Flash Update: **US RATE MARKETS – FRIDAY OCTOBER 31, 2025**

- **US Treasury yields and SOFR swap rates are mostly steady this morning as the market heads into month-end**
- **On Wednesday, the FOMC cut the overnight benchmark rate 25 basis points, as anticipated**
- **However, FOMC Chairman Powell's post-meeting remarks cast doubt on a December rate cut, and rates moved higher in response**
- **The US government shutdown enters Day 31; There is currently no ETA for a resolution, though negotiations are ongoing**
- **The present government shutdown is now the second longest shutdown in US history, deepening market uncertainty**
- **Short-end SOFR swap rates are trading up ~1 bp this morning**
- **Long-end SOFR swap rates are currently trading up ~1 bp**
- **Next up for key data: *TBD – Economic data releases postponed due to government shutdown***
- **The next FOMC rate decision is due on Wednesday, December 10th at 2:00 PM**

SOFR swap rates and US Treasury yields are holding mostly steady this morning as we head into month-end. The economic data "black-out" continues as the government shutdown enters 'Day 31'. (The longest government shutdown occurred in late 2018 / early 2019, and lasted 35 days.) Given the absence of government published economic data, traders will look to "Fed-speak" for guidance on the Fed's current mindset. There were two "dissenters" at the last Fed meeting, and Chairman Powell referenced "differing views" within the Fed in his post-meeting remarks. Fed officials are back on the tape today – market participants will be listening. As we know, a December rate cut is no longer a "foregone conclusion". *Markets are also monitoring the developing situation in Venezuela as the US objective is unclear, as is how "deep" US "involvement" will become.*

Markets will continue to navigate a turbulent, uncertain market. Traders will remain focused on tariffs and US-China trade negotiations, economic conditions, inflation forecasts and a cautious Federal Reserve amid a host of other moving parts shaping markets. The government shutdown and economic data "black-out" will also continue to weigh heavily on markets. Chair Powell referenced the shutdown several times during his remarks Wednesday. Bottom line, Powell signaled that the lack of economic data makes the Fed's decision making process more difficult, and he cautioned that the Fed would move forward carefully.

SOFR Swap Rate Summary: The **1Y** SOFR swap rate is trading ~1 bp higher this morning. **2Y** and **3Y** SOFR swap rates are up ~1 bp this morning. **5Y** and **10Y** SOFR swap rates are currently trading up ~1 bp. The very back-end of the swap curve is currently trading up ~1 bp.

Please note: **Market levels can change quickly - potentially, very quickly - in this type of market environment.**

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

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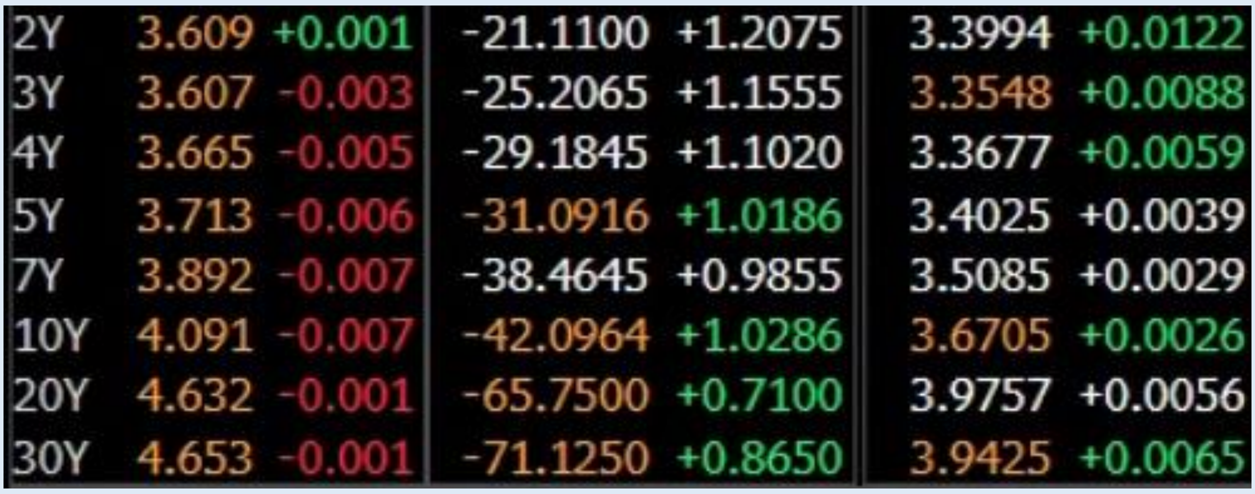

2Y	3.609	+0.001	-21.1100	+1.2075	3.3994	+0.0122
3Y	3.607	-0.003	-25.2065	+1.1555	3.3548	+0.0088
4Y	3.665	-0.005	-29.1845	+1.1020	3.3677	+0.0059
5Y	3.713	-0.006	-31.0916	+1.0186	3.4025	+0.0039
7Y	3.892	-0.007	-38.4645	+0.9855	3.5085	+0.0029
10Y	4.091	-0.007	-42.0964	+1.0286	3.6705	+0.0026
20Y	4.632	-0.001	-65.7500	+0.7100	3.9757	+0.0056
30Y	4.653	-0.001	-71.1250	+0.8650	3.9425	+0.0065

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

<u>CHART 2:</u> SOFR SWAP RATES STEADY AS MARKET HEADS INTO MONTH-END

SOFR swap rates are holding steady this morning as the market seeks direction. Swap rates increased this week after hawkish comments from Chairman Powell cast doubt on a December rate cut. Rates have held mostly steady since then, which tells me traders have a high level of uncertainty about the path forward for rates. That “path” is further complicated by a host of other market variables that are making it difficult for traders and investors to forecast the direction of interest rates.

Currently, the odds for a December rate cut are sitting at ~62.8%. *Here’s a quick rundown on the increase in SOFR swap rates for the week:* 1Y swap rates are up ~15 bps; 2Y swap rates are up ~15 bps; 3Y swap rates are up ~15 bps; 5Y swap rates are up 11.5 bps and 10Y swap rates are up ~10 bps.

<u>CHART 2:</u> *Short-End SOFR Swap Rates – Prior 7 Days*

Source: Bloomberg, LLP | 1Y (white), 2Y (blue) & 3Y (orange) SOFR SWAP RATES, PRIOR 10 DAYS

<u>CHART 3:</u> FED SPEECH CALENDAR THROUGH NOVEMBER 7, 2025

Fed officials emerge from the pre-meeting “quiet-period” today and are back on the tape. Market participants will be keen to hear from Fed officials given the unexpected comments from Chairman Powell this week. The apparent dissension within the FOMC regarding the path forward for interest rates also adds to the Fed drama and uncertainty.

This morning, KC Fed President Schmid said he dissented due to concerns about upward pressure on inflation. Earlier today, Dallas Fed President Lorie Logan said she did *not* support the FOMC’s decision to cut interest rates this week and will likely find it appropriate to hold rates steady at the next meeting because inflation remains too high. While Logan *does not vote* on monetary policy *this* year (2025), she

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participates in Federal Open Market Committee discussions and *will* rotate onto the voting panel in 2026. As mentioned, *two* FOMC members voted against the decision to cuts rates, with KC Fed President Schmid preferring to hold rates steady and Fed Governor Miran dissenting for a second straight meeting in favor of a larger, half-point rate cut. Stay tuned!

CHART 3: ***Fed Officials Are Back On The Tape…The Market Will Be Listening!***

Date Time	A	M	R	Event
10/31 09:30				Fed's Logan Speaks at Bank Funding Conference, Day 2
10/31 12:00				Fed's Hammack and Bostic Speak at Bank Funding Conference
11/03 12:00				Fed's Daly in Moderated Conversation
11/03 14:00				Fed's Cook Speaks on Economy and Monetary Policy
11/04 06:35				Fed's Bowman Speaks on Supervision and Monetary Policy
11/06 11:00				Fed's Williams speaks at Goethe University Frankfurt
11/06 11:00				Fed's Barr Participates in Moderated Discussion
11/06 12:00				Fed's Hammack Speaks at the Economic Club of New York
11/06 15:30				Fed's Waller in Panel on Central Banking and Payments
11/06 16:30				Fed's Paulson speaks on Consumer Finance Institute
11/06 17:30				Fed's Musalem Speaks at a Fireside Chat on Monetary Policy
11/07 03:00				Fed's Williams Speaks in Frankfurt
11/07 07:00				Fed's Jefferson Speaks on AI and Economy
11/07 15:00				Fed's Miran Speaks on Stablecoins and Monetary Policy

Source: Bloomberg, LLP | SCHEDULE OF FED SPEECHES THROUGH 11/7/2025

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