ARCHIVED UPDATE

National

September 08, 2026

Market Commentary

LAST WEEK - OIL SPIKES, 10-YEAR TESTS 4.80%, JOBS BEAT

Renewed hostilities in the Strait of Hormuz caused oil prices to spike to $90/bbl for WTI, and the 10-year Treasury yield rose to 4.80% - its highest level since January 2025. Friday's August employment report came in stronger than forecast. Nonfarm payrolls rose +162K, and the prior two months were revised up by a combined 55K. The unemployment rate ticked up slightly from 4.09% to 4.14%. The 10-year again tested the 4.80% resistance level on the release, but yields fell back into the trading range once the market determined that wage growth was minimal and unlikely to add upward pressure to inflation.

FEDERAL RESERVE POLICY OUTLOOK - ALL EYES ON NEXT WEEK'S FOMC

In his Jackson Hole speech, Chairman Warsh put a September rate hike squarely on the table by restating the Fed's firm commitment to the 2.0% inflation goal. This week's August inflation data will be crucial to how the market prices a hike at next week's FOMC meeting on September 16th. At the last FOMC meeting on July 29th, 3 of the 12 voting members voted to raise rates. Seven votes are needed to change policy - so if this week's August inflation reports come in higher than forecast, the market should price in a hike for next week. All Fed members are currently in their blackout period through September 16th. Abroad, both the Bank of England and the European Central Bank are expected to raise their rates this week in an effort to slow inflationary pressures.

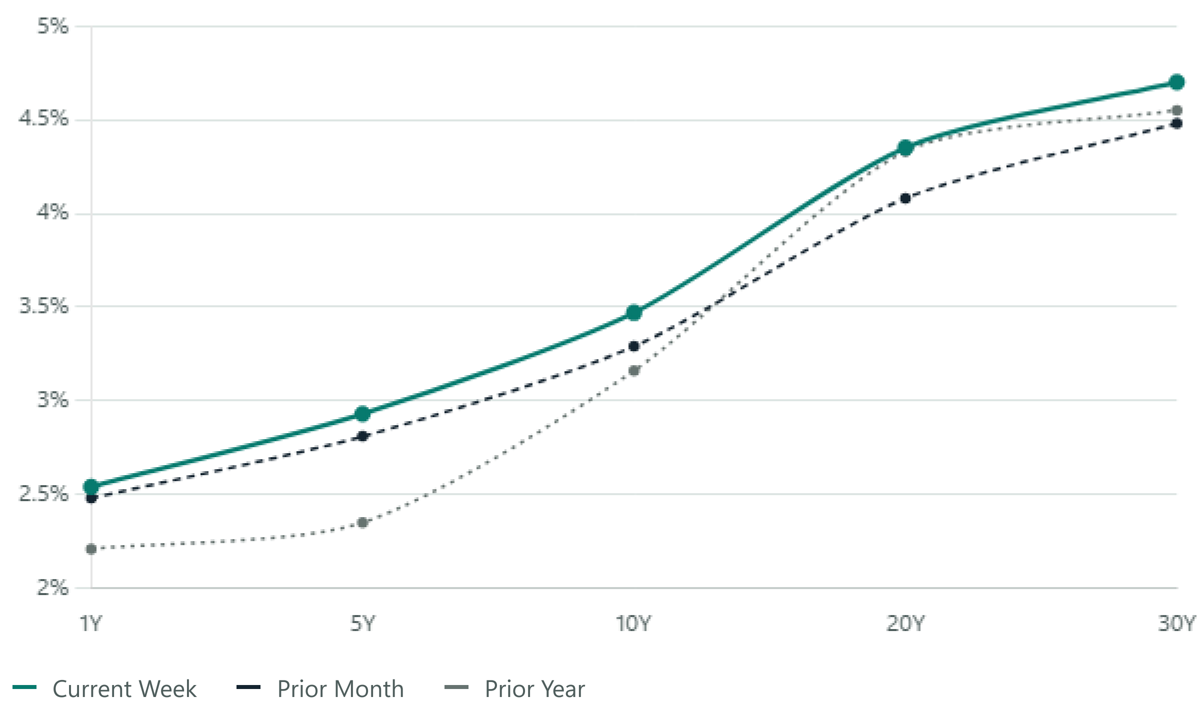
THIS WEEK - TREASURY SUPPLY & ECONOMIC CALENDAR

$119 billion in coupon auctions this week: $58bn 3-Year Note Tuesday, $39bn 10-Year Note Wednesday, and $22bn 30-Year Bond Thursday. Also this week, the Treasury begins its quarterly buybacks of U.S. bonds, with at least $4bn targeted for maturities of 10 years or greater. Economic data: Thursday brings August PPI (est. +0.4%) and Core PPI (est. +0.3%); Friday brings August CPI (est. +0.4%) and Core CPI (est. +0.2%).

MACRO OUTLOOK - SUPPLY AND INFLATION DATA SET UP ANOTHER 4.80% TEST

The market absorbs a heavy dose of supply this week - both investment-grade credit and U.S. government issuance - on top of ongoing hostilities in the Middle East. Together these should put a bearish tilt on U.S. long rates and set up another test of the 4.80% resistance level on the 10-year that held twice last week. With the Fed in blackout, Thursday's PPI and Friday's CPI are the last major inputs before the September 16th decision.

AAA MMD Yield Curve



Federal Reserve & Market Expectations

FED FUNDS TARGET

4.25% - 4.50%

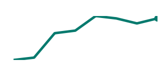
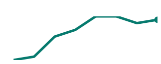
FOMC STANCE

A September 16th hike is squarely on the table after Warsh's Jackson Hole speech; 3 of 12 FOMC members voted to raise rates in July, the Fed is in blackout through the meeting, and this week's August PPI and CPI are the last major inputs before the decision

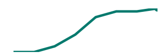
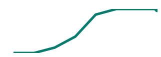
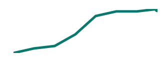
MEETING	HOLD	CUT	HIKE
Sep 2026	45%	0%	55%

Implied probabilities derived from 30-Day Fed Fund futures (CME FedWatch).

U.S. Treasury Benchmarks

TENOR	CURRENT	Δ WOW	PRIOR WK	PRIOR MO	PRIOR YR	8-WK TREND
2Y	**4.37%**	+3 bp	4.34%	4.18%	3.59%	
5Y	**4.54%**	+6 bp	4.48%	4.33%	3.65%	
10Y	**4.78%**	+5 bp	4.73%	4.63%	4.17%	
30Y	**5.24%**	+2 bp	5.22%	5.17%	4.86%	

Municipal AAA MMD Benchmarks

TENOR	CURRENT	Δ WOW	PRIOR WK	PRIOR MO	PRIOR YR	8-WK TREND
1Y	2.54%	+9 bp	2.45%	2.48%	2.21%	
5Y	2.93%	+13 bp	2.80%	2.81%	2.35%	
10Y	3.47%	+14 bp	3.33%	3.29%	3.16%	
20Y	4.35%	+16 bp	4.19%	4.08%	4.33%	
30Y	4.70%	+15 bp	4.55%	4.48%	4.55%