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International

Prepared by: Ravi Kurjah, Analyst II (Research and Analytics)

Ravi.Kurjah@firstcitizenstt.com

Senate Passes Delayed Budget Deal in Bid to End U.S. Shutdown

- The Senate passed a two-year budget agreement early Friday that would boost federal spending by USD300 billion and suspend the debt ceiling for a year, as lawmakers sought to end a partial government shutdown that began at midnight after Congress missed a funding deadline.
- The 240-186 House vote overcame opposition from many Democrats and a faction of GOP conservatives. The Senate passed the bill hours earlier, 71-28.
- The measure goes to President Donald Trump, who has promised to sign it, restoring funding before most government workers arrive at their jobs and financial markets open.
- This decision played out against the backdrop of a tumbling global stock markets. The benchmark S&P 500 index fell 3.75% on Thursday, down more than 10% since its 26 January peak.
- This morning, S&P futures advanced 1.25%, indicating a possible rebound.

Government Sector	Q1 17		Q2 17			Q3 17			Q4 17			Q1 18
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Gov't Budget Balance (USD bn)	-192	-176	182	-88	-90	-43	-108	8	-63	-139	-23	
Gov't Budget Balance (% of GDP)	-3	-3	-3	-3	-4	-3	-3	-3	-4	-4	-3	
Total Public Debt Outstanding (USD bn)	19,960	19,846	19,846	19,846	19,845	19,845	19,845	20,245	20,442	20,590	20,493	20,494
Total Non-Marketable Debt (USD bn)	6,061	5,880	5,896	5,863	5,835	5,785	5,751	6,045	6,169	6,153	6,013	5,979
Total Marketable Debt (USD bn)	13,899	13,967	13,950	13,983	14,009	14,060	14,094	14,200	14,274	14,438	14,480	14,515
Bills (USD bn)	1,753	1,757	1,742	1,748	1,718	1,758	1,748	1,802	1,856	1,971	1,956	1,967
Notes (USD bn)	8,685	8,702	8,717	8,736	8,758	8,782	8,789	8,806	8,830	8,831	8,850	8,889
Bonds (USD bn)	1,878	1,890	1,903	1,907	1,919	1,931	1,940	1,952	1,964	1,981	1,993	2,005

Source: Bloomberg

- The budget measure would temporarily finance the government at current levels through March 23 while lawmakers fill in the details on longer-term spending, which includes raising the caps on defense spending by \$80 billion over current law in this fiscal year and \$85 billion in the one that begins Oct. 1. Non-defense spending would rise by \$63 billion this year and \$68 billion next year.
- The agreement also repeals a piece of Obamacare - a Medicare cost-cutting board aimed at ensuring the program's long-term solvency. It would provide \$90 billion in disaster assistance for California, Texas, Florida, Puerto Rico and the U.S. Virgin Islands.
- The bill authorizes the sale of 100 million barrels from the Strategic Oil Reserve to pay for some of the new spending, and raises customs and airport security fees in the next decade. It also renews a number of expired tax breaks for calendar 2017 including for cellulosic biofuel, while extending a nuclear power tax credit that was scheduled to expire so that it is available after 2020.



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