

Stocks mixed after BLS revises down annual payrolls more than expected

- **SNAPSHOT:** Equities mixed, Treasuries down, Crude up, Dollar down
- **REAR VIEW:** BLS revises down annual prelim payroll revisions more than expected; Israel attacks Hamas officials in Doha; Strong US 3yr auction; BoJ reportedly sees some chances of hiking this year; French President Macron appoints Lecornu as new PM; CATL's Yichun lithium mine expected to recommence production shortly; AAPL announces AirPods Pro 3, Apple Watch Series 11, iPhone 17, and iPhone Air.
- **COMING UP:** **Data:** Chinese Inflation (Aug), Norwegian CPI (Aug), US PPI (Aug), Wholesale Sales (Jul). **Speakers:** RBNZ's Conway; SNB's Schlegel. **Supply:** Australia, Japan, UK, Germany, US.

MARKET WRAP

US indices were mixed, with the SPX and NDX seeing slight gains, while the RUT lagged, weighed by higher US yields. Amid Fed blackout, the US highlight on Tuesday was the Preliminary BLS Benchmark total payroll revisions for March 2025, which were revised down by 911k, a steeper drop than the median estimate compiled by Bloomberg of -682k, and also outside of the BBG forecast range. The revisions, which include data from April 2024-March 2025, will see the final revision released in February 2026, alongside the January jobs report. Overall, the prelim estimate is weak and shows that the labour market was at an even weaker point than originally estimated and adds to the already downbeat labour market concerns, which only bolsters the arguments for the Fed to lower rates. Initially, Dollar weakness and Treasuries strength were seen, but later pared. Elsewhere, geopolitical headlines dominated the space, which saw spot gold soar to another ATH and the crude complex extend higher, albeit currently residing well off their peaks. Recapping, Israel attacked a Hamas delegation in Qatar, and despite conflicting reports, the White House confirmed the US was notified this morning and said Witkoff was told to inform Qatari's of the impending attack. However, Qatar said reports about being informed beforehand were false, and the call received from a US official came when the sound of explosions was heard in Doha. Sectors were mixed - Communications and Energy outperformed while Materials was the laggard as lithium names, such as ALB, weighed on after news that CATL's Yichun lithium mine is expected to recommence production shortly. The Dollar saw upside, reversing weakness seen post-revisions, while the Yen was the relative G10 outperformer amid hawkish BoJ sources. T-Notes faded the gains from the downward BLS revision into supply and inflation data, which saw a strong US 3 yr auction.

US

BLS REVISIONS: The Preliminary BLS Benchmark total payroll revisions for March 2025 were revised down by 911k, which was a steeper drop than the median estimate compiled by Bloomberg of -682k, and also outside of the Bloomberg forecast range of -200 to -900k. Governor Waller had expected a negative print of -720k. The revisions, which include data from April 2024-March 2025, will see the final revision released in February 2026, alongside the January jobs report - but with the downward revisions, it shows job creation from April 24-March 25 at 847k, averaging c. 70k per month. Nonetheless, the prelim estimate is weak and shows that the labour market was at an even weaker point than originally estimated and adds to the already downbeat labour market concerns, which only bolsters the arguments for the Fed to lower rates. With the benchmark revisions usually revised down, it only adds to fears of the real situation in the jobs market in H2 25, given the recent slowdown.

FIXED INCOME

T-NOTE FUTURES (Z5) SETTLED 6 TICKS LOWER AT 113-11

T-Notes fade downward BLS revision gains into supply and inflation data. At settlement, 2-year +4.9bps at 3.544%, 3-year +4.0bps at 3.503%, 5-year +3.2bps at 3.602%, 7-year +2.6bps at 3.802%, 10-year +2.8bps at 4.074%, 20-year +2.3bps at 4.670%, 30-year +2.6bps at 4.717%.

INFLATION BREAKEVENS: 1-year BEI +5.1bps at 3.250%, 3-year BEI +2.1bps at 2.750%, 5-year BEI +1.4bps at 2.459%, 10-year BEI +0.9bps at 2.353%, 30-year BEI +0.7bps at 2.235%.

THE DAY: T-Notes sold off in the European morning and at the start of the US session, perhaps in some concession ahead of supply this week. Attention then turned to the preliminary BLS benchmark payroll revisions, which only increased labour market concerns after the data revealed that job growth (from April 2024 to March 2025) was overstated by 911k. This saw T-Notes initially rally to highs, while more dovish rate cut bets were piled on. However, the moves were short-lived and pared thereafter ahead of supply, perhaps also in preparation for the PPI and CPI reports on Wednesday and Thursday, respectively. The Treasury weakness into the supply helped with a strong auction, seeing the 3yr stop through by 0.7bps, the largest stop through since February (more below). The strong auction helped Treasuries off the lows into settlement. Elsewhere, in Japan, Reuters reported that although political uncertainty will not derail the BoJ's normalisation plan, it could impact the timing of the next hike. Meanwhile, it was later reported by Reuters sources that the BoJ is likely to slightly reduce purchases of super-long Japanese government bonds in Q4. Bloomberg then reported the BoJ sees some chance of hiking this year, but it is likely to keep rates on hold in September.

SUPPLY

T-Notes/Bonds

3-YEAR: Overall, a strong 3-year auction. The US Treasury sold USD 58bln of 3yr notes at a high yield of 3.485%, stopping through the when issued by 0.7bps, a solid improvement when compared to the prior and six-auction average of a 0.7bps tail. The bid-to-cover of 2.73x was well above the 2.53x prior and 2.55x average. The strong auction was led by indirect demand, which rose to 74.2% from 54%, well above the 62.1% average. However, direct demand was soft at 17.39%, below the prior 28.1% and the average 21.9%. Nonetheless, the strong indirect demand left dealers with just 8.37% of the auction, beneath the prior 17.9% and the average 15.9%. US Treasury to sell USD 39bln of 10-year notes on Sept. 10th and USD 22bln of 30-year bonds on Sept. 11th; all to settle Sept. 15th.

Bills:

- US sold USD 85bln 6-week bills at a high rate of 4.090%, B/C 2.73x
- US to sell USD 65bln of 17-wk bills on September 10th; to sell USD 100bln of 4-wk bills and USD 85bln of 8-wk bills on September 11th; all to settle September 16th

STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: September 27bps (prev. 27ps), Oct 46bps (prev. 48bps), Dec 68bps (prev. 70bps).**
- NY Fed RRP Op demand at USD 23bln (prev. 19bln) across 15 counterparties (prev. 20).
- EFRR at 4.33% (prev. 4.33%), volumes at USD 110bln (prev. 116bln) on September 8th
- SOFR at 4.40% (prev. 4.42%), volumes at USD 2.872tln (prev. 2.847tln) on September 8th

CRUDE

WTI (V5) SETTLED USD 0.37 HIGHER AT 62.63/BBL; BRENT (X5) SETTLED USD 0.37 HIGHER AT USD 66.39/BBL

The crude complex was firmer on Tuesday, albeit settling way off peaks, which were induced after Israel attacked a Hamas delegation in Qatar. As such, WTI and Brent hit peaks of USD 63.67/bbl and 67.38/bbl in the wake of the reports. There was conflicting news after, but the White House confirmed the US was notified by the Pentagon that Israel was attacking Hamas in Qatar this morning, and added it did not advance Israel or US goals. WH noted envoy Witkoff was told to inform Qatari's of the impending attack, although Qatar stated reports about being informed beforehand were false, and the call received from a US official came when the sound of explosions were heard in Doha. Elsewhere, IAEA Chief Grossi said agreed with Iran's FM on practical modalities to resume inspection activities in Iran, and it is an important step in the right direction. For the record, the latest EIA STEO saw 2025 world oil demand forecast at 103.8mln BPD (prev. 103.7mln BPD) and 2026 at 105.1mln BPD (prev. 104.9mln BPD). Ahead, private inventory data is after-hours whereby current expectations are (bbls): Crude -1mln, Distillates +0.04mln, Gasoline -0.2mln.

EQUITIES

CLOSES: SPX +0.27% at 6,513, NDX +0.33% at 23,840, DJI +0.43% at 45,711, RUT -0.55% at 2,382

SECTORS: Materials -1.57%, Industrials -0.65%, Real Estate -0.08%, Technology +0.01%, Consumer Discretionary +0.09%, Consumer Staples +0.39%, Financials +0.46%, Energy +0.54%, Health +0.60%, Utilities +0.71%, Communication Services +1.64%.

EUROPEAN CLOSES: Euro Stoxx 50 +0.09% at 5,368, Dax 40 -0.31% at 23,733, FTSE 100 +0.23% at 9,243, CAC 40 +0.19% at 7,749, FTSE MIB +0.68% at 42,008, IBEX 35 +0.14% at 15,024, PSI -0.86% at 7,688, SMI -0.23% at 12,284, AEX +0.33% at 908.

STOCK SPECIFICS:

- **Intel (INTC)** leadership changes; products chief Michelle Johnston Holthaus exiting after 30+ years. Kevork Kechichian (ex-Arm) joins as EVP and data centre head, while Srinivasan Iyengar will lead a new central engineering group and custom silicon unit.
- **Dell (DELL)** CFO McGill will resign on September 9th after nearly 30 years.
- FCC has closed its investigation into **EchoStar (SATS)** following the USD 17bln wireless spectrum sale to SpaceX and a separate spectrum deal with **AT&T (T)**.
- **Anglo American (NGLOY)** to merge with **Teck Resources (TECK)**.
- **Novartis (NVS)** will acquire **Tourmaline Bio (TRML)** for USD 48/shr, valuing it at ~ USD 1.4bln; TRML closed Mon at USD 30.18/shr.
- **Nebius Group (NBIS)** signed a USD 17.4bln 5yr AI infrastructure deal with **Microsoft (MSFT)**.
- **AT&T (T)** reaffirmed FY25 guidance and capital return plans.
- **UnitedHealth (UNH)** estimates 78% of its members will be enrolled in 4-star or higher plans in the star year 2026/payment year 2027.
- **Wells Fargo (WFC)** said there is no change to NII expectation (exp. USD 12.08bln in Q3, prev. 11.71bln in Q2), deposit trends are stable across the business
- **Ally Financial (ALLY)** CFO sees NIM at higher end of 3.4-3.5% target; high 3%'s are sustainable over time.
- **JPMorgan's (JPM)** co-head of Investment Banking Petno said the markets team is doing very well, with momentum from H1 continuing into Q3. Estimates markets revenue for the third quarter would grow at a high-teens percentage rate. Expects Q3 IB revenue to grow at a low double-digit rate. Expects continued strong performance in equity capital markets.
- **Boeing (BA)** Deliveries/Orders (Aug): Delivered 57 jets, including 42 737 MAX jets; Booked 26 gross orders and 24 net new orders, including 14 777-9 from Cathay Pacific.
- **Citi (C)** CFO expects revenue higher than guided USD 84bln for FY25; expenses would also be higher than USD 54.3bln guided and expects impact from neutral to positive on earnings. Will continue to buy back stock. Expects to be ready for the

Banamex IPO by end of the year, but market conditions and regulatory approvals may delay it to 2026.

- **Apple (AAPL)** announced the AirPods Pro 3, Apple Watch Series 11, iPhone 17, and the iPhone Air. The iPhone 17 starts at USD 799, the iPhone Air, which contains the N1 chip, will start at USD 999, while the iPhone 17 Pro starts at USD 1,099; new iPhone models to be available from September 19th.
- **Microsoft (MSFT)** to buy AI from Anthropic in shift from OpenAI, according to The Information.

FX

The Dollar snapped its two-day selloff post-NFP as a rebound in US yields drove dollar currency pairs. Initially, the dollar was sold, and T-notes were bought on the BLS's Prelim Benchmark Total Payroll Revision (March 2025), which saw a bigger downward revision than expected, -911k (exp. -682k, prev. -598k). Prompting the reversal was markets somewhat downplaying the report, given its backwards-looking nature (April 2024–March 2025), and the fact that the final report comes in February, alongside the January jobs report. Nonetheless, the prelim estimate is weak and shows that the labour market was at an even weaker point than originally estimated and adds to the already downbeat labour market concerns, which only bolsters the arguments for the Fed to lower rates. Note, the unemployment rate is now 4.3%, only having moved up from 4.2% in the August NFP report, a level largely seen since July 2024, which Fed's Williams considered good and relatively low. On Wednesday, the focus will shift to the other side of the Fed's mandate, with headline and core PPI expected to rise 0.3% M/M.

JPY relatively outperformed its G10 peers, trading little unchanged against USD. USD/JPY hit lows of 146.32 earlier in the session amid hawkish BoJ sources reports, before rebounding back to ~147.50 on account of the dollar rebound. Bloomberg sources noted that the central bank sees some chance of hiking this year despite the political uncertainty arising from PM Ishiba's resignation. Rates are likely to be held at the September meeting, but some officials believe a hike could be appropriate as early as October. Currently, money market pricing for the BoJ has ~8.5bps of tightening by the October meeting and ~16bps by year-end.

Aside from BLS and BoJ sources, newsflow for G10 currencies was quite sparse. Geopolitical escalations in the Middle East had a limited impact, mostly resulting in upside in crude and gold prices, albeit both moves faded. CHF and EUR were the worst performers, EUR/USD trades around lows of 1.1704, while USD/CHF moved higher to ~0.7979. BofA's Chief Japan FX and Rates Strategist writes, "Long CHF/JPY may be the cleanest trade to express JPY's fiscal risk given CHF's healthy fiscal profile and increasing risk premium for USD and JPY, the traditional safe haven currencies."

EMFX: Following the IDR weakness in response to fiscal uncertainty arising from the sacking of Indonesia's finance minister, the Bank of Indonesia said it would intervene to maintain IDR stability. Separately, NBP's Wnorowski said there may be a reason to cut rates this year, but caution is needed. Keep in mind, Wnorowski has warned that Poland's loose fiscal policy poses the main risk, with no tightening in sight. He cited Fitch's move to cut the country's outlook to negative from stable as an external warning signal.

Copyright © 2025 Newsquawk Voice Limited. All rights reserved.

Registered Office One Love Lane, London, EC2V 7JN, United Kingdom · Registered Number 12020774 · Registered in England and Wales.

newsquawk.com · +44 20 3582 2778 · info@newsquawk.com