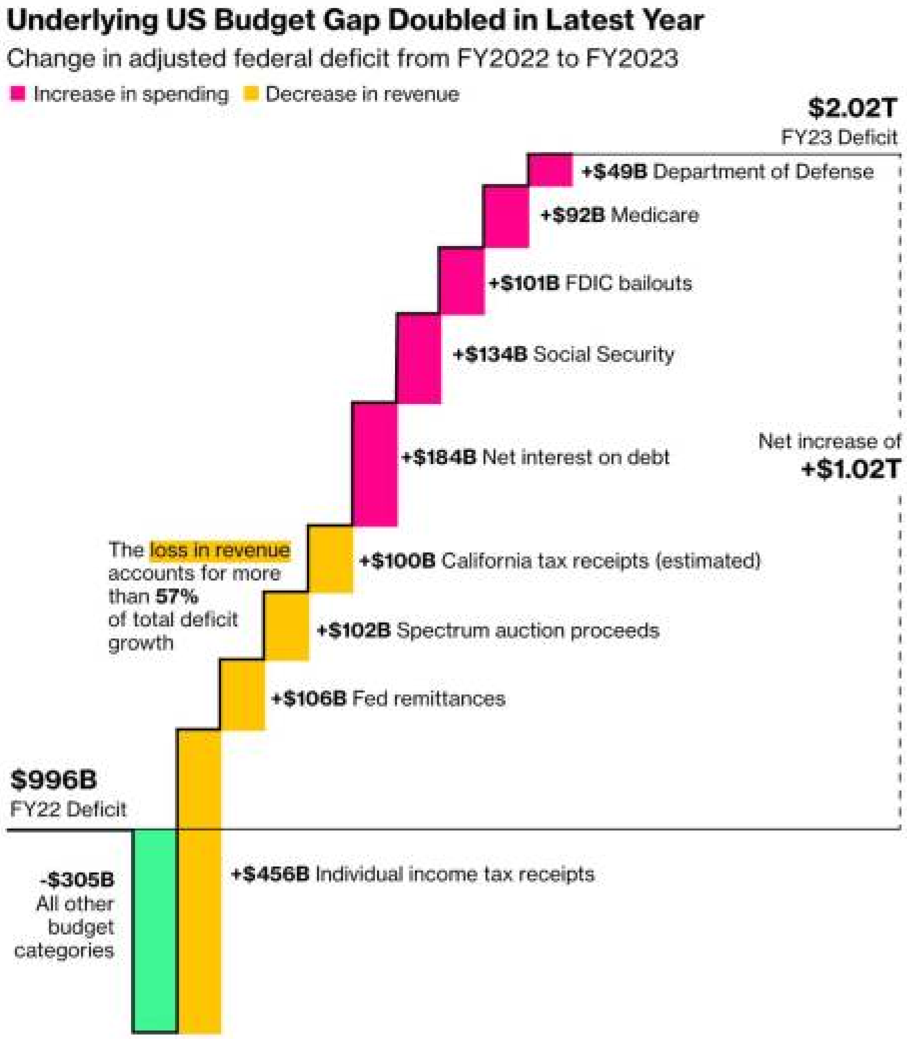
2 Trillion US Budget Deficit for 2023 Explains it All

Description



The second one has begun – following Fitch, Moody's is now preparing to downgrade the US credit rating . Fitch already dropped from AAA to AA+ in August. [Moody's still gives a negative outlook] – but it could also arrange a downgrade, especially if there is a US government shutdown.

The reasons for the decline are a huge budget deficit of $2 trillion and a sharp increase in public debt . This is also due to the fall in tax revenues against the backdrop of stagnation in many areas of the economy. And with soaring costs due to high inflation and military spending. It is becoming increasingly difficult to service the national debt – interest rates are rising, and other countries are reducing investments in US bonds.

A credit rating downgrade is long overdue – but it will only worsen the US budget crisis . For example, convincing China or Saudi Arabia to resume purchases of US treasury securities will become even more difficult. Demand for them is already falling quickly.

The White House immediately blamed this on Republican “extremists” in Congress . Although they are just demanding to cut costs. The Democrats don’t want to cut social services or the military, which is why the split in Washington is growing. And at one moment it can lead to a radical scenario – like a technical default in the United States.

In the meantime, Washington is mentally preparing for a possible shutdown on November 18 – if it is not possible to quickly approve the next short-term budget and prolong the agony for another couple of months. The split is so strong that there is no talk of adopting a full budget for the year ahead. The current budget crisis against the background of two wars threatens the most serious consequences for the United States.