

**Stocks mixed, Dollar sold, and T-Notes bid on another poor NFP report**

- **SNAPSHOT:** Equities mixed, Treasuries up, Crude down, Dollar down
- **REAR VIEW:** NFP misses expectations, U/E rate rises as expected, AHE matches expectations; Canada jobs growth posts surprise contraction, U/E rate rose more than expected; Saudi Arabia reportedly wants OPEC+ to speed up its next oil production increase; Trump reportedly grows pessimistic over prospects for ending the Russia-Ukraine war; Trump threatens EU with section 301 tariffs over Google fines; UK Retail Sales top expectations; OpenAI to start mass production of its own AI chips with AVGO; Stellar AVGO earnings report; Weak LULU report; GOOGL hit with €3B adtech fine.
- **COMING UP: Data:** Japanese GDP (Q2), German Industrial Output (Jul), Trade Balance (Jul), EZ Sentix Index (Sep), US Employment Trends (Aug), NY Fed SCE, Chinese Trade Balance (Aug).
- **WEEK AHEAD:** Highlights include US CPI, BLS revisions, ECB, OPEC, French No Confidence Vote, Chinese Inflation & Trade, Japanese GDP, Apple Event. [Click here for the full report.](#)
- **CENTRAL BANK WEEKLY:** Previewing ECB and CBRT. [Click here for the full report.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Limited earnings, but highlights include ORCL, ADBE. [Click here for the full report.](#)

**MARKET WRAP**

Stocks were choppy, bonds rallied, and the dollar was sold after another weak US jobs report. The headline print missed analyst expectations at 22k, with three of the last four months printing below the breakeven estimate (see more below). The data confirmed the labour market concerns after the July jobs report, alongside rising initial claims and falling JOLTS. The data has cemented expectations for a 25bps rate cut in September, and bolstered rate cut bets through year-end. Stocks initially rallied on the prospects of more Fed easing, but sold off after the opening bell as fears over the state of the economy took focus. Elsewhere, price action was clearer in T-notes, which rallied across the curve by between 6 and 10bps while the dollar took a hit as both the prospect of easing monetary policy and economic concerns support this type of price action. The Franc outperformed in FX while CAD lagged the Dollar, following a woeful Canadian jobs report, too. Oil prices sold off in response to reports that Saudi Arabia wants OPEC+ to speed up its next oil production increase, but no decision has been made, and it is not clear whether any increase would be agreed on as soon as Sunday or in later months. Gold prices hit fresh highs but failed to breach USD 3,600/oz in the wake of the NFP report. Elsewhere, aside from NFP, on trade Commerce Secretary Lutnick and FT (citing an unpublished memo), said Trump will direct Japan's USD 550bln investment in the US. Meanwhile, US President Trump threatened 301 tariffs on the EU over unfair penalties on Google (GOOGL) and Apple (AAPL). Trump also warned that substantial chip tariffs are coming, but signalled Apple (AAPL) and others will be safe during his dinner with tech CEOs at the White House, where Meta (META) told Trump it would invest USD 600bln in the US through 2028. On USMCA, Trump also reportedly plans to renegotiate the deal. Attention next week turns to the US CPI and PPI reports, BLS prelim. Benchmark revisions, ECB rate decision and French no-confidence vote.

**US**

**NFP:** Overall, a weak report. Headline NFP showed just 22k jobs added in August, well below the 75k forecast and down from the prior 79k. The two-month net revisions were -21k, following the chunky -258k seen in the prior report. The headline number is below the bottom end of some of the FOMC's estimates of the breakeven rate; Musalem had suggested it is between 30-85k. When accounting for revisions, three of the last four prints have been below that bottom estimate. Meanwhile, the June report was revised to see a -13k print, the first negative print since December 2020. The unemployment rate ticked up to 4.3%, in line with analyst expectations, but it was accompanied by an increase in the participation rate, adding to the softness of the labour market. However, it remains two-tenths below the year-end Fed median projection, albeit this will be updated at the September 17th meeting. On this, the soft labour market report has cemented expectations for a 25bps rate cut, and will likely persuade some of the more hawkish voting members on the FOMC (Musalem and Schmid) that a rate cut is needed in September, albeit they may want to wait until the inflation data next week before making a final call. 2025 voter, Goolsbee, speaking post-data, said he is still undecided in September, noting he needs to assess the inflation side of the mandate, particularly to make sure the pickup in services inflation was just a blip. Elsewhere in the report, Oxford Economics highlighted that other areas in the report were also weak, with the increase in the number of permanent job losers and the duration of unemployment. With the report largely cementing a September rate cut from the Fed, WSJ's Timiraos said that weak hiring makes it easier for policymakers to agree on a 25bps rate cut at their meeting in two weeks, but further muddies the debate over the pace of cuts thereafter. Waller has suggested (pre-NFP) that the pace of rate cuts will be dictated by incoming data. Meanwhile, Oxford Economics expects the Fed to pause in October, before cutting again in December. Money markets are nearly fully pricing in three rate cuts this year, with 70bps of easing priced, which fully prices two rate cuts, with an 80% probability of a third.

**FED'S GOOSLBEE (2025 voter):** The Chicago Fed President kept true to his tone before the August NFP report on the possibility of a rate cut in September, saying he still is undecided, and needs to assess the inflation side of the mandate, making sure that the services inflation uptick is a blip. "Services inflation is not something that would likely come from tariffs". Goolsbee highlighted that job growth is below the breakeven rate (he hasn't said what he thinks it is) and that numbers could be artificially lower due to immigration changes.

**FIXED INCOME**

## T-NOTE FUTURES (Z5) SETTLED 17+ TICKS HIGHER AT 113-12+

T-notes rallied across the curve as another weak jobs report bolstered Fed rate cut bets. At settlement, 2-year -7.9bps at 3.513%, 3-year -7.1bps at 3.482%, 5-year -6.4bps at 3.589%, 7-year -7.4bps at 3.803%, 10-year -8.5bps at 4.091%, 20-year -10.2bps at 4.719%, 30-year -9.7bps at 4.776%.

**INFLATION BREAKEVENS:** 1-year BEI -5.7bps at 3.164%, 3-year BEI -2.7bps at 2.732%, 5-year BEI -2.2bps at 2.451%, 10-year BEI -1.6bps at 2.356%, 30-year BEI -1.9bps at 2.253%.

**THE DAY:** T-notes rallied on Friday following the weak August jobs report. Recapping the data, the headline printed 22k, well below the 75k forecast and below the bottom end of Musalem's breakeven employment rate. The data only confirmed the labour market fears since the July jobs report and has cemented expectations for a September rate cut, and bolstered expectations for rate cuts through year-end. Money markets are now pricing an ~80% probability of a 25bps rate cut at each meeting until the end of 2025. Within the report, the headline was not the only concerning point. The two-month net revisions were revised lower once again, and now show that three of the last four reports have been below the estimated low-end of the breakeven rate provided through Fed commentary. Meanwhile, the unemployment rate ticked up (as expected), but it was also accompanied by a move higher in the participation rate. Analysts also pointed out the increase in the number of permanent job losers and the duration of unemployment. Attention next week turns to US CPI, PPI and the BLS Benchmark revisions to further help shape Fed rate cut expectations, particularly the inflation data. Following the data today, Fed's Goolsbee (2025 Voter) said that he is still undecided on the September decision, and he needs to assess the inflation side of the mandate, noting he wants to make sure that the services inflation uptick is a blip.

## SUPPLY

### T-Notes/Bonds

- US Treasury to sell USD 58bln of 3-year notes on Sept. 9th, USD 39bln of 10yr notes on Sept. 10th and USD 22bln of 30-year bonds on Sept. 11th; all to settle Sept. 15th.

### Bills:

- US to sell USD 82bln of 13-week bills and USD 73bln of 26-week bills on September 8th
- US to sell USD 85bln of 6-week bills on September 9th

## STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: September 27ps (prev. 24bps), Oct 47bps (prev. 38bps), Dec 69bps (prev. 59bps).**
- NY Fed RRP Op demand at USD 21bln (prev. 20bln) across 15 counterparties (prev. 17)
- EFRF at 4.33% (prev. 4.33%), volumes at USD 118bln (prev. 119bln) on September 4th
- SOFR at 4.41% (prev. 4.39%), volumes at USD 2.834tln (prev. 2.880tln) on September 4th

## CRUDE

### WTI (V5) SETTLED USD 1.61 LOWER AT 61.87/BBL; BRENT (X5) SETTLED USD 1.49 LOWER AT 65.50/BBL

The crude complex was lower in the final trading session of the week as OPEC sources weighed, ahead of the meeting on Sunday. On this, benchmarks were immediately pressured after Bloomberg reported that Saudi Arabia wants OPEC+ to speed up its next oil production increase; sources added no decision has been made, and it's not clear whether any increase would be agreed as soon as Sunday or only in later months. As a reminder, OPEC-8 will meet on Sunday (7th Sept) to possibly discuss starting the unwind of the 1.65m BPD tranche of cuts, marking a shift from plans to keep these specific curbs until end-2026. Elsewhere, the US payrolls report dominated the slate, albeit garnering little reaction in the energy space. Russia/US commentary was heavy, and WTI and Brent even saw modest upticks in the EZ morning as NBC, citing admin officials, said Trump is growing pessimistic over prospects for ending the Russia-Ukraine war, and he has told advisors that he is determined not to wreck his relationship with Russian President Putin. From Russia, Ria reported that the Kremlin said the next round of Putin/Trump talks is possible in the near future. For the record, the Baker Hughes rig count added two oil rigs in the week to 414, natgas rigs were -1 at 118, leaving the total +1 at 537. On Friday, WTI and Brent saw earlier highs of USD 63.49/bbl and 67.05/bbl, respectively, against later lows of USD 61.45 and 65.07/bbl.

## EQUITIES

**CLOSES:** SPX -0.32% at 6,482, NDX +0.08% at 23,652, DJI -0.48% at 45,401, RUT +0.48% at 2,391

**SECTORS:** Energy -2.06%, Financials -1.84%, Industrials -0.40%, Utilities -0.34%, Technology -0.21%, Consumer Discretionary -0.12%, Consumer Staples +0.16%, Health +0.32%, Materials +0.53%, Communication Services +0.55%, Real Estate +0.98%.

**EUROPEAN CLOSES:** Euro Stoxx 50 -0.47% at 5,321, Dax 40 -0.75% at 23,592, FTSE 100 -0.09% at 9,208, CAC 40 -0.31% at 7,675, FTSE MIB -0.91% at 41,608, IBEX 35 -0.53% at 14,839, PSI -0.58% at 7,704, SMI -0.10% at 12,376, AEX -0.17% at 899

### STOCK SPECIFICS:

- **Broadcom (AVGO):** EPS & revenue beat with strong next quarter revenue guidance.
- **Apple (AAPL):** Annual sales in India reached a record USD 9bln in the last FY, +13%, driven by strong demand for iPhones & MacBooks.
- **Bill Holdings (BILL):** Starboard Value has an 8.5% stake in the Co.
- **DocuSign (DOCU):** Top & bottom line beat with strong outlook

- **Lululemon (LULU)**: Revenue light & issued FY well below exp.
- **Tesla (TSLA)**: Board proposed a new compensation deal for CEO Musk valued at USD 1tln; to award Musk \$1tln if the company achieves some stiff targets.
- **Google (GOOGL)** was hit with a EUR 2.95bln antitrust fine over ad-tech practices; Google has 60 days to tell the EU how it will end self-preferencing practices and what measures it will take to halt conflicts of interest. Google says the EU's decision is wrong, the fine is unjustified, and Google will appeal.
- **Halliburton (HAL)** is cutting staff, although the number is unclear, according to Reuters sources.
- US HHS Secretary Kennedy to reportedly link autism to **Kenvue's (KVUE)** Tylenol use in pregnancy and folate deficiencies, via WSJ; Kenvue said it continues to believe there is no casual link between Acetaminophen use during pregnancy and autism. That said, the HHS reportedly later said that the claims about the report tying Kenvue's Tylenol to autism is speculation, according to Bloomberg.
- **Meta (META)** plans to spend USD 600bln through 2028 in the US, according to The Information.

## FX

**The Dollar** was weaker to end the week and was weighed on by the US jobs report, which dominated the space on Friday, and further cemented expectations for a Fed rate reduction at the meeting on 17th September. Recapping the release, the headline printed 22k (exp. 75k, prev. 79k), while the unemployment ticked up to 4.3% from 4.2%, as expected. Participation rate rose to 62.3% from 62.2%, while average earnings came in as anticipated at 0.3% M/M (exp. 0.3%, prev. 0.3%) and 3.7% Y/Y (exp. 3.7%, prev. 3.9%). Money markets are now fully pricing a 25bps rate cut from the Fed at the next meeting. Overall, a softer-than-expected headline accompanied by only a very modest upward revision to the prior figure (note: The former BLS head was removed from his post due to that weak figure), sparked a dovish reaction. As mentioned, the jobs report was the distinct highlight, and on it, WH economic adviser Hassett predicts that the official job figures will be updated upward by nearly 70,000 jobs. Heading into the Fed blackout, Goolsbee (2025 voter) was the only one to speak post-data, and said he is still undecided on the September decision, needs to assess the inflation side of the mandate, and wants to make sure that the services inflation uptick is a blip. Speaking on breakeven, the Chicago Fed President said jobs growth is definitely below the breakeven rate. Note, 3 out of 4 of the last jobs reports have been below the bottom end of the suggested breakeven rate (Musalem: 30-80k).

**G10 FX** was largely firmer and at the whim of the Buck weakness, although the CAD fell foul of its own jobs report. Initially, the Loonie strengthened due to the Dollar weakness, but quickly reversed and saw weakness after the Canadian economy unexpectedly lost 65.5k jobs in August. In addition to that, the Canadian unemployment rate also ticked higher to 7.1% (exp. 7.0%, exp. 6.9%).

In avoidance of sounding like a broken record, aside from the known themes, the Pound saw some modest strength in the UK morning, after retail sales were much stronger than expected. For the EUR, participants will be cognizant of French political risk at the start of next week, with PM Bayrou set to face a confidence vote on Monday.

For the **Yen**, the White House said US President Trump signed an EO officially implementing the US-Japan trade agreement. Overnight, there was mixed data, including the hotter-than-expected Labour Cash Earnings, which showed the fastest pace of increase in seven months, while Real Cash Earnings unexpectedly grew for the first time in seven months.

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