

Flash Update: US RATE MARKETS – FRIDAY NOVEMBER 7, 2025

- US Treasury yields and SOFR swap rates ticked higher and the curve steepened this morning as Fed officials preach caution
- Fed officials said this week that they are leaning toward proceeding with caution given the absence of economic data
- Despite pockets of heightened rate volatility, SOFR swap rates are mostly unchanged for the week
- The government shutdown enters Day 38, now the longest government shutdown in US history
- Traders continue to assess the growing impact of the ongoing government shutdown
- There is currently no ETA for a resolution, though negotiations are ongoing in Washington DC
- Short-end SOFR swap rates are trading up ~1-2 bps this morning, depending on tenor
- Long-end SOFR swap rates are currently trading up ~2-3 bps, depending on tenor
- 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 ticked a touch higher this morning as market participants wrap up a volatile week. Despite pockets of elevated volatility, SOFR swap rates are little changed for the week.

The economic data “black-out” continues as the government shutdown enters ‘Day 38’. As we have witnessed, traders are honing in on any data they can get their hands on, and market reactions have been a bit outsized this week. That said, traders seem unwilling to *commit* to a new trading range in the face of so much lingering market uncertainty.

Traders will also be paying 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, but the ongoing government shutdown, lack of economic data and unknown “Fed-impact” remain the key market themes.

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

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

2Y	3.570	+0.015	-20.9678	+0.1022	3.3617	+0.0165
3Y	3.581	+0.017	-25.4840	+0.1160	3.3268	+0.0165
4Y	3.641	+0.012	-29.3395	+0.2105	3.3461	+0.0181
5Y	3.696	+0.016	-31.1000	+0.3701	3.3863	+0.0204
7Y	3.887	+0.017	-39.0525	+0.2687	3.4989	+0.0225
10Y	4.108	+0.024	-44.0600	-0.0903	3.6687	+0.0239
20Y	4.686	+0.034	-69.3000	-0.3737	3.9938	+0.0300
30Y	4.712	+0.033	-74.4005	-0.0255	3.9696	+0.0329

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

CHART 2 & 2A: SOFR Swap Rates Tick Higher; Market Waits For Direction

SOFR swap rates ticked a touch higher this morning as the market awaits direction. Despite the increased “rate action” we saw this week, short-end SOFR swap rates are mostly unchanged from Monday’s open. 2Y swaps opened the week at 3.368% - they are currently trading a touch lower at 3.362%. Traders seem reluctant to carve out a new trading range given the amount of uncertainty permeating the market, *especially* the uncertainty created by the lack of economic data. From my perspective, traders are growing weary of flying “data-blind” and are desperately seeking data-based direction.

The odds for a December rate cut have ticked up to ~70.6%. 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 (perhaps materially) into year-end and during the first half of 2026. I also believe that, eventually, the GDP “drag” caused by the prolonged government shutdown will increase the odds for another Fed rate cut.

CHART 2: Short-End SOFR Swap Rates – Prior 7 Days



Source: Bloomberg, LLP | 1Y (white), 2Y (blue) & 3Y (orange) SOFR SWAP RATES, PRIOR 7 DAYS

CHART 2A: Long-End SOFR Swap Rates – Prior 7 Days



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

CHART 3: Pressure Mounts For Politicians To End Government Shutdown Swiftly

Pressure is mounting on government officials to end the government shutdown as soon as possible. The negative effects of the shutdown are being felt throughout the country. For financial markets, the biggest impact has been the lack of current economic data. With each day passing, there is an increasing chance that the October jobs and inflation data *may not be released at all*. The uncertainty surrounding the data results will prolong a debate among Fed officials about whether the labor market is in fact weakening fast enough to warrant another rate cut in December, despite ongoing inflation risks. As we know, there is already dissension within the FOMC on the necessity of another rate cut in December.

The chart below shows BNP’s estimated economic data release dates based on potential “government reopening” dates. I included the chart as it is the first chart I have seen that attempts to ‘clarify’ when we may see key economic data released. Bottom line, the lack of data is becoming a *huge* wildcard for the market. As we saw this week with the secondary, private-sector jobs data, *traders are ready and willing to react to economic data!*

CHART 3: The Data Is Coming...The BIG Question Is, When?

Estimated Release Dates for Key US Economic Data				
Timeline represents BNP's best case but "reasonable" scenario				
Release	Scheduled	Nov. 10 Reopening	Nov. 17 Reopening	Nov. 24 Reopening
Employment (Sept)	Oct. 3	Nov. 12	Nov. 19	Nov. 26
Retail sales (Sept)	Oct. 16	Nov. 21	Nov. 26	Dec. 4
GDP (Q3)	Oct. 30	Nov. 26	Dec. 3	Dec. 9
PCE (Sept)	Oct. 31	Nov. 26	Dec. 4	Dec. 10
Employment (Oct)	Nov. 7	Nov. 26	--	--
CPI (Oct)	Nov. 13	--	--	--
PCE (Oct)	Nov. 26	Dec. 19	Dec. 19	Dec. 24
Employment (Nov)	Dec. 5	Dec. 12	Dec. 12	Dec. 19
CPI (Nov)	Dec. 10	Dec. 17	Dec. 17	Dec. 17

Source: BNP Paribas Oct. 28 report
Note: October employment may be joined with November if shutdown extends. High chance of no October CPI release unless quick reopening

Bloomberg

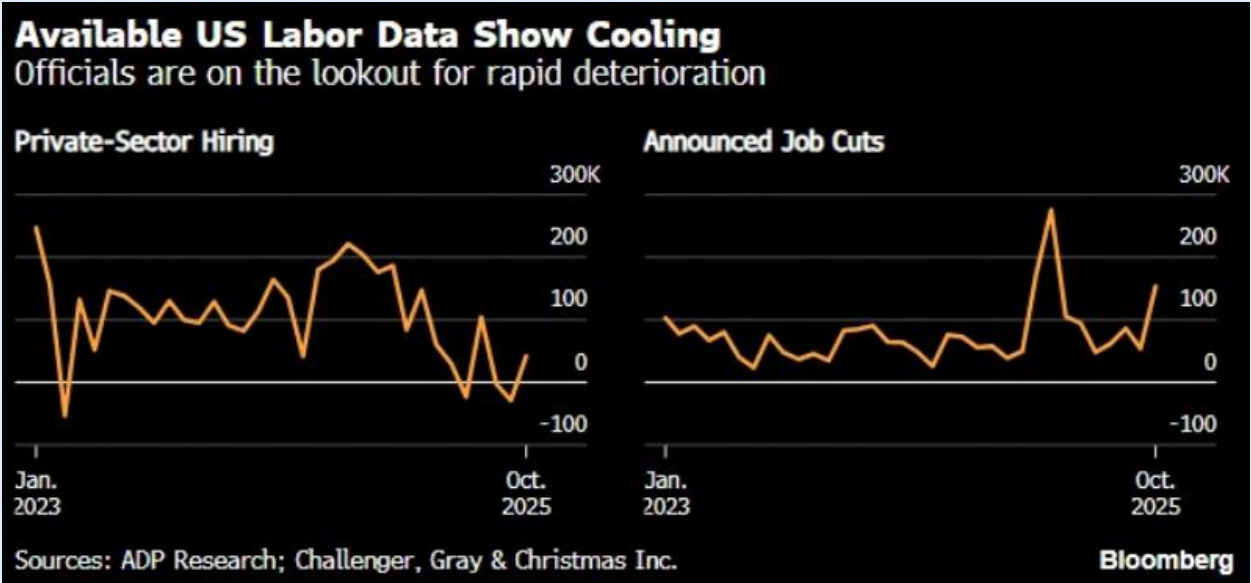
Source: Bloomberg, LLP | BNP PARIBAS - ESTIMATED ECONOMIC DATA RELEASE DATES BASED ON GOVERNMENT REOPENING DATE

CHART 4: Private Sector Data Signals Employment Market Is Cooling

Private sector jobs data released this week supported the growing market sentiment that the US jobs market is cooling-off, and it may be poised to cool-off rapidly. The problem is, traders and investors *do not have access to the data needed to confirm that suspicion*. The Fed’s Goolsbee said yesterday that he remains “uneasy” about continuing rate cuts due to the dearth of data. He noted that, although there is *some* employment data available, there are not as many “private-sector” data sources for inflation as there are for the labor market. *That tells me central bankers do not have a crystal clear view of what is going on with prices during the shutdown.*

Most market participants expect the labor market to weaken, perhaps rapidly, and they believe that inflation will remain static – until they see data to the contrary, rate traders are going to continue to lean that way. From my perspective, that explains why odds for a December rate cut are still sitting at ~70.6%.

CHART 4: Recent Employment Data Points To A Weaker Jobs Market



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