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Macro Roundup Artcile

Headline: US Sustainability Revisited

Article Link: https://moneyinsideout.exantedata.com/p/us-sustainability-revisited

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Tweet: .@GeneralTheorist forecasts that, absent fiscal consolidation, federal debt will reach 113% of GDP by 2030, and that gross financing needs will exceed $11 trillion every year from 2024-2030.

Summary: We re-run our analysis allowing for the changing structure of issuance as the Treasury leans more on bill and shorter tenor issuance in the near-term consistent with the signal from the most recent QRF round. Interest paid on debt increasing to about 3.8% in 2030. The average interest on debt approaches 3.5% at the end of the horizon. Of course, because debt-to-GDP is close to 100% throughout, these two measures are very similar. Debt-to-GDP is expected to increase to 113% of GDP by 2030 while the gross financing need (GFN), a measure of the rolling 4Q ahead deficit plus maturing securities including bills, at first increases to nearly 45% of GDP in 2025 as T-bill issuance accelerates, but declines to about 35% of GDP in the baseline as issuance shifts to longer tenors. Related: If Markets Are Right About Long Real Rates, Public Debt Ratios Will Increase For Some Time. We Must Make Sure That They Do Not Explode and Resilience Redux in the US Treasury Market and Preferred Habitats and Timing in the World's Safe Asset

Primary Topic: Financial Markets

Topics: Database, Financial Markets, Fiscal Deficits, Fiscal Policy, GDP, Government Spending, Op-Ed/Blog Post, Weekly

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