



At equilibrium,

Leakages = Injections

$$S + T + N = I + G + X$$

Rearrange:

$$S = I + (G - T) + (X - N)$$

Savings finance

Budget Deficit

A red curly brace is positioned above the text 'Budget Deficit', spanning the width of the text.



Trade Deficit



Investment

At equilibrium,

Leakages = Injections

$$S + T + M = I + G + X$$

Rearrange:

$$\begin{array}{l} \text{Savings finance} \quad S = I + \underbrace{(G - T)}_{\text{Budget Deficit}} + \underbrace{(X - M)}_{\text{Trade Deficit}} \\ \text{Investment} \end{array}$$

