

Flash Update: US RATE MARKETS – WEDNESDAY SEPTEMBER 3, 2025

- US Treasury yields and SOFR swap drifted slightly higher this morning as the market prepares for the release of key economic data
- Risk premiums are rising as uncertainty once again dominates the markets
- Focus for the near term will be on the economic data due this week and next week
- *The July JOLTS jobs report prints this morning at 10:00 AM – we could see some volatility this morning after the results print*
- The JOLTS results could set the market tone as we head towards Friday’s release of the August Employment Report
- Tariffs and trade related developments will also continue to captivate the market for the foreseeable future
- *Next up for key data:* The August Employment Report prints on Friday, 9/5 @ 8:30 AM
- Short-end SOFR swap rates are trading up ~1-2 bps this morning, depending on tenor
- Long-end SOFR swap rates are currently trading up ~1-3 bps, depending on tenor
- The next FOMC rate decision is due on Wednesday, September 17 at 2:00 PM
- *Expect rate markets to continue to be headline and data driven*
- *Elevated intraday rate volatility and/or sudden market movements are still possible for the near term*

SOFR swap rates and US Treasury yields ticked slightly higher this morning as the market prepares for the release of key economic data, beginning with this morning’s release of the July JOLTS report. The JOLTS report tracks job openings, quit levels and layoffs throughout all sectors of the economy. Weaker-than-expected results would increase the odds for a September rate cut and rates could drift lower. A stronger-than-expected print could push rates a touch higher as the market second-guesses a September rate cut. However, with the Employment Report on tap for Friday, unless the JOLTS report wildly diverges from expectations, traders are likely to avoid the temptation to overreact to the data released today.

Traders are looking ahead to the August Employment Report due Friday at 8:30 AM. A weak jobs report could “seal the deal” for a 25 bp rate cut in September. Conversely, a stronger-than-expected result may cause the Fed to hold off on a rate cut until October, or even December. There is also a host of secondary economic data set for release this week, including the JOLTS (9/3) and ADP (9/4) jobs data and Factory Orders (9/3), among others. *That said, make no mistake – the data event this week is the release of the August Employment Report on Friday.*

SOFR Swap Rate Summary: The 1Y SOFR swap rate is trading up ~1 bp this morning. 2Y and 3Y SOFR swap rates are up ~1-2 bps this morning. 5Y and 10Y SOFR swap rates are currently trading up ~1-3 bps. The very back-end of the swap curve is currently trading up ~1-2 bps.

Please note: Market levels can change quickly - potentially, very quickly - in this type of market environment.

CHART 1: US RATES SNAPSHOT: 9:00 AM Eastern

**For SOFR Swap Rates & Change-On-Day (In Bps) – Refer Two Far Right Columns (SOFR Swap Rates)*

UST YIELDS		SWAP SPREADS		SOFR SWAP RATES
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2Y	3.647	+0.009	-22.8070	-0.1350	3.4228	+0.0087
3Y	3.622	+0.016	-28.9500	-0.1062	3.3342	+0.0149
4Y	3.674	+0.016	-34.6770	+0.2080	3.3375	+0.0205
5Y	3.741	+0.020	-36.5000	+0.2500	3.3800	+0.0240
7Y	3.976	+0.019	-45.9271	+0.3229	3.5206	+0.0226
10Y	4.277	+0.015	-54.2500	+0.3731	3.7360	+0.0196
20Y	4.916	+0.007	-79.3930	+0.2890	4.1233	+0.0111
30Y	4.966	+0.005	-84.4921	+0.3802	4.1211	+0.0072

Source: Bloomberg, LLP | 9:00 AM NY Rates Snapshot

CHART 2 & 2A: SOFR SWAP RATES DRIFT HIGHER AS THE MARKET PREPARES FOR DATA

SOFR swap rates drifted slightly higher this morning as market participants prepare for the release of key jobs data the remainder of the week. Yesterday, rates initially moved higher on growing market uncertainty and lingering inflations fears, then settled down throughout the afternoon. The 2-year SOFR swap rate closed at ~3.39% on Friday – this morning, 2-year swaps opened at 3.41%. That said, we are back to full “post-summer” market strength, so we may see volatility pick up now that traders are back at the helm after summer vacation. Currently, forward market pricing implies ~55.8 bps of cumulative rate cuts for 2025. That number was ~56.4 bps at yesterday’s close. Odds for a 25 bp September are holding steady at ~89.5%.

CHART 2: Short-End SOFR Swap Rates Tick Slightly Higher As Market Awaits Jobs Data



Source: Bloomberg, LLP | 1Y (white), 2Y (blue) & 3Y (orange) SOFR SWAP RATES, PRIOR (10) DAYS

CHART 2A: Long-End Swap Rates Edge Higher As Traders Brace For Data



Source: Bloomberg, LLP | 5Y (green), 7Y (purple) & 10Y (light blue) SOFR SWAP RATES, PRIOR (10) DAYS

CHART 3 & 3A: SCHEDULE OF FED SPEECHES THROUGH SEPTEMBER 4TH

Fed officials will be wrapping up public comments this week as they prepare for the next FOMC rate decision. Fed officials will be entering their pre-meeting “quiet period” on September 4th. After that, the next time we will hear from a Fed official will be Chairman Powell’s post-meeting press conference on September 17th at ~2:30 PM.

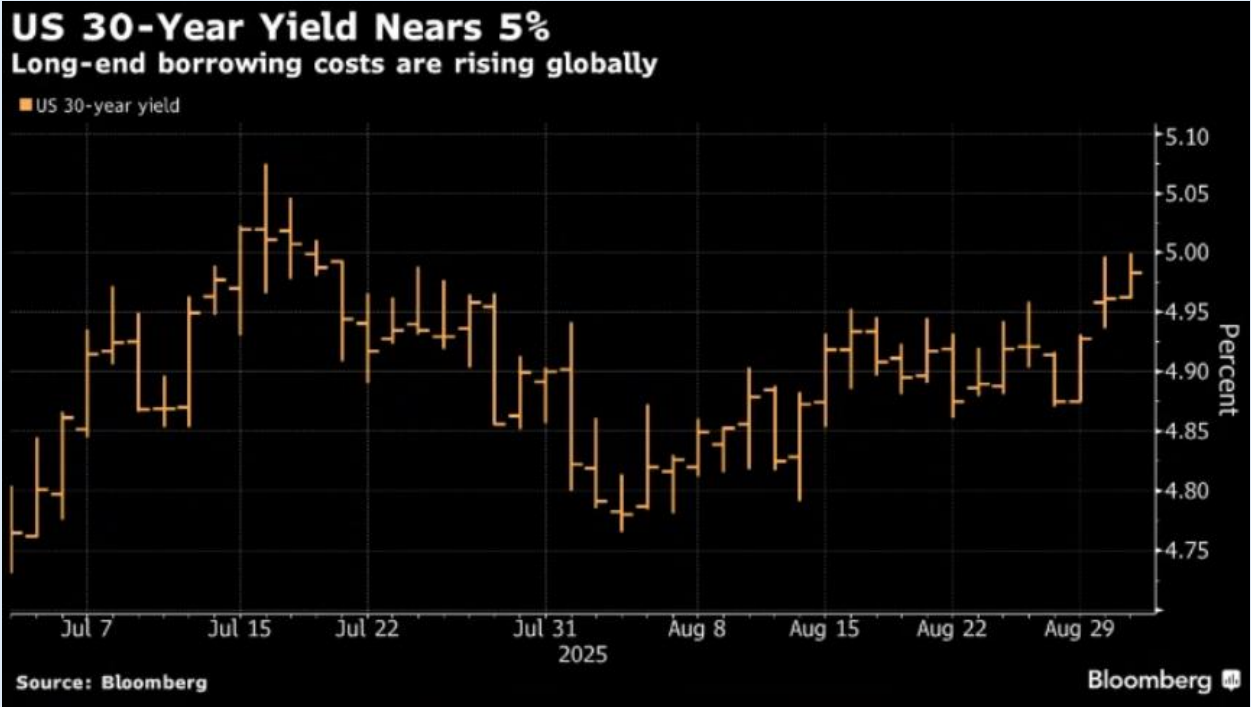
I included Chart 3A simply to illustrate that although the Fed may be poised to lower the benchmark overnight rate, it is possible that the yield curve could steepen, driving up term borrowing costs. If bond traders are concerned that Fed rate cuts will fuel inflation, it is conceivable that the yield curve could steepen significantly, driven by rising long-end rates.

CHART 3: Fed Pre-Meeting “Quiet Period” Begins On September 4th

	Date	Time	A	M	R	Event
21)	09/03	09:00				Fed's Musalem Speaks on Economy and Policy at Peterson
22)	09/03	14:00				Fed Releases Beige Book
23)	09/04	12:05				Fed's Williams Speaks on Economic Outlook and Monetary Policy
24)	09/04	19:00				Fed's Goolsbee Appears in a Moderated Q&A
25)	09/06-09/18					Fed's External Communications Blackout

Source: Bloomberg, LLP | SCHEDULE OF FED SPEECHES UNTIL SEPTEMBER “QUIET PERIOD” BEGINS

CHART 3A: Yes, Rate Cuts Are Coming, But Long Term Yields Are Rising



Source: Bloomberg, LLP | 30Y UST YIELD SINCE JULY 2025

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