Flash Update: **US RATE MARKETS – TUESDAY NOVEMBER 4, 2025**

- **US Treasury yields and SOFR swap rates are drifting lower this morning as risk concerns grip the market**
- **Valuation concerns are weighing on equity markets, leading to a growing risk-off sentiment**
- **Overall, interest rates have been in a holding pattern since the FOMC meeting and Chair Powell's hawkish comments**
- **Traders continue to assess the impact of the ongoing government shutdown**
- **The US government shutdown enters Day 35, tied for the longest government shutdown in US history**
- **There is currently no ETA for a resolution, though negotiations are ongoing in Washington DC**
- **Short-end SOFR swap rates are trading down ~1-3 bps this morning, depending on tenor**
- **Long-end SOFR swap rates are currently trading down ~1-2 bps, depending on tenor**
- **Next up for key data: *TBD – Economic data releases postponed due to government shutdown***
- **However, *October ADP data will be published tomorrow at 8:15 AM*; followed by ISM Services Data at 10:00 AM**
- **Traders will be paying *close* attention to the ADP private payrolls data results**
- **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. Valuation concerns are weighing on equity markets, leading to a growing risk-off sentiment and slightly lower rates. The economic data "black-out" continues as the government shutdown enters 'Day 35'. The current government shutdown is now tied for the longest shutdown in US history. Market concern and uncertainty is rising as the shutdown drags on. Given the absence of government published economic data, traders will look to "Fed-speak" for guidance on the Fed's current mindset. *Rates could drift a bit lower today if equity market valuation concerns deepen.*

Some good news: There will be non-government economic data released this week! We will see ADP Private Payrolls data published tomorrow at 8:15 AM. Markets are not likely to overreact to one data point, but it will be the first private sector employment data we have seen in some time. *Recently, rates have "reacted" the most to employment and inflation data.* Given the Fed's stated focus on the employment market, traders will be *closely* tracking tomorrow's ADP results. Expectations for October ADP are calling for +40k, vs. the prior month's reading of -32k. Additionally, October S&P Global Services PMI data will print tomorrow at 9:45 AM, and at 10:00 AM the October ISM Services and Prices Paid data will be released. *We could see a bump in rate volatility tomorrow as the market reacts to the fresh economic data*.

Overall, traders will continue to navigate a turbulent, uncertain market. Market participants will remain focused on tariffs and US-China trade negotiations, economic conditions, inflation forecasts, corporate earnings 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 last week. 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 ~1-2 bps lower this morning. **2Y** and **3Y** SOFR swap rates are down ~1-3 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 quickly - potentially, very quickly - in this type of market environment.**

CHART 1: ***US RATES SNAPSHOT: 9:45 AM Eastern***

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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	3.580	-0.026	-20.8508	+0.1492	3.3733	-0.0214
3Y	3.590	-0.022	-25.3110	+0.3630	3.3374	-0.0198
4Y	3.651	-0.023	-29.0210	+0.4090	3.3565	-0.0170
5Y	3.701	-0.022	-30.6164	+0.4877	3.3961	-0.0148
7Y	3.886	-0.016	-38.1050	+0.3752	3.5057	-0.0133
10Y	4.095	-0.016	-42.5164	+0.2336	3.6711	-0.0124
20Y	4.653	-0.013	-66.3799	+0.3916	3.9899	-0.0095
30Y	4.681	-0.010	-71.7500	+0.2500	3.9639	-0.0077

Source: Bloomberg, LLP | 9:45 AM NY Rates Snapshot

CHART 2 & 2A: SOFR SWAP RATES DRIFT LOWER AS MARKET AWAITS FRESH ECONOMIC DATA

SOFR swap rates are drifting a touch lower this morning, as investors and traders lighten-up on equities in the face of growing valuation concerns. Mixed tech earnings have forced traders to reevaluate lofty equity valuations sparked by a massive, AI-fueled stock rally. The reallocation from equities to bonds has caused rates to drop a bp or two this morning.

Over the prior 30 days, SOFR swap rates touched, then bounced-off of the YTD lows. SOFR swaps rates are currently trading *very* close to where they were trading one month ago. Rates have held mostly steady since the FOMC meeting, which tells me traders are experiencing a high level of uncertainty about the path forward for interest rates.

The odds for a December rate cut have ticked up to ~71.1%. Those odds were as low as ~62.8% late last week. Despite Powell's hawkish "warning" last week, market participants are still leaning towards a December rate cut, based mainly on fear that the employment market will continue to weaken into year-end and during the first half of 2026.

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***

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

CHART 3: SCHEDULE OF FED SPEECHES THROUGH NOVEMBER 7, 2025

Fed officials are back on the tape – so far, Fed comments have supported the notion that the Fed will proceed cautiously. However, most Fed officials have continued to voice concerns about employment weakness. That said, many Fed officials have also recently stated that they remain concerned about inflation. Overall, the "message" from Fed officials has been that they are disproportionately worried about the jobs market, which is giving traders and investors hope that they will cut 25 bps in December. In short, the mixed, slightly hawkish Fed-speak recently is the main reason rates have traded sideways since the Fed meeting. 2Y SOFR swaps closed at 3.374% on Wed 10/29, and they are currently trading at 3.373%.

CHART 3: ***Fed-Speak Remains In Focus For Markets***

Date Time	A	M	R	Event
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 | CALENDAR OF FED SPEECHES THROUGH 11/7/2025

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