Funding the Future

Two tales of the bond markets: first debt is cheap and ...

Published: January 19, 2026, 2:49 pm

The FT's reported this morning that:

A rush of companies selling US benchmark bonds to take advantage of lower interest rates on Wednesday propelled September to a record month for investment-grade debt issuance.

The recent drop in US Treasury yields since the Federal Reserve announced last week that it would not taper its monthly bond buying has provided an opportunity for companies to pull forward their planned debt issuance.

So let's draw some conclusions.

First debt is very cheap right now, especially long term. Which is why companies are issuing it.

Second, government should be doing the same thing: it should be positively selling debt to boost the economy. It might not be this cheap again.

Third, despite the debt issues by the US and UK governments (and others) there is ample cash in the market to fund all the bonds that companies want to issue. There is no evidence of any squeezing out.

I've said all three before, of course. But they're worth reiterating. They make the simple point in combination that debt when used properly to fund investment - which is what I would like the government to do with it - is a force for good. And because it is markets would readily embrace it.

The corollary is, of course, that debt should not be the issue in politics that it is right now.

All political parties please note.