# Making Sense

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## The Debt Ceiling Debate: Where Might We End Up?

In this month's webinar, we discussed fixed income and equity markets, private and commercial real estate, and the debt ceiling stalemate that is likely the strongest driver of current market volatility.

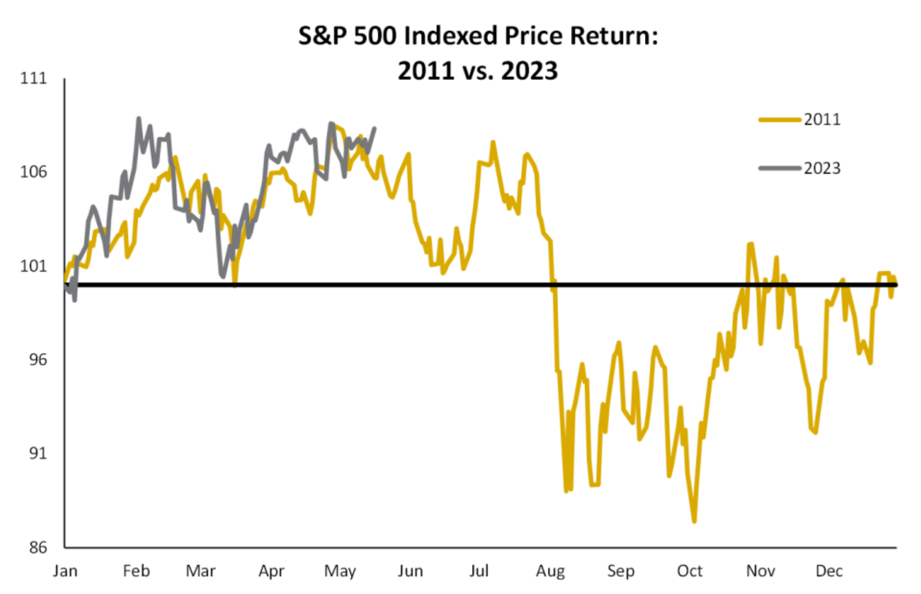
**The treasury general account is dwindling.**

Investors have been closely watching the debt ceiling for months. Even the exact date that the U.S. would enter default is a point of contention with lawmakers, but one thing is clear: the date is soon. Currently, the Treasury General Account is sitting at about $68 billion.[i] Ultimately, we believe that our government will come to a resolution, avoiding default.

**2011 v. 2023: The S&P has followed a similar path to 2011.**

According to the U.S. Department of the Treasury, Congress has acted to permanently raise, temporarily extend, or revise the debt ceiling 78 times since 1960.[ii] The most recent event like the current debate occurred in 2011, which was fraught with big market swings with every scrap of news. As illustrated in Figure 1, the S&P 500 is tracking eerily close to 2011. We believe equity and fixed income markets will experience high volatility until Congress reaches a resolution, but again, we do believe they will avoid the U.S. defaulting on its debts.

**Figure 1**[iii]




**Our Bottom Line for Markets**

Our base case S&P 500 price target for the next twelve months is 4,100, near the index's current level. **We continue to believe markets will experience a bumpy road this year. Having the right balance between stocks and bonds as part of a thoughtful and strategic financial plan will help you reach your return goals.**

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[i] Daily Treasury Statement (DTS) | U.S. Treasury Fiscal Data
[ii] U.S. Dept of the Treasury website (https://home.treasury.gov)
[iii] Strategas Research