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**Higher Receipts in May Led to Smaller U.S. Budget Deficit**

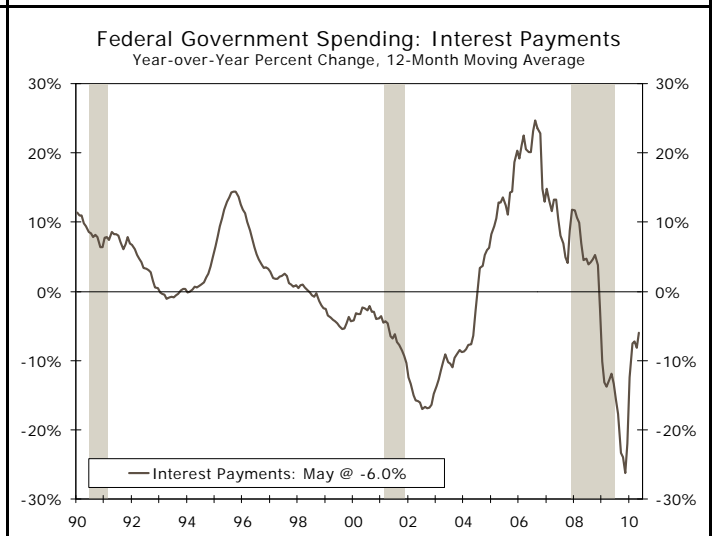
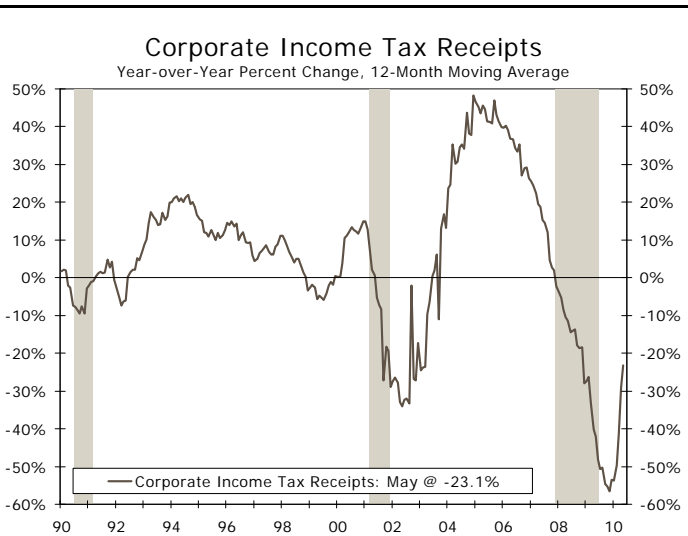
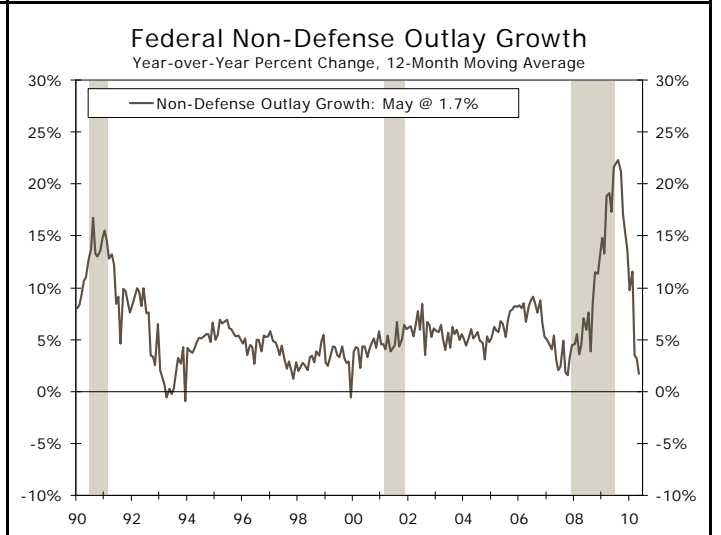
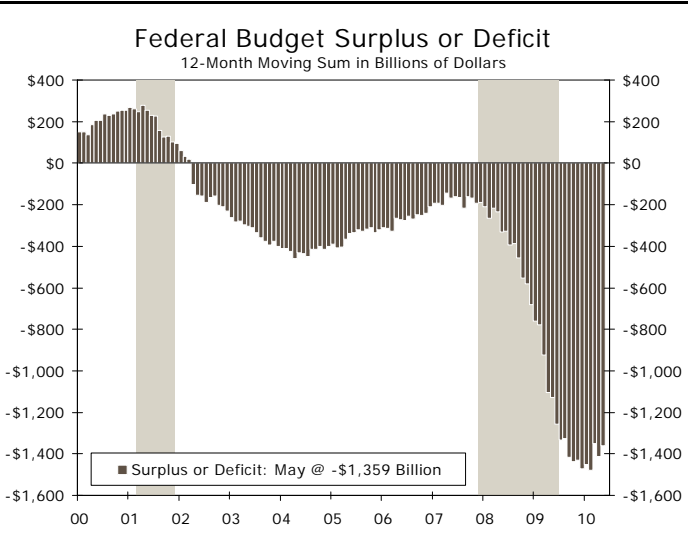
*The U.S. budget deficit in May of \$135.9B was \$53.7B smaller than the deficit posted in the same month in 2009. The current run rate reflects a year-end deficit of more than \$1.3T, just below prior year.*

**Higher Revenues Lift Budget Balance**

- A smaller-than-expected deficit in May was the result of both higher receipts and lower total spending. Calendar effects pulled usual May outlays into April this year.
- In a sign of continuing recovery, the highly cyclical corporate income tax receipts increased in May. Lower individual income tax refunds, likely due to the greater quantity of refunds processed in April, also helped to boost revenue.

**Lower Outlays in May a Temporary Relief**

- Treasury outlays on the TARP programs have shrunk meaningfully as supportive equity injections have been recouped. Recovery Act spending continues to mount, and longer term, outlays are on the rise.
- Interest payments moved higher in May relative to a year ago. The CBO notes that the semiannual adjustment to TIPS boosted costs, as well as higher overall debt levels.



Source: U.S. Department of the Treasury and Wells Fargo Securities, LLC

## Wells Fargo Securities, LLC Economics Group

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