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ADVISORS CAPITAL

# Debts & Deficits

Market & Economic Thoughts

# Agenda

The Landscape

The Plan

The Rollout

When Things Don't Go to Plan

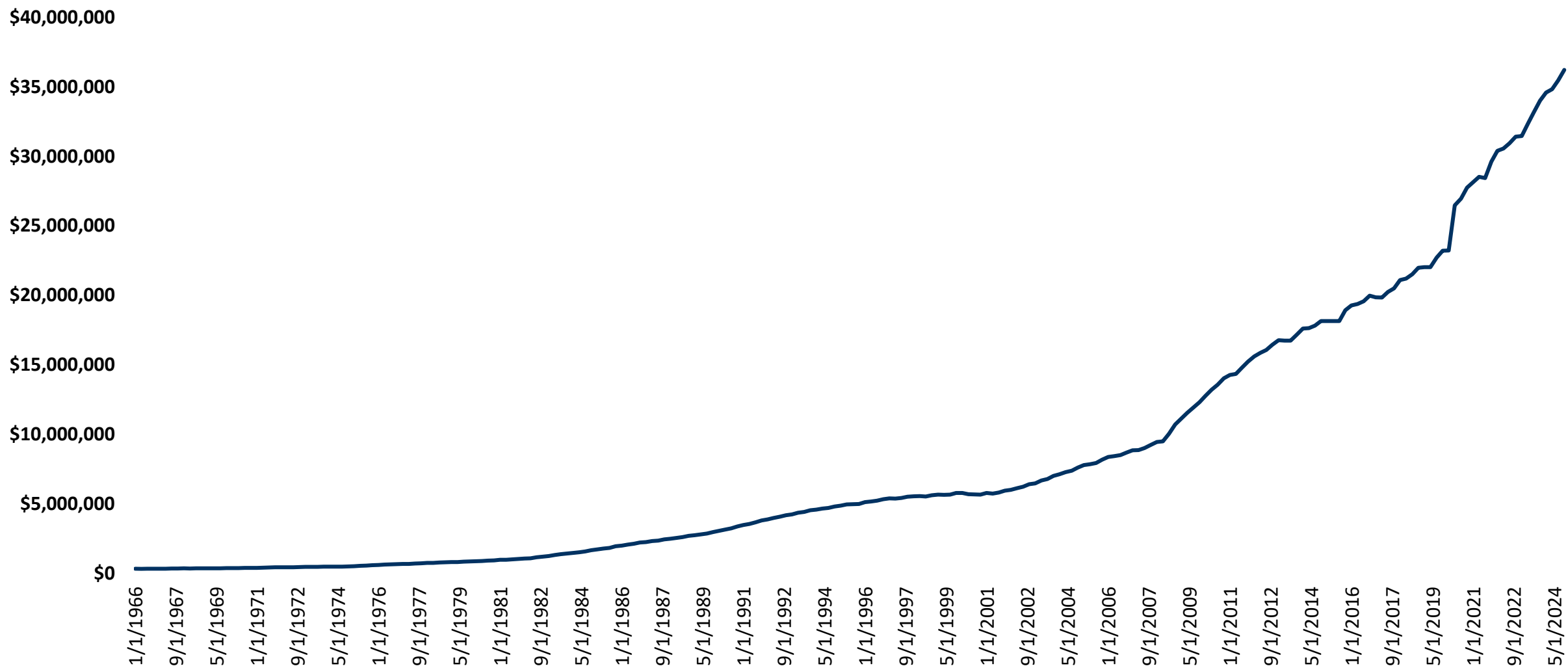
What's Next?

A low-angle shot of an American flag waving in front of a grand building with large white columns. A semi-transparent dark blue rectangle is overlaid on the image, containing the title text.

# The Landscape



# Federal Debt: Total Public Debt

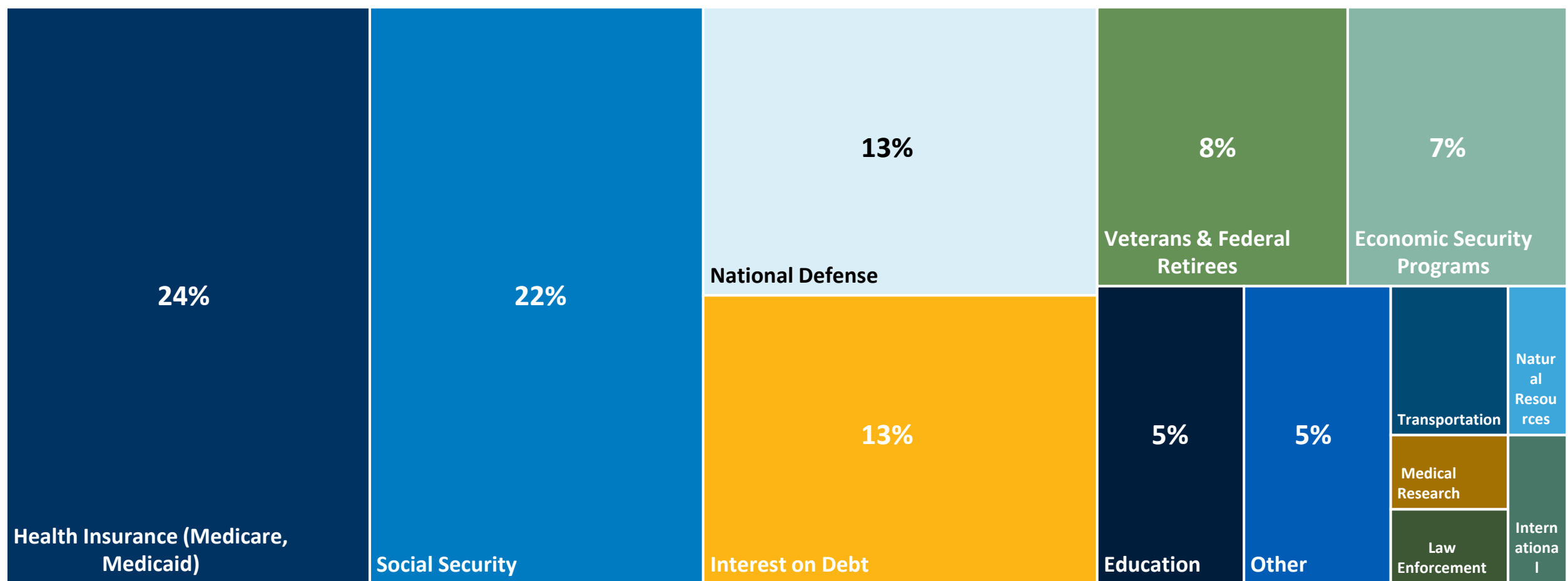


# The Budget

- FY 2024 Deficit: **\$1.83T**
- FY 2025 Projected **Deficit: \$1.9T**
- FY 2024 Spending: **\$6.75T**
- FY 2024 Revenue: **\$4.92T**
- FY 2024 Deficit as % of GDP: **6.4%**
- FY Nominal Growth Rate of US GDP: **5.0%**



# How The Budget is Spent



An artistic illustration featuring two hands, one on the left and one on the right, both holding blue pens and writing on a document. The hands are rendered in a stylized, almost painterly manner with visible brushstrokes. The background is a warm, orange-toned scene, possibly a window or a brightly lit room, with a blurred view of a building or interior. A semi-transparent dark grey rectangle is centered over the image, containing the text 'The Plan' in a white, bold, sans-serif font. The overall color palette is dominated by warm oranges and yellows, contrasted with the cool blues of the pens and the dark grey of the text box.

# The Plan

# Tackling the Deficit

## Dept of Government Efficiency (DOGE)

- Cut Waste & Fraud

## Tariffs

- Cut the Trade Deficit

## Sovereign Wealth Fund

- Raise Revenue

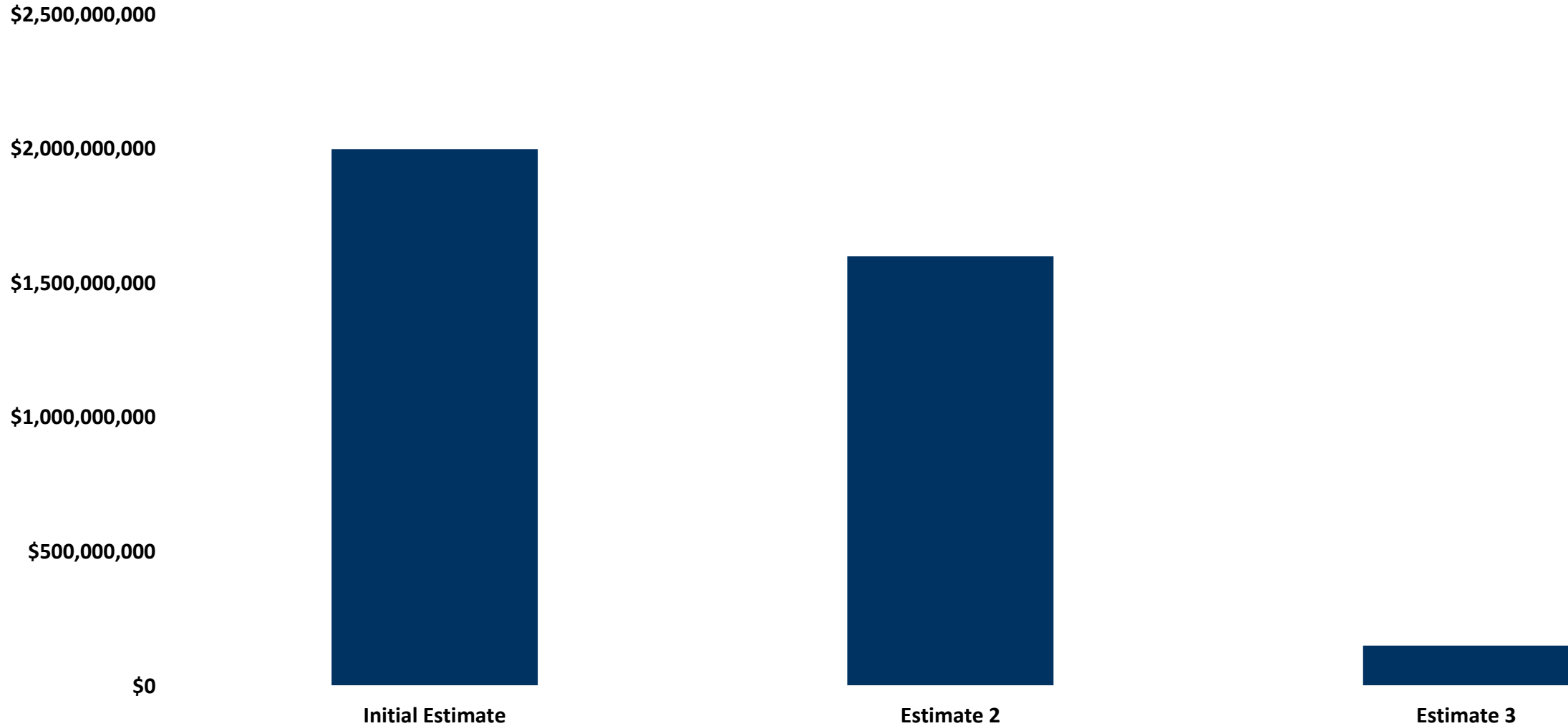
## Onshoring Manufacturing

- Critical Industries

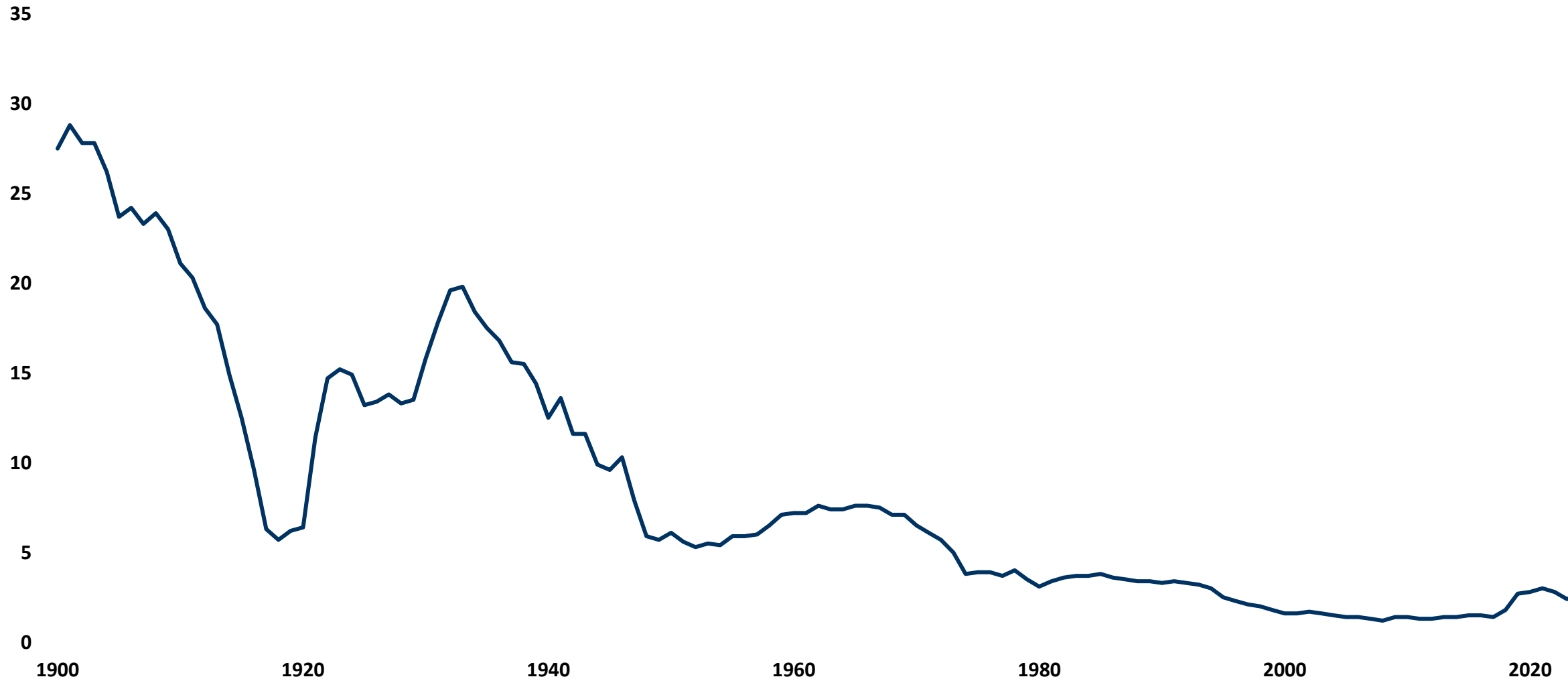




# Dept of Government Efficiency (DOGE)



# Average Tariff Rate on All Imports



# Sovereign Wealth Fund

## What Could Be in There?

- Federal Land
- Infrastructure
- Military Equipment
- Energy Leases
- Gold
- Wireless Spectrum
- Freddie Mac
- Fannie Mae
- Real Estate
- Natural Resources
- Rare Earth Minerals

# Onshoring Manufacturing

“The army of millions and millions of human beings screwing in little screws to make iPhones -- that kind of thing is going to come to America.”

Commerce Secretary Howard Lutnik

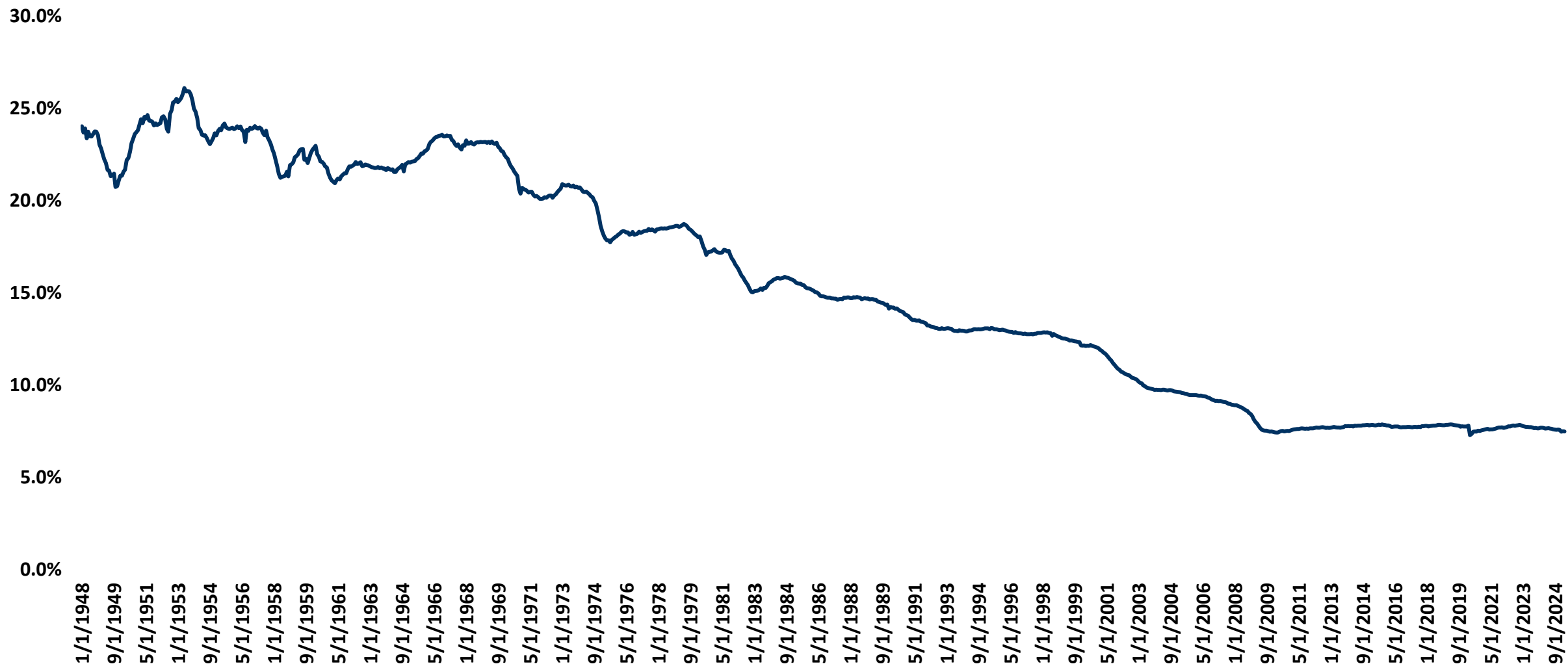
April 6, 2025

Face the Nation



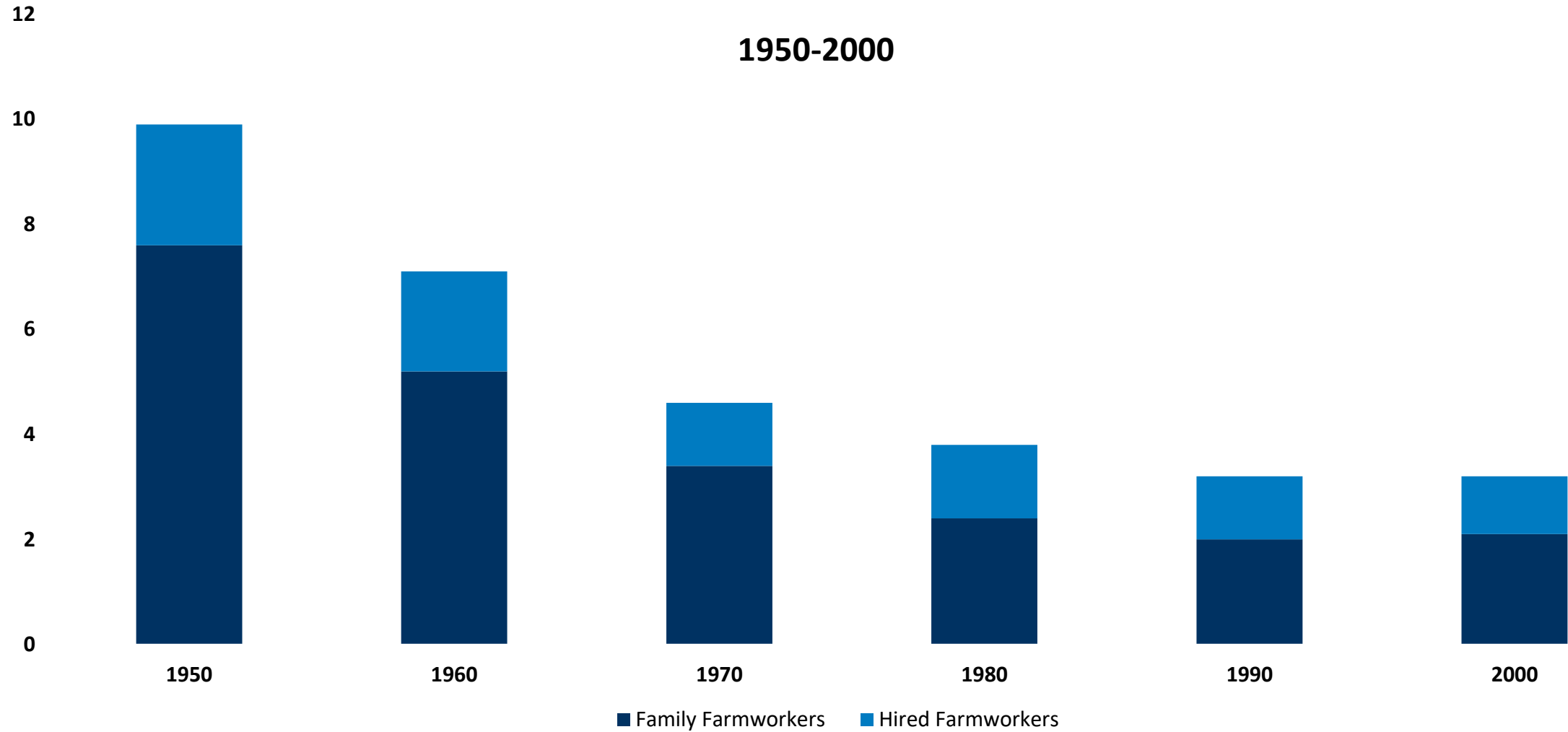


# Manufacturing Jobs % of Total Jobs



Source: <https://fred.stlouisfed.org/series/MANEMP>

# Numbers of Farm Workers (Millions)



# And if these slow growth....

Extension of the tax cuts, no taxes on tips and overtime, no taxes on those making less than \$200k, and deregulation...

....will provide a buffer.



# The Rollout



# Dept of Government Efficiency (DOGE)

Estimated Savings

**\$160B**

Combination of asset sales, contract/lease cancellations and renegotiations, fraud and improper payment deletion, grant cancellations, interest savings, programmatic changes, regulatory savings, and workforce reductions.

Amount Saved Per Taxpayer

**\$993.79**

Per taxpayer amount is calculated using an estimate of 161 million individual federal taxpayers.



**Verdict: Messy**



Source: <https://www.doge.gov/savings> as of 4/28/2025

# Tariffs – Reciprocal or Punitive?

## Markets Sell Off:

- Technology
- Clothing Manufacturers
- Autos
- Shipping
- Toy Companies

**Verdict: Major Uncertainty**



# Sovereign Wealth Fund - Gold Visa Cards

Priced at \$5 million each, the Gold Cards are designed to grant permanent U.S. residency.

Verdict: N/A

Number Sold	Revenue Generated
100	\$500,000,000 (\$500M)
1,000	\$5,000,000,000 (\$5B)
10,000	\$50,000,000,000 (\$50B)
100,000	\$500,000,000,000 (\$500B)
1,000,000	\$5,000,000,000,000 (\$5T)



# Sovereign Wealth Assets

Fannie Mae reported a net income of \$17 billion for 2024. Freddie Mac reported net income of \$11.9 billion.

The question to ask is if the United States wants to sell recurring revenue to pay down debt once.



**Verdict: N/A**



# Onshoring Manufacturing

## Large Company Commitments

- Johnson & Johnson - **\$55B**
- Apple - **\$500B**
- IBM - **\$150B**
- Project Stargate - **\$500B**
- Roche - **\$50B**
- TSMC - **\$65B**

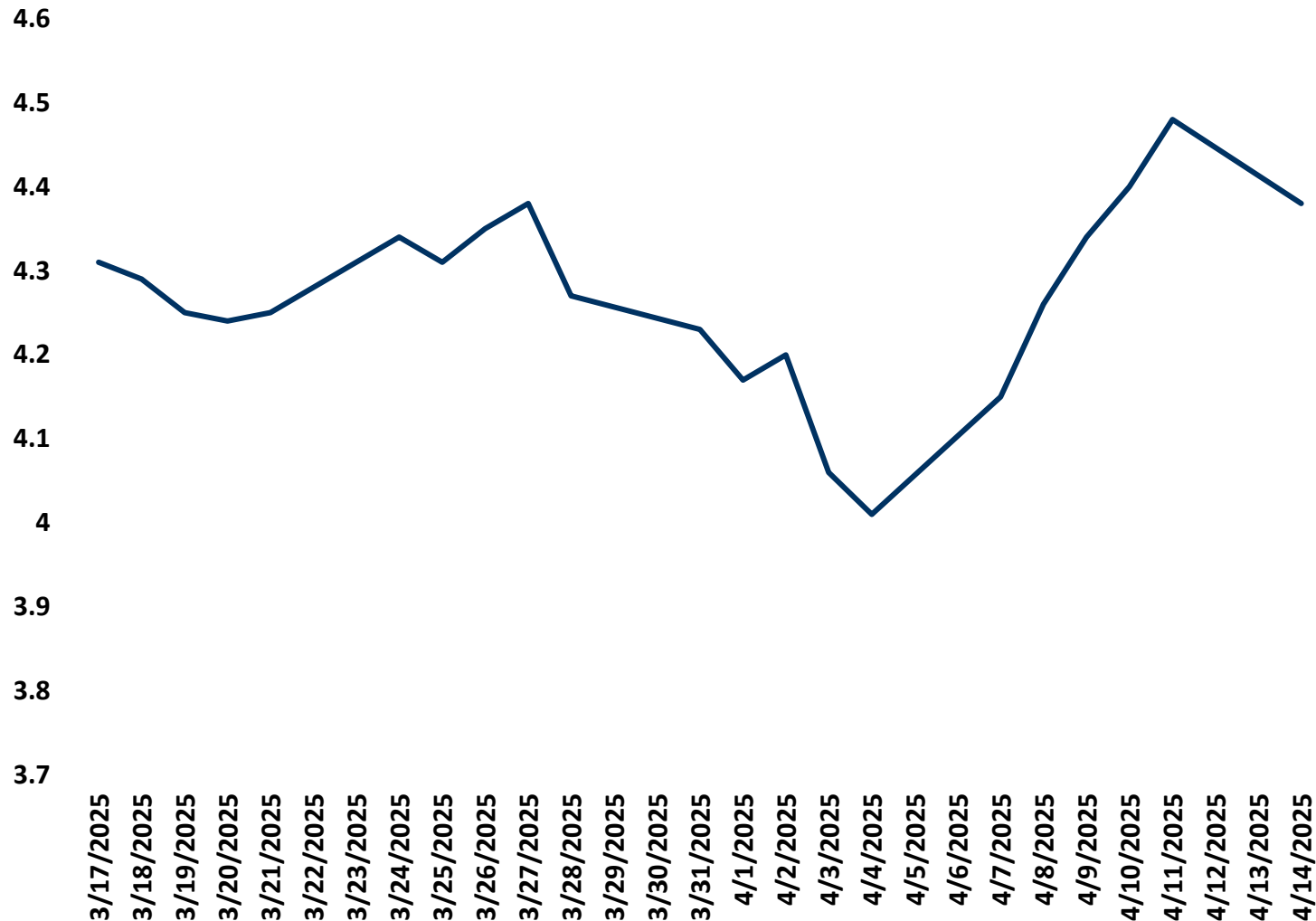


**Verdict: Solid**

An illustration featuring two hands, one on the left and one on the right, both holding blue pens and writing on a document. The hands are rendered in a stylized, painterly manner with visible brushstrokes. The background is a warm, orange-toned scene, possibly a window or a brightly lit room, with a blurred view of a building or interior. A semi-transparent dark grey rectangular box is centered over the image, containing the text "When Things Don't Go to Plan" in a white, bold, sans-serif font. The overall color palette is dominated by warm oranges and yellows, contrasted with the cool blues of the pens and the dark grey of the text box.

**When Things Don't Go to Plan**

# Market Yield on 10 Year U.S. Treasury



From 4.01% on April 4<sup>th</sup> to 4.48% on April 11<sup>th</sup>.

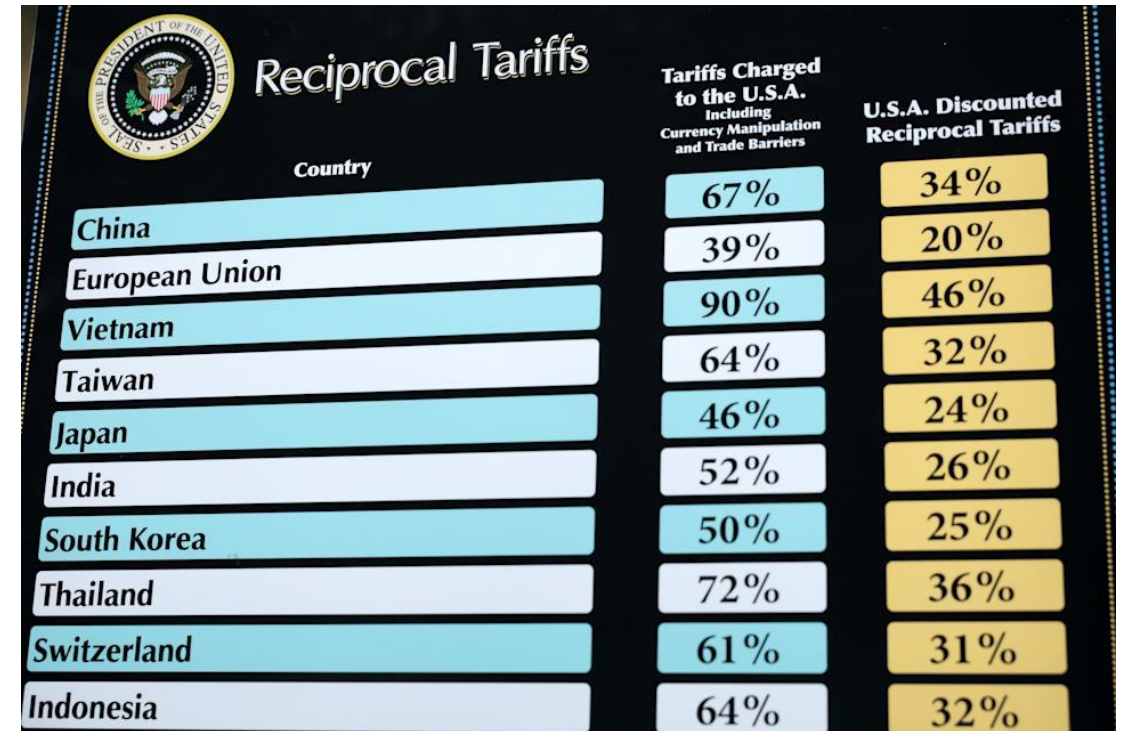
The bond market stares down the administration.



# Tariffs – 90 Day Delay

“If, on the other hand ... we launch economic nuclear war on every country in the world, business investment will grind to a halt, consumers will close their wallets and pocket books, and we will severely damage our reputation....”

Bill Ackman  
April 6, 2025



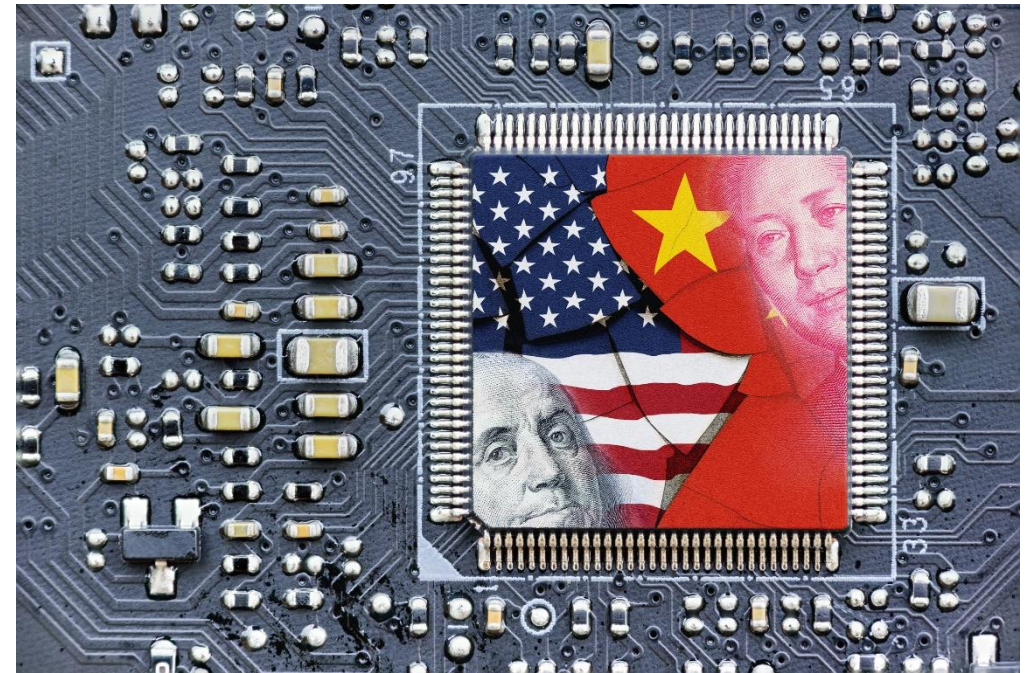
Country	Tariffs Charged to the U.S.A. Including Currency Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%



# Tariffs – Responses

## Reactions

- China – **Trade War**
- EU – **Pausing Retaliation**
- India – **Negotiating**
- Japan – **Negotiating**
- Canada – **Retaliation**
- Mexico - **Negotiating**



**“...There can be a SLOWING  
of the economy unless Mr.  
Too Late, a major loser,  
lowers interest rates,  
NOW...”**

**Donald Trump  
April 21, 2025**

**S&P 500  
-2.40%**

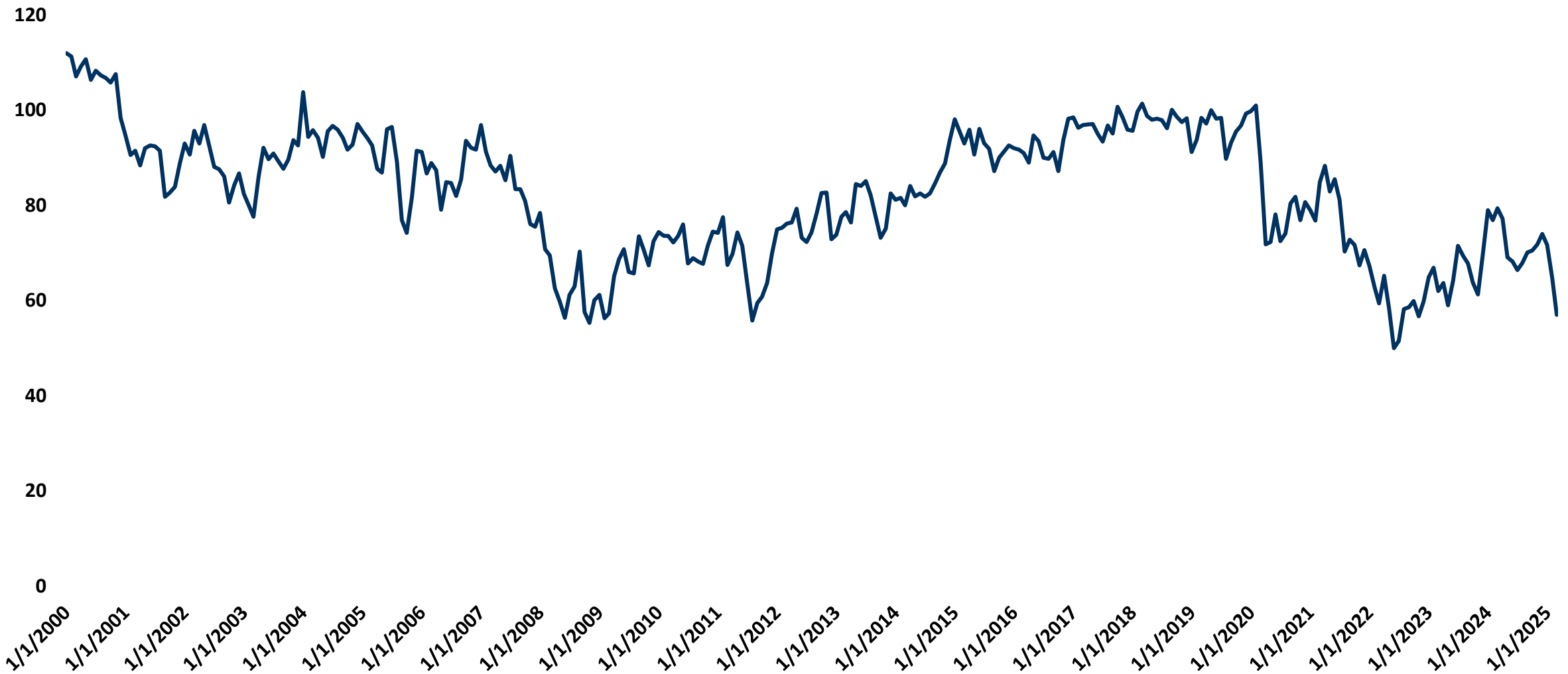
**"I have no intention of firing him"**

**Donald Trump – April 22, 2025**

**S&P 500  
+2.50%**



# Consumer Confidence



Source: <https://fred.stlouisfed.org/series/UMCSENT>



What's Next

# Tariff Deals?

## Who Comes to the Table First & What Could the Deal Include

- India – Defense, LNG
- Japan – Autos, LNG
- South Korea – Autos, LNG
- Australia - Beef

# Other Things to Think About

## What Else?

- How Much Damage Was Done - Odds of Recession
- China Deal Last – Include TikTok?
- Super Bonds
- Paying for Defense
- Inflation
- Domestic budget deficits must be financed => capital inflows, capital inflows => trade deficit, budget deficits => trade deficit.

# But in the end....

We won't raise enough to close the deficit or reduce debt easily...

- Medicare/Medicaid
- Social Security
- National Defense





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Thank  
You

Tap Into All the Tools



Scan Here.