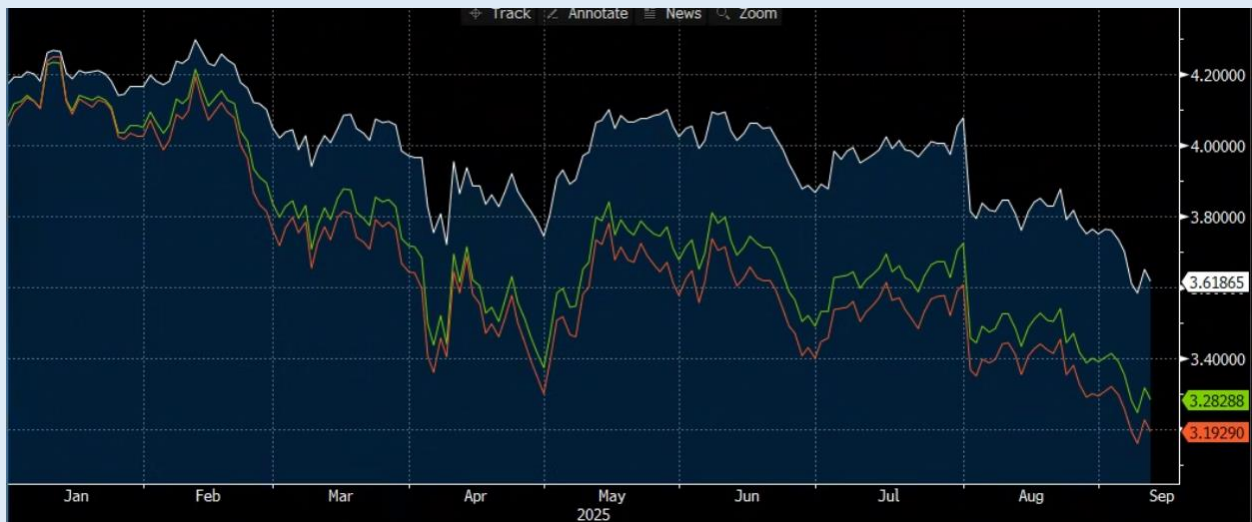


### Flash Update: SOFR Swap Rates Trading Near 2025 YTD Lows

- 1-Year, 2-Year & 3-Year SOFR swap rates are all trading *very close* to 2025 YTD lows (See far right, Chart 1)
- Short-term SOFR swap rates touched YTD lows earlier this week
- The decline in swap rates has led to significantly reduced SOFR cap premiums over the past 6-weeks
- Rate volatility has also declined recently, helping to further improve SOFR cap premiums (See far right, Chart 2)

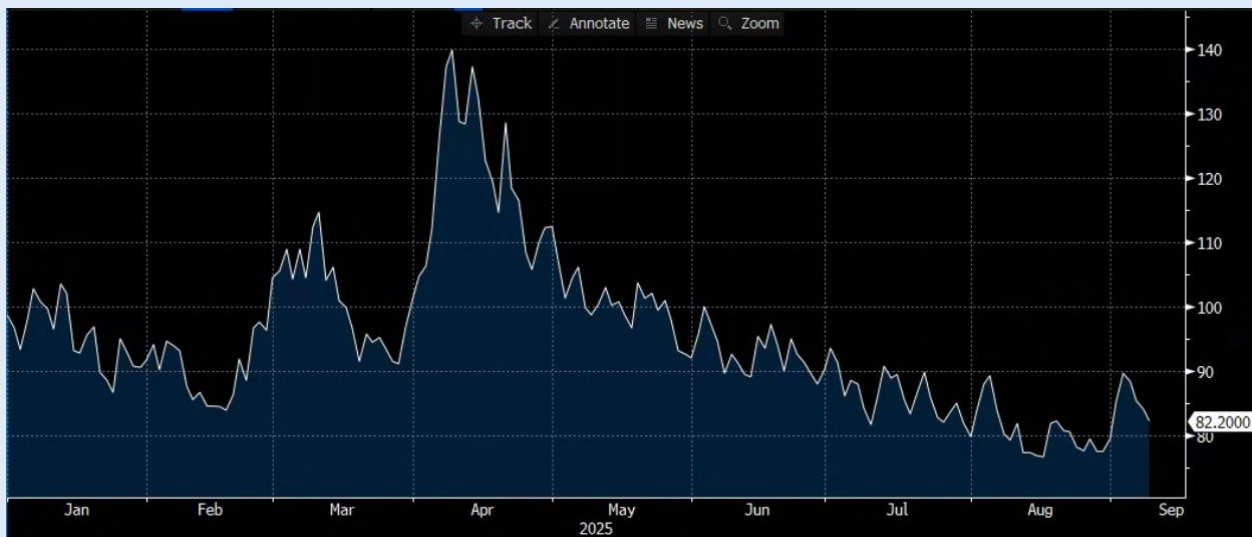
Earlier this week, 1Y, 2Y and 3Y SOFR swap rates touched the lows for 2025. Currently, SOFR swap rates 3-years and in are sitting *very close* to the year-to-date lows touched earlier this week. Volatility has also diminished significantly over the past two months. *The combination of reduced volatility and significantly lower SOFR swap rates has led to a material reduction in SOFR cap premiums.*

### CHART 1: 2025 Year-To-Date SOFR Swap Rates; 1-Year (White), 2-Year (Green) & 3-Year (Orange)



Source: Bloomberg, LLP | 1Y, 2Y & 3Y SOFR SWAP RATES – YEAR-TO-DATE 2025

### CHART 2: Bloomberg MOVE Volatility Index – Rate Volatility Approaches Year-To-Date Lows



Source: Bloomberg, LLP | BLOOMBERG MOVE VOLATILITY INDEX – YEAR-TO-DATE 2025

### 2-YEAR, 1M TERM SOFR CAP PREMIUM COMPARISON:

- \$25MM, 1-MONTH TERM SOFR, 4.50% STRIKE, 2Y CAP PREMIUM ON **2/14/2025** = ~\$98,000
- \$25MM, 1-MONTH TERM SOFR, 4.50% STRIKE, 2Y CAP PREMIUM ON **9/10/2025** = ~\$31,000



**Disclaimer:** *The information provided in this communication is intended for discussion purposes only. Nothing presented in this communication should be taken as a recommendation or forecast. All market data shown is indicative only and subject to change depending on current market conditions.*

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