

Does QE cancel the government bonds that the Treasury r..

Published: January 13, 2026, 12:21 pm

Quantitative easing is not widely understood, but sometime soon will have funded (albeit, indirectly) almost £900 billion of government spending.

It will have done so as a result of the UK Treasury having, in effect, reacquired its own bonds from the financial markets. It will have done so using money created, out of thin air, for that purpose by the Bank of England.

The question is, in that case, whether these bonds are effectively cancelled or not. That's what I discuss here:

https://youtu.be/tpt_nbxO1AU