



FOR IMMEDIATE RELEASE
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Debt Default Clock moves closer to midnight!!!

Federal government's fiscal position continues to deteriorate in the 3rd quarter of 2018

Today, the **Debt Default Clock Review Committee** completed its second update of the **Debt Default Clock**. The Debt Default Clock estimates how much relative time remains before the Federal government's fiscal policies lead to a fiscal crisis resulting in major disruption to the American economy and the treasury securities markets. The Review Committee has concluded it now stands at **four minutes to midnight**.

The Review Committee has seen continued deterioration in the Federal government's fiscal position since the initial assessment. In general, the Review Committee believes 1) the large absolute amount of outstanding Federal government debt, and the burgeoning size of these obligations relative to the United States economy, 2) the predominantly short-term maturity structure of Government debt, which subjects the federal government's budget to significant refinancing risks and increasing interest rate risk, and 3) the potential for foreign investor manipulation of our bond markets, plus numerous other pertinent criteria, all have placed the United States in an increasingly perilous fiscal position.

As a result of a June 26, 2018 forum in Washington, DC, with a group of invited experts from both the investment and fiscal policy communities, the Review Committee decided to enhance the definition of the Default Clock's factors. Data sources for the factors are identified in the descriptions provided and a full description of the Default Clock instrument, including the data bases used and graphs depicting the current calculations for the twelve factors is available at: <https://debtdefaultclock.us/debt-default-clock/>.

In addition to the Default Clock update, the Federal government's credit score that was developed by the Review Committee remains in the **"POOR" category**. Members of the Review Committee are available to discuss this update. Please contact Baker Spring at (703) 812-8178 or baker.spring@compactforamerica.org to arrange for an interview.

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