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Treasury Yields Flat as Markets Brace for Fed Decision

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U.S. Treasury yields remained largely unchanged early Wednesday as investors awaited a key decision from the Federal Reserve and a slate of important economic data. The markets showed little volatility ahead of what is expected to be another rate held by the central bank.

As of 6:03 a.m. ET, the benchmark 10-year Treasury yield was virtually steady at 4.328%, while the 2-year note dipped slightly to 3.867%. The yield on the 30-year bond edged

marginally higher to 4.867%.

Analysts broadly anticipate that the Fed will leave interest rates unchanged later today, keeping its benchmark rate between 5.25% and 5.5% a level it has maintained since last July. According to the CME FedWatch tool, markets are pricing in a 98% chance that the Federal Open Market Committee (FOMC) will hold steady.

In a client note released Tuesday, Deutsche Bank economists observed, “Powell is unlikely to remove a September rate cut from the table, nor will he go out of his way to raise expectations for it.” Despite continued political pressure for monetary easing, particularly from former President Donald Trump, the bank suggests the first rate cut is more likely to come in December, followed by further reductions in early 2026.

Fed Chair Jerome Powell is scheduled to speak at a press conference following the decision, an event that markets will watch closely for any indications of policy shifts ahead of the 2024 election cycle. While Powell has so far maintained a neutral stance amid growing external pressure, market participants are increasingly focused on how the Fed will navigate persistent inflation and political scrutiny.

Beyond the Fed’s announcement, investors are also awaiting several major economic indicators due Wednesday morning. These include ADP’s private payroll report, an update on gross domestic product growth, and the latest pending home sales data.

Together, these data points and the Fed’s message could shape expectations for monetary policy heading into the final quarter of 2025. With inflation running hotter than expected in recent months, the central bank may find itself balancing growth concerns against a renewed need to keep price pressures in check.