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# Market Commentary

Weekly perspective on current market sentiment | September 2, 2026

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Last week's S&P 500 Index: +.49%

## Couch-cushion cash won't fix the bond-market problem

### Key takeaways

- **Treasury's proposed bond buybacks are not money printing:** The government would use cash it already holds, so the move would not create new money or add to total federal debt.
- **Buybacks may ease near-term market pressure, but they do not fix the larger problem:** Persistent deficits, heavy government borrowing, and elevated interest-rate risk remain headwinds, supporting a limited allocation to long-term bonds.

A recent U.S. Treasury announcement has some investors worried that Washington is reaching into the couch cushions for spare cash — and that this could be a sign of dollar "debasement" or runaway money printing. We think those fears are overdone. This is not the government firing up the printing press. It is closer to using cash already in a checking account to pay down a small piece of a credit card balance. Unusual? Yes. A currency crisis? No.

Here is what is happening. The Treasury keeps an account called the Treasury General Account, or TGA. Think of it as the federal government's checking account, funded by taxes and bond sales. That account has grown to nearly $950 billion, well above its more typical $550 billion to $650 billion buffer. Treasury Secretary Scott Bessent recently doubled the size of a program that buys back older government bonds, and he has floated the idea of using some of that cash pile to help pay for those buybacks instead of issuing more short-term Treasury bills.

That distinction matters. The concern from the "debasement" camp is that this looks like the Federal Reserve (Fed) printing new money to buy government debt. But that is not what is being discussed. The Fed is not involved. The Treasury would be using cash it already has — money already sitting in the government's account — to buy back bonds already held by investors. No new money is created, and the move by itself does not increase the total amount of government debt. It is more like pulling a few coins from under the couch cushions than installing a money printer in the living room.

Still, we believe investors should keep the move in perspective. The bigger problem has not changed. U.S. federal debt is now more than $40 trillion, deficits are not showing clear signs of shrinking, and long-term interest rates remain sensitive to concerns about government borrowing. A buyback program may help markets function more smoothly and reduce some near-term pressure, but it does not solve the country's structural deficit problem. Finding money in the couch cushions can help with today's bill, but it does not fix a household budget that keeps running in the red. Congress has reduced deficits before, and we believe rising interest costs and spending on Social Security, Medicare, and Medicaid will eventually force lawmakers to bring the budget back into better balance.

The bottom line: this couch-cushion cash may help the Treasury manage near-term funding needs, but it does not change the larger bond-market math. Heavy government borrowing, large deficits, and still-elevated long-term rate risk remain meaningful headwinds for long-term bonds. Investors may still hold some long bonds for income and diversification, but we believe exposure should be limited. We remain unfavorable on long-term bonds because we believe a little spare cash under the cushions does not fix a much bigger budget problem.

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