

**Flash Update: US RATE MARKETS – MONDAY SEPTEMBER 8, 2025**

This morning, rates are drifting a touch lower across the curve (~2-3 bps) as the market digests the employment data and looks ahead to the inflation data due this week. PPI prints Wednesday 9/10 and CPI prints Thursday 9/11. Rates initially dropped after Friday’s weak employment data. Swap rates bounced back mid-afternoon Friday – since then, rates have been drifting *slightly* lower (See Chart 2) – they continue to inch lower this morning. Rates are likely to be biased lower early this week, but I do not see traders carving out a new range until after the inflation data prints.

Odds for a 25 bp September rate cut are now ~90.9%, but that is because the odds for a 50 bp cut have increased to ~10%. Should the inflation numbers show tepid inflation, odds for a 50 bp cut in September could increase. Should the data show an uptick in inflation, odds for a 50 bp cut will diminish. Traders have firmly priced in a 25 bp rate cut for September.

Please note economic data is light today and tomorrow and Fed officials are in the pre-meeting “quiet period”. The big show for the market this week will be the inflation data. Tariff drama also continues to captivate the market, but barring any “surprise” announcements, I think the inflation data will be the event this week for the market. Tariff developments will remain a wildcard for the near term. The FOMC rate decision is due Wednesday, 9/17 at 2:00 PM.

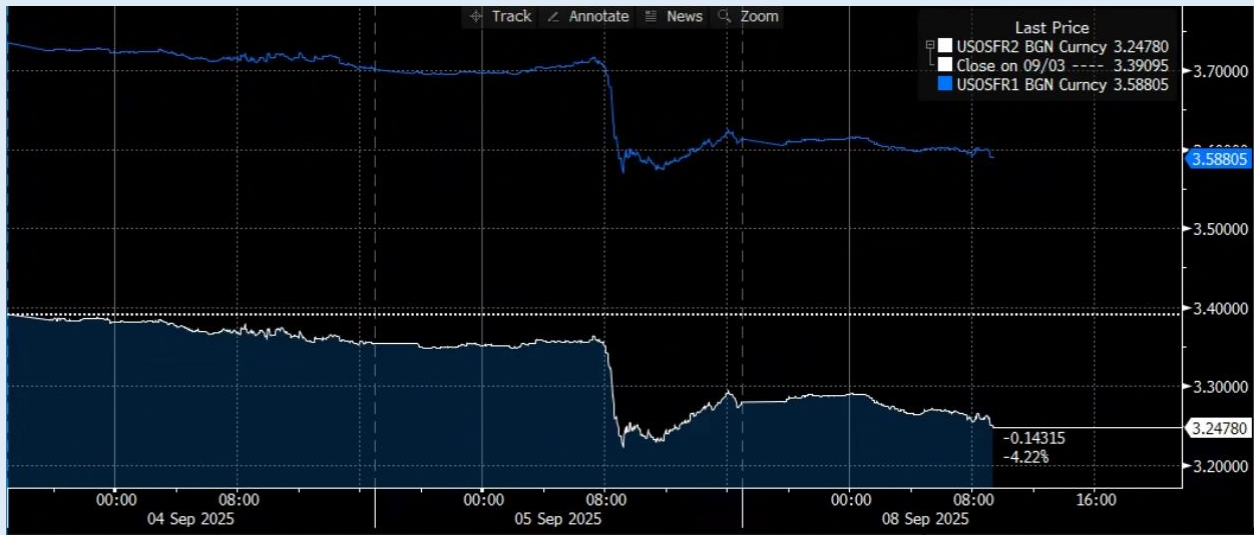
**CHART 1: US RATES SNAPSHOT: 9:30 AM Eastern**

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

UST YIELDS			SWAP SPREADS		SOFR SWAP	
RATES						
2Y	3.484	-0.025	-23.6250	-0.4390	3.2479	-0.0310
3Y	3.452	-0.028	-29.2672	-0.3972	3.1612	-0.0311
4Y	3.506	-0.023	-34.7500	-0.2500	3.1599	-0.0271
5Y	3.559	-0.023	-36.5080	-0.1604	3.1953	-0.0242
7Y	3.770	-0.018	-45.3475	-0.5125	3.3174	-0.0239
10Y	4.053	-0.021	-53.3750	-0.2686	3.5198	-0.0251
20Y	4.669	-0.033	-77.0360	+0.4625	3.8990	-0.0299
30Y	4.724	-0.034	-82.8500	+0.2526	3.8966	-0.0325

Source: Bloomberg, LLP | 9:30 AM NY Rates Snapshot

**CHART 2: 1-YEAR (BLUE) AND 2-YEAR (WHITE) SOFR SWAP RATES PRIOR (3) TRADING SESSIONS**



Source: Bloomberg, LLP | 1Y (BLUE) & 2Y (WHITE) SOFR SWAP RATES, PRIOR (3) TRADING SESSIONS

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