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Standard & Poor's Downgrades U.S. Government Debt

By Mike McNamee

On Friday, August 5, Standard & Poor's Corp. downgraded the long-term sovereign credit rating on the United States of America to AA+ from AAA. The agency reaffirmed the U.S. government's A-1+ short-term rating, which is the rating that money market funds use in making their investment decisions. Moody's Investor Services and Fitch Ratings Ltd. have reaffirmed their Aaa and AAA ratings for long-term U.S. government debt.

This action by S&P does not change the analysis that ICI has offered in recent weeks on the impact of the U.S. debt and deficit issues on money market funds. In particular, it remains highly unlikely that this downgrade could force a money market fund to dispose of its U.S. government securities or "break the dollar."

For more information on money market funds and the U.S. government credit rating, please see:

- It's Highly Unlikely that Money Market Funds Will 'Break the Dollar' in U.S. Debt Crisis
- Frequently Asked Questions About Money Market Funds and Credit Ratings on U.S. Treasury Securities
- · Let's Preserve America's Financial Standing in the World

Mike McNamee is ICI's chief public communications officer.

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