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LESA SROUFE&CO INC.
VALUE ADVISORS

LET THE BOND MARKET SPEAK AUGUST 26, 2026

Wall Street Journal

Hedge-fund veteran Stanley Druckenmiller criticized his former protégé, Treasury Secretary Scott Bessent, over plans to intervene in the government bond market, calling the proposed $4 billion buyback of long-dated Treasury bonds a "mistake", and amounts to price management rather than liquidity management. He argues that the U.S. government should stop trying to suppress rising long-term Treasury yields and instead allow the bond market to reflect the country's worsening fiscal position; the U.S. is running a deficit of roughly 6% of GDP, national debt has surpassed $40 trillion, and annual interest costs are expected to exceed $1.1 trillion. Fiscal credibility, he argues, would ultimately reduce long-term borrowing costs far more effectively than Treasury buybacks.

LS Comment: The effects from the U.S.'s growing deficit and rising debt balance can't be papered over for long, in our opinion. Eventually, and soon we believe, government bond yields will reflect unwillingness to tackle our fiscal spending problem, either through budget cuts, tax increases or a combination of both. The subject is finally getting the attention of the mainstream financial press; the Wall Street Journal today titling another lead opinion piece "America's Spiraling National Debt Crisis".