__Flash Update:__ US RATE MARKETS – TUESDAY OCTOBER 21, 2025

Market is relatively quiet at the moment, and rates are holding mostly steady. Fed officials are in the pre-meeting quiet period, so no new Fed-speak until after next week's FOMC meeting. The government shutdown enters Day 21. The shutdown and lack of economic data has largely paralyzed the market – traders are eager for the shutdown to be resolved. Given the lack of data and Fed-speak, traders are looking ahead to next week's Fed meeting – the committee is expected to cut rates 25 bps. Market participants will continue to monitor developments on the trade front and will be closely tracking progress on negotiations in Washington DC. Market participants will also continue to keep an eye on corporate earnings results, particularly in the financial sector.

In terms of economic data, please note the following: The US Bureau of Labor Statistics is set to release September's CPI results on **Friday, 10/24/25** at 8:30 AM after a delay due to the government shutdown. The data, originally slated for Oct. 15, will give Fed officials a key reading on inflation ahead of their Oct. 29 policy meeting. Needless to say, *__everyone__* is waiting for the inflation data! It is good news that the Fed will see that data prior to the meeting.

__Current SOFR swap rates remain *very* close to YTD lows.__ Rates have ratcheted down the past 10 days – Fear of a US/China trade war was the primary culprit behind the drop in rates on 10/10/25 – the regional bank "earnings scare" prompted the drop in swap rates on 10/16/25. ***SOFR swap rates hit YTD lows on 10/17/25***. SOFR swap rates bounced off the 10/17/25 lows after President Trump's comments soothed trade war fears and after the regional bank earnings misses were viewed as "one-off" situations created by fraud.

Despite the bounce in rates on 10/17/25, 2Y SOFR swap rates are down **~15.5** bps over the last 10 trading sessions (See Chart 3). This morning, SOFR swap rates are holding relatively steady (See Chart 1) – maybe down a bp or two as you move out on the curve. 1Y SOFR swap rate movement over the last 10 trading sessions is detailed in Chart 2 – 1Y SOFR swaps are down **~14.2** bps over the last 10 days.

__CHART 1:__ ***US RATES SNAPSHOT: 9:30 AM Eastern***

****For SOFR Swap Rates & Change-On-Day (In Bps) – Refer Two Far Right Columns (SOFR Swap Rates)***

UST YIELDS | SWAP SPREADS | SOFR SWAP RATES

2Y	3.445	-0.011	-23.3561	-0.1707	3.2129	-0.0112
3Y	3.444	-0.015	-27.9325	-0.0546	3.1662	-0.0146
4Y	3.502	-0.018	-31.9675	+0.0325	3.1798	-0.0161
5Y	3.552	-0.021	-33.7500	+0.2500	3.2160	-0.0168
7Y	3.733	-0.023	-41.0200	+0.4209	3.3244	-0.0184
10Y	3.955	-0.025	-46.0000	+0.5196	3.4964	-0.0191
20Y	4.512	-0.027	-68.9784	+0.8302	3.8230	-0.0193
30Y	4.544	-0.025	-74.3750	+0.6250	3.8005	-0.0188

Source: Bloomberg, LLP | 9:30 AM NY Rates Snapshot

__CHART 2:__ ***1Y SOFR SWAP RATE – PRIOR 10 TRADING SESSIONS***

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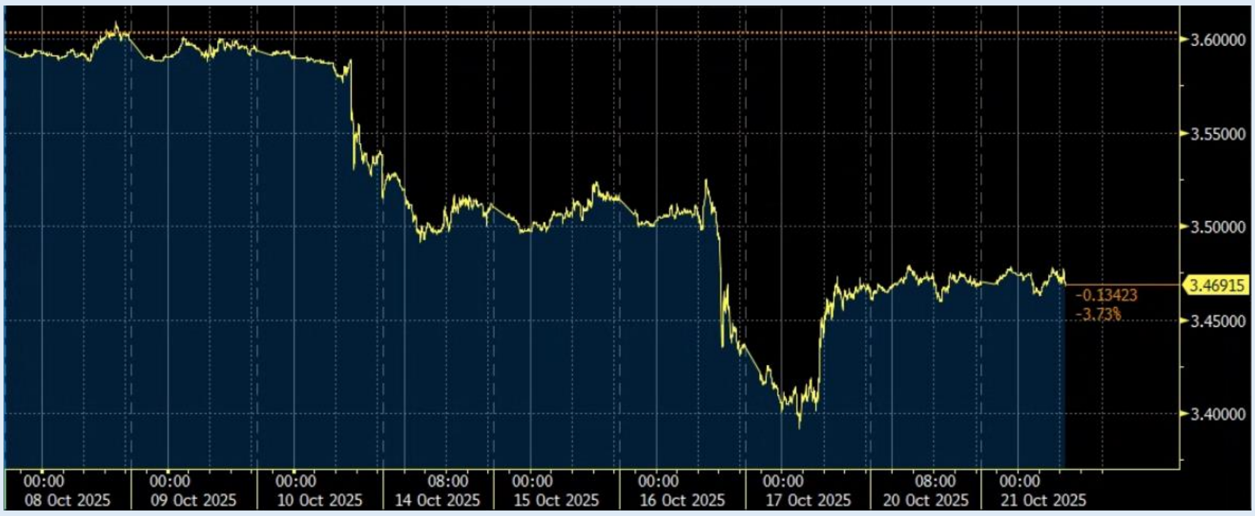
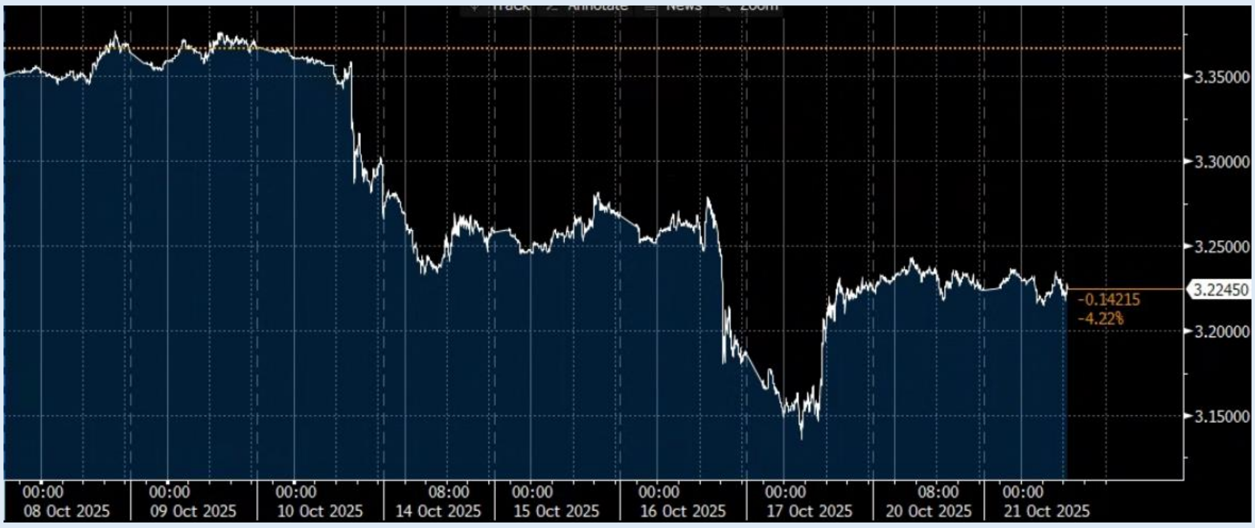


Source: Bloomberg, LLP | 1Y SOFR SWAP RATE PRIOR 10 TRADING SESSIONS

<u>**CHART 3:**</u> ***2Y SOFR SWAP RATE – PRIOR 10 TRADING SESSIONS***



Source: Bloomberg, LLP | 2Y SOFR SWAP RATE PRIOR 10 TRADING SESSIONS

<u>Disclaimer:</u> *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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