

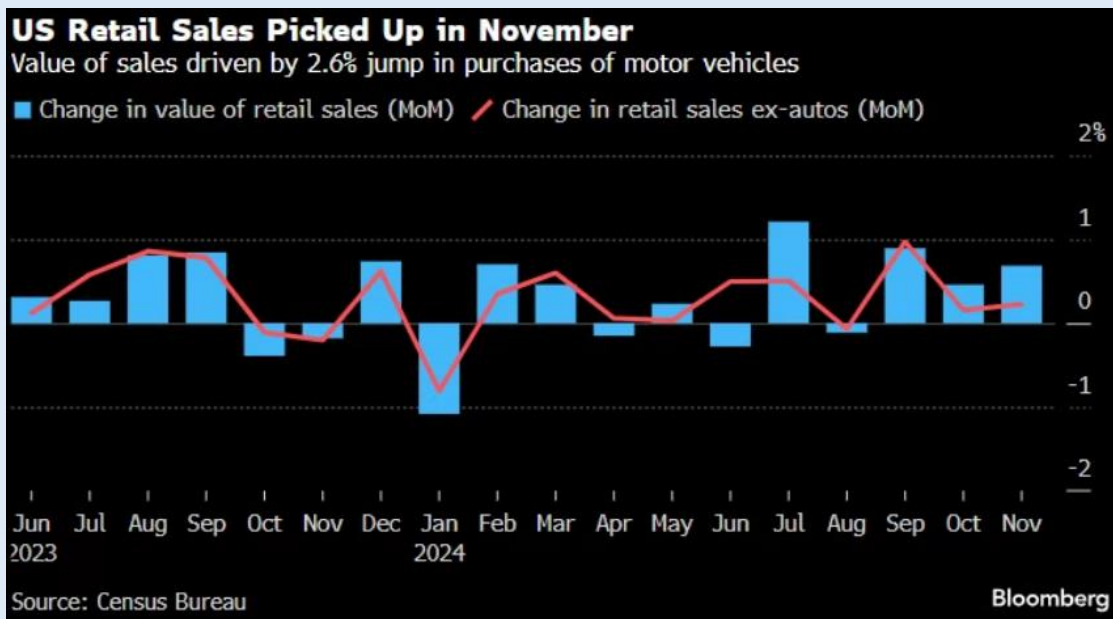


**CHART 2: November Retail Sales Recap – Auto Sales Drive Strong Retail Sales Print**

	Actual	Median	Survey Range	Prior
Overall	0.7%	0.6%	-0.1% to 1.0%	0.5%
Ex auto	0.2%	0.4%	-0.1% to 0.8%	0.2%
Ex auto/gas	0.2%	0.4%	0.2% to 0.7%	0.2%
Control group	0.4%	0.4%	0.2% to 0.8%	-0.1%

Source: Bloomberg, LLP | November Retail Sales Recap

**CHART 2A: Historical Retail Sales – US Consumer Remains Resilient**



Source: Bloomberg, LLP | Historical Retail Sales Data

**CHART 3: MARKET REACTION TO RETAIL SALES DATA MUTED – Rates Hold Steady Ahead Of FOMC Rate Decision**

SOFR swap rates held steady this morning despite stronger-than-expected November retail sales results. Traders are clearly looking ahead to tomorrow’s FOMC rate decision. Given the amount of information we will get tomorrow – the FOMC rate announcement, a new dot-plot, revised economic projections and Powell’s press conference – it is certainly possible that SOFR swap rates could carve out a new trading range. Over the prior 10 trading sessions rates have quietly crept higher, as uncertainty has grown surrounding the rate cut forecast for 2025.

I think it comes down to this: If the FOMC signals slower rate cuts or a prolonged pause in rate cuts, term SOFR rates will rise; If the Fed signals a steady pace of rate cuts next year, rates are likely to dip, particularly on the short end of the swap curve. A “neutral” message would likely keep the swap curve flat and rates stuck in a 12-25 bp trading range from where we are now.

**CHART 3: 1Y (white), 2Y (blue) & 3Y (orange) SOFR Swap Rates – Prior (10) Trading Sessions**



Source: Bloomberg, LLP | 1Y, 2Y & 3Y SOFR SWAP RATES – PRIOR (10) TRADING SESSIONS

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