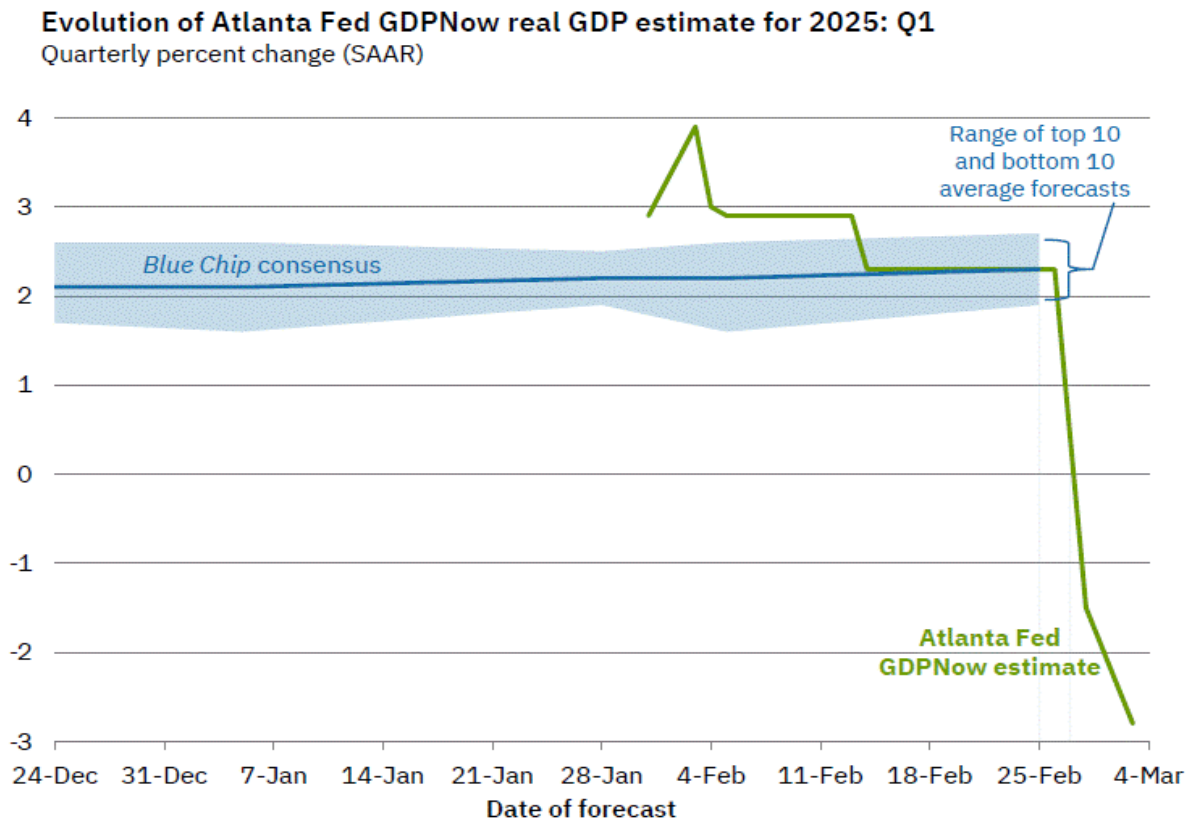


Atlanta Fed's GDPNow, DOGE, and Secretary of Treasury Bessent

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<https://SabinoIM.com>

The Federal Reserve Bank of Atlanta maintains a short-term economic model that they call GDPNow. The Atlanta Fed describes it as a “running estimate of real GDP growth based on available economic data for the current measured quarter.” During the last week, the estimate for the first quarter of 2025 has dropped sharply, based on lower net exports and lower consumer spending. The Blue Chip survey of economists which lags the Atlanta Fed does not yet reflect the changes.



The looming tariffs of the Trump Administration have resulted in an acceleration of imports while exports remained flat for the latter half of 2024. The Bureau of Economic Analysis (BEA) reported a US trade deficit of \$98.4 billion in their latest trade report for the month of December 2024.

For the month of January 2025, the BEA reported that personal income increased by 0.9% (\$221.9 billion) from the prior month while consumer expenditures declined by 0.2% (\$30.7 billion). The higher personal income and lower expenditures resulted in the personal savings rate increasing to 4.6%. The largest declines for personal consumption were for motor vehicles/parts and recreational goods. The largest increase in personal consumption was for housing and utilities.

While the GDPNow economic model can swing up or down based on a single month's economic data, the latest numbers are consistent with recent consumer surveys.

DOGE

The Department of Government Efficiency (DOGE) has been making headlines since the Trump 2.0 Administration took office. The original executive order is here: <https://www.whitehouse.gov/presidential-actions/2025/01/establishing-and-implementing-the-presidents-department-of-government-efficiency/>

The executive order renamed the United States Digital Service as the United States DOGE Service and established the US DOGE Service Temporary Organization for a period of 18 months, expiring on July 4, 2026.

So far, DOGE claims to have saved \$105 billion (as of March 2) through canceled grants, asset sales, workforce reductions, and terminated contracts and leases. DOGE publishes information about their recent findings and federal spending reductions here: <https://doge.gov>

Secretary of Treasury Scott Bessent

Bloomberg Podcasts interviewed Treasury Secretary Scott Bessent. He thinks DOGE may be able to reach a goal of reducing federal spending by \$300 billion annually, which represents one percent of GDP. He commented that he was "slightly shocked at some

of the fraud we're finding, and you're going to be hearing about more of that over the next couple of weeks."

In addition, Secretary Bessent has made it clear in his X posts that a major priority of the Trump administration is "reprivatizing the US economy" and "the headline economy is simply being sustained by unsustainable fiscal policy."

Ed Dowd is a former Blackrock portfolio manager and co-founder of Phinance Technologies. He was queried by Jimmy Dore on his show regarding Secretary Bessent's comments. Ed Dowd replied:

Basically, when you're taking away the fiscal stimulus, you hope to eventually resurface those savings into the private economy. The idea is that money in the private sector will create economic growth that's greater than what the government's yielding right now, which isn't much. The problem is that it's going to take time to jell on the other side. There's this valley in between, because what's kept the stock market and GDP numbers afloat was fiscal dominance.... What Scott Bessent just told you is that he doesn't care about the stock market. And he shouldn't.

If you have any questions or comments, please contact me.

Sincerely,
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