MONEY
for the Rest of Us

EPISODE 563

Why Interest Rates Keep Rising and What to Do About It

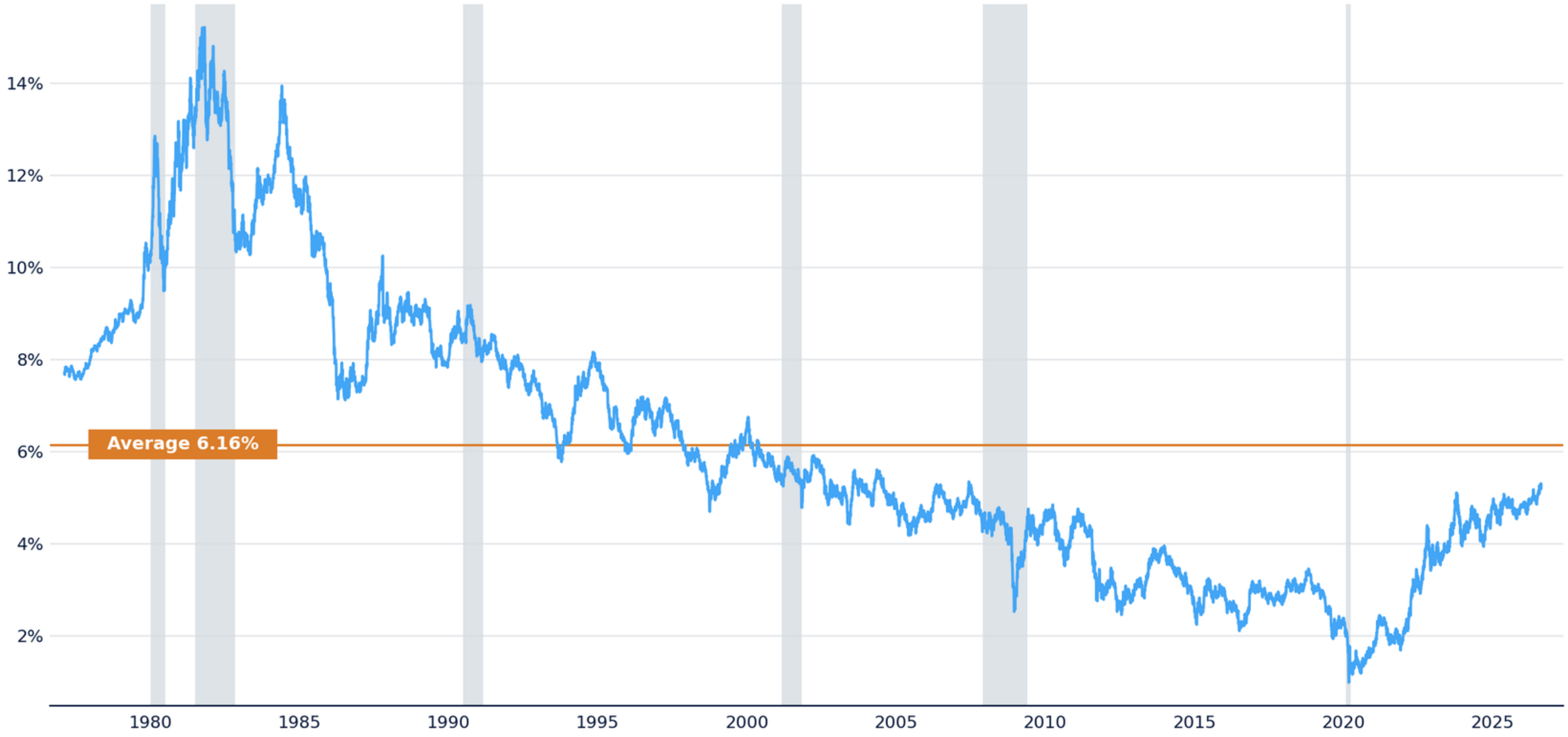
Money for the Rest of Us • David Stein • August 2026

30-Year U.S. Treasury Yield

All periods (Feb 15, 1977 - Aug 21, 2026)

Market yield on U.S. Treasury securities at 30-year constant maturity, daily

As of Aug 21, 2026 • Current value 5.27%



Source: Board of Governors of the Federal Reserve System, retrieved from Federal Reserve Bank of St. Louis (FRED), series DGS30

Recession Average 30-Year Treasury Yield

Shaded areas indicate U.S. recessions (NBER).

MONEY for the Rest of Us

Asset CAMP

What Is the Scale of AI Data Center Debt?

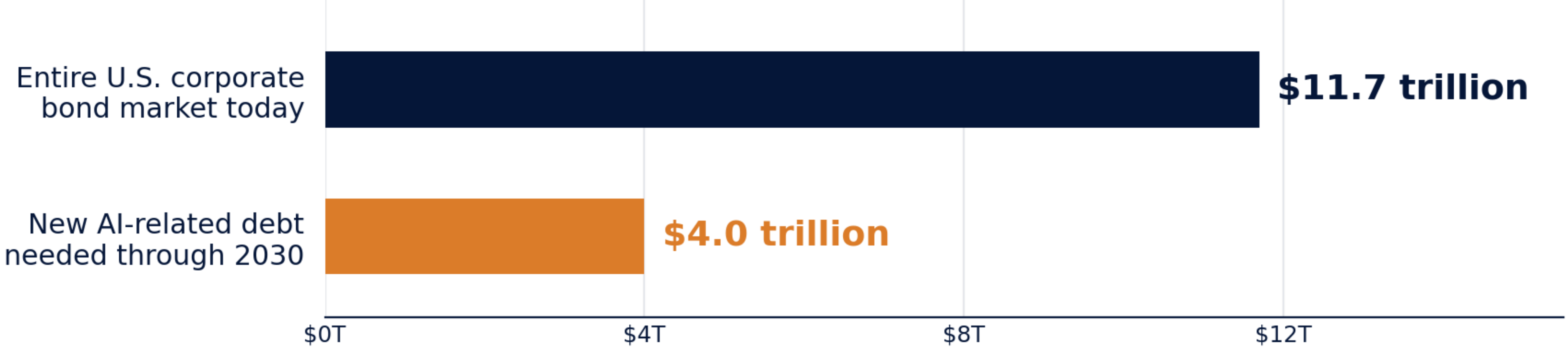
Estimated capital expenditure through 2030 and the borrowing required to fund it

$6 to $7
Trillion
Estimated AI and data center capital expenditure through 2030

~75%
of that total
Expected to be funded with debt rather than operating cash flow

9% → 32%
of capex
Share of hyperscaler capex funded by incremental debt

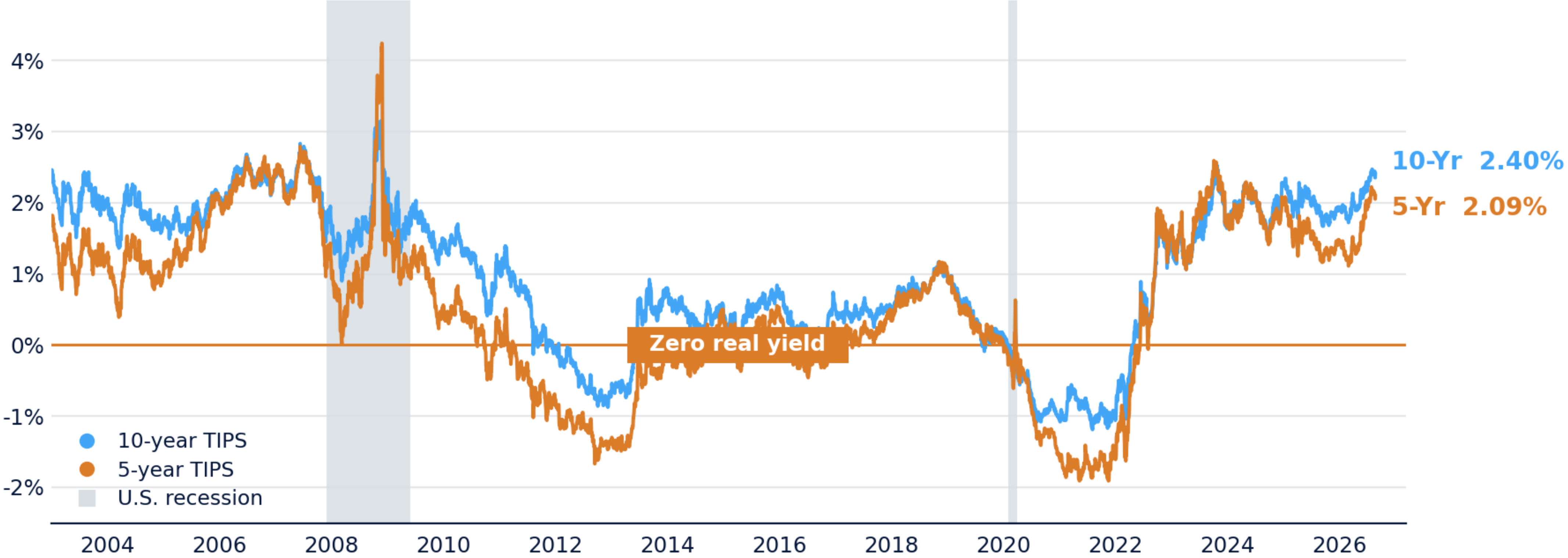
The new borrowing in context



Source: McKinsey, Goldman Sachs, JPMorgan, SIFMA, and FactSet.

U.S. TIPS Real Yields

Yields on 10-year and 5-year Treasury Inflation-Protected Securities



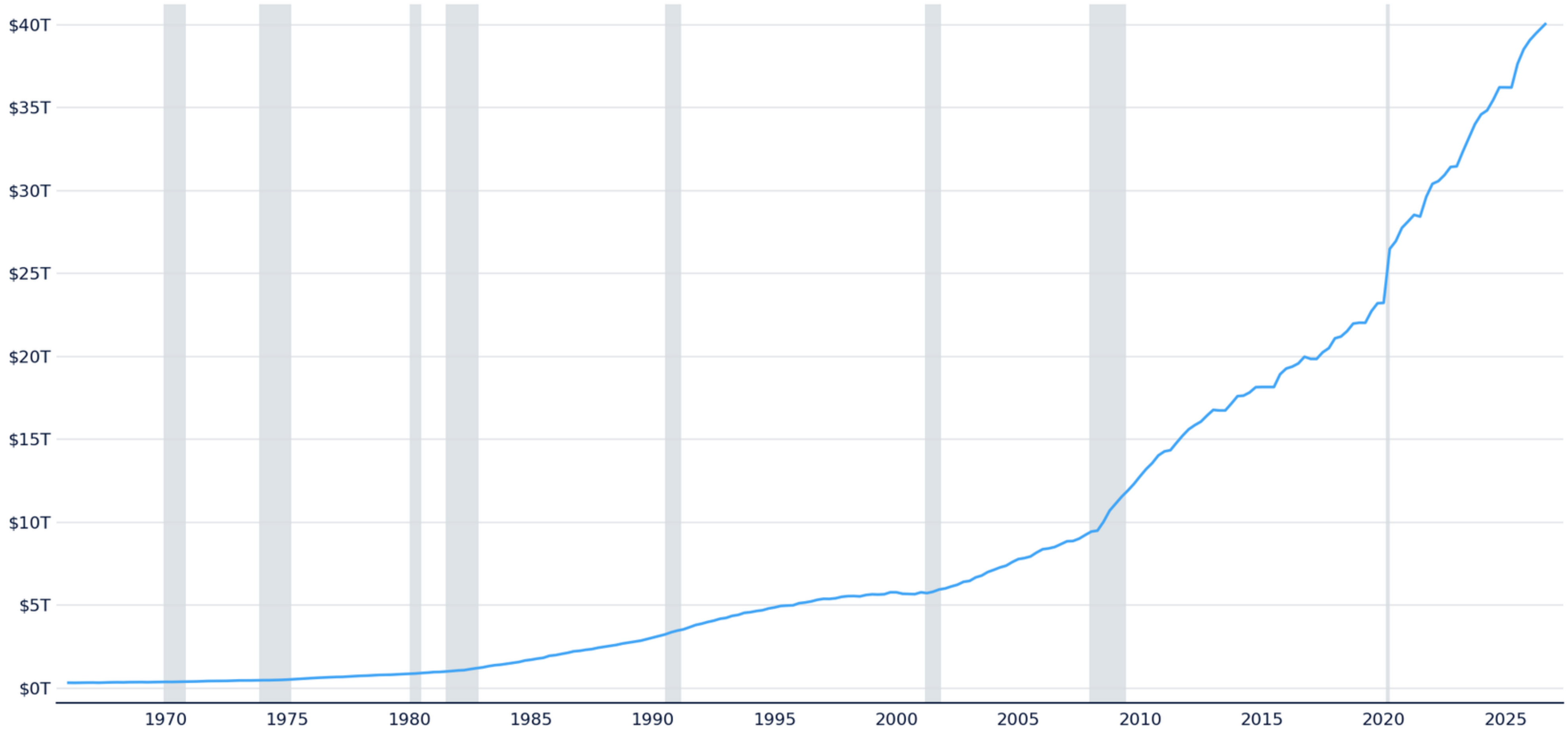
Source: FRED (DFII10, DFII5). Data through Aug 21, 2026.

U.S. Federal Debt Outstanding

All periods (Jan 1, 1966 - Aug 20, 2026)

Total public debt outstanding, trillions of dollars, quarterly

As of Aug 20, 2026 • Current value **$40.0 trillion**



Source: U.S. Treasury Fiscal Data (Debt to the Penny, Aug 20, 2026); Federal Reserve Bank of St. Louis (FRED series GFDEBTN)

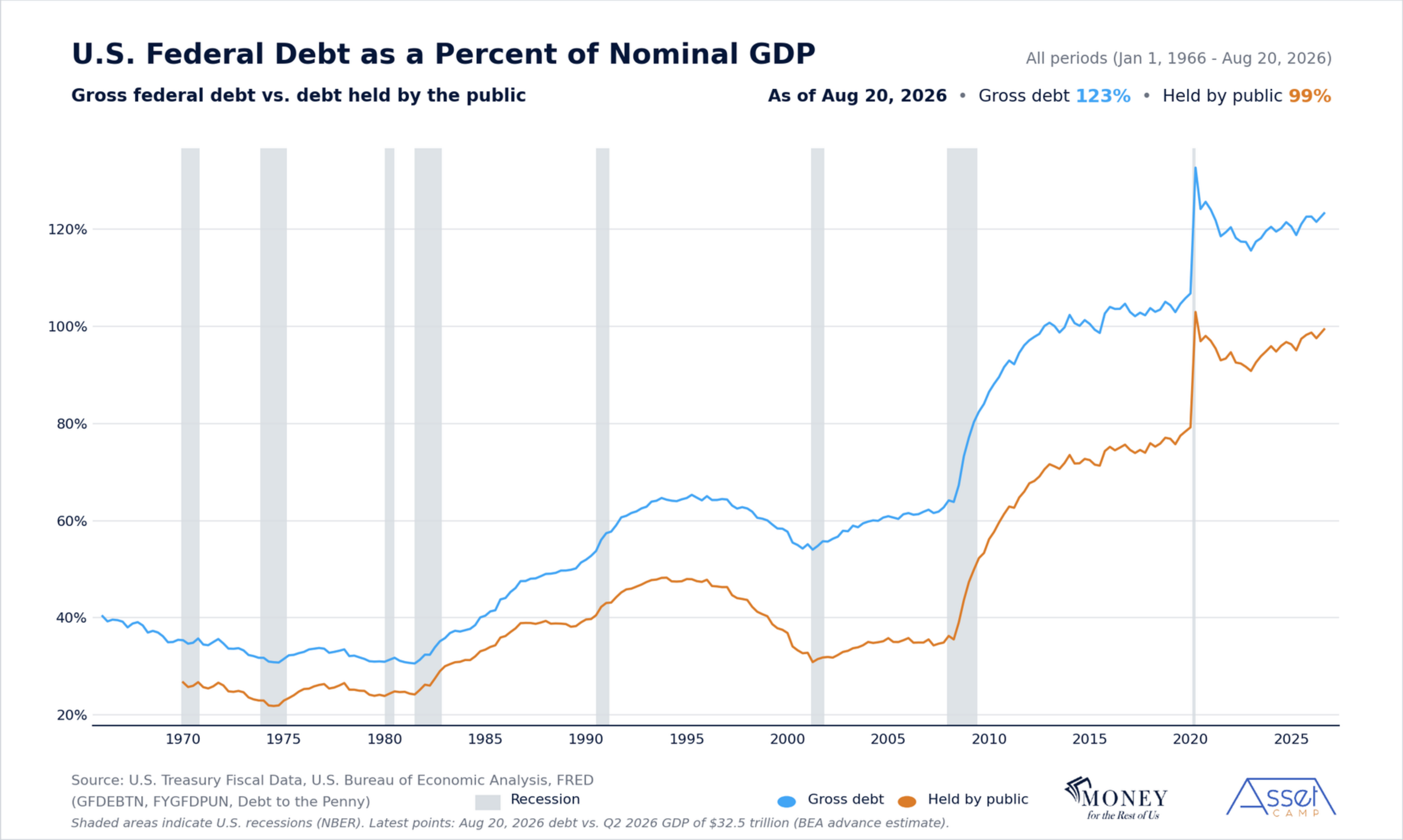
Recession

Total public debt

Shaded areas indicate U.S. recessions (NBER).

MONEY for the Rest of Us

Asset CAMP



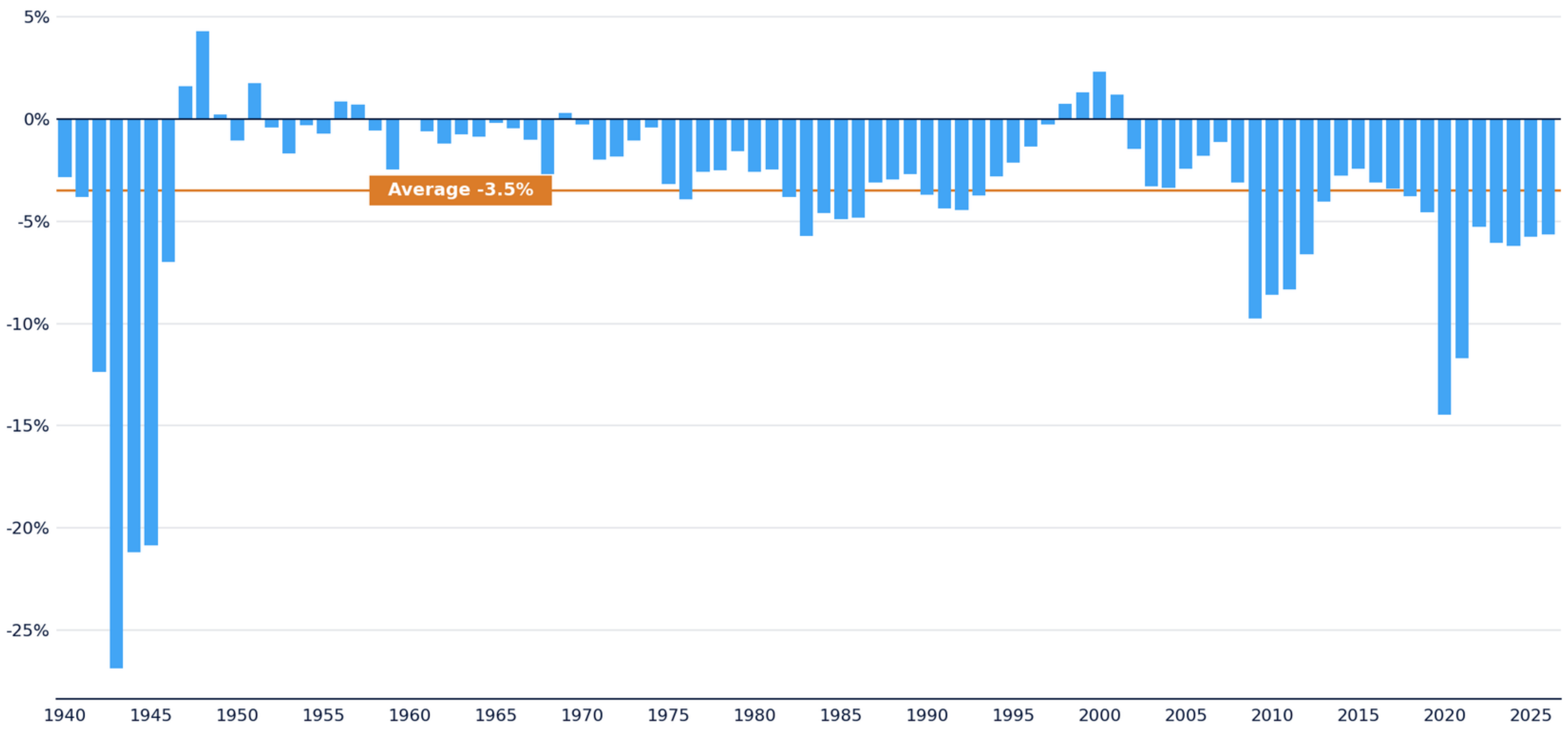
U.S. Federal Debt as a Percent of Nominal GDP
All periods (Jan 1, 1966 - Aug 20, 2026)
Gross federal debt vs. debt held by the public
As of Aug 20, 2026 • Gross debt 123% • Held by public 99%
120%
100%
80%
60%
40%
20%
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025
Source: U.S. Treasury Fiscal Data, U.S. Bureau of Economic Analysis, FRED (GFDEBTN, FYGFDPUN, Debt to the Penny)
Recession
Gross debt
Held by public
MONEY for the Rest of Us
Asset CAMP
Shaded areas indicate U.S. recessions (NBER). Latest points: Aug 20, 2026 debt vs. Q2 2026 GDP of $32.5 trillion (BEA advance estimate).

U.S. Federal Budget Surplus or Deficit as a Percent of GDP

All periods (FY1940 - FY2026)

Fiscal years 1940-2026; negative values are deficits

FY2026 through Jun 30 at prior-year pace • FY2026 estimate **-5.7%**



Source: Office of Management and Budget via FRED; U.S. Treasury Monthly Treasury Statement (FY2026)

Average   Surplus / deficit

MONEY *for the Rest of Us*   Asset CAMP

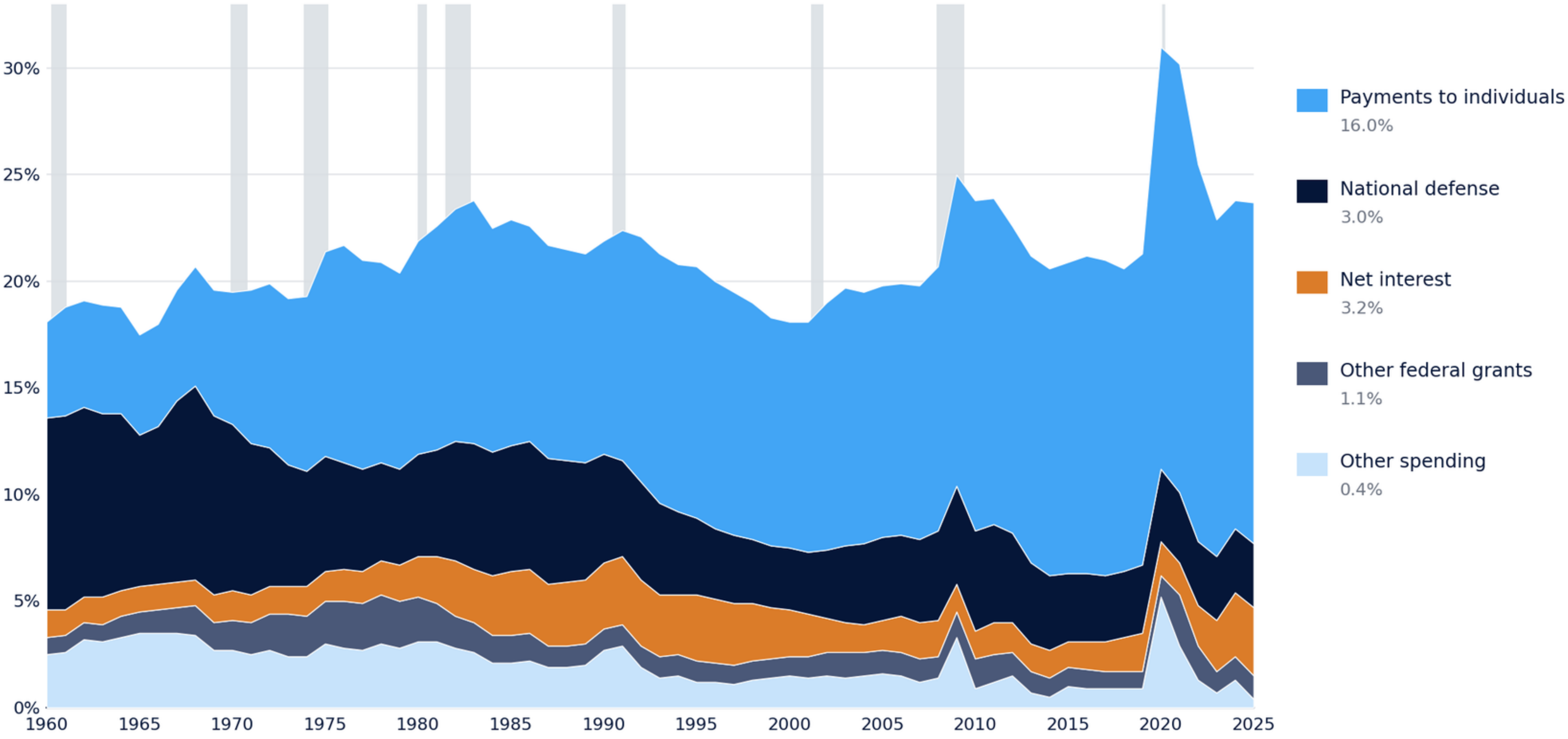
FY2026 estimated from the deficit through June 30, 2026, scaled at FY2025's seasonal pace, vs. estimated FY2026 GDP.

Composition of U.S. Federal Spending

All periods (FY1960 - FY2025)

Outlays by category as a percent of GDP, fiscal years 1960-2025

As of FY2025 • FY2025 total outlays **23.1%**



Source: Office of Management and Budget, Historical Table 6.1
(FY2027 Budget edition)

Shaded areas indicate U.S. recessions (NBER). Bands exclude undistributed offsetting receipts (-0.5% of GDP in FY2025); total shown is net.

MONEY for the Rest of Us

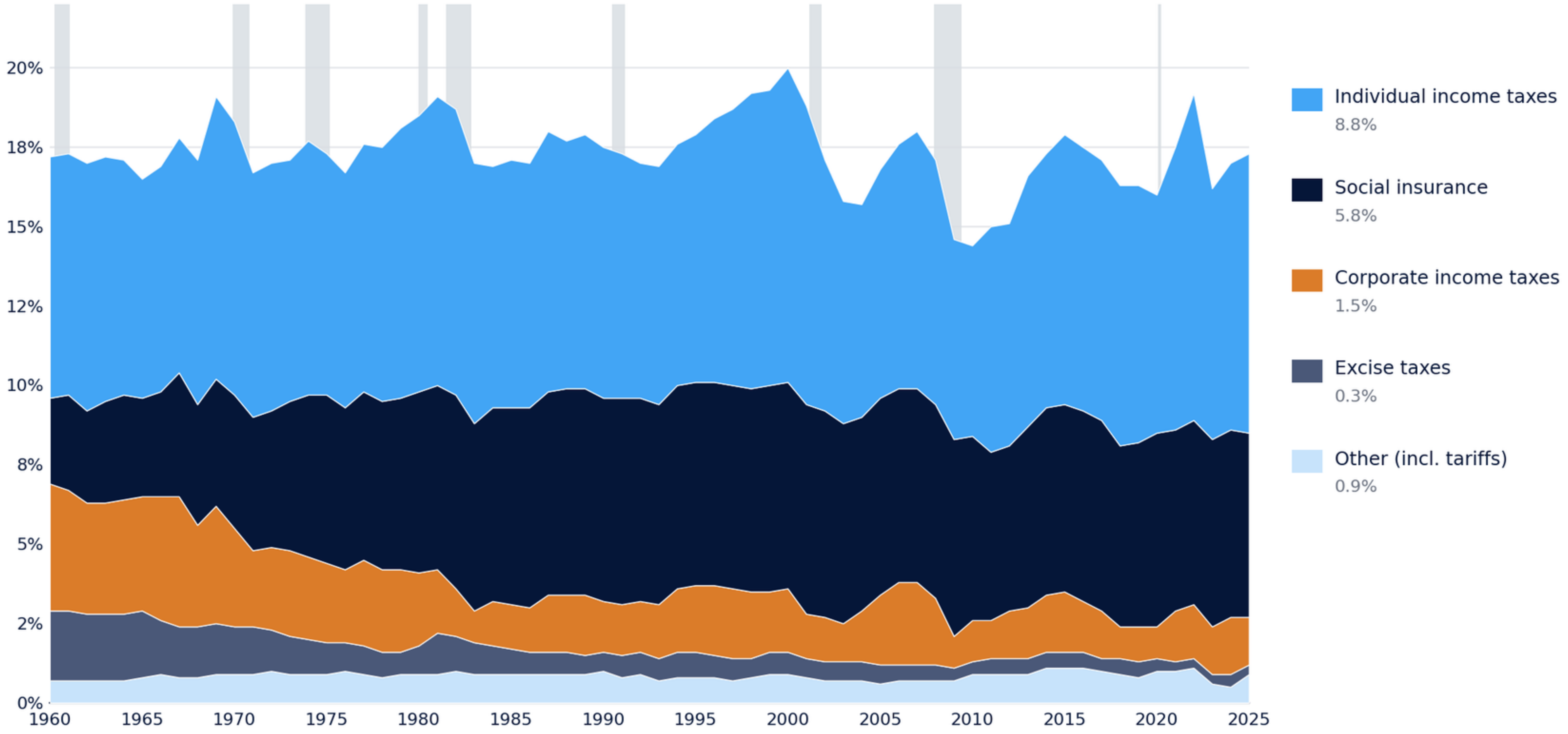
Asset CAMP

What the Government Collects

All periods (FY1960 - FY2025)

Federal receipts by source as a percent of GDP, fiscal years 1960-2025

As of FY2025 • FY2025 total receipts **17.3%**



Source: Office of Management and Budget, Historical Table 2.3
(FY2027 Budget edition)

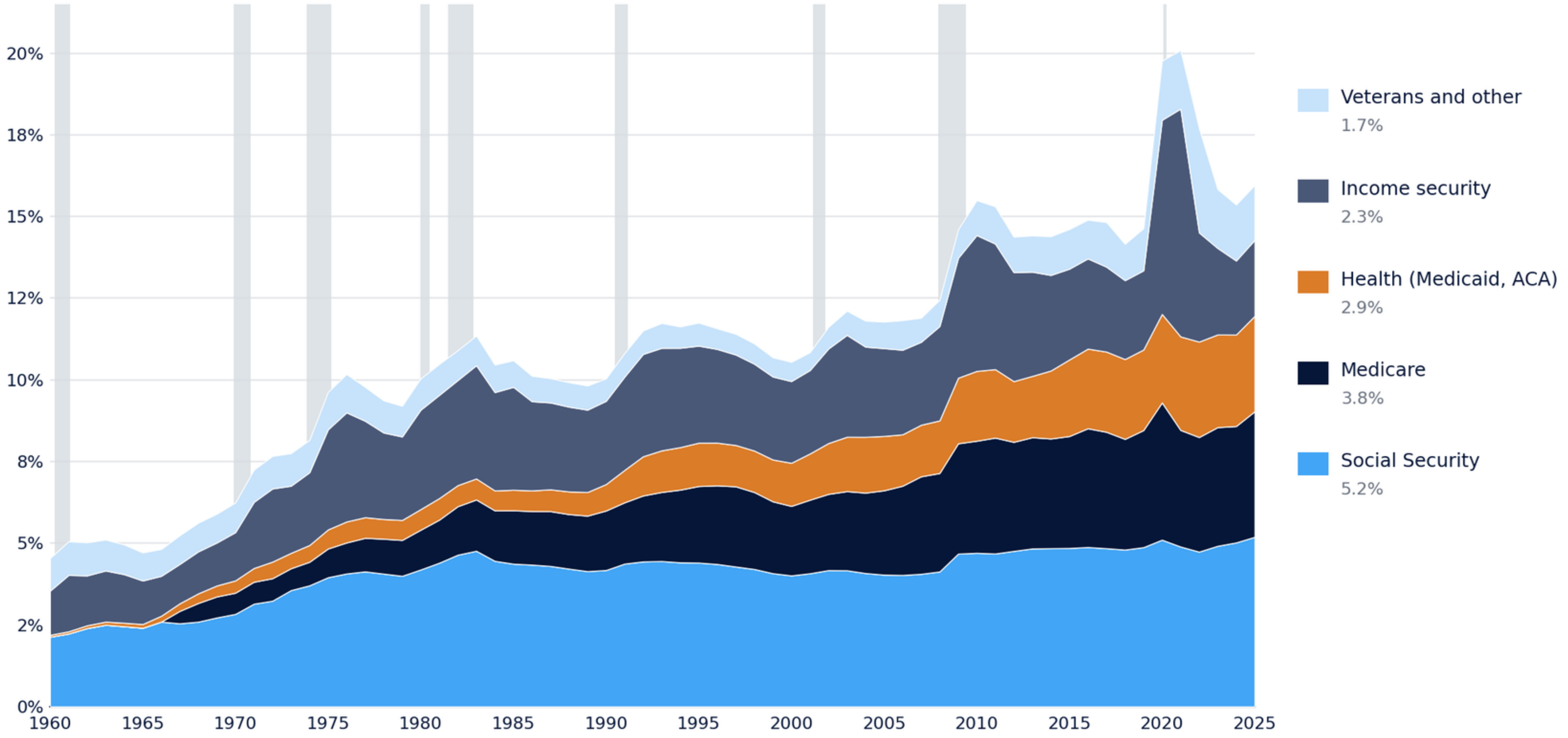
Shaded areas indicate U.S. recessions (NBER). Other receipts include customs duties (tariffs), estate taxes, and Federal Reserve remittances.

What Drives Federal Payments to Individuals

All periods (FY1960 - FY2025)

Outlays by program as a percent of GDP, fiscal years 1960-2025

As of FY2025 • FY2025 total **16.0%**



Source: Office of Management and Budget, Historical Tables 11.2 and 6.1
(FY2027 Budget edition)

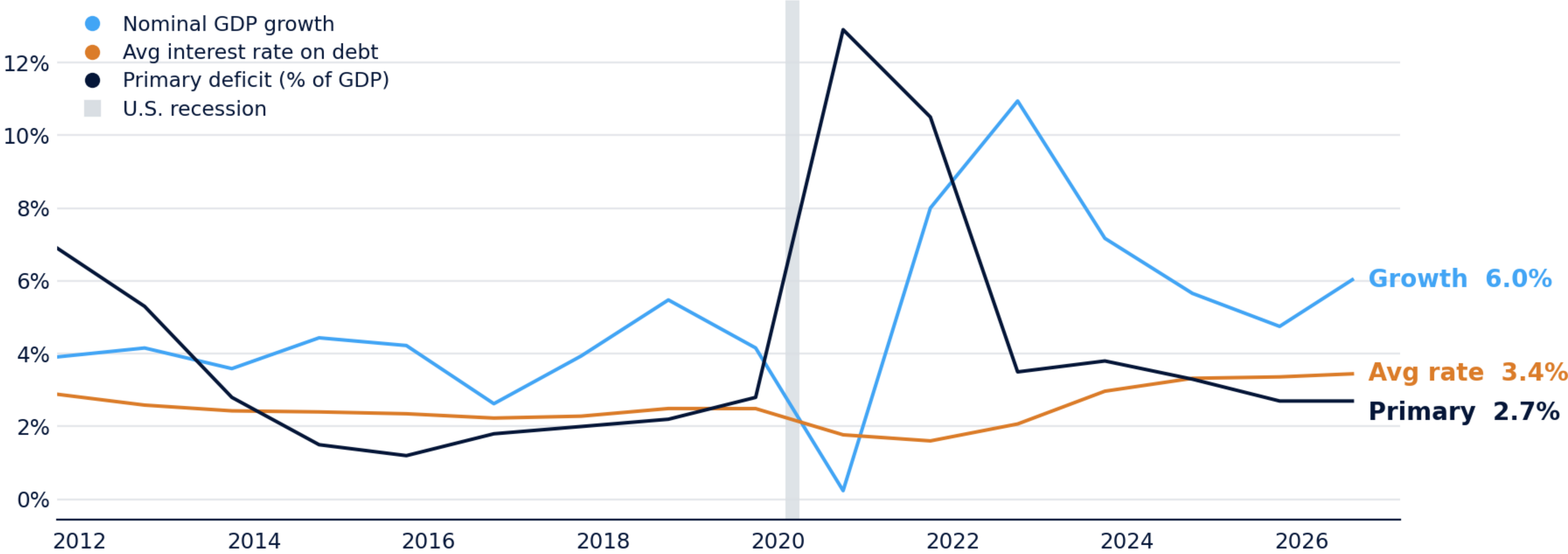
Shaded areas indicate U.S. recessions (NBER). Income security includes SSI, EITC/CTC, SNAP, unemployment insurance, and housing aid.

MONEY for the Rest of Us

Asset CAMP

The Race That Holds Down the Debt

Growth vs. interest rate vs. primary deficit, FY2011-2026.



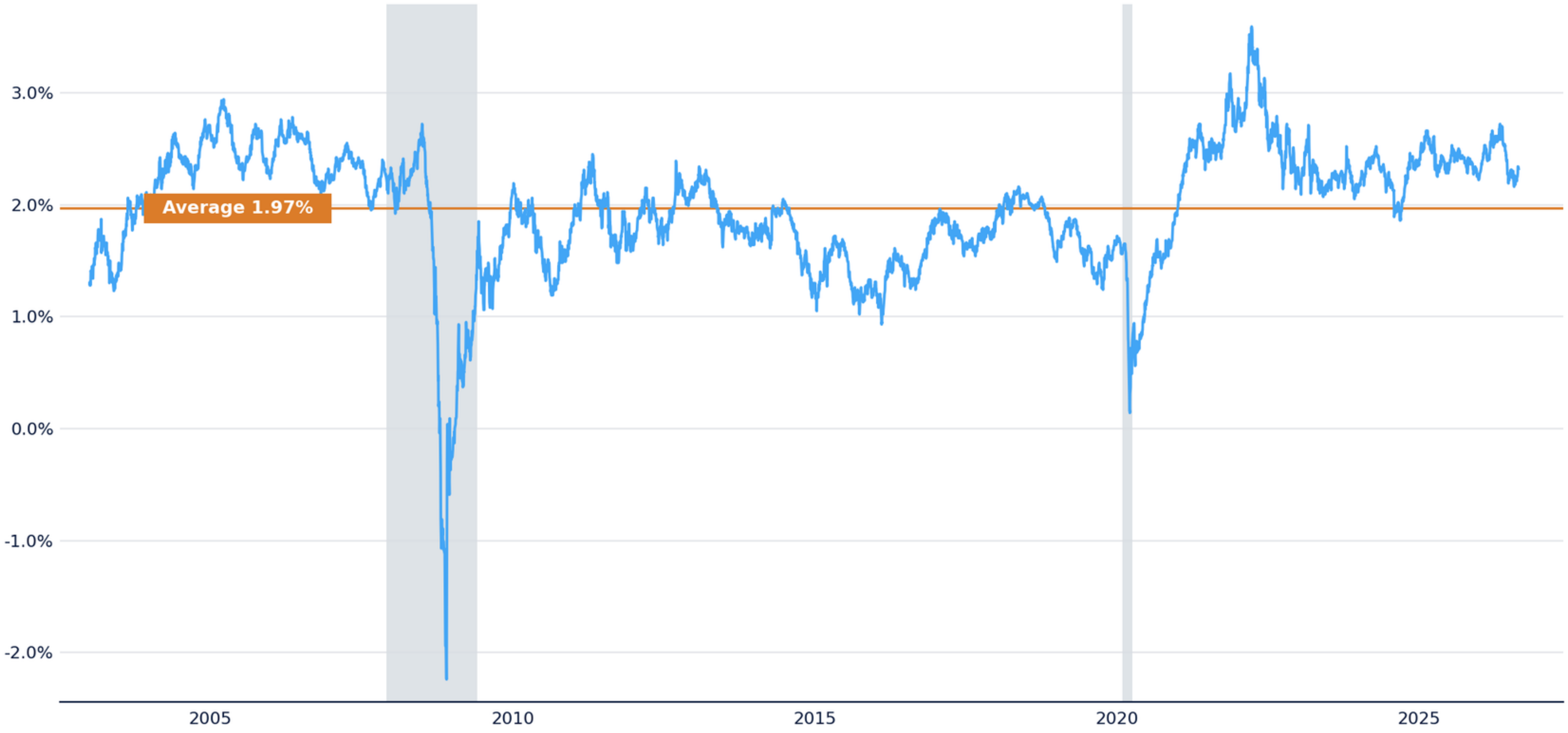
Source: U.S. Treasury Fiscal Data; OMB. FY2026 estimated.

5-Year Breakeven Inflation Rate

All periods (Jan 2, 2003 - Aug 24, 2026)

Market-implied average annual inflation over the next 5 years, daily

As of Aug 24, 2026 • Current value **2.32%**



Source: Federal Reserve Bank of St. Louis (FRED), series T5YIE

Shaded areas indicate U.S. recessions (NBER).

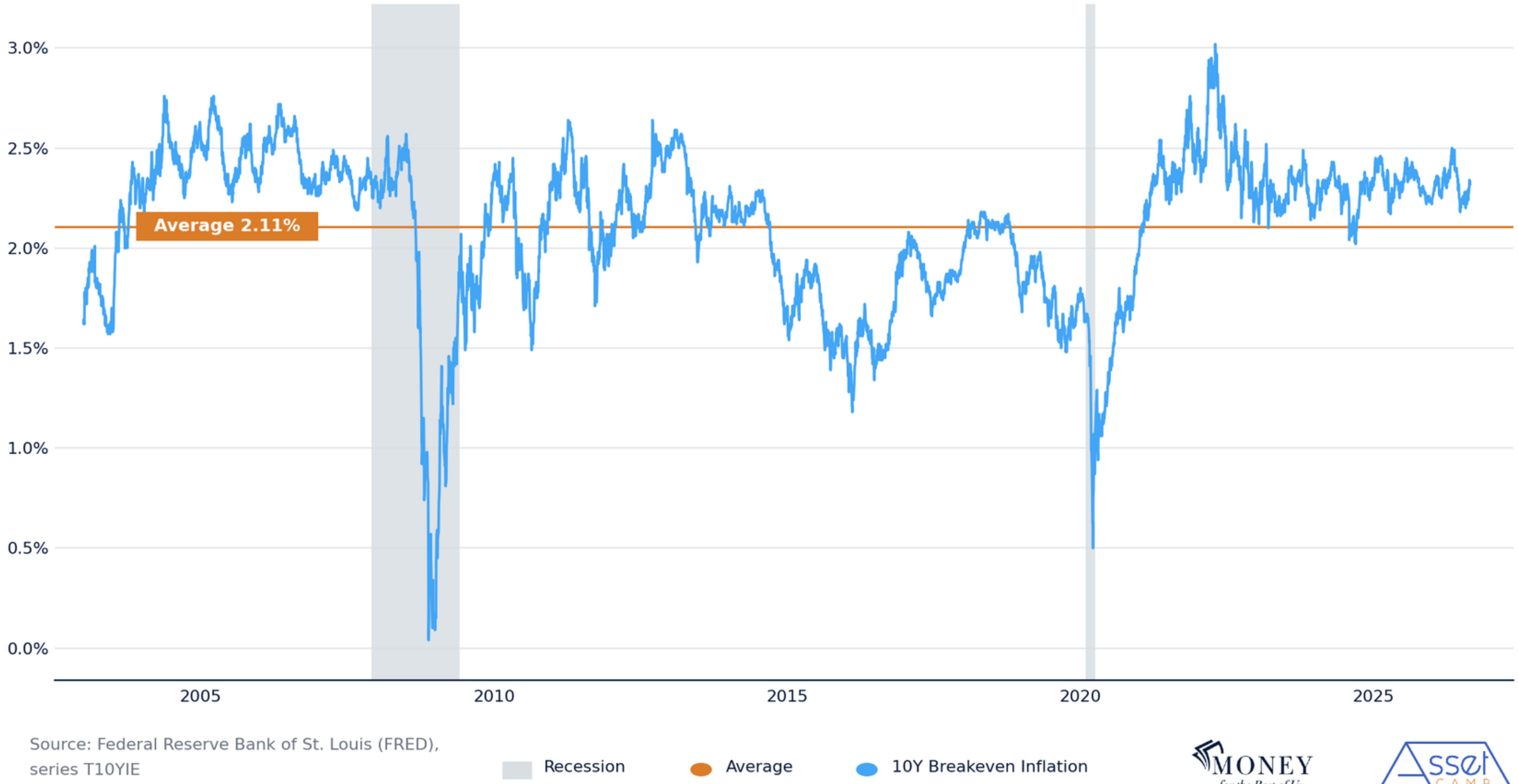
Recession Average 5Y Breakeven Inflation

10-Year Breakeven Inflation Rate

All periods (Jan 2, 2003 - Aug 24, 2026)

Market-implied average annual inflation over the next 10 years, daily

As of Aug 24, 2026 • Current value **2.32%**



Source: Federal Reserve Bank of St. Louis (FRED), series T10YIE

Shaded areas indicate U.S. recessions (NBER).

Two Interventions, One Signal

U.S. Treasury actions, August 2026. Small dollars, large precedent.

- **Bond buybacks doubled (Aug 19)**

  Long-end buyback operations raised to at least $4 billion each through Nov 4, announced out of cycle with the 30-year at 5.33%.

- **“We are going to make a market in these” (Aug 20)**

  Secretary Bessent, on CNBC, casting the Treasury as a standing buyer of its own long-dated bonds.

- **$1 trillion cash pile in play (Aug 24)**

  Officials say the Treasury General Account can fund buybacks, retiring long-term debt outright rather than refinancing it.

- **A rare defense of the yen (Aug 1)**

  Treasury joined Japan's ~$75 billion intervention with $5-10 billion of its own, buying yen with euros. First joint action since 2011.

Sources: U.S. Treasury; CNBC; Bloomberg; OMFIF.

Why Buybacks Are Not QE

The Treasury has to fund every dollar it buys back.

- **The Fed prints. The Treasury cannot.**

  QE pays for bonds with newly created bank reserves. The Treasury must raise every dollar it spends on buybacks.

- **Funded by issuing more debt**

  Buybacks are financed by selling Treasury bills: short-term debt goes out, long-term debt is retired. Total debt is unchanged.

- **A twist, not an easing**

  It shortens the debt's maturity; no balance sheet expands. “Their own little version of Operation Twist.” (TD Securities)

- **Even the cash option borrows**

  Funding buybacks from the $1 trillion TGA retires debt today, but the cash must be re-borrowed, with a debt ceiling ahead.

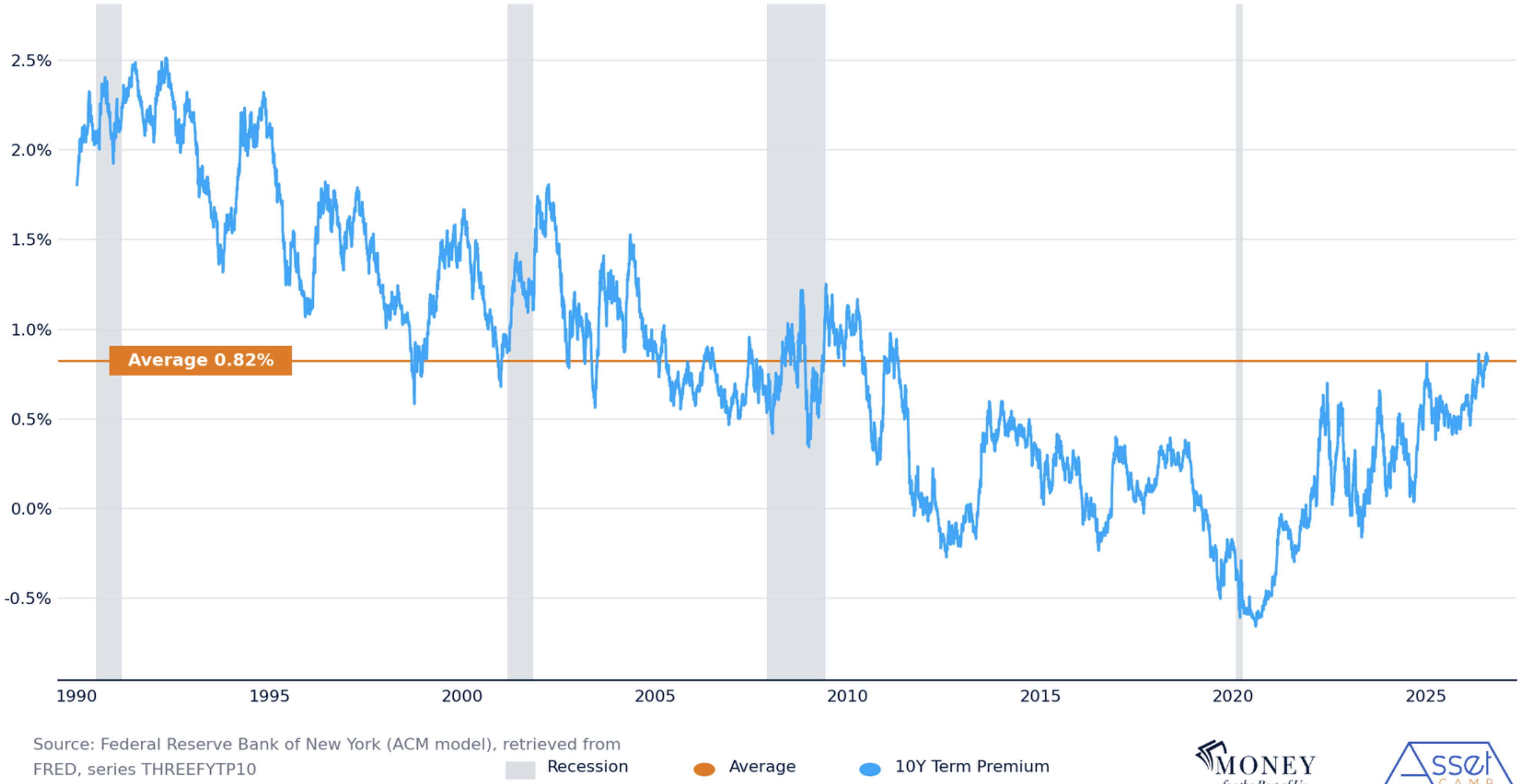
Sources: U.S. Treasury; TD Securities via Axios.

10-Year Treasury Term Premium

All periods (Jan 2, 1990 - Aug 14, 2026)

Estimated term premium on a 10-year zero-coupon bond (ACM model), daily

As of Aug 14, 2026 • Current value **0.84%**



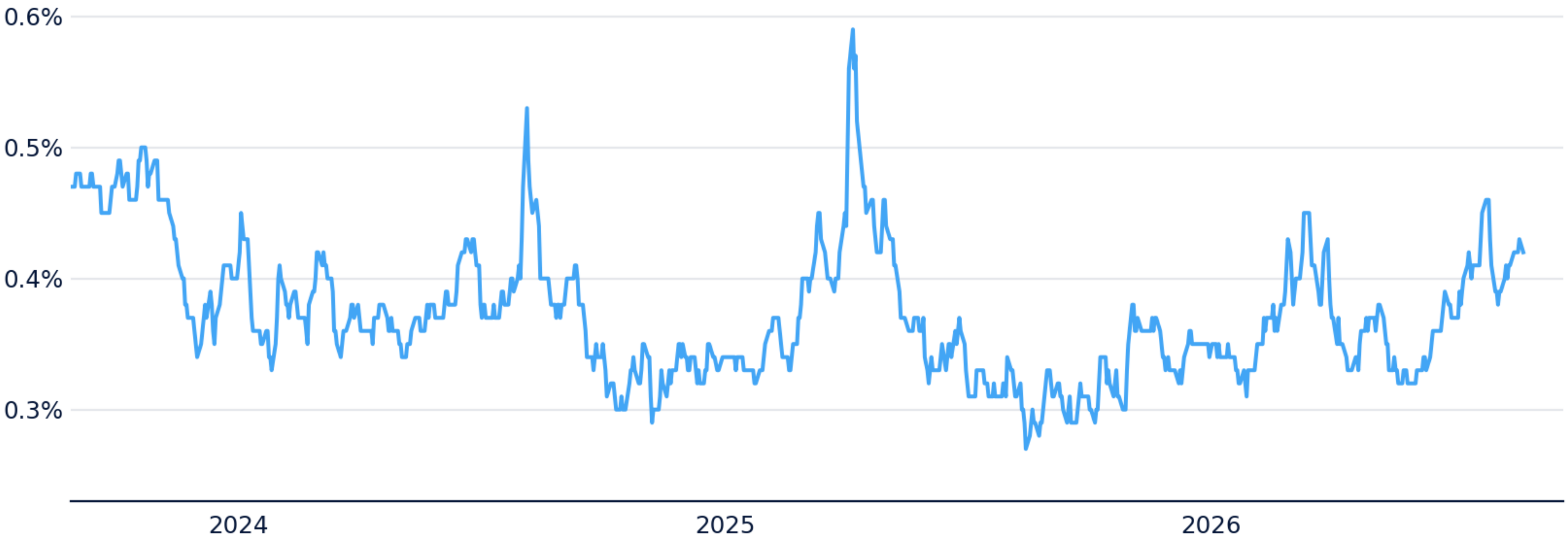
Source: Federal Reserve Bank of New York (ACM model), retrieved from FRED, series THREEFYTP10

Shaded areas indicate U.S. recessions (NBER).

AAA Spread Over U.S. Treasuries

ICE BofA AAA US Corporate Index option-adjusted spread

As of Aug 24, 2026 • Current value **0.42%**

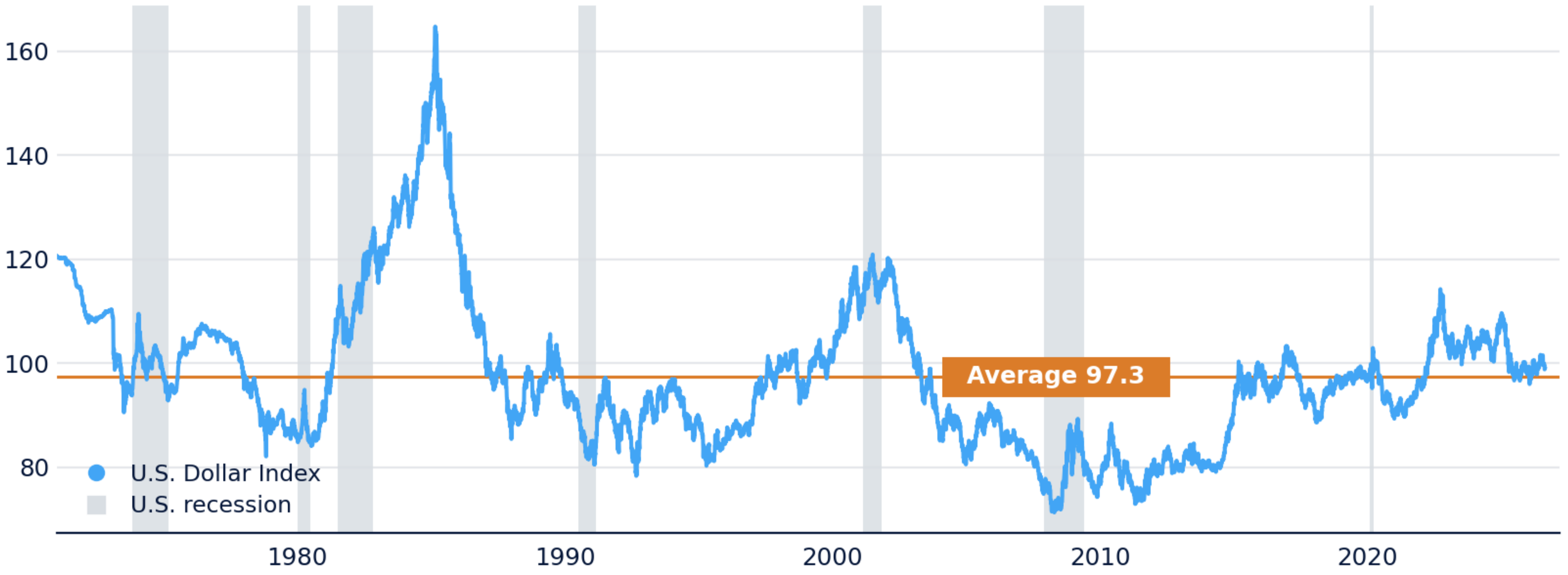


Source: ICE Data Indices via FRED.

ICE U.S. Dollar Index (DXY)

U.S. dollar versus a basket of six major currencies

As of Aug 24, 2026 • Current value **99.0**



Source: ICE U.S. Dollar Index via YCharts.

U.S. Bond Index Returns

Periods ending July 31, 2026. Over one year, annualized.

	YTD	1 YR	3 YR	5 YR	10 YR	20 YR
U.S. Aggregate	-0.7%	2.7%	3.7%	-0.4%	1.4%	3.2%
U.S. Treasury Long	-3.6%	-0.3%	-1.1%	-7.0%	-1.9%	3.3%
U.S. Treasury 20+ Yr	-3.9%	-1.0%	-2.2%	-8.1%	-2.5%	3.1%
U.S. Short Treasury	2.1%	3.9%	4.7%	3.5%	2.4%	1.8%

Source: Bloomberg Index Services Limited.

Five-Year Yield Comparison

Yields on five-year options. TIPS yield is after inflation.

	YIELD
Total Bond Market ETF (BND)	**4.67%**
SBLI 5-Yr Fixed Annuity (A)	6.00%
Nationwide 5-Yr Annuity (A+)	5.60%
BulletShares 2031 Corp ETF (BSCV)	5.14%
Capital One 5-Yr CD	4.50%
iBonds 2031 TIPS ETF (IBIH, real)	1.98%

Sources: issuer and fund sites, Aug 17-25, 2026.