \$4 trillion in liabilities.

Against this backdrop, the US has enjoyed a monopoly in the global energy markets for 70+ years. This started when an agreement between the United States and the Saudi Arabia, made in the early 1970s, created an extremely strong dollar and guaranteed a stable, ongoing demand for the American currency. Since this deal, the United States dollar has managed to maintain its hegemony because most of the world's countries, including Angola have had to search and buy USD in order to make commodity trades like oil. There were no other alternatives and it served the United States well, example the USD currency has increased in value against virtually every currency in the world over the past 10 years (see image 1). How is the strengthening of the USD possible if according to the IMF usage of the dollar as a reserve currency is on a sharp decline since the beginning of the century (see image 2) and since 1913 the USD purchasing power has gotten weaker and weaker (see image 3)?

In conclusion, these troubling economic indicators and the Pentagon's financial audit challenges point to a looming market correction for the United States and the market price for the USD. The nation's burgeoning national debt, coupled with rising consumer debts and rating downgrades, underscore the urgent need for fiscal responsibility and strategic financial planning in the face of an uncertain economic future.

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**Luanda,  
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**Angola**

Image 1: global currencies 10 year return vs USD (Xe.com, 2023)

## GLOBAL CURRENCIES: 10-YEAR RETURNS VS. 🇺🇸 DOLLAR

Venezuelan Bolivar	-99.9%	Liberian Dollar	-57.9%	Hungarian Forint	-41.0%	Nepalese Rupee	-25.6%	Czech Koruna	-17.0%
Sudanesse Pound	-99.3%	Tajikistani Somoni	-55.6%	Algerian Dinar	-40.2%	Dominican Peso	-25.0%	Honduran Lempira	-17.5%
Syrian Pound	-99.1%	Brazilian Real	-55.4%	Paraguayan Guarani	-39.0%	British Pound	-24.8%	Samoan Tala	-16.2%
Argentine Peso	-98.3%	Azerbaijan Manat	-53.0%	Georgian Lari	-37.9%	Tongan Pa'anga	-24.7%	Chinese Yuan	-16.2%
Turkish Lira	-92.6%	Burmese Kyat	-53.6%	Botswana Pula	-37.2%	Bhutanese Ngultrum	-24.7%	Solomon Islander Dollar	-16.1%
Surinamese Dollar	-91.5%	Mozambican Metical	-53.4%	Tanzanian Shilling	-35.9%	Indian Rupee	-24.7%	Thai Baht	-14.6%
Angolan Kwanza	-89.2%	Mongolian Tughrig	-53.4%	Japanese Yen	-34.3%	Serbian Dinar	-24.0%	Yemeni Rial	-14.2%
North Korean Won	-85.9%	Colombian Peso	-53.2%	Jamaican Dollar	-33.6%	Philippine Peso	-23.9%	Vietnamese Dong	-13.2%
Uzbekistani Som	-82.4%	Malagasy Ariary	-50.5%	Nicaraguan Cordoba	-32.0%	Canadian Dollar	-23.8%	Icelandic Krona	-12.1%
Ghanaian Cedi	-81.3%	Tunisian Dinar	-48.5%	Australian Dollar	-31.7%	Cape Verdean Escudo	-23.5%	Iraqi Dinar	-11.1%
Sierra Leonean Leon	-81.0%	Nambian Dollar	-47.6%	Tuvaluan Dollar	-31.7%	Euro	-22.4%	Singapore Dollar	-8.5%
Nigerian Naira	-79.5%	Basotho Lotti	-47.6%	Ugandan Shilling	-31.6%	Comorian Franc	-22.4%	Bruneian Dollar	-8.5%
Ukrainian Hryvnia	-77.9%	Swazi Lilangeni	-47.0%	Malaysian Ringgit	-31.3%	Central African CFA Franc	-22.4%	Kuwaiti Dollar	-8.4%
Egyptian Pound	-77.7%	South African Rand	-47.6%	Mauritian Rupee	-30.5%	Bosnian Convertible Mark	-22.4%	Israeli Shekel	-7.5%
Libyan Dinar	-74.5%	Burundian Franc	-45.9%	Romanian Leu	-30.5%	CFP Franc	-22.4%	Costa Rican Colon	-5.7%
Kazakhstanian Tenge	-67.9%	Gambian Dalasi	-45.7%	Bangladeshi Taka	-29.4%	Bulgarian Lev	-22.4%	Trinidadian Dollar	-5.1%
Haitian Gourde	-67.6%	Rwandan Franc	-45.3%	Polish Zloty	-29.1%	Danish Krone	-22.3%	Guyanese Dollar	-2.9%
Russian Ruble	-66.7%	Kyrgyzstani Som	-45.1%	Afghan Afghani	-29.0%	Ni-Vanuatu Vatu	-22.1%	Belizean Dollar	-1.9%
Malawian Kwacha	-66.4%	Chilean Peso	-44.0%	Papua New Guinean Kina	-28.8%	Macedonian Denar	-22.0%	Swiss Franc	-1.6%
Ethiopian Birr	-65.0%	Norwegian Krone	-44.2%	Moldovan Leu	-28.6%	Guinean Franc	-21.1%		
Pakistani Rupee	-63.6%	Uruguayan Peso	-43.9%	New Zealand Dollar	-28.3%	South Korean Won	-20.8%		
Congolese Franc	-63.4%	Swedish Krona	-41.9%	Peruvian Sol	-26.9%	Moroccan Dirham	-19.9%		
Lao Kip	-61.1%	Kenyan Shilling	-41.4%	Indonesian Rupiah	-26.3%	Fijian Dollar	-18.6%		
Sri Lankan Rupee	-59.3%	Iranian Rial	-41.6%	Mexican Peso	-25.7%	Turkmenistani Manat	-18.4%		

Sources: Charlie Bilello, Xe.com, 9/28/23

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Image 2: Usage of the dollar as a reserve currency is on the decline (IMF, 2022)

## Usage of the Dollar as a Reserve Currency Is on the Decline

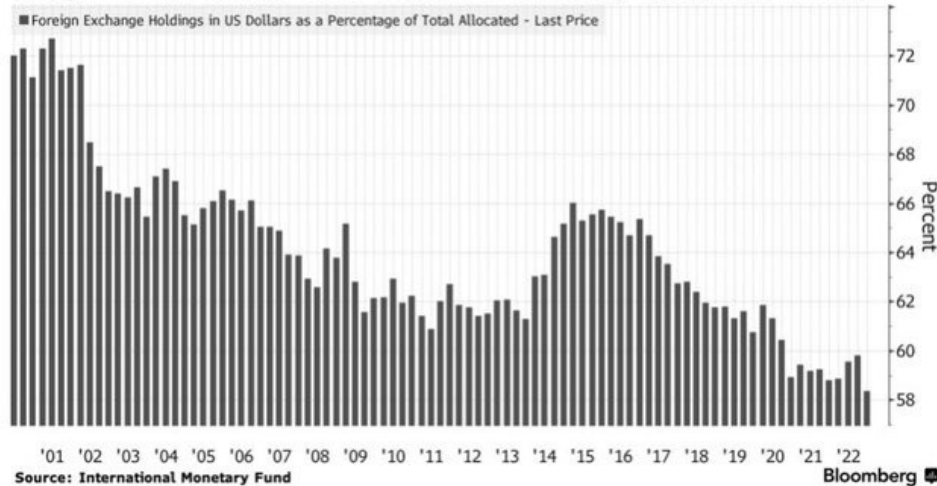
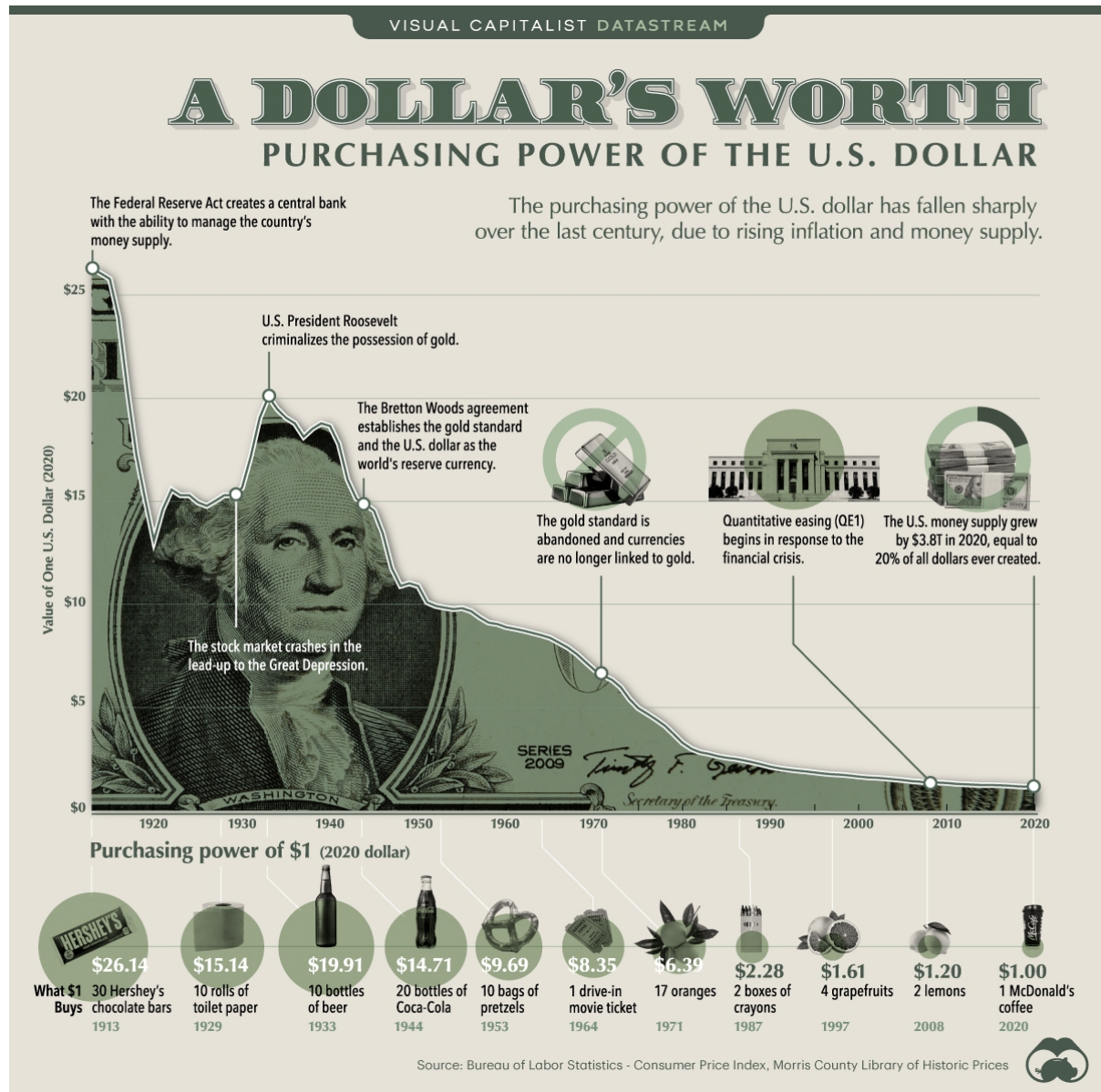


Image 3: USD 100 years later



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