

## Yields Creep Higher as Investors Anticipate Powell's Jackson Hole Speech

Yesterday afternoon, the minutes to the July 31 FOMC meeting were released. The main takeaway was "...if the data continued to come in about as expected, it would likely be appropriate to ease policy at the next meeting." This further solidified what most had already assumed – *the Fed will cut rates next month*. The revelation that *several* Fed officials would have supported a cut in July also drew market attention.

The minutes indicated Fed officials expressed concern over growing weakness in the labor market, with many believing previous payroll gains had been overstated. Coincidentally, also on Wednesday, the Bureau of Labor Statistics released its first estimate of the annual benchmark revision to the establishment survey. The estimated revision showed total annual payroll growth through March 2024 was indeed overstated by more than 800,000 jobs, *the biggest downward adjustment in more than a decade*. Thus, the employment picture is weaker than previously thought.

Labor concerns, along with the revised job growth has focused significant market attention on the August employment report, scheduled for release on Friday, September 6th. It's a foregone conclusion that the FOMC will begin easing rates on September 18th, but the August employment report will determine whether the initial move is 25 or 50.

Tomorrow morning, Chairman Powell will speak at the Fed's annual economic symposium in Jackson Hole, Wyoming. Powell should clearly signal a rate cut, but since the August jobs report is still two weeks away, he'll likely continue to stress *future moves will be data dependent*. Investors anticipating a more dovish take may be disappointed.

### Market Indications as of 12:50 P.M. Central Time

DOW	Down -243 to 40,647 (HIGH: 41,198)
NASDAQ	Down -248 to 17,671 (HIGH: 18,647)
S&P 500	Down -44 to 5,577 (HIGH: 5,667)
1-Yr T-bill	current yield 4.01%; opening yield 4.39%
2-Yr T-note	current yield 3.99%; opening yield 3.94%
3-Yr T-note	current yield 3.82%; opening yield 3.75%
5-Yr T-note	current yield 3.73%; opening yield 3.66%
10-Yr T-note	current yield 3.86%; opening yield 3.80%
30-Yr T-bond	current yield 4.14%; opening yield 4.08%

*The paper/commentary was prepared by Hilltop Securities Asset Management (HSAM). It is intended for informational purposes only and does not constitute legal or investment advice, nor is it an offer or a solicitation of an offer to buy or sell any investment or other specific product. Information provided in this paper was obtained from sources that are believed to be reliable; however, it is not guaranteed to be correct, complete, or current, and is not intended to imply or establish standards of care applicable to any attorney or advisor in any particular circumstances. The statements within constitute the views of HTS and/or HSAM as of the date of the document and may differ from the views of other divisions/departments of affiliates Hilltop Securities Inc. In addition, the views are subject to change without notice. This paper represents historical information only and is not an indication of future performance. Sources available upon request.*

*Hilltop Securities Asset Management is an SEC-registered investment advisor. Hilltop Securities Inc. is a registered broker-dealer, registered investment adviser and municipal advisor firm that does not provide tax or legal advice. HTS and HSAM are wholly owned subsidiaries of Hilltop Holdings, Inc. (NYSE: HTH) located at 717 N. Harwood St., Suite 3400, Dallas, Texas 75201, (214) 859-1800, 833-4HILLTOP.*

*Scott McIntyre, CFA*  
HilltopSecurities Asset Management  
Senior Portfolio Manager  
Managing Director  
512.481.2009  
scott.mcintyre@hilltopsecurities.com

*Greg Warner, CTP*  
HilltopSecurities Asset Management  
Senior Portfolio Manager  
Managing Director  
512.481.2012  
greg.warner@hilltopsecurities.com

*It's a foregone conclusion that the FOMC will begin easing rates on September 18th, but the August employment report will determine whether the initial move is 25 or 50.*