

**Flash Update: US RATE MARKETS – THURSDAY NOVEMBER 13, 2025**

- US Treasury yields and SOFR swap rates drifted higher this morning as the government emerges from the longest shutdown on record
- The “interim” spending bill keeps the US government open until January 30, 2026 setting the stage for another shutdown battle
- US economic data releases will resume ASAP; The timetable for releasing the postponed data should be ironed out by early next week
- Short-end SOFR swap rates are trading up ~2-3 bps this morning, depending on tenor
- Long-end SOFR swap rates are currently trading up ~2-4 bps, depending on tenor
- The next FOMC rate decision is due on Wednesday, December 10th at 2:00 PM

SOFR swap rates and US Treasury yields moved higher this morning, as the US government emerges from the longest shutdown on record. Last night, the US House of Representatives voted to pass the spending legislation and end the government shutdown. President Trump signed the legislation this morning. The shutdown battle has weighed on the US economy, with the Congressional Budget Office projecting a six-week government closure could lower GDP growth in the current quarter by 1.5 percentage points. (However, more than half of the negative GDP drag could be recouped early next year as federal programs resume and government employees receive back pay.)

We are also not *quite* out of the woods just yet – the “interim” spending package funds *most* of the government through Jan 30, 2026, raising the prospect of another “shutdown fight” at that time. Bottom line, the news was received positively by market participants. Focus will now shift to the release of “postponed” economic data, and what that data says about the state of the economy and the path forward for the Fed.

Traders will continue to pay close attention to the tech-sector, which has been under pressure due to skyrocketing valuations. Geopolitical developments and global trade negotiations will also continue to captivate the market. Market participants will also be listening to Fed-speak *closely* for clues on the direction of monetary policy. Fed officials are all over the tape this week. The Fed speaker slate for today includes Daly (8:00am), Kashkari (10:30am), Musalem (12:15pm) and Hammack (12:20pm).

All that said, traders are eagerly awaiting the economic data that was postponed due to the shutdown, and they are looking forward to the resumption of “normal” US economic data releases. The timetable for the release of the delayed economic data is still in flux – I expect that to be ironed out by early next week.

**SOFR Swap Rate Summary:** The 1Y SOFR swap rate is trading ~2-3 bps higher this morning. 2Y and 3Y SOFR swap rates are currently up ~2-3 bps this morning. 5Y and 10Y SOFR swap rates are currently trading up ~3-4 bps. The very back-end of the swap curve is currently trading up ~2-3 bps.

***Please note: Market levels can change rapidly – rate cap premiums are subject to a dynamic market that can change frequently.***

**CHART 1: US RATES SNAPSHOT: 9:00 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  | 3.597 | +0.029 | -20.9200 | -0.2311 | 3.3889 | +0.0254 |
| 3Y  | 3.594 | +0.034 | -24.2700 | -0.3750 | 3.3540 | +0.0303 |
| 4Y  | 3.655 | +0.032 | -28.0130 | -0.0580 | 3.3714 | +0.0334 |
| 5Y  | 3.705 | +0.033 | -29.6440 | +0.1060 | 3.4097 | +0.0348 |
| 7Y  | 3.884 | +0.031 | -36.6155 | +0.1845 | 3.5185 | +0.0329 |
| 10Y | 4.093 | +0.024 | -42.1250 | -0.6525 | 3.6859 | +0.0302 |
| 20Y | 4.658 | +0.021 | -64.9550 | +0.7790 | 4.0085 | +0.0285 |
| 30Y | 4.683 | +0.019 | -70.0000 | +1.0000 | 3.9831 | +0.0279 |

Source: Bloomberg, LLP | 9:00 AM NY Rates Snapshot

CHART 2, 2A & 2B: SOFR Swap Rates Move Higher As Government Shutdown Ends...For Now; Volatility Ticks Higher

SOFR swap rates moved higher this morning on the announcement that the US government shutdown is over, at least temporarily. Traders have largely been flying data-blind during the shutdown, so I expect an uptick in rate volatility over the next couple of weeks as the economic data begins to flow and traders assess the state of the economy and path forward for interest rates. Mixed messages from Fed officials are not helping market participants to form a consensus regarding the next rate cut. Specifically, traders are torn on whether or not the Fed will cut rates again at the December meeting. The flood of data we will see soon should help clarify the outlook for a December rate cut.

The odds for a December rate cut have dropped to ~55.5%. That equates to basically a 50/50 chance the Fed will cut rates 25 bps in December. Despite Powell’s recent hawkish “warning”, *market participants are still leaning towards a December rate cut*, based mainly on fear that the employment market will continue to weaken (perhaps materially) into year-end and during the first half of 2026. It will be interesting to see what the upcoming data reveals about the US labor market!

CHART 2: Short-End SOFR Swap Rates – Prior 10 Days



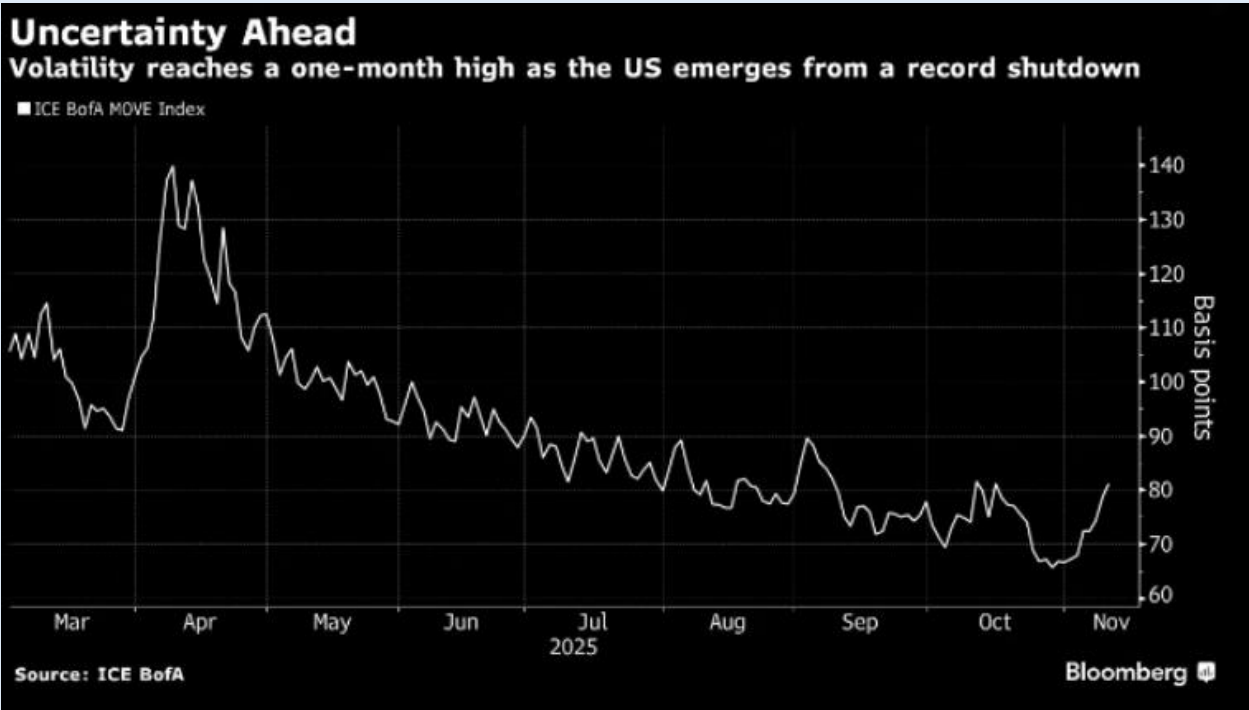
Source: Bloomberg, LLP | 1Y (white), 2Y (blue) & 3Y (orange) SOFR SWAP RATES, PRIOR 10 DAYS

CHART 2A: Long-End SOFR Swap Rates – Prior 10 Days



Source: Bloomberg, LLP | 5Y (green), 7Y (purple) & 10Y (light blue) SOFR SWAP RATES, PRIOR 10 DAYS

CHART 2B: *Uncertainty = Potential Volatility*



Source: Bloomberg, LLP | ICE/BofA “MOVE” COMPOSITE VOLATILITY INDEX, US TREASURY YIELDS; SINCE MARCH 2025

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