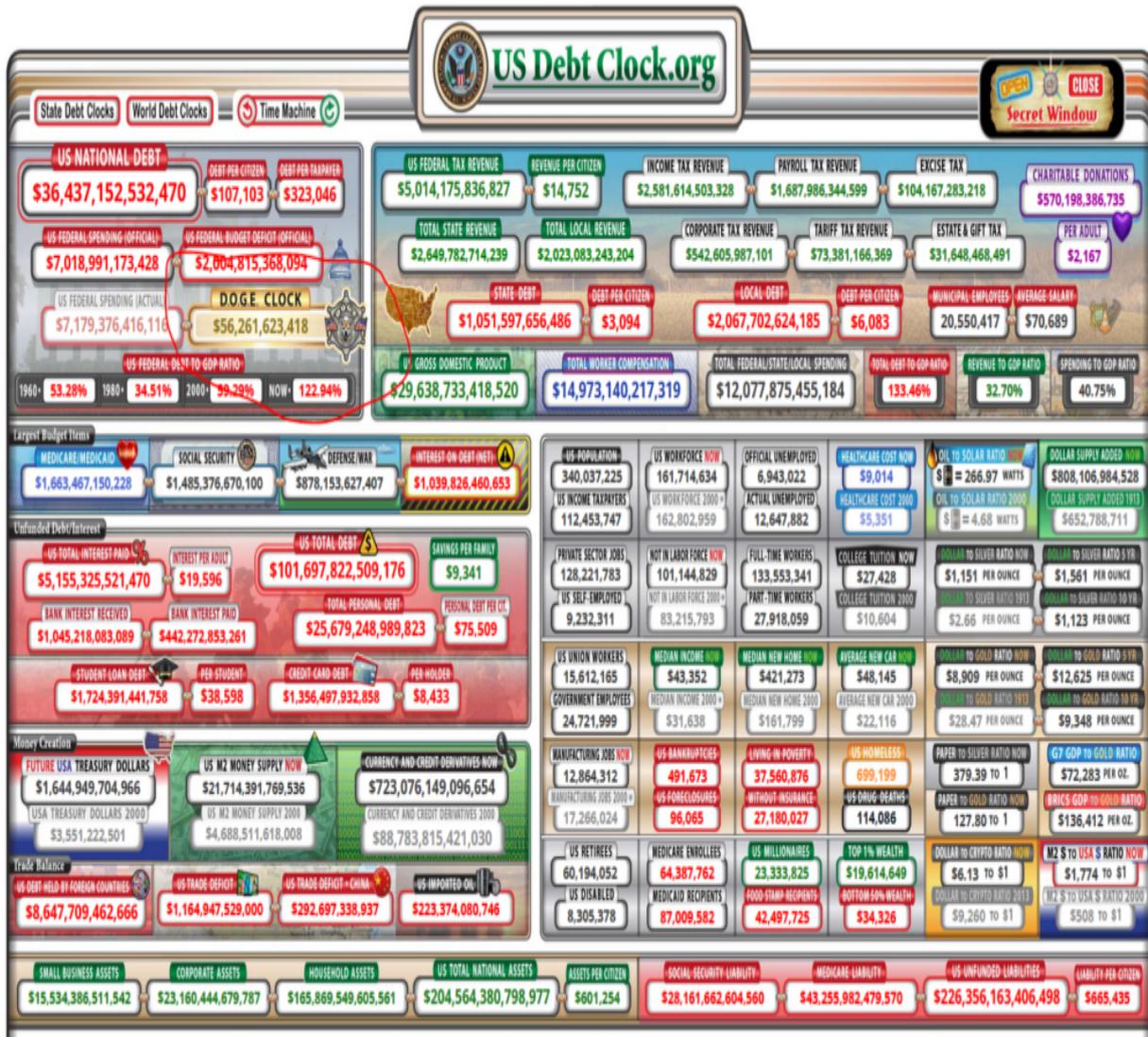# DOGE Deficit Reductions - RIA

The newly formed Department of Government Efficiency (DOGE), headed up by Elon Musk, is tasked with reducing government waste and increasing efficiency and productivity. The big question bond investors are keying on is how effectively DOGE can reduce the deficit. Tracking DOGE savings is now easy. As we share below, the US Debt Clock shows a running total of cumulative DOGE savings. Thus far, in less than a month, DOGE has saved $56 billion, as shown below (box in the upper left of graphic).

Musk?s goal from the onset was to save the government $1 billion per day. However, he is on pace for $2 billion or more daily. Let?s extrapolate his recent success to put the data into proper context. If DOGE can save $2 billion per day, the government can save about $700 billion annually. Accordingly, the fiscal year 2024 deficit of $1.8 trillion would be reduced to a much more manageable $1.1 trillion. To appreciate such savings, the Department of Defense spends roughly $800 billion a year. Equally important, if DOGE makes serious inroads toward deficit reduction, bond yields will likely decline, further cutting government deficits.

Savings become more challenging over time. Accordingly, we suspect that $1 billion a day is more realistic. While half of the current run rate, a billion a day would create measurable savings, which should, on the margin, reduce interest rates.

US Debt Clock.org

OPEN CLOSE
Secret Window

US NATIONAL DEBT
$36,437,152,532,470

DEBT PER CITIZEN $107,103
DEBT PER TAXPAYER $323,046

US FEDERAL SPENDING (OFFICIAL) $7,018,991,173,428
US FEDERAL BUDGET DEFICIT (OFFICIAL) $2,004,815,368,094

US FEDERAL SPENDING (ACTUAL) $7,179,376,416,116

D.O.G.E. CLOCK $56,261,623,418

US FEDERAL DEBT TO GDP RATIO
1960 · 53.28% | 1980 · 34.51% | 2000 · 59.29% | NOW · 122.94%

US FEDERAL TAX REVENUE $5,014,175,836,827
REVENUE PER CITIZEN $14,752
INCOME TAX REVENUE $2,581,614,503,328
PAYROLL TAX REVENUE $1,687,986,344,599
EXCISE TAX $104,167,283,218
CHARITABLE DONATIONS $570,198,386,735

TOTAL STATE REVENUE $2,649,782,714,239
TOTAL LOCAL REVENUE $2,023,083,243,204
CORPORATE TAX REVENUE $542,605,987,101
TARIFF TAX REVENUE $73,381,166,369
ESTATE & GIFT TAX $31,648,468,491
PER ADULT $2,167

STATE DEBT $1,051,597,656,486
DEBT PER CITIZEN $3,094
LOCAL DEBT $2,067,702,624,185
DEBT PER CITIZEN $6,083
MUNICIPAL EMPLOYEES 20,550,417
AVERAGE SALARY $70,689

US GROSS DOMESTIC PRODUCT $29,638,733,418,520
TOTAL WORKER COMPENSATION $14,973,140,217,319
TOTAL FEDERAL/STATE/LOCAL SPENDING $12,077,875,455,184
TOTAL DEBT TO GDP RATIO 133.46%
REVENUE TO GDP RATIO 32.70%
SPENDING TO GDP RATIO 40.75%

Largest Budget Items
MEDICARE/MEDICAID $1,663,467,150,228
SOCIAL SECURITY $1,485,376,670,100
DEFENSE/WAR $878,153,627,407
INTEREST ON DEBT (NET) $1,039,826,460,653

Unfunded Debt/Interest
US TOTAL INTEREST PAID $5,155,325,521,470
INTEREST PER ADULT $19,596
US TOTAL DEBT $101,697,822,509,176
SAVINGS PER FAMILY $9,341

BANK INTEREST RECEIVED $1,045,218,083,089
BANK INTEREST PAID $442,272,853,261
TOTAL PERSONAL DEBT $25,679,248,989,823
PERSONAL DEBT PER CIT. $75,509

STUDENT LOAN DEBT $1,724,391,441,758
PER STUDENT $38,598
CREDIT CARD DEBT $1,356,497,932,858
PER HOLDER $8,433

Money Creation
FUTURE USA TREASURY DOLLARS $1,644,949,704,966
US M2 MONEY SUPPLY NOW $21,714,391,769,536
CURRENCY AND CREDIT DERIVATIVES NOW $723,076,149,096,654

USA TREASURY DOLLARS 2000 $3,551,222,501
US M2 MONEY SUPPLY 2000 $4,688,511,618,008
CURRENCY AND CREDIT DERIVATIVES 2000 $88,783,815,421,030

Trade Balance
US DEBT HELD BY FOREIGN COUNTRIES $8,647,709,462,666
US TRADE DEFICIT $1,164,947,529,000
US TRADE DEFICIT + CHINA $292,697,338,937
US IMPORTED OIL $223,374,080,746

US POPULATION 340,037,225
US WORKFORCE NOW 161,714,634
OFFICIAL UNEMPLOYED 6,943,022
HEALTHCARE COST NOW $9,014
OIL TO SOLAR RATIO = 266.97 WATTS
DOLLAR SUPPLY ADDED NOW $808,106,984,528

US INCOME TAXPAYERS 112,453,747
US WORKFORCE 2000 162,802,959
ACTUAL UNEMPLOYED 12,647,882
HEALTHCARE COST 2000 $5,351
OIL TO SOLAR RATIO 2000 = 4.68 WATTS
DOLLAR SUPPLY ADDED 1913 $652,788,711

PRIVATE SECTOR JOBS 128,221,783
NOT IN LABOR FORCE NOW 101,144,829
FULL-TIME WORKERS 133,553,341
COLLEGE TUITION NOW $27,428
DOLLAR TO SILVER RATIO NOW $1,151 PER OUNCE
DOLLAR TO SILVER RATIO 5 YR $1,561 PER OUNCE

US SELF-EMPLOYED 9,232,311
NOT IN LABOR FORCE 2000 83,215,793
PART-TIME WORKERS 27,918,059
COLLEGE TUITION 2000 $10,604
DOLLAR TO SILVER RATIO 1913 $2.66 PER OUNCE
DOLLAR TO SILVER RATIO 10 YR $1,123 PER OUNCE

US UNION WORKERS 15,612,165
MEDIAN INCOME NOW $43,352
MEDIAN NEW HOME NOW $421,273
AVERAGE NEW CAR NOW $48,145
DOLLAR TO GOLD RATIO NOW $8,909 PER OUNCE
DOLLAR TO GOLD RATIO 5 YR $12,625 PER OUNCE

GOVERNMENT EMPLOYEES 24,721,999
MEDIAN INCOME 2000 $31,638
MEDIAN NEW HOME 2000 $161,799
AVERAGE NEW CAR 2000 $22,116
DOLLAR TO GOLD RATIO 1913 $28.47 PER OUNCE
DOLLAR TO GOLD RATIO 10 YR $9,348 PER OUNCE

MANUFACTURING JOBS NOW 12,864,312
US BANKRUPTCIES 491,673
LIVING IN POVERTY 37,560,876
US HOMELESS 699,199
PAPER TO SILVER RATIO NOW 379.39 TO 1
G7 GDP TO GOLD RATIO $72,283 PER OZ.

MANUFACTURING JOBS 2000 17,266,024
US FORECLOSURES 96,065
WITHOUT INSURANCE 27,180,027
US DRUG DEATHS 114,086
PAPER TO GOLD RATIO NOW 127.80 TO 1
BRICS GDP TO GOLD RATIO $136,412 PER OZ.

US RETIREES 60,194,052
MEDICARE ENROLLEES 64,387,762
US MILLIONAIRES 23,333,825
TOP 1% WEALTH $19,614,649
DOLLAR TO CRYPTO RATIO NOW $6.13 TO $1
M2 $ TO USA $ RATIO NOW $1,774 TO $1

US DISABLED 8,305,378
MEDICAID RECIPIENTS 87,009,582
FOOD STAMP RECIPIENTS 42,497,725
BOTTOM 50% WEALTH $34,326
DOLLAR TO CRYPTO RATIO 2013 $9,260 TO $1
M2 $ TO USA $ RATIO 2000 $508 TO $1

SMALL BUSINESS ASSETS $15,534,386,511,542
CORPORATE ASSETS $23,160,444,679,787
HOUSEHOLD ASSETS $165,869,549,605,561
US TOTAL NATIONAL ASSETS $204,564,380,798,977
ASSETS PER CITIZEN $601,254

SOCIAL SECURITY LIABILITY $28,161,662,604,560
MEDICARE LIABILITY $43,255,982,479,570
US UNFUNDED LIABILITIES $226,356,163,406,498
LIABILITY PER CITIZEN $665,435

What To Watch Today

Earnings

Wednesday Feb 5	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time		
Walt Disney DIS.US		1.45	1.22		24.7B	23.5B	$204.62B	Q1	AM	★	🔔
Qualcomm QCOM.US		2.97	2.75		10.93B	9.92B	$193.11B	Q1	PM	★	🔔
Boston Scientific BSX.US		0.66	0.55		4.41B	3.73B	$150.92B	Q4	AM	★	🔔
Uber UBER.US		0.49	0.66		11.77B	9.94B	$139.27B	Q4	PM	★	🔔
Fiserv FISV.US		2.49	2.19		4.96B	4.92B	$122.91B	Q4	PM	★	🔔
McKesson MCK.US		8.27	7.74		95.77B	80.9B	$77.99B	Q3	AM	★	🔔
Illinois Tool Works ITW.US		2.50	2.42		3.99B	4B	$77.43B	Q4	PM	★	🔔
O'Reilly Automotive ORLY.US		9.73	9.26		4.04B	3.83B	$76.39B	Q4	PM	★	🔔
Emerson Electric EMR.US		1.28	1.22		4.23B	4.12B	$74.03B	Q1	PM	★	🔔
Microstrategy MSTR.US		-0.12	5.62		123M	124.5M	$65.06B	Q4	PM	★	🔔
Aflac AFL.US		1.62	1.25		4.23B	3.8B	$59.62B	Q4	PM	★	🔔
Johnson Controls JCI.US		0.59	0.51		5.37B	6.09B	$53.14B	Q1	AM	★	🔔
Allstate ALL.US		5.70	5.82		13.79B	14.83B	$50.96B	Q4	AM	★	🔔
Prudential Financial PRU.US		3.38	2.58		14.51B	13.02B	$43.37B	Q4	AM	★	🔔
Cognizant Technology Solut		1.12	1.18		5.08B	4.76B	$40.97B	Q4	PM	★	🔔
Old Dominion Freight Line o		1.17	2.94		1.39B	1.49B	$40.42B	Q4	PM	★	🔔
Ford Motor F.US		0.36	0.29		47.79B	46B	$40.04B	Q4	PM	★	🔔
Crown Castle International c		0.45	0.83		1.64B	1.67B	$38.79B	Q4	AM	★	🔔
AvalonBay Communities AVB.U		1.28	1.70		738.72M	636.11M	$31.49B	Q4	PM	★	🔔
CDW CDW.US		2.33	2.57		4.96B	5.02B	$26.57B	Q4	PM	★	🔔
Corpay FLT.US		5.32	4.44		1.06B	937.3M	$26.52B	Q4	PM	★	🔔
T. Rowe Price TROW.US		2.21	1.72		1.88B	1.64B	$26.15B	Q4	PM	★	🔔
Markel MKL.US		18.97	56.48		3B	4.64B	$23.98B	Q4	PM	★	🔔
PTC PTC.US		0.90	1.11		555.42M	550.21M	$23.13B	Q1	PM	★	🔔
International Flavors Fragranc		0.82	0.72		2.69B	2.7B	$22.22B	Q4	AM	★	🔔

Economy

Wednesday February 05 2025			Actual	Previous	Consensus	Forecast		
06:00 AM	US	MBA 30-Year Mortgage Rate JAN/31		7.02%				
06:00 AM	US	MBA Mortgage Applications JAN/31		-2%				
06:00 AM	US	MBA Mortgage Market Index JAN/31		220.0				
06:00 AM	US	MBA Mortgage Refinance Index JAN/31		520.9				
06:00 AM	US	MBA Purchase Index JAN/31		162.4				
07:15 AM	US	ADP Employment Change JAN		122K	150K	120.0K		
07:30 AM	US	Balance of Trade DEC		$-78.2B	$-96.5B	$ -93.0B		
07:30 AM	US	Exports DEC		$273.4B		$ 262B		
07:30 AM	US	Imports DEC		$351.6B		$ 355.0B		
07:30 AM	US	Treasury Refunding Announcement						
08:00 AM	US	Fed Barkin Speech						
08:45 AM	US	S&P Global Composite PMI Final JAN		55.4	52.4	52.4		
08:45 AM	US	S&P Global Services PMI Final JAN		56.8	52.8	52.8		
09:00 AM	US	ISM Services PMI JAN		54.1	54.2	54		
09:00 AM	US	ISM Services Business Activity JAN		58.2		58.1		
09:00 AM	US	ISM Services Employment JAN		51.4		51.3		
09:00 AM	US	ISM Services New Orders JAN		54.2		54.1		
09:00 AM	US	ISM Services Prices JAN		64.4		64.8		
09:30 AM	US	EIA Crude Oil Stocks Change JAN/31		3.463M				
09:30 AM	US	EIA Gasoline Stocks Change JAN/31		2.957M				
09:30 AM	US	EIA Crude Oil Imports Change JAN/31		0.532M				
09:30 AM	US	EIA Cushing Crude Oil Stocks Change JAN/31		0.326M				
09:30 AM	US	EIA Distillate Fuel Production Change JAN/31		0.028M				
09:30 AM	US	EIA Distillate Stocks Change JAN/31		-4.994M				
09:30 AM	US	EIA Gasoline Production Change JAN/31		-0.044M				
09:30 AM	US	EIA Heating Oil Stocks Change JAN/31		0.128M				
09:30 AM	US	EIA Refinery Crude Runs Change JAN/31		-0.333M				
10:30 AM	US	17-Week Bill Auction		4.190%				
12:00 PM	US	Fed Goolsbee Speech						
02:00 PM	US	Fed Bowman Speech						
06:30 PM	US	Fed Jefferson Speech						

Market Trading Update

Yesterday, we discussed the ?*Tariff Turmoil?* that rocked the markets. Many headlines suggest that Trump?s tariffs will cause the next major market crash. Maybe that is the case. However, we can look back at his first term in office to see how the markets reacted as the China *?trade war?* developed. I will write a longer article at some point, but here are the initial observations.

Following the passage of the ***?Tax Cuts and Jobs Act,?***&#2013266080;the market surged to all-time highs. Valuations were elevated, and the Fed was beginning a rate-hiking campaign. At the same time, Trump launched the first escalation of the trade war with China. Over the next 18

months, the market traded in a very wide trading range but remained in a steady liner growth trend higher.


Trump Trade Wars - 2017-2019
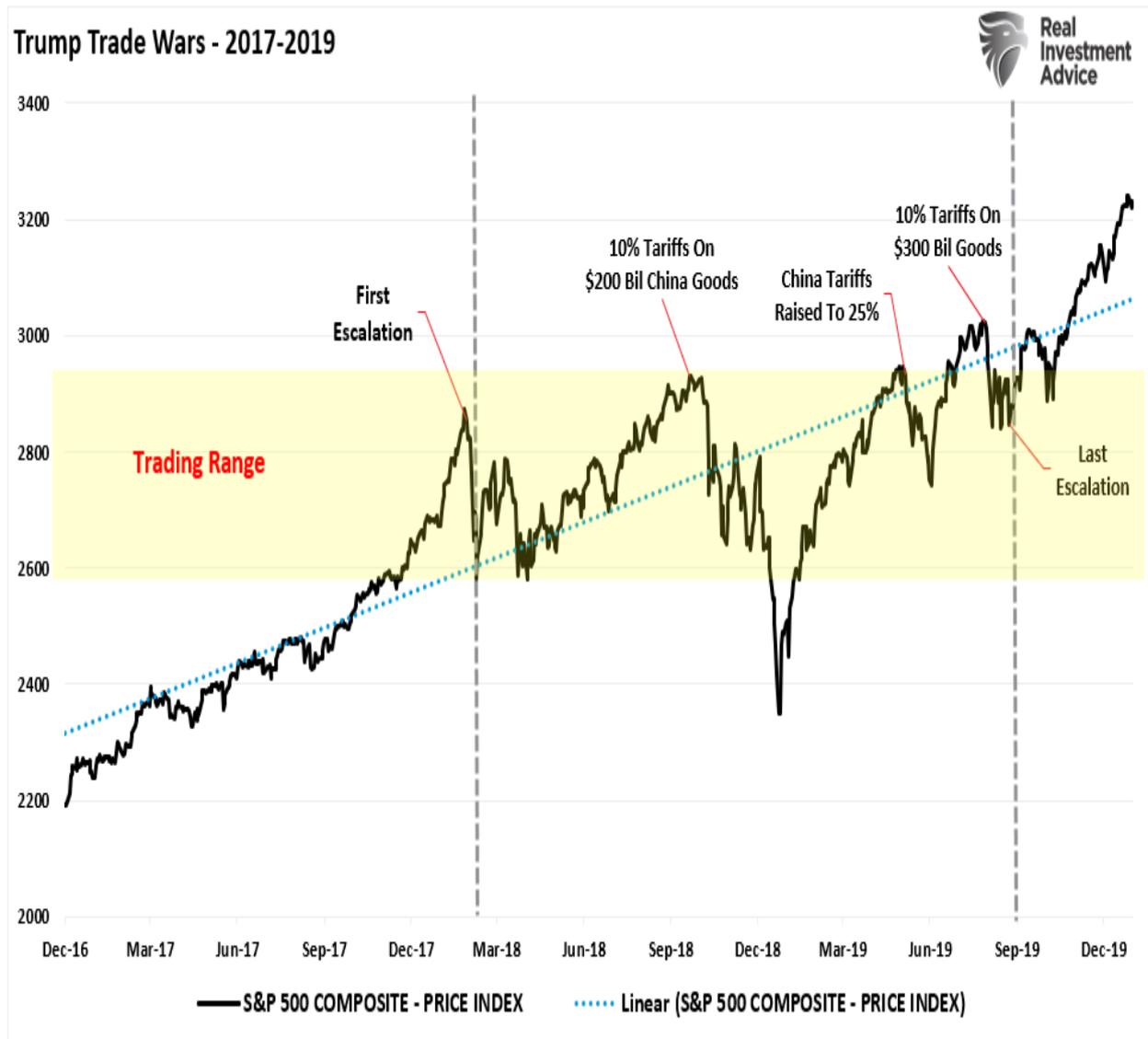
As we noted in **&#2013266080;?Curb Your Enthusiasm,?**&#2013266080;this year may be very similar to what we saw during the first trade war with bouts of volatility. As shown, as different facets of the trade war developed, volatility would spike as investors tried to digest the actions and their potential ramifications on the market.

Trump Trade Wars - 2017-2019

Real Investment Advice

CBOE SPX VOLATILITY VIX (NEW) - PRICE INDEX
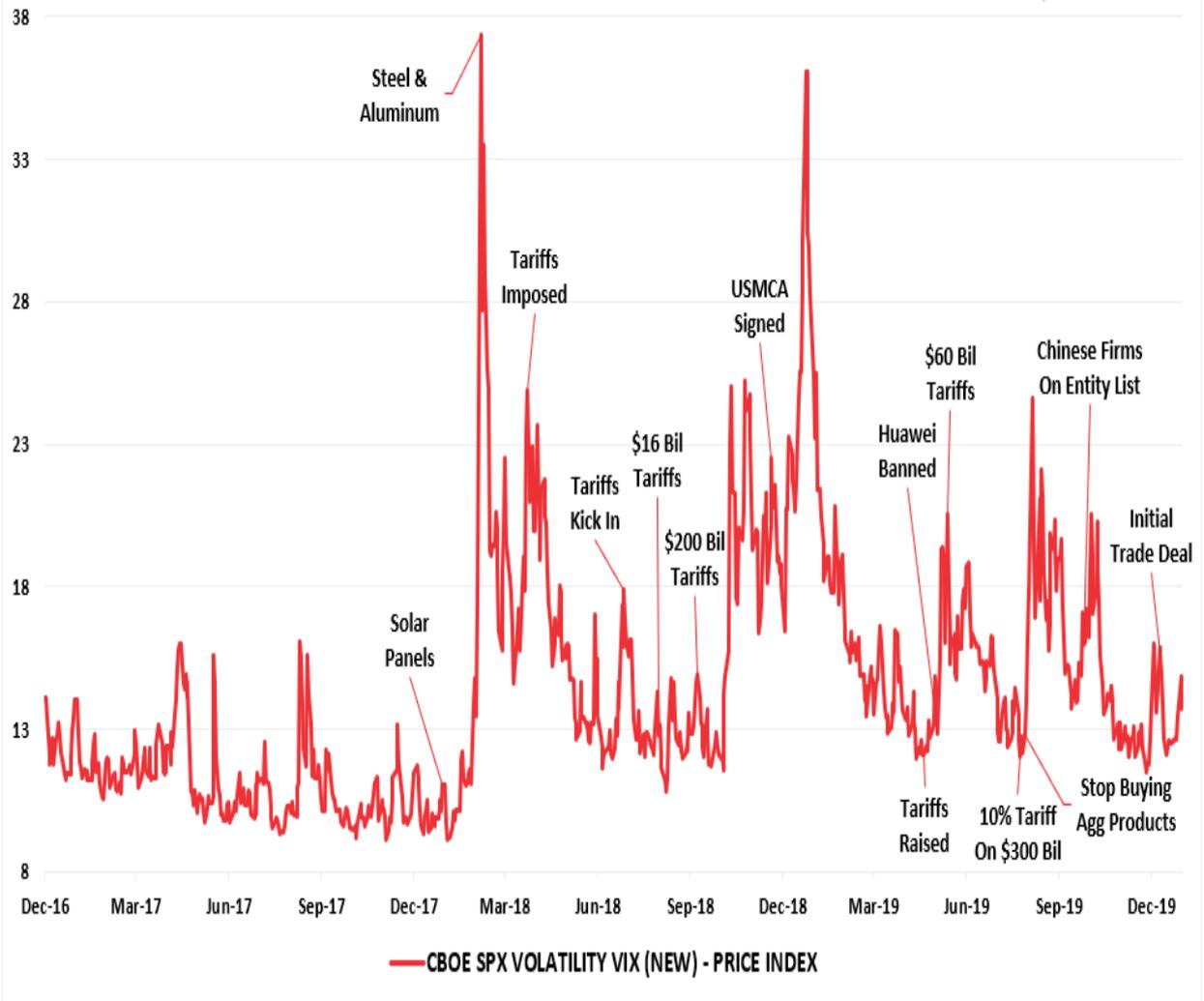
Despite the barrage of negative headlines, concerns about inflationary impacts, and economic outcomes, the market ultimately wound up weathering the trade war. As shown, spikes in volatility due to trade war announcements provided repeated buying opportunities for investors to pick up stocks at lower prices.

Trump Trade Wars - 2017-2019
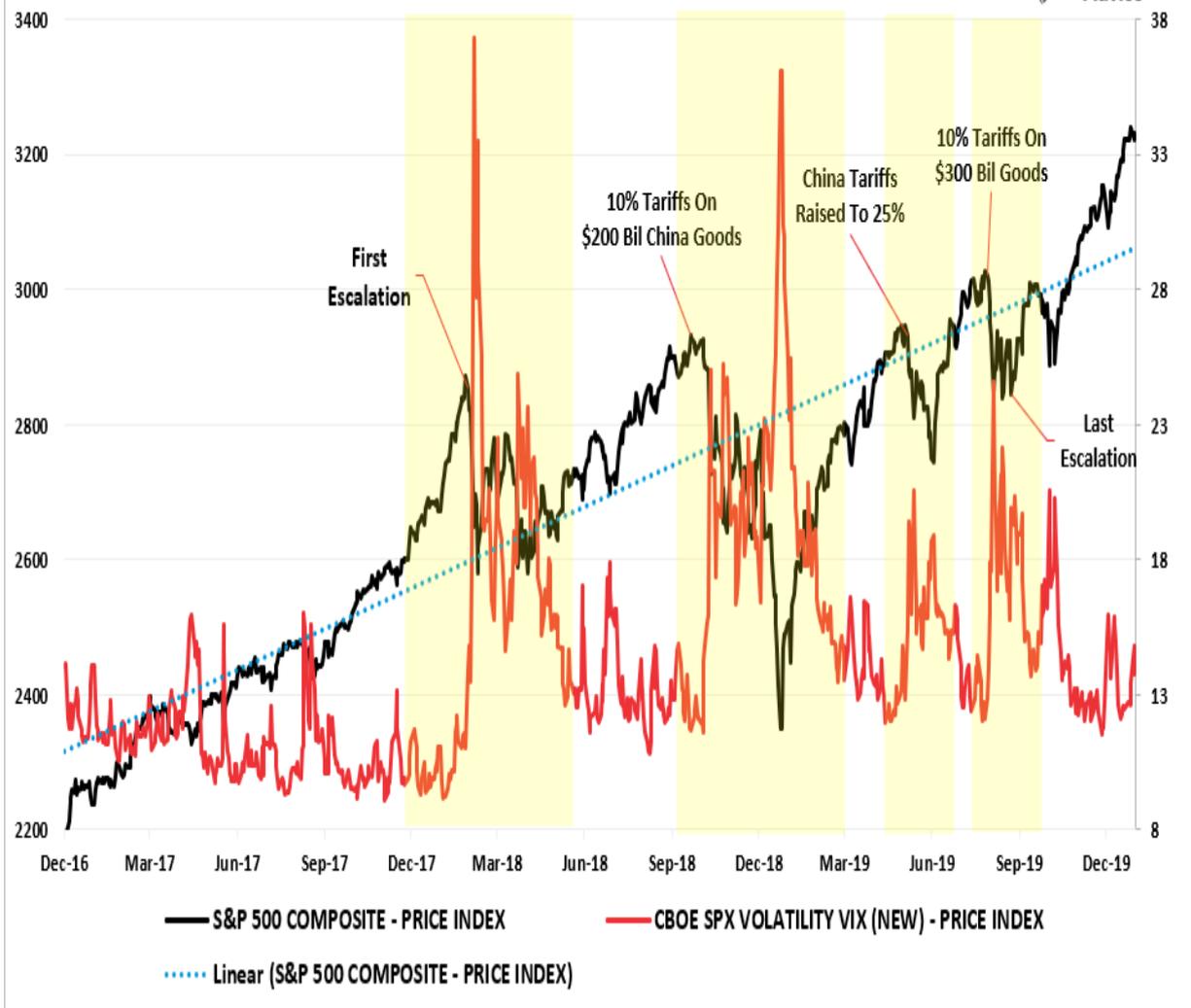
We don?t have much history regarding tariffs and the stock market. However, as we noted on Monday, it is likely best to avoid media-driven narratives and focus on managing your portfolio as we concluded in yesterday?s post:

> ?That does not mean that things won?t change in the future. However, using media headlines to make portfolio decisions has repeatedly turned out poorly. If the recent market volatility is weighing on you, and you&#2013266080;?feel?&#2013266080;you must ?do something,?&#2013266080;take very small steps.?

1. **Tighten up stop-loss levels**&#2013266080;to current support levels for each position.
2. **Hedge portfolios**&#2013266080;against major market declines.
3. **Take profits**&#2013266080;in positions that have been big winners
4. **Sell laggards**&#2013266080;and losers
5. **Raise cash**&#2013266080;and rebalance portfolios to target weightings.

> ?As we saw on Monday, taking small steps to reduce portfolio risk now can help you weather sharp market events.&#2013266080;Remembering that portfolio management is not an&#2013266080;?all or none?&#2013266080;process is crucial. It is about positioning yourself to minimize emotional decisions so you can find the&#2013266080;?opportunity that exists in crisis.?

Rotation Tools For Return or Risk Management

The technology sector is performing relatively differently than the other sectors. To help you appreciate this recent market dynamic, we share the SimpleVisor table below. It calculates each sector?s excess return versus the S&P 500 and then computes the correlation of that sector?s excess returns to each other sector?s excess returns. For example, in the top right corner, the correlation of the excess returns of transports (XTN) and materials (XLB) is positive at .37. In other words, both sectors will tend to beat or underperform the market simultaneously. This is vital information for those interested in using sector rotations to bolster returns or better manage risk.

We have highlighted the correlations of technology (XLK) and staples (XLP) versus the other sectors to point out a recent anomaly in the market. The technology sector has a negative correlation with every other sector. On days when technology beats the market, odds are most other sectors will underperform. Conversely, when technology underperforms, most other sectors will outperform the market. On the other hand, staples positively correlate with almost all other sectors which is more normal.
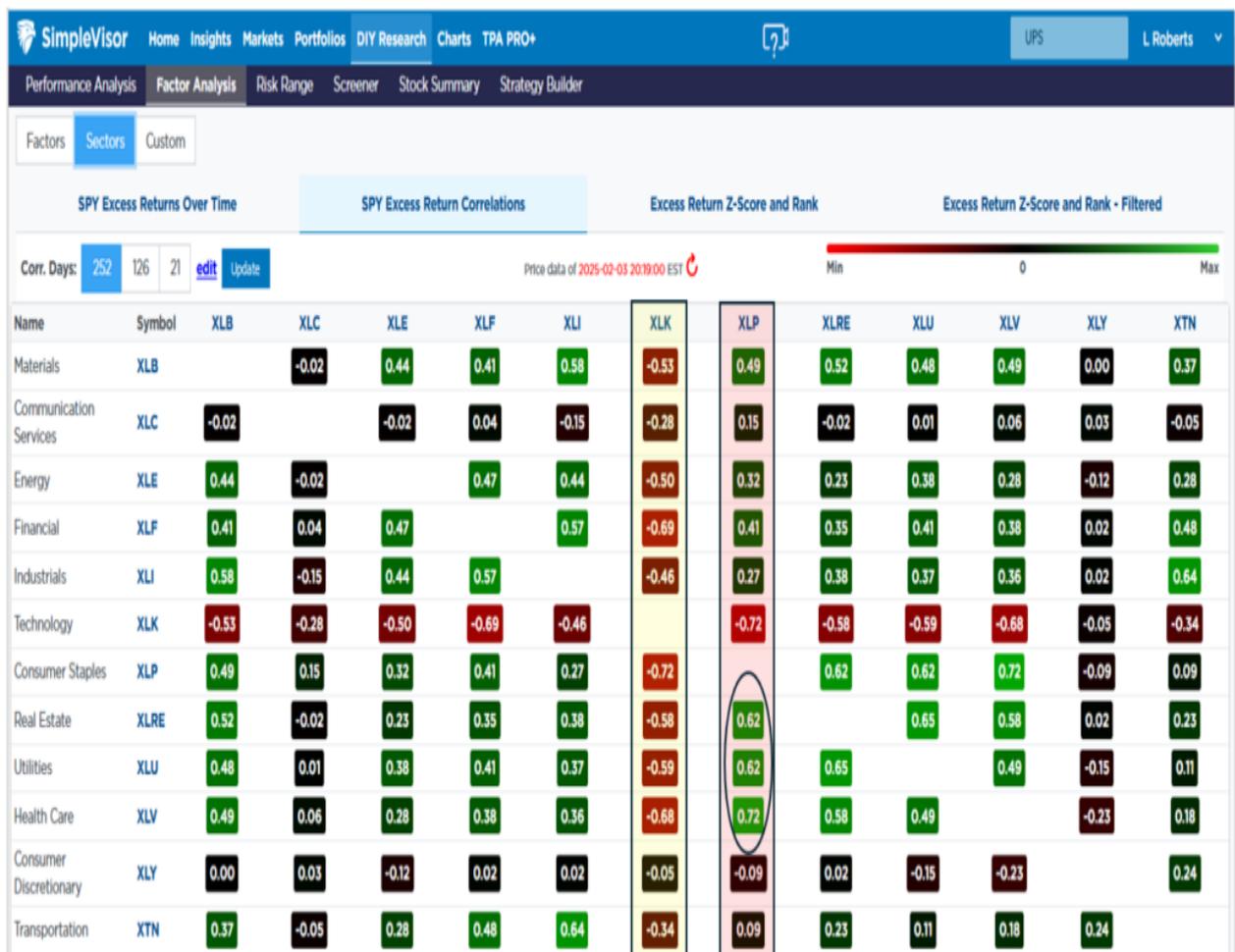
Name	Symbol	XLB	XLC	XLE	XLF	XLI	XLK	XLP	XLRE	XLU	XLV	XLY	XTN
Materials	XLB		-0.02	0.44	0.41	0.58	-0.53	0.49	0.52	0.48	0.49	0.00	0.37
Communication Services	XLC	-0.02		-0.02	0.04	-0.15	-0.28	0.15	-0.02	0.01	0.06	0.03	-0.05
Energy	XLE	0.44	-0.02		0.47	0.44	-0.50	0.32	0.23	0.38	0.28	-0.12	0.28
Financial	XLF	0.41	0.04	0.47		0.57	-0.69	0.41	0.35	0.41	0.38	0.02	0.48
Industrials	XLI	0.58	-0.15	0.44	0.57		-0.46	0.27	0.38	0.37	0.36	0.02	0.64
Technology	XLK	-0.53	-0.28	-0.50	-0.69	-0.46		-0.72	-0.58	-0.59	-0.68	-0.05	-0.34
Consumer Staples	XLP	0.49	0.15	0.32	0.41	0.27	-0.72		0.62	0.62	0.72	-0.09	0.09
Real Estate	XLRE	0.52	-0.02	0.23	0.35	0.38	-0.58	0.62		0.65	0.58	0.02	0.23
Utilities	XLU	0.48	0.01	0.38	0.41	0.37	-0.59	0.62	0.65		0.49	-0.15	0.11
Health Care	XLV	0.49	0.06	0.28	0.38	0.36	-0.68	0.72	0.58	0.49		-0.23	0.18
Consumer Discretionary	XLY	0.00	0.03	-0.12	0.02	0.02	-0.05	-0.09	0.02	-0.15	-0.23		0.24
Transportation	XTN	0.37	-0.05	0.28	0.48	0.64	-0.34	0.09	0.23	0.11	0.18	0.24	

Tariffs Roil Markets

The announcement of tariffs set the market on its heels yesterday morning as media writers quickly pushed narratives about the potential impacts. However, as suggested on the ?**Real Investment Show?** before the market opened on Monday, **the best thing to do would be** *?nothing.?* There were a couple of reasons for this suggestion.
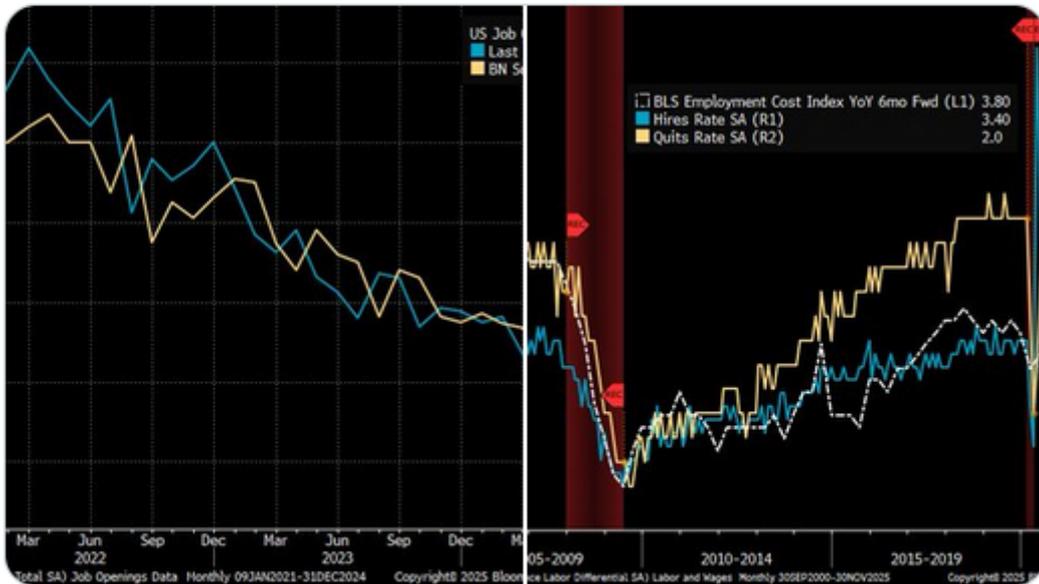
[READ MORE?](#)

Tweet of the Day

Liz Young Thomas ✔ @LizThomasStrat · 8m

The Dec **JOLTS** report had some conflicting data: Job openings fell from 8.2m to 7.6m (est was for 8.0m), while the hires and quits rates remained steady at 3.4% and 2.0%, respectively. The broader story of low labor churn and decelerating wage growth is unchanged.

?Want to achieve better long-term success in managing your portfolio? Here are our 15-trading rules for managing market risks.?

Please subscribe to the daily commentary to receive these updates every morning before the opening bell.

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