



Flash Update: US RATE MARKETS – THURSDAY DECEMBER 18, 2025

- UST yields and SOFR swap rates are moving lower this morning after a better-than-anticipated November CPI result
- November YoY Headline CPI printed at 2.7% vs. 3.1% expected; YoY Core CPI printed at 2.6% vs. 3.0% expected
- While the inflation data is good news, traders are viewing the CPI data cautiously
- Overall, the market remains relatively quiet and rates remain range bound as we approach year-end 2025
- The next FOMC rate decision is due Wednesday, January 28, 2026 at 2:00 PM
- Short-end SOFR swap rates are trading down ~2-4 bps this morning, depending on tenor
- Long-end SOFR swap rates are currently trading down ~2-4 bps, depending on tenor

US Treasury yields and SOFR swap rates are moving a touch lower this morning after a better-than-expected November CPI print alleviated “near-term” inflation concerns. Traders, however, reacted cautiously, as there are concerns about the veracity of the data, given the situation created by the government shutdown. The BLS was unable to collect much of the October price data due to the government shutdown, limiting the agency’s ability to determine “month-over-month” changes for the broader measures of inflation and many key categories in November. That said, the news was clearly well received by the market, as evidenced by the decline in rates we are seeing this morning. Odds for a January rate cut ticked slightly higher to ~28.8%.

SOFR Swap Rate Summary: The **1Y** SOFR swap rate is trading down ~2-3 bps this morning. **2Y** and **3Y** SOFR swap rates are currently trading down ~3-4 bps. **5Y** and **10Y** SOFR swap rates are currently trading down ~3-4 bps. The very back-end of the swap curve is currently trading down ~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: 9:00 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	3.445 -0.037	-17.3984	-0.1131	3.2722	-0.0388
3Y	3.486 -0.041	-20.8822	-0.1936	3.2792	-0.0419
4Y	3.577 -0.046	-24.2210	+0.0435	3.3297	-0.0409
5Y	3.655 -0.043	-26.2100	+0.2658	3.3938	-0.0398
7Y	3.869 -0.040	-33.1770	+0.3553	3.5395	-0.0350
10Y	4.122 -0.031	-38.2500	+0.2500	3.7408	-0.0284
20Y	4.765 -0.018	-64.9000	-0.2100	4.1175	-0.0192
30Y	4.812 -0.014	-69.4998	+0.0002	4.1183	-0.0144

Source: Bloomberg, LLP | 9:00 AM NY Rates Snapshot

CHART 2 & 2A: SOFR SWAP RATES EDGE LOWER ON BETTER-THAN-EXPECTED CPI PRINT

SOFR swap rates are drifting a touch lower this morning after the November CPI data beat expectations. For the week, **2-year SOFR swap rates** are down ~8 basis points (**3.351% 12/12 close; 3.272% currently**).



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10-year SOFR swap rates are down ~3.5 bps for the week (**3.774% 12/12 close; 3.740% currently**). Overall, SOFR swap rates remain largely range bound as the market seeks direction. Currently, SOFR swap rates are nearing the bottom of the recent ~15-20 bp trading range.

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.

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LOS ANGELES, CA NEW YORK, NY BALTIMORE, MD
TELEPHONE 212.500.0922 FAX 310.856.9495



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