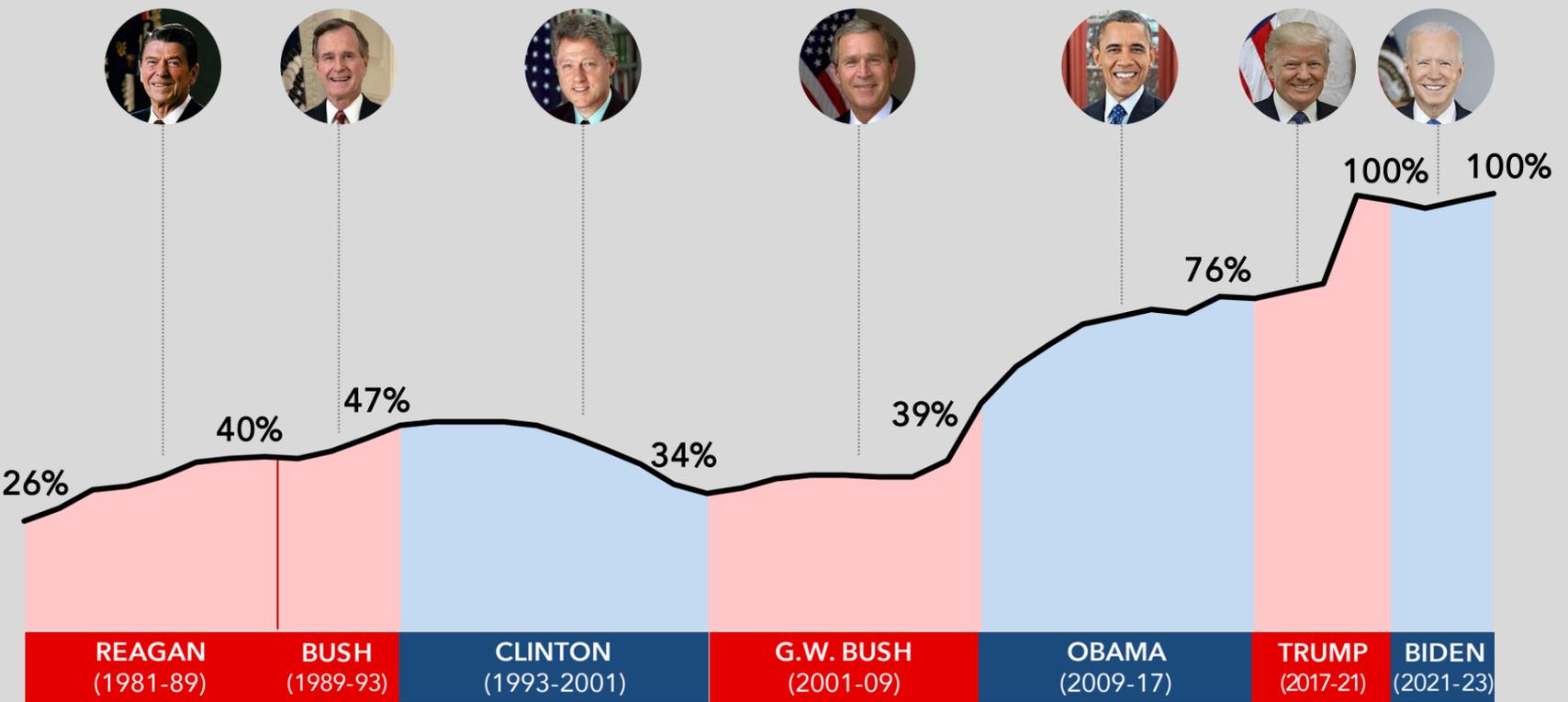


Chart of the Day

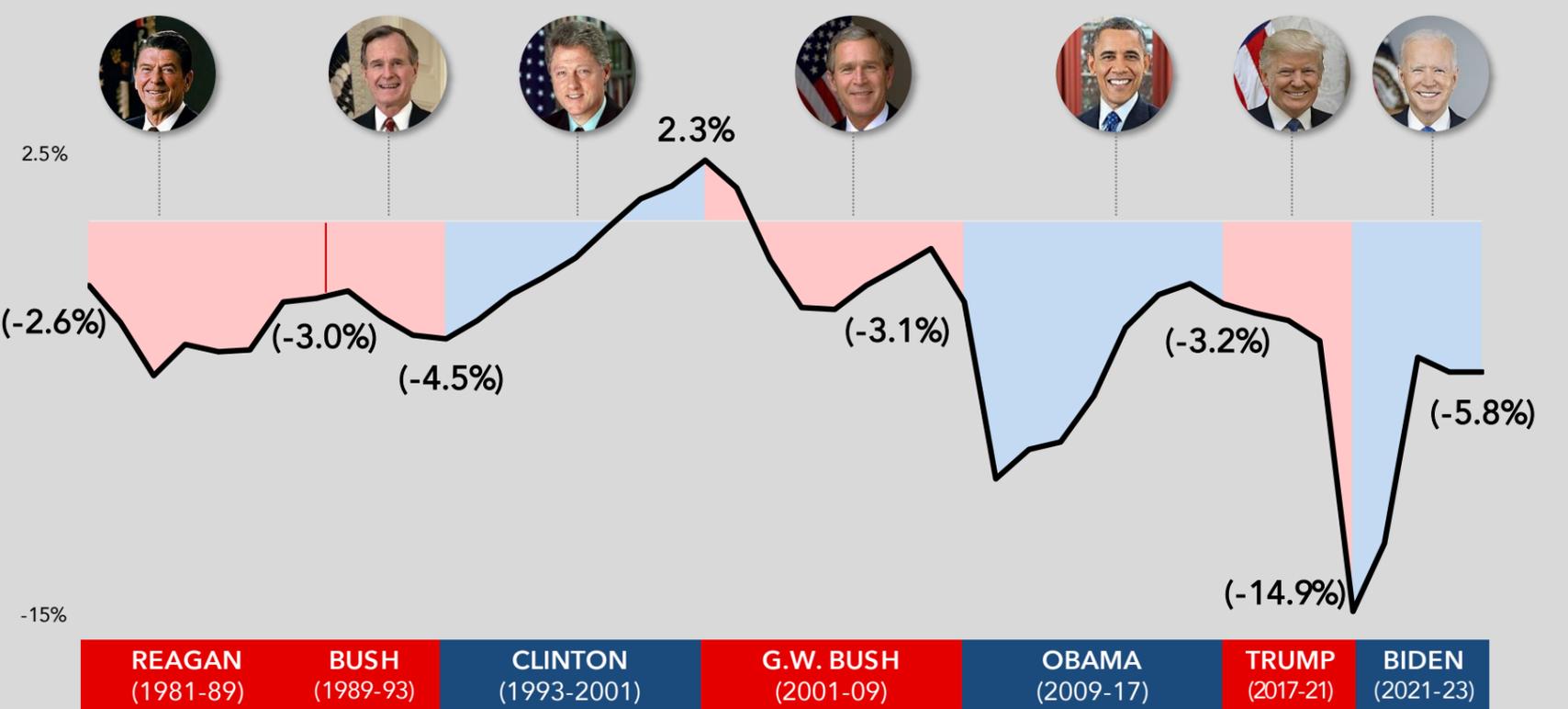
US Government Debt has risen above 100% of GDP, more than double the 39% average of the nine countries still rated AAA by Fitch. While debt to GDP has risen most significantly in response to recessions (GFC, COVID), the increase has actually spanned decades and occurred across both Republican and Democratic administrations.

Federal debt held by the public, % of GDP



The Congressional Budget Office estimates 2023 deficits to be 5.8% of GDP. Fitch highlights cyclically weaker federal revenues, new spending initiatives and a higher interest rate burden as key factors in their August downgrade. With little to no substantive cuts to fiscal spending, and a higher interest rate burden, Fitch estimates the interest-to-revenue ratio could reach 10% by 2025 (vs. 2.8% for median 'AA' rated sovereigns and 1% for 'AAA').

Federal government deficit (or surplus), % of GDP



Source: (1-2) Congressional Budget Office. Long-Term Budget Projections (Jun 2023). Historical Data on federal Debt Held by the Public.

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“Macro stability isn’t everything, but without it, you have nothing.”