<u>Commentary Week of Aug 23</u>

The 30y and 10y bond yields spiked to levels not seen since the early 2000s due to worries about the mounting US national debt, which surpassed $40tn, and an abundance of new debt issuance from corporations financing AI infrastructure.
The US Treasury announced a buyback program as the 30-year bond yield reached 5.27%, which helped settle the market somewhat.
But without a clear resolution on how to balance the budget and reduce the debt, the markets continue to require a premium to finance US obligations. The largest annual US expense is Medicare/Medicaid, followed by Social Security, followed by the interest paid on the debt (at over $1tn/year), and then defense/war.
This increase in yields impacts the cost for consumers borrowing to purchase homes, automobiles, and education.