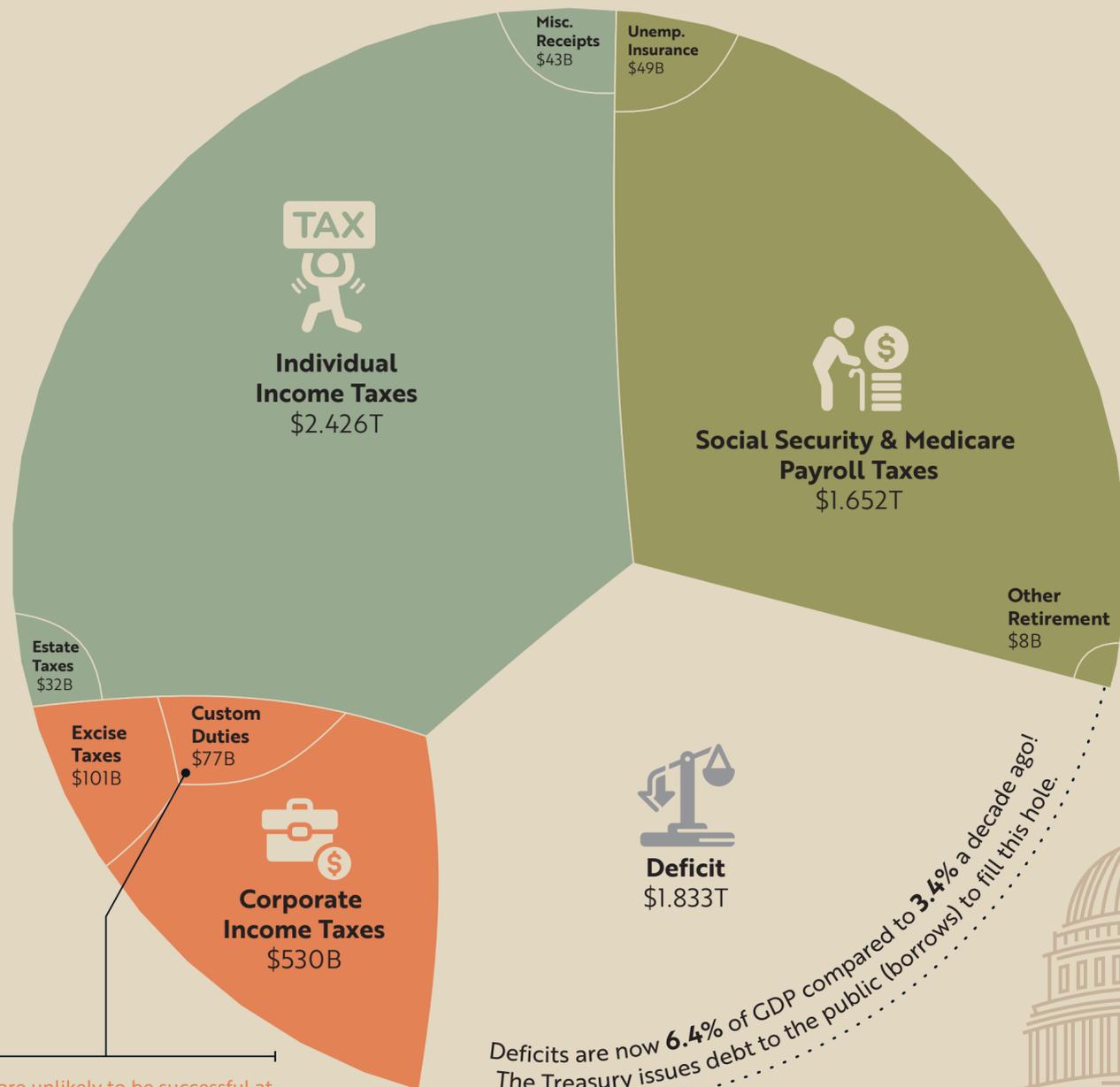


SLICING THE U.S. FEDERAL BUDGET

The U.S. federal government's budget has a significant impact on the global economy. Treasury debt serves as the international reserve asset and fills the hole in the federal budget. While headlines focus on tariffs, the federal government raises most of its money from taxes.

Federal government outlays are split between discretionary spending (27%) appropriated by Congress each year and mandatory programs (73%) run on "autopilot." The annual budget process may result in minor changes to discretionary spending. Still, policymakers are unlikely to adjust Social Security spending and are unable to change net interest expense, which is a function of interest rates.

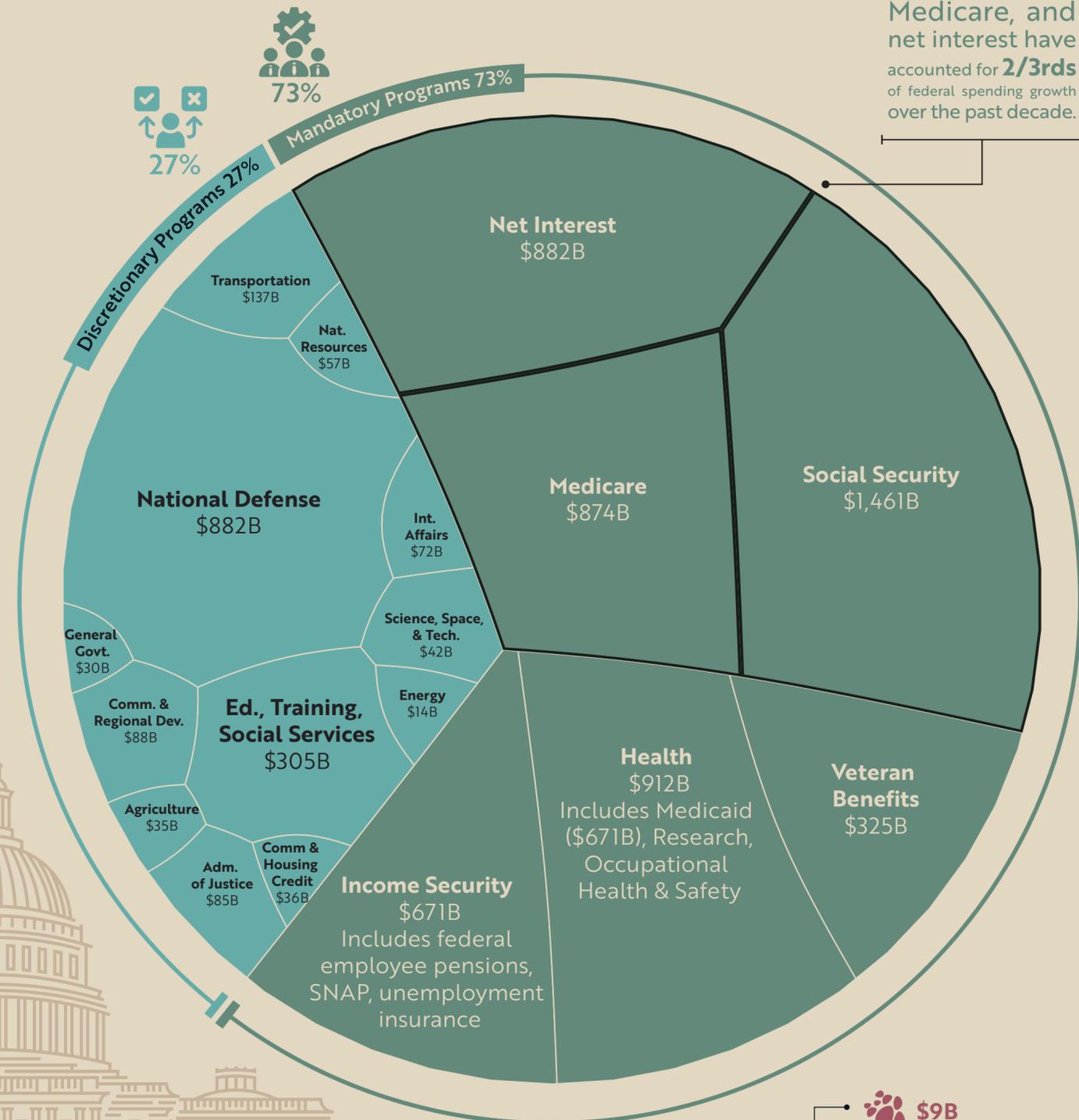
REVENUES = Where The Money Comes From (Fiscal Year† 2024) \$4,918,736,000,000



Tariffs are unlikely to be successful at generating enough revenues to fix the deficit. Still, the government has already raised \$165B in tariff revenues as of August 2025, eleven months into the 2025 fiscal year.

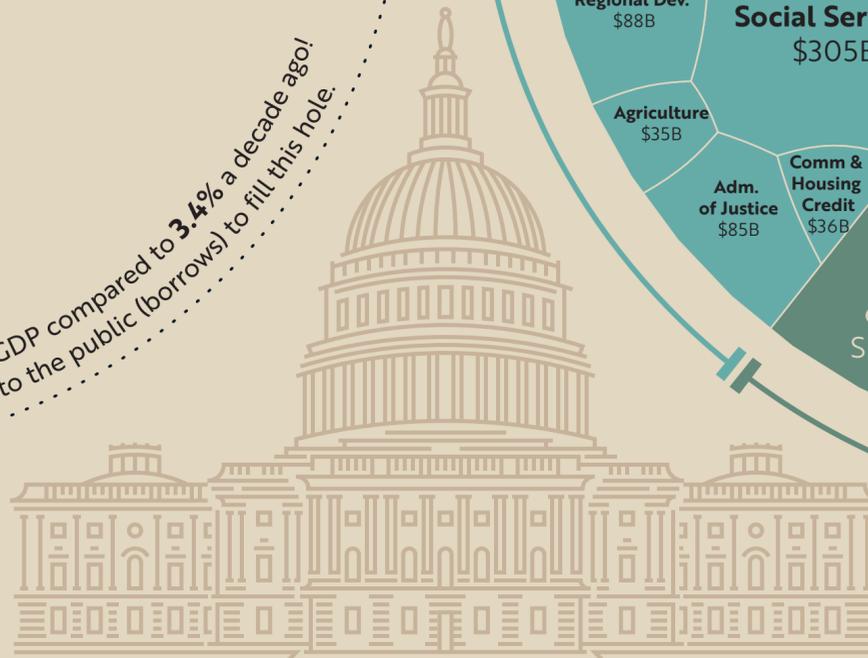
Deficits are now **6.4%** of GDP compared to **3.4%** a decade ago! The Treasury issues debt to the public (borrows) to fill this hole.

OUTLAYS = What We Spend It On (Fiscal Year† 2024) \$6,751,552,000,000



Social Security, Medicare, and net interest have accounted for **2/3rds** of federal spending growth over the past decade.

\$9B
DOGE's rescission package passed by Congress to cut spending*



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