

Flash Update: US RATE MARKETS – MONDAY NOVEMBER 24, 2025

- UST yields and SOFR swap rates are drifting a touch lower this morning as markets prepare for the Thanksgiving holiday
- Fed officials are on the sidelines this week – there are no Fed speeches scheduled for the holiday shortened week
- FOMC officials will enter the official pre-meeting “quiet period” beginning on Friday, 11/28
- As such, the next time we hear from Fed officials will be Chairman Powell’s post meeting press conference on 12/10
- Next up for data: *September* Retails Sales and *September* PPI results are due tomorrow at 8:30 AM
- The “stale” data is not ideal, but it will provide some recent “context” for market participants to digest
- Short-end SOFR swap rates are trading down ~1 bp this morning
- Long-end SOFR swap rates are currently trading down ~1-3 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 drifting a touch lower this morning. Rates have been bouncing around in a range depending on which way the Fed rate cut winds are blowing. This week, Fed officials move to the sidelines ahead of the December meeting, but we will finally see some of the “back-dated” economic data results the market is craving. September Retail Sales data and September PPI inflation data both print tomorrow at 8:30 AM. Traders will of course be paying attention to the results, but the “back-dated”, stale data may have a muted market impact. *There is, however, always the possibility that economic data will spark volatility, particularly in a data-starved market.* I expect any rates market “action” will be front-loaded this week. As we approach Thanksgiving, market activity is likely to dwindle to a minimum.

SOFR Swap Rate Summary: The 1Y SOFR swap rate is trading ~1 bp lower this morning. 2Y and 3Y SOFR swap rates are currently down ~1 bp 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 ~1-3 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: 9:30 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	3.510	+0.002	-22.2624	-0.4474	3.2886	-0.0030
3Y	3.497	-0.003	-25.0748	-0.0518	3.2472	-0.0037
4Y	3.560	-0.009	-28.8900	-0.0105	3.2668	-0.0057
5Y	3.612	-0.009	-30.3734	-0.0028	3.3095	-0.0082
7Y	3.801	-0.013	-37.3265	+0.0055	3.4293	-0.0140
10Y	4.044	-0.018	-43.1154	+0.0096	3.6143	-0.0192
20Y	4.649	-0.025	-68.3335	+0.2665	3.9665	-0.0238
30Y	4.684	-0.028	-73.1352	+0.2443	3.9537	-0.0256

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

CHART 2 & 2A: SOFR SWAP RATES EDGE LOWER AS MARKET PARTICIPANTS AWAIT DIRECTION

SOFR swap rates are drifting *slightly* lower this morning, but remain range bound. I expect rates to remain in the recent range due to the short-trading week and lack of “fresh” (current) economic data. The Fed “black-out” also removes a primary source of market intel for the near term. There is still significant uncertainty surrounding the FOMC’s “plans” for the December meeting. There is a growing expectation that the FOMC (or, perhaps “most” of the FOMC!) may simply want to cut rates again in December to avoid further labor market deterioration, and then move to the sidelines while the effects of the recent rate cuts take hold. There are officials, however, who remain concerned about inflation, and they fear that another rate cut at this time would fan inflation.

CHART 2: Short-End SOFR Swap Rates – Prior 30 Days



Source: Bloomberg, LLP | 1Y (white), 2Y (blue) & 3Y (orange) SOFR SWAP RATES, PRIOR 30 DAYS

CHART 2A: Long-End SOFR Swap Rates – Prior 30 Days



Source: Bloomberg, LLP | 5Y (green), 7Y (purple) & 10Y (light blue) SOFR SWAP RATES, PRIOR 30 DAYS

CHART 3, 3A & 3B: MARKET BRACES FOR WHAT IS SHAPING UP TO BE A CONTENTIOUS DECEMBER FOMC MEETING

Fed interest-rate cut bets ramped up last week following comments from Fed officials hinting that a rate cut is definitely still on the table for December. Odds for a December rate cut are sitting at ~63%; Odds for a January rate cut have ramped up to ~78%. That tells me that, although there is speculation the Fed will hold off on a December rate cut, markets believe that the Fed is by no means done cutting rates. There is however, growing dissension within the FOMC. Based on recent Fed-speak, it is difficult to get a firm grip on what to expect at the December Fed meeting. The uncertainty surrounding the next Fed rate decision, coupled with a lack of current economic data, makes it challenging to forecast what to expect in December. I still believe that the FOMC's fear of a weakening labor market will overshadow their fear of higher inflation, and they will be moved to cut rates 25 bps on December 10th. That said, I do not believe the vote to cut will be unanimous, setting the stage for lingering uncertainty as we enter 2026.

CHART 3: *Dissenting Votes Rare Under Powell...That Could Change Dramatically At The December Meeting*

Powell Tenure Marked by Few Dissents Until Now

Chair Jerome Powell has the fewest dissents in the modern Fed era

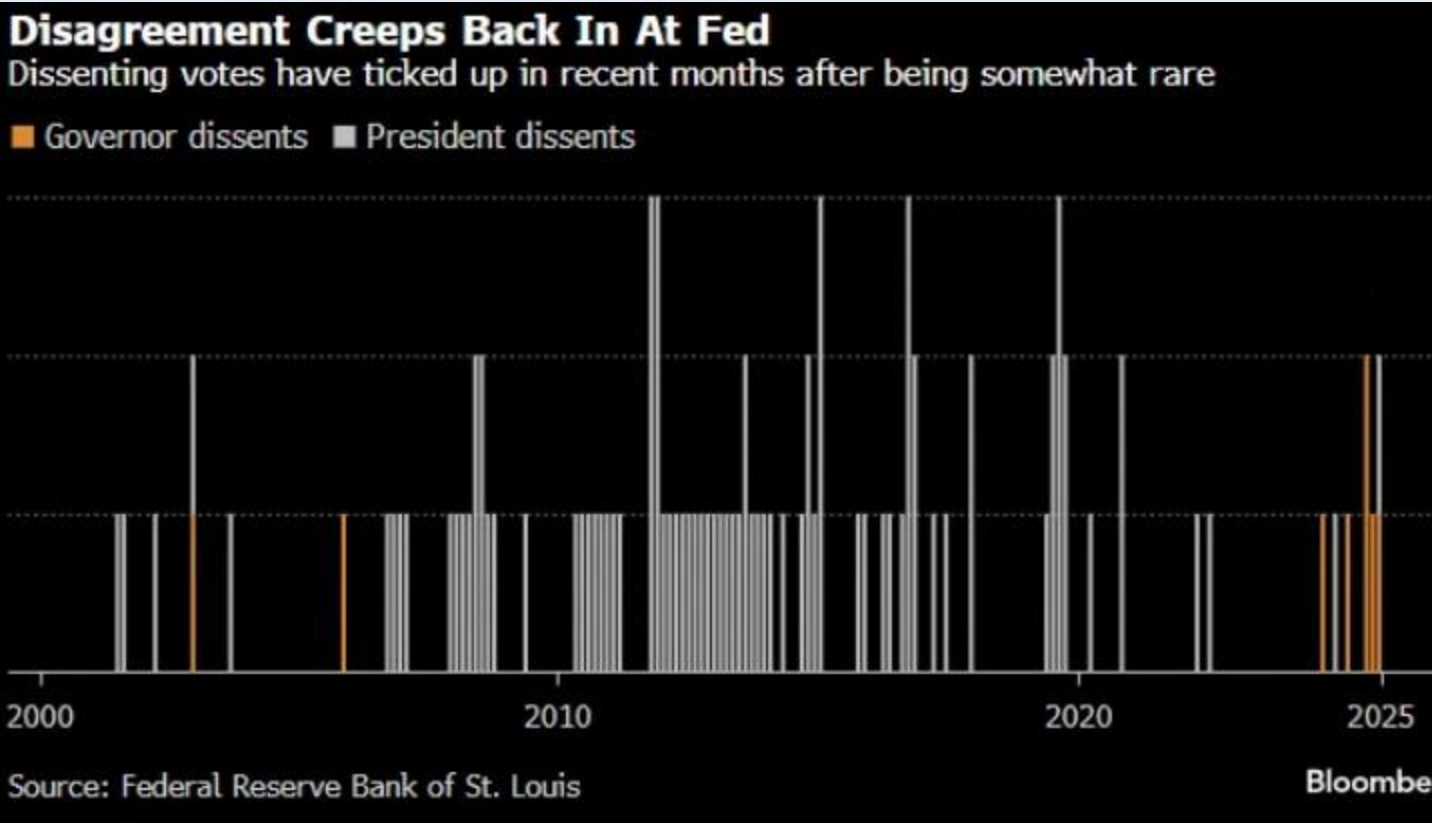
Chair	Term	Average number of dissents per meeting	
Powell	2018-present	<div></div>	0.328
Yellen	2014-2018	<div></div>	0.688
Bernanke	2006-2014	<div></div>	0.727
Greenspan	1987-2006	<div></div>	0.536
Volcker	1979-1987	<div></div>	1.227

Source: Federal Reserve Bank of St. Louis, Bloomberg calculations

Bloomber

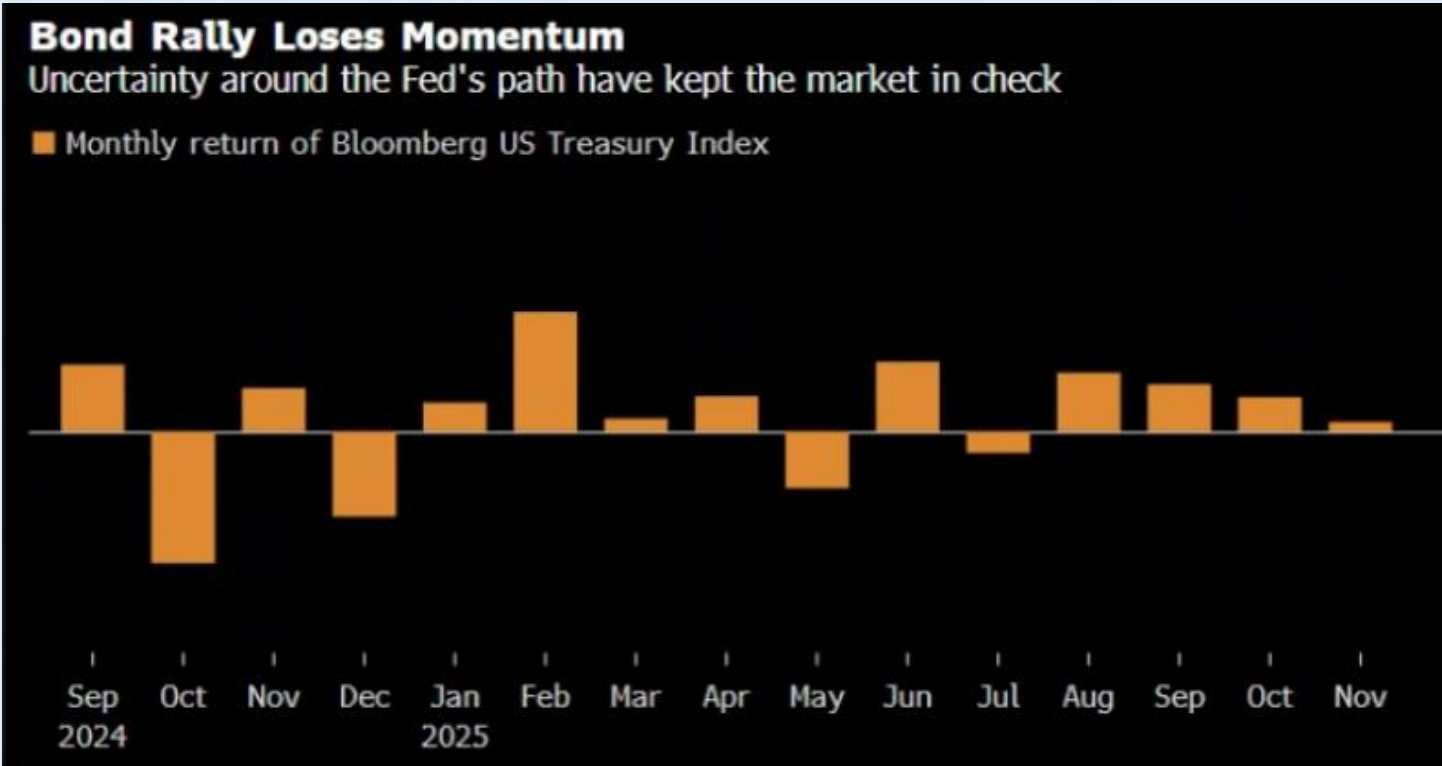
Source: Bloomberg, LLP | AVERAGE FOMC DISSENTING VOTES SINCE VOLCKER

CHART 3A: *Dissension Grows Within The Fed, Making It Difficult To Forecast The December Meeting Result*



Source: Bloomberg, LLP | FOMC DISSENTING VOTES SINCE 2000

CHART 3C: *Bond Rally Stalls As Uncertainty Grows*



Source: Bloomberg, LLP | BLOOMBERG US TREASURY INDEX RETURNS SINCE SEP 2024

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