



Economics Group

Kim Whelan, Economic Analyst
kim.whelan@wachovia.com • 704.715.8457

Fiscal Year 2009 Posted a Record Deficit

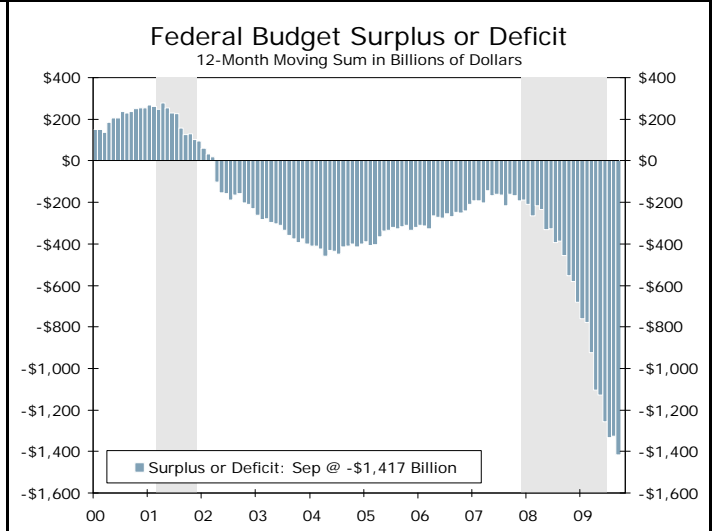
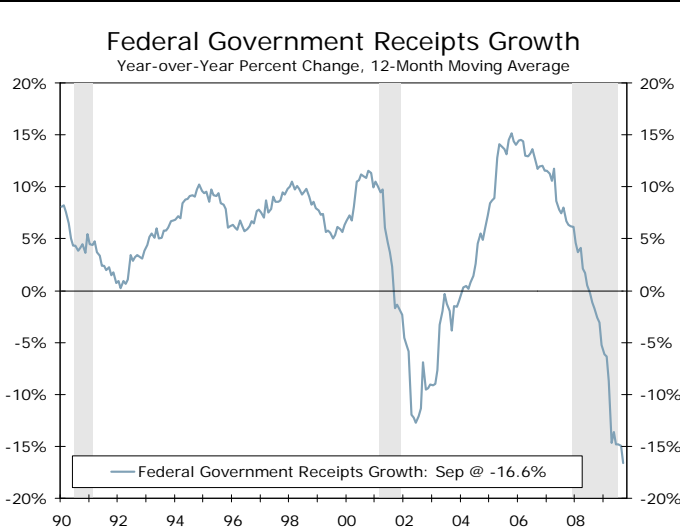
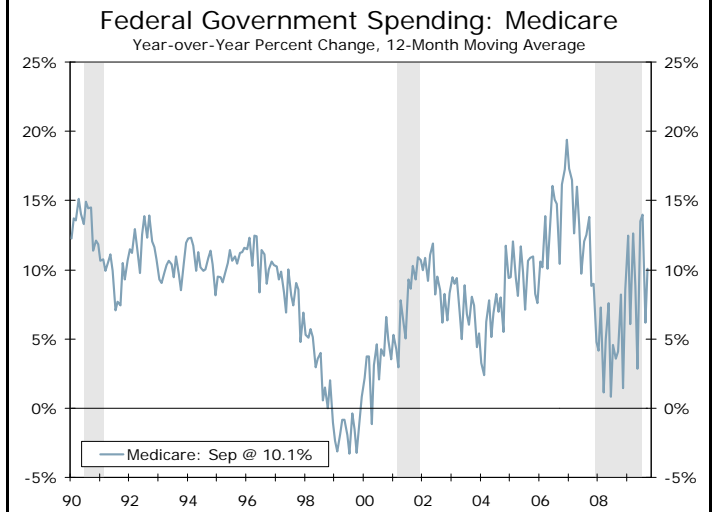
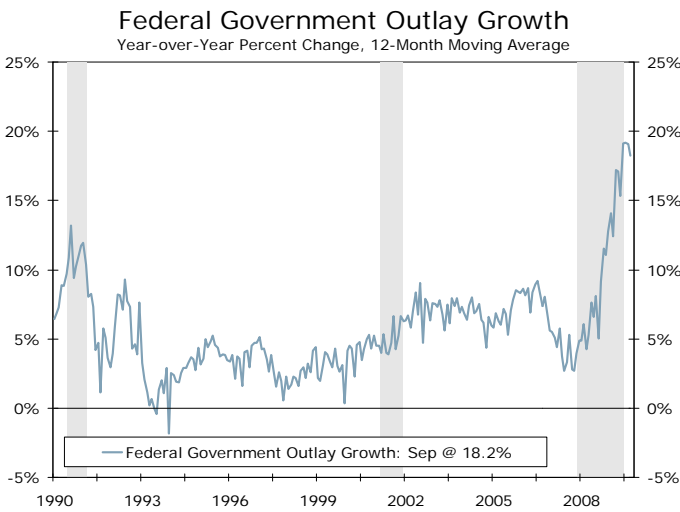
The U.S. government notched a \$46.6 billion deficit in September; September 2008 recorded a roughly equal surplus. The final month of the fiscal year brought the 2009 balance to an unsustainable -\$1.417 trillion.

Budget Gap Widened

- The deepest recession in the post-war era also brought in the largest deficit, not unexpectedly. Spending increased at a double-digit pace for much of the year as programs such as TARP put a floor under the collapsing economy.
- Concurrently, receipts fell off as employment as well as wages and salaries declined. With revenues falling and outlays increasing, the budget gap has reached unprecedented levels.

Current Path Unsustainable

- Beyond supporting the economy directly, entitlement program outlays also increased as more people became eligible and began drawing from the system. Controlling these items is essential for eventually bringing the budget onto a sustainable path.
- While excessive spending can be justified on a temporary basis in order to prevent economic catastrophe, it is essential that the recovery is supported by more sustainable fiscal policy.



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

Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Global Head of Research & Economics	(704) 715-8437 (212) 214-5070	diane.schumaker@wachovia.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wachovia.com
Mark Vitner	Senior Economist	(704) 383-5635	mark.vitner@wachovia.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wachovia.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(612) 667- 0168	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Economist	(704) 383-7372	sam.bullard@wachovia.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wachovia.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wachovia.com
Adam G. York	Economist	(704) 715-9660	adam.york@wachovia.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economic Analyst	(704) 374-4407	tim.quinlan@wachovia.com
Kim Whelan	Economic Analyst	(704) 715-8457	kim.whelan@wachovia.com
Yasmine Kamaruddin	Economic Analyst	(704) 374-2992	yasmine.kamaruddin@wachovia.com

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