

Flash Update: US RATE MARKETS – THURSDAY NOVEMBER 20, 2025

- UST yields and SOFR swap rates dipped a touch lower after the release of the September Employment Report
- The report showed the US labor market remains resilient, and has thus far avoided the massive slowdown traders fear
- A slightly higher Unemployment Rate, 4.4%, was the main catalyst for slightly lower rates this morning
- The release of the Fed meeting minutes showed a divided Fed reluctant to cut rates further at this time
- As a result, odds for a December rate cut have dipped to ~27.7%
- Nvidia earnings and an “upbeat” AI forecast eased near-term concerns of a tech sector “bubble”
- Short-end SOFR swap rates are trading down ~1-2 bps this morning, depending on tenor
- Long-end SOFR swap rates are currently trading down ~1-2 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 are holding mostly steady this morning, as rate traders shrugged off the Employment Report results. Rates on the very short-end of the curve dipped slightly after the report was released, as traders kept alive dim hopes for a December rate cut. The slight drop in rates was mostly due to the Unemployment Rate ticking up to 4.4%. That is the highest reading since October of 2021. The jobs report *did not* show the significant deterioration that some market participants had expected – most of the report components printed a *bit* better-than-expected.

Yesterday’s release of the Fed meeting minutes evidenced what Chairman Powell called a “growing chorus” of officials who think the Fed should pause for at least one meeting. Bottom-line, the Fed intends to move forward cautiously, and it seems like the market is slowly accepting that outcome. As such, odds for a December rate cut have plunged to ~27.7%.

Nvidia delivered a surprisingly strong revenue forecast and pushed back on the idea that the AI industry is in a “bubble”, easing concerns that had spread across the tech sector. That definitely takes some of the “pressure” off equity markets and will reduce the “flight-to-quality” trading we have witnessed over the past few days.

SOFR Swap Rate Summary: The **1Y** SOFR swap rate is trading ~1-2 bps lower this morning. **2Y** and **3Y** SOFR swap rates are currently down ~1-2 bps this morning. **5Y** and **10Y** SOFR swap rates are currently trading down ~1-2 bps. The very back-end of the swap curve is currently trading down ~1 bp. **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: 9:30 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	3.571	-0.021	-22.5563	+0.1637	3.3472	-0.0187
3Y	3.567	-0.019	-25.7801	+0.1599	3.3114	-0.0214
4Y	3.635	-0.023	-29.6450	-0.2700	3.3331	-0.0175
5Y	3.689	-0.020	-31.2550	+0.1200	3.3777	-0.0185
7Y	3.882	-0.019	-38.3100	+0.2395	3.4988	-0.0171
10Y	4.119	-0.017	-43.7600	+0.3650	3.6823	-0.0146
20Y	4.711	-0.013	-68.5840	+0.4000	4.0268	-0.0101
30Y	4.745	-0.011	-73.4800	+0.2691	4.0110	-0.0085

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

CHART 2 & 2A: SOFR SWAP RATES DIP SLIGHTLY AFTER MIXED EMPLOYMENT REPORT

SOFR swap rates are again holding *relatively* steady this morning, despite the release of the September Employment data. December rate cut odds continue to drop, as traders accept a rate cut is likely not on the table for the next Fed meeting. Overall, SOFR swap rates are down ~2-4 bps this week.

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 3 & 3A: MIXED, BUT OVERALL “POSITIVE” SEPTEMBER EMPLOYMENT REPORT DIMS DECEMBER RATE CUT HOPES

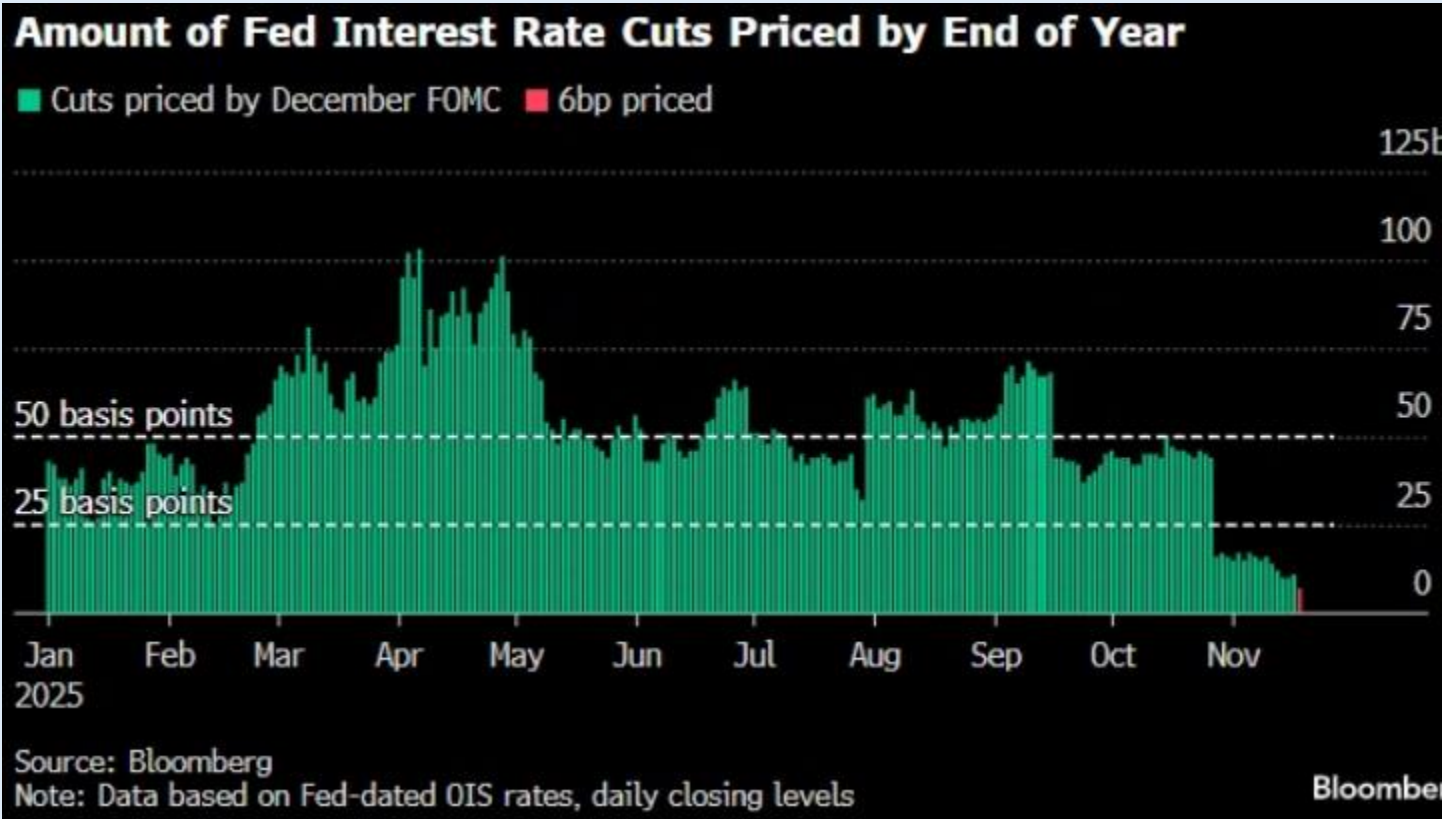
US job growth picked up in September and the unemployment rate ticked higher, suggesting the labor market showed signs of stabilizing before the government shutdown. The report did not show the “deterioration” in the labor market that many market participants expected. Nonfarm payrolls increased 119,000 (vs. 51k expected and 22k the prior month) and the unemployment rate ticked up to 4.4% (vs. 4.3% the prior month). Hourly earnings rose 0.2% from the prior month, slightly missing expectations. The September jobs report suggests an uneven US labor market heading into the final quarter of the year, with the Federal Reserve considering whether the slowdown justifies another interest-rate cut at its Dec. 9-10 meeting. Based on current market pricing, traders seem to be reluctantly accepting that the Fed will not cut rates in December.

CHART 3: “September” Employment Report Recap

Metric	Actual	Median estimate
Change in payrolls (MoM)	+119k	+51k
Unemployment rate	4.4%	4.3%
Average hourly earnings (MoM)	+0.2%	+0.3%

Source: Bloomberg, LLP | September Employment Report Recap

CHART 3A: Rate Cut Hopes For December Continue To Plummet



Source: Bloomberg, LLP | Fed Rate Cut Expectations For 2025

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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