ARCHIVED UPDATE

National

August 24, 2026

Market Commentary

LAST WEEK - 20-YEAR HIGHS IN LONG YIELDS, TREASURY INTERVENES

Long-term Treasury yields continued to rise to 20-year highs, with the long bond peaking at a 5.33% yield on Tuesday after the U.S. national debt broke through $40 trillion. Debt service on the national debt now exceeds $1 trillion annually - more than the entire defense budget and nearly as much as Medicare. The growing allocation of tax dollars to interest payments rather than domestic programs has become a structural force driving long-end yields higher. On Wednesday morning, Treasury Secretary Bessent announced that the Treasury would double the size of its longer-maturity debt buybacks from $2 billion to $4 billion for the current debt funding quarter, effective September 9 through November 4. The Administration has advocated that interest rates are too high, and this buyback expansion is a policy tool intended to lower long-term rates. In theory, the action should flatten the yield curve - creating more demand for long maturities while increasing supply of shorter maturities and T-bills to fund the purchases. Initially the news rallied the long bond yield down to 5.18%, but by week's end the market sold off and the long bond closed at 5.28%. The transaction is effectively an effort to cap long-term rates, and the Treasury retains the ability to get more aggressive with this tool should 30-year yields continue pressing higher.

FEDERAL RESERVE POLICY OUTLOOK

Current market pricing is for a 35% probability of a rate hike at the next FOMC meeting on September 16th.

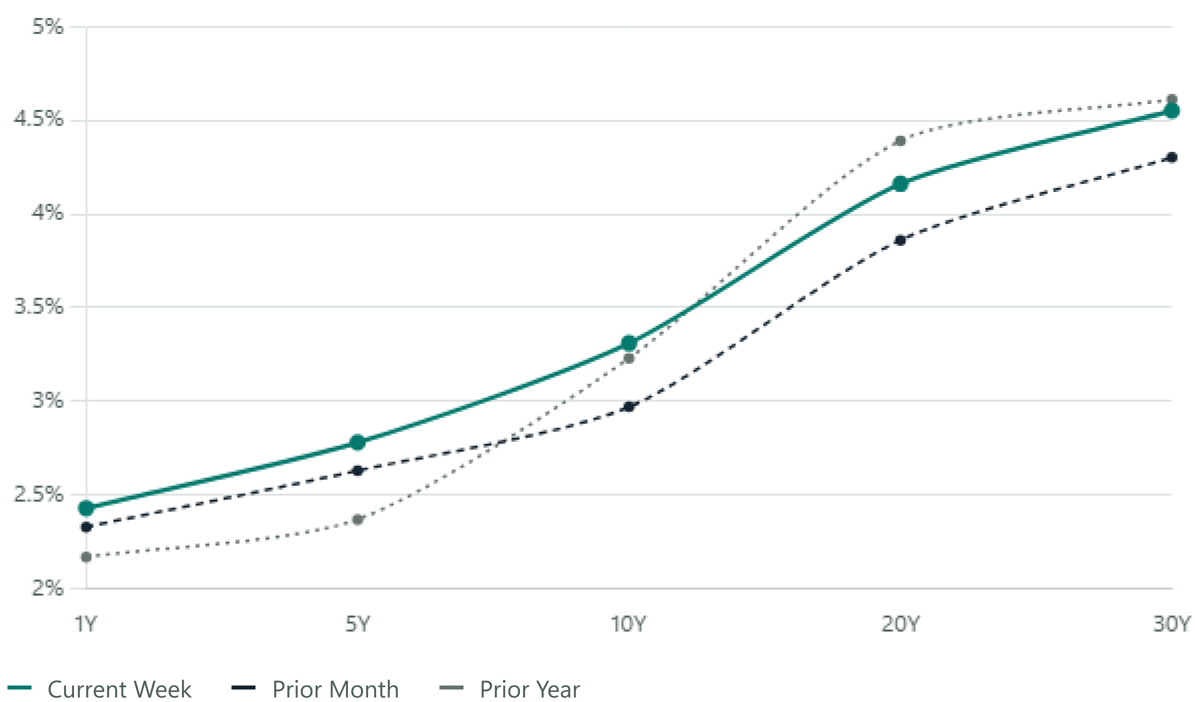
THIS WEEK - TREASURY SUPPLY & ECONOMIC CALENDAR

Bond auctions total $183 billion: $69bn 2-Year Note Tuesday, $70bn 5-Year Note Wednesday, and $44bn 7-Year Note Thursday. Wednesday brings July Core PCE - the Fed's #1 inflation gauge (est. +0.22% month-over-month / +3.32% year-over-year) - still far from the Fed's 2% target. July Personal Spending is also released (est. +0.1% month-over-month); inflation has been cutting into spending and slowing retail sales. Friday, Fed Chair Warsh speaks at 10:00 a.m. EDT from Jackson Hole, Wyoming.

MACRO OUTLOOK - ALL EYES ON JACKSON HOLE FRIDAY

The Warsh Jackson Hole speech is the marquee event of the week. He is not expected to provide forward guidance on rates. The market would be disappointed if he simply reiterates a commitment to the 2% inflation target without convincingly signaling a willingness to raise rates to achieve it. Anything short of a credible hawkish posture risks being read as an inability - or unwillingness - to follow through, which could push long-end yields higher still. Wednesday's Core PCE print will set the table heading into Friday's speech.

AAA MMD Yield Curve



Federal Reserve & Market Expectations

FED FUNDS TARGET

4.25% - 4.50%

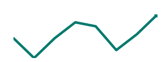
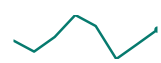
FOMC STANCE

Long-term Treasury yields hit 20-year highs on fiscal supply concerns before the Treasury doubled its longer-maturity debt buybacks to cap long rates; markets price a 35% probability of a rate hike at the September 16th FOMC meeting

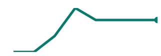
MEETING	HOLD	CUT	HIKE
Sep 2026	65%	0%	35%

Implied probabilities derived from 30-Day Fed Fund futures (CME FedWatch).

U.S. Treasury Benchmarks

TENOR	CURRENT	Δ WOW	PRIOR WK	PRIOR MO	PRIOR YR	8-WK TREND
2Y	4.24%	+7 bp	4.17%	4.31%	3.79%	
5Y	4.43%	+7 bp	4.36%	4.41%	3.86%	
10Y	4.74%	+6 bp	4.68%	4.67%	4.33%	
30Y	5.27%	+2 bp	5.25%	5.15%	4.92%	

Municipal AAA MMD Benchmarks

TENOR	CURRENT	Δ WOW	PRIOR WK	PRIOR MO	PRIOR YR	8-WK TREND
1Y	**2.43%**	—	2.43%	2.33%	2.17%	
5Y	**2.78%**	+2 bp	2.76%	2.63%	2.37%	
10Y	**3.31%**	+4 bp	3.27%	2.97%	3.23%	
20Y	**4.16%**	+5 bp	4.11%	3.86%	4.39%	
30Y	**4.55%**	+4 bp	4.51%	4.30%	4.61%