



**Flash Update: US RATE MARKETS – WEDNESDAY DECEMBER 17, 2025**

- UST yields and SOFR swap rates are drifting a touch higher this morning as market participants seek direction
- Yesterday's weaker-than-expected November US jobs data was more of a confirmation of the prior expected rate path rather than a new catalyst for rates
- Traders are keeping a close watch on the developing situation in Venezuela
- Currently, the developments in Venezuela have had a minimal market impact
- President Trump has ordered a "blockade" of sanctioned oil tankers going into and leaving Venezuela
- Trump also designated the Maduro regime as a "FOREIGN TERRORIST ORGANIZATION"
- The next FOMC rate decision is due Wednesday, January 28, 2026 at 2:00 PM
- 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

US Treasury yields and SOFR swap rates are drifting a touch higher this morning as the market seeks direction and begins preparations for year-end. Yesterday's weaker-than-expected November US jobs data had little impact on rates, or on forward FOMC pricing. The jobs data did "justify" the December rate cut in my opinion, but *did not* alter the expected rate path for the first half of 2026. Market pricing still favors one 25 bp rate cut during the first six months of 2026. Odds for a 25 basis point rate cut in January are currently sitting at ~24.4%.

Traders are keeping a close eye on the developing situation in Venezuela. President Trump has stepped up the pressure on the Maduro regime - he has ordered a blockade of sanctioned oil tankers and has declared the Maduro regime a "foreign terrorist organization". It is unclear at the moment how far President Trump is willing to go to oust Maduro – President Trump is indeed tenacious. So far, global markets have largely shrugged-off the Venezuela news – oil prices have ticked a bit higher, but rates have not been impacted...yet.

Fed-officials are on the tape today. Earlier this morning, the Fed's Waller argued that a softening labor market justifies more easing. Waller also said inflation expectations remain anchored, there is no sign of a renewed price surge, and tariff effects are a "one-time" bump that will fade. He put the current policy rate roughly 50 to 100 basis points *above* where he sees the neutral rate. That leaves plenty of room for additional rate cuts. Waller's dovish position is well known, so the market reaction to his comments was minimal.

**SOFR Swap Rate Summary:** The **1Y** SOFR swap rate is trading up ~1 bp this morning. **2Y** and **3Y** SOFR swap rates are currently trading up ~1-2 bps. **5Y** and **10Y** SOFR swap rates are currently trading up ~1-3 bps. The very back-end of the swap curve is currently trading up ~2-3 bps from yesterday's closing levels. ***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  | 3.500 +0.013 | -17.1589 +0.0811 | 3.3294 +0.0137 |
| 3Y  | 3.544 +0.017 | -20.9750 +0.0726 | 3.3373 +0.0179 |
| 4Y  | 3.636 +0.011 | -24.6305 +0.1700 | 3.3841 +0.0191 |
| 5Y  | 3.712 +0.015 | -26.8536 +0.2714 | 3.4450 +0.0201 |
| 7Y  | 3.921 +0.020 | -34.0000 +0.0500 | 3.5819 +0.0205 |
| 10Y | 4.165 +0.020 | -39.1250 +0.1250 | 3.7737 +0.0209 |
| 20Y | 4.791 +0.024 | -65.3950 -0.1944 | 4.1391 +0.0222 |
| 30Y | 4.836 +0.024 | -70.2350 +0.0498 | 4.1346 +0.0228 |

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

#### CHART 2 & 2A: SOFR SWAP RATES EDGE HIGHER AS MARKET SEEKS DIRECTION

SOFR swap rates are drifting a touch higher this morning, as traders await fresh economic data and begin to prepare for year-end.

For the week, **2-year SOFR swap rates** are down ~3 basis points (3.351% 12/12 close; **3.329%** currently). **10-year SOFR swap rates** are close to unchanged for the week (3.774% 12/12 close; **3.773%** currently). Overall, SOFR swap rates remain range bound as the market seeks direction.

#### 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



# RateCap Advisors



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

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