

# Treasury Market Wobbles After Fed Rate Cut. We've Seen This Before.

By [Martin Baccardax](#) [Follow](#)

Sept 19, 2025 12:10 pm EDT

...

The 10-year Treasury yield, perhaps one of the most important market-based interest rates in the world, was at 4.136% in mid-day Friday trading. That is a 14-basis-point increase since the benchmark yield briefly dipped below the 4% level following Wednesday's Fed rate decision.

Some of that move could be tied to concerns the Fed will [focus more on weakness in the labor market, while allowing inflation pressures to build](#), as it determines its next policy move.

...

Bond investors fear a renewed acceleration in inflation as it erodes the present value of future coupon and principal payments. Persistent increases would see them demand a higher premium, which would, in return, result in higher government borrowing costs.

That is a key issue heading into the final month of the 2025 fiscal year in Washington, [as the overall deficit is set to top \\$2 trillion](#), an 11% increase from the prior year. U.S. debt is also forecast to top \$50 trillion by the middle of the next decade.

Rising 10-year yields are also an issue for the housing market, which remains stuck in low gear amid record-high prices, slow new construction and [mortgage rates that keep homeowners reluctant to sell and refinance](#).