

# Bond Case Briefs

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## Surging Cash Piles Leave States as Ready as Ever for a Recession.

- **Reserve balances rise to record high, budget group says**
- **Bond market is demanding smaller yield penalties from states**

If a recession comes soon, America's state governments are better prepared than ever.

With most states seeing tax collections rise at a faster-than-expected pace, governments have been setting aside more money to help them avert deep spending cuts the next time the economy contracts. Those so-called rainy-day funds have swelled to about \$68.2 billion, with the median state having enough to cover about 7.5% of its annual budget, the most on record, according to a [report](#) released Thursday by the National Association of State Budget Officers. Next year, those reserves are expected to grow to \$74.7 billion.

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### **Bloomberg Markets**

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