# The Day Ahead: Slightly Stronger Start Mostly Due to Oil. Treasury News Fails to Inspire (Again)

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Once again, Treasury is out with news about bond buying plans with two officials saying the Treasury General Account (TGA) could be used to fund long-end buybacks. TGA is Treasury's bank account. It gets money from taxes, Treasury issuance, tariffs, etc. Therefore, any way you slice it, Treasury bond buying = government spending, unlike Fed QE. At best, it can influence the yield curve, but it can't artificially suppress yields overall. This is why the bond market won't embark on a big, sustained rally in response to Treasury bond buying, no matter how big a deal financial media makes of the news. In today's case, it could be contributing to yield curve flattening, but the modest rally seen in the bond market is far easier to attribute to a decent drop in fuel prices overnight.


0.560
0.550
0.540
0.530
0.520
0.510
0.500
0.490
0.480
0.470
0.460
3.900
3.890
3.880
3.870
3.860
3.850
3.840
3.830
3.820
3.810
Fed Funds Rate
Expectations
Dec Fed Metting
last week's
Treasury
news
today's
Treasury
news
yield curve
(lower = flatter)
12
14
18
20
23
25