

Economics Group

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Federal Tax Collections Come Up Short in December

The federal budget deficit was \$23.2 billion in December and \$225 billion through Q1 of FY 2018. Corporate tax receipts were soft in December, as the new tax law likely influenced corporations' quarterly filings.

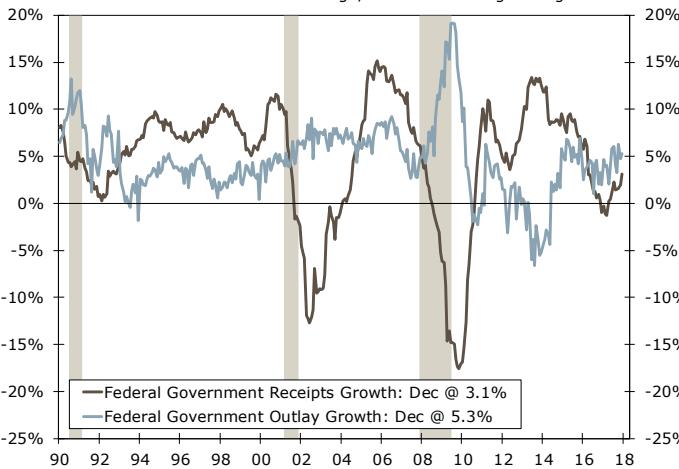
Interest, Disaster Relief Spur Larger Outlays

- The federal budget deficit was \$23.2 billion in December and \$225 billion through Q1 of the federal fiscal year, which began October 1. This marks an increase of about \$15 billion from the deficit through the first three months of FY 2017.
- On the outlay side, spending on interest on public debt and disaster relief have been some of the biggest net increases relative to the same period last fiscal year.

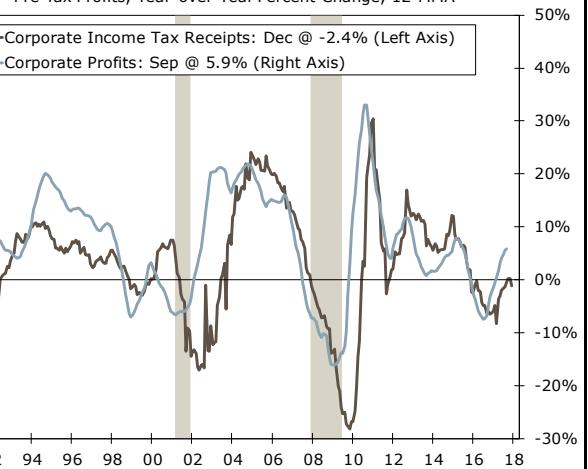
Corporate Tax Collections Nosedive in December

- Through the first quarter of the federal fiscal year, corporate tax receipts were down 18.1 percent compared to the same period last year, despite an improvement in profits that took place over the course of 2017. The new tax law likely influenced corporations' end-of-year filings, and we continue to expect volatility and noise in the tax data in the months ahead, adding some uncertainty to our Treasury issuance and debt ceiling "X date" forecasts.

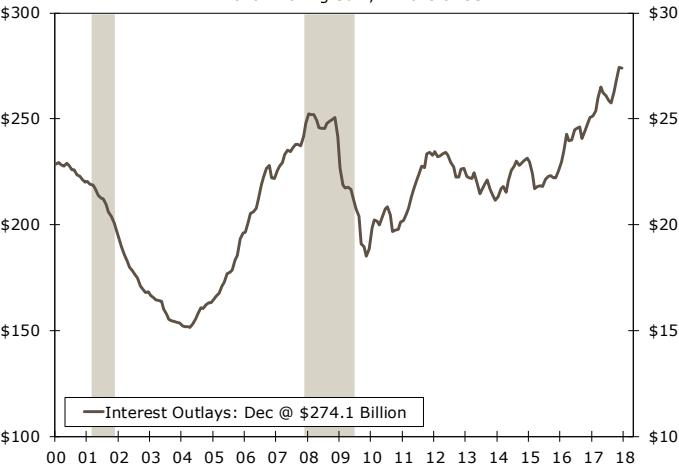
Federal Government Receipts & Outlay Growth
Year-over-Year Percent Change, 12-Month Moving Average



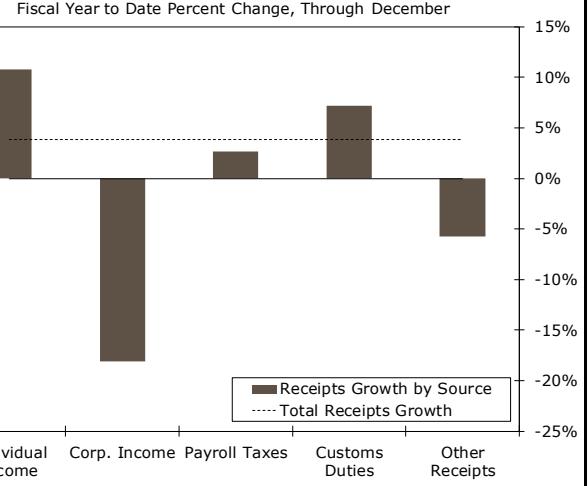
Corporate Profits & Tax Receipts
Pre-Tax Profits, Year-over-Year Percent Change, 12-MMA



Federal Spending: Net Interest Payments
12-Month Moving Sum, Billions of USD



Federal Receipts Growth
Fiscal Year to Date Percent Change, Through December



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

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