

**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



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

**Disclaimer:** *The information provided in this communication is intended for discussion purposes only. Nothing presented in this communication should be taken as a recommendation or forecast. All market data shown is indicative only and subject to change depending on current market conditions.*

\*\*\*

**AST Defeasance Consultants**, one of the nation's leading commercial real estate consulting firms, was founded in 2007. We have extensive experience in commercial real estate defeasance, hedging, derivatives, and financial instruments. More than \$50 billion worth of transactions have been executed by the AST team. Only AST can combine innovation, expertise, and exceptional customer service.

**Rate Cap Advisors** was established in 2015 that focus on providing commercial real estate interest rate cap solutions. Our innovation and desire to explore new possibilities that benefit our clients have allowed us to save our clients millions of dollars. No matter the service or product, we take great pride in our pursuit of perfection with a unparalleled closing track record.

\*\*\*