



## Flash Note—A Fiscal Deal

*The quarterly outlook has been delayed until tomorrow due to the fiscal cliff deal.*

Reports on a deal are still early, but the good news is that we have a deal. So we made the December deadline by a hair. My initial estimate for ~\$100B in cuts wasn't too far off according to the early details as we're likely to see about \$175B in cuts to the 2013 budget. The initial cuts in total could have amounted to almost \$600B as seen in the image below. The early reports are calling for an end to the

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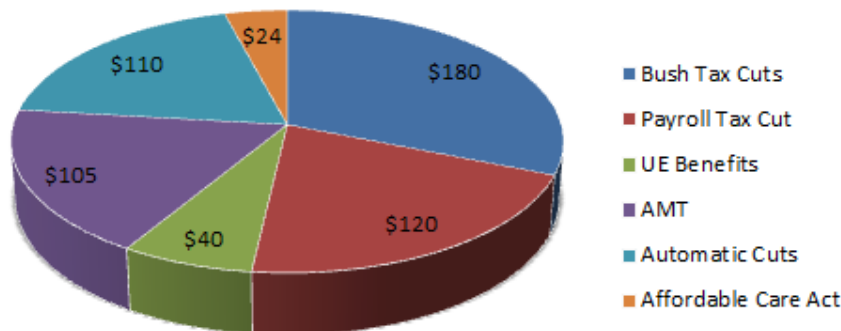
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**Long Story Short**—This is a fairly bullish outcome all things considered.

Fiscal Cliff Breakdown (\$B)



Source: Orcam Financial Group, LLC



payroll tax cut (\$120B), the Affordable Care Act tax increase of \$24B and an 85% continuation of the Bush Tax Cuts (~\$150B). That means we're likely looking at something close to another year of \$1 trillion budget deficits in 2013. That's not austere and should provide some downside protection to economic growth in 2013. I'll have more tomorrow as the news comes out officially. As I mentioned last week, the negative reaction to this nonsense was way overdone.

Happy New Year!

Orcam Financial Group, LLC

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