Financial Markets This Week

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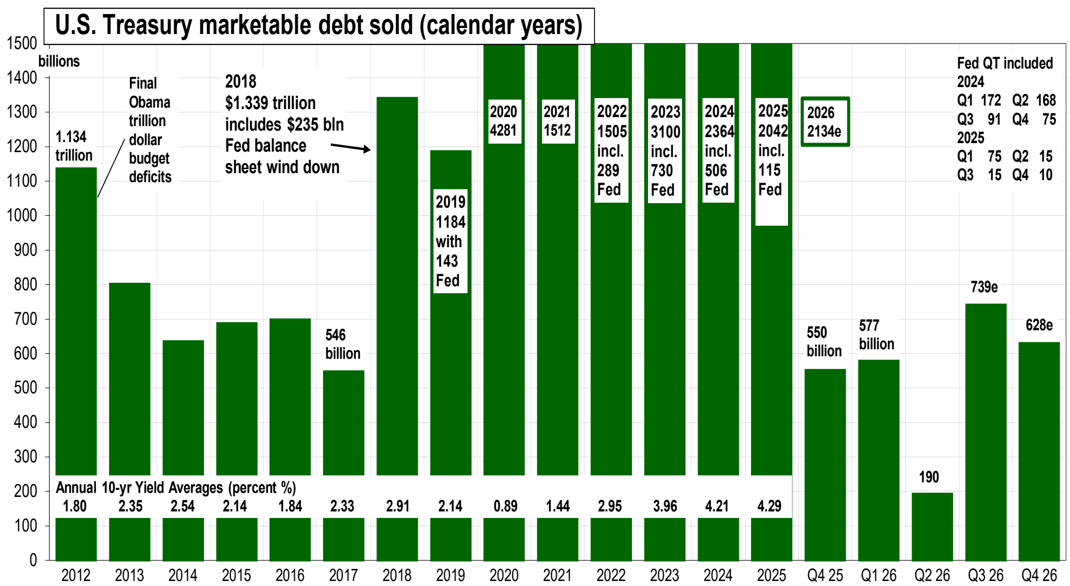
28 AUGUST 2026

NATIONAL DEBTS



National debt update. Not a “time bomb” exactly, although it would be a nice title. Good way to sell newspapers. Or for a paper the Hoover Institution might publish. Congress points fingers as well even though it is their votes that make it happen. But maybe not so bad. Treasury marketable debt got sold, someone bought it and Treasury yields did not rise, \$3.1 trillion 2023, \$2.4 trillion 2024, \$2.0 trillion 2025, and another \$2.1 trillion in 2026. Big numbers. No crisis. All manageable. Japan seems to be doing okay with national debt 200% of GDP. US debt to GDP latest was 122.6% in Q1 2026, 84.9% if you kick out nonmarketable debt: those “Social Security future obligations”… for now. Baby boom generation will be gone soon enough and the nation will be rich when it no longer helps pay for their health care and retirement benefits. Net, net, the unsustainable path of rising Federal government debt remains sustainable and manageable for now. If Washington wants to help, keep the Federal budget deficit to 3% of GDP each year or \$974 billion.

$Trillions	March 2026
39.065	Total Public Debt
7.649	Minus Government Accounts (Social security)
4.375	Minus Fed Treasury holdings (QE/QT)
9.355	Minus Foreign-held Treasury holdings
	Equals

$17.7 trillion, a better number than “$39 trillion.”

Nominal GDP was $32.865 trillion in Q1 2026, so Total Public Debt is 122.6% of the economy.

If you want to worry, you can ponder what might happen if foreigners stop buying Treasuries during a trade war with the U.S. as they held $9.4 trillion in March 2026 in the table here. The latest May 2026 data show foreigners are buying nearly $350 billion per year. Foreigners come up with dollars due to America’s trade deficit with the world, so going it alone without our trading partners, cutting our imports, foreigners receiving fewer dollars for the goods, might mean American investors will have to come up with the money to fund the Treasury deficits. Stay tuned. Nothing wrong to report today yet.

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