

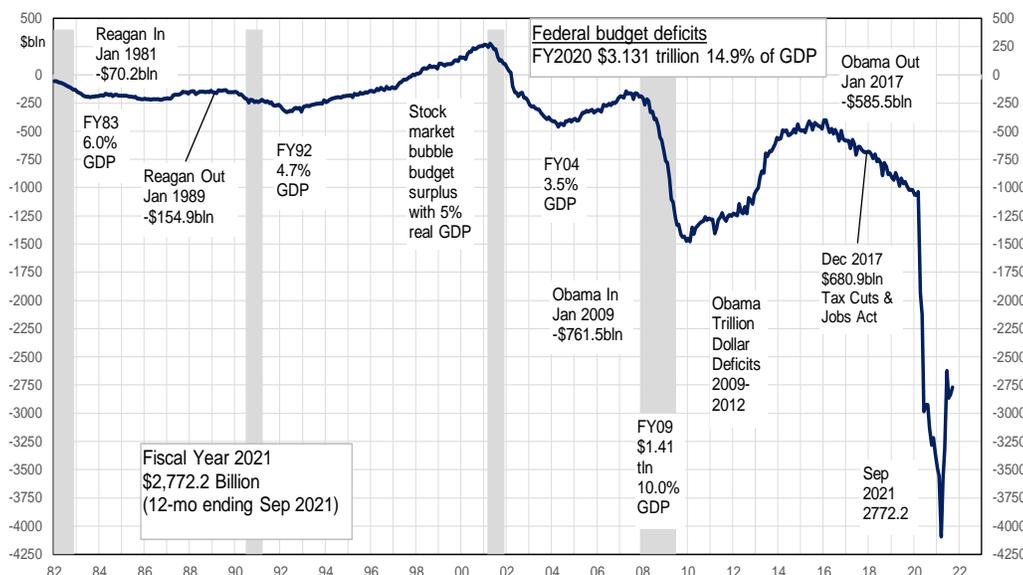
# Financial Markets This Week

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## THAT'S A WRAP FOR THE FY2021 FEDERAL BUDGET DEFICIT

It's a wrap for the Federal government fiscal year (FY) September 2021 budget results that were released on Friday this week. We will take a look at this year's report as we wait and wait and wait for Congress to pass the final two parts of the President's Build Back Better plan. The



President's plan is trillions of dollars, but don't worry, the economy seems to be doing fine without it, and the spending was spread out over many years anyway so it won't boost the Federal budget deficit as much as the market might think. If the markets think. And Anyway II, the Congress is split and can't pass the legislation. The FY2021 official results: \$6.8 trillion of spending, \$4.0 trillion of revenues and \$2.772 trillion deficit in FY 2021. \$6.8 trillion of Federal government spending sounds like a big number given Q2 2021 nominal GDP was \$22.741 trillion. Secretary of the Treasury Janet Yellen and Acting Director of the Office of Management and Budget (OMB) Shalanda Young explained what it all means in a [Joint Statement](#) on Friday. They said the economy was getting back on track and Americans are getting back to work which is more than true as there is a labor shortage at the moment as most of the dropouts from the labor force are elderly and have now retired whether they like it or not. Baby Boomers over 65-years old aren't coming back to work.

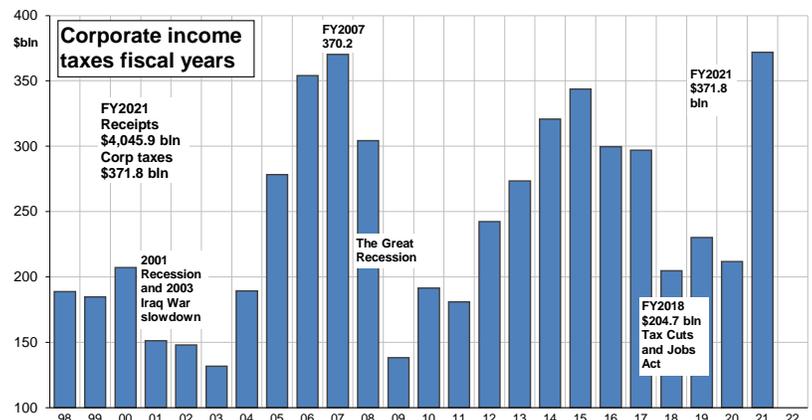
### Selected Pandemic Fiscal Stimulus

\$Billions	2020		2021									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Unemployment compensation	33.566	25.892	27.703	33.812	43.977	49.080	37.488	35.007	38.752	27.341	29.057	13.595
State	23.041	22.083	24.669	18.619	21.322	23.441	17.477	16.437	18.684	13.293	14.484	8.785
Federal additional	3.242	2.642	2.236	15.002	22.516	25.200	19.944	18.523	20.027	14.028	14.552	4.788
FEMA Lost Wages	7.283	1.167	0.798	0.191	0.139	0.439	0.067	0.047	0.041	0.020	0.021	0.022
Economic Impact Payments	--	--	--	139.000	8.000	339.000	58.000	11.000	5.000	4.000	3.000	3.000
Food Stamps	8.991	9.107	8.986	8.430	9.105	10.932	10.642	11.463	14.537	13.843	14.777	13.615

The outlays last year of \$6.8 trillion is a lot of moolah. What all did Washington buy for our country? For all the talk of strengthening the military, defense spending rose 3.9% to \$717.6 billion. Under Treasury, the Child Tax Credit was expanded to \$79.0 billion. If you are concerned about the deficit, the \$570 billion in Economic Impact Payments, the \$600 and \$1400 checks in January and March this year, are going away. If you don't combine Medicare and Medicaid, Social Security retirement is the largest at \$982.7 billion. The [5.9% 2022 cost-of-living adjustment](#), biggest since 7.4% in 1982, means more spending.

One important bullet point is unemployment compensation petered out in September, as Congress cut the support lines, falling to \$13.595 trillion from \$29.057 trillion in August. We can't figure out how retail sales rose \$4.566 billion or 0.7% to \$625.416 billion in September with the nation's unemployed receiving over \$15 billion less last month. At least many more are receiving food stamps with the payout at \$13.615 billion in September versus \$8.430 billion in January this year when Biden took office. Another important bullet point in case you wanted to trade on economic research is corporate profits. Wow. Corporate tax receipts in the year ending September 2021 we mean. Wow. Corporate tax collections have bounced back from the Tax Cuts & Jobs Act and were \$371.8 billion which is slightly above \$370.2 billion in 2007 when financials were making all that funny money in the housing bubble before the stock market crash: the S&P 500 fell 57.7% high-to-low, how can we ever forget?

Federal Government Spending (\$bln)			Fiscal	Fiscal
Where to cut?	4 Qtrs FY20	4 Qtrs FY20	Year	Year
	Q4 20-Q3 21	Q4 19-Q3 20	Changes	% chg
TOTAL BUDGET OUTLAYS	6,818.158	6,551.874	266.284	4.1
Legislative	5.263	5.367	-0.104	-1.9
Judicial	8.310	8.251	0.059	0.7
Agriculture	235.193	184.223	50.970	27.7
Commodity Credit Corporation	10.548	16.884	-6.336	-37.5
Food Stamps	134.527	85.642	48.885	57.1
Child Nutrition	25.798	22.745	3.053	13.4
Commerce	13.134	15.918	-2.784	-17.5
Defense	717.585	690.419	27.166	3.9
Military Personnel	172.580	161.413	11.167	6.9
Operation Maintenance	286.181	278.865	7.316	2.6
Procurement	141.446	139.056	2.390	1.7
Research Development	105.665	99.875	5.790	5.8
Military Construction	9.147	8.885	0.262	2.9
Education	260.381	204.415	55.966	27.4
Office of Federal Student Aid	170.400	160.912	9.488	5.9
Energy	33.694	32.046	1.648	5.1
Health Human Services	1466.673	1503.953	-37.280	-2.5
Medicare	875.361	919.434	-44.073	-4.8
Medicaid States Grants	520.588	458.469	62.119	13.5
Homeland Security	91.069	91.963	-0.894	-1.0
Housing Urban Development	31.779	33.190	-1.411	-4.3
Interior	15.788	16.416	-0.628	-3.8
Justice	39.261	39.607	-0.346	-0.9
Labor	404.771	477.530	-72.759	-15.2
State Unemployment Benefits	222.335	195.977	26.358	13.4
Fed Additional Unemployment	162.697	275.021	-112.324	-40.8
State	35.814	32.859	2.955	9.0
Transportation	104.936	100.342	4.594	4.6
FAA	37.022	30.362	6.660	21.9
Federal Highway Admin.	61.218	48.742	12.476	25.6
Treasury	1633.747	1151.726	482.021	41.9
TARP	0.370	0.676	-0.306	-45.3
Coronavirus Relief Fund	243.460	149.466	93.994	--
IRS	817.462	448.968	368.494	--
Earned Income Credit	60.757	57.577	3.180	5.5
Child Tax Credit	78.959	27.779	51.180	184.2
Economic Impact Payments	570.000	275.000	295.000	--
Interest on Public Debt	562.388	522.652	39.736	7.6
Veterans Affairs	233.781	218.394	15.387	7.0
Corps of Engineers	7.936	7.631	0.305	4.0
Other Defense Civil Programs	58.085	65.264	-7.179	-11.0
Environmental Protection	8.309	8.723	-0.414	-4.7
Exec. Office of President	0.427	0.402	0.025	6.2
International Assistance	20.047	21.678	-1.631	-7.5
NASA	22.249	21.524	0.725	3.4
National Science Foundation	7.354	7.278	0.076	1.0
Personnel Management	108.552	105.625	2.927	2.8
Small Business Admin.	322.721	577.412	-254.691	--
Social Security Admin.	1192.453	1153.914	38.539	3.3
Retirement Benefits	982.673	940.221	42.452	4.5
Federal Disability Payments	140.774	144.198	-3.424	-2.4
Other Independent Agencies	13.554	17.650	-4.096	-23.2



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