Flash Update: US RATE MARKETS – MONDAY DECEMBER 22, 2025

- **UST yields and SOFR swap rates are drifting *a touch* higher this morning as markets prepare for a holiday shortened week**
- **Rising geopolitical tensions (Venezuela; Ukraine) remain in focus for traders; The market reaction thus far has been muted**
- **Next up for data: 3Q GDP (initial) is scheduled for release tomorrow, 12/23 at 8:30 AM**
- **The 3Q GDP data release was postponed due to the government shutdown**
- **Economists anticipate 3Q GDP to print at 3.2%; 2Q GDP was 3.8%**
- **The 3Q GDP Core PCE Price Index is anticipated to print at 2.9%. The prior quarter's reading was 2.6%**
- **There is a host of other data scheduled to print tomorrow, including Industrial Production, Consumer Confidence and the ADP Weekly Employment Change**
- **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 ~1-2 bps, depending on tenor**

US Treasury yields and SOFR swap rates are drifting a touch higher this morning as traders monitor geopolitical developments, brace for the release of important economic data and prepare for a holiday shortened week. Rising geopolitical tensions, particularly in Venezuela and Ukraine, are increasing market jitters as we head into year-end. That concern would typically lead to traders seeking safe haven in US Treasuries, but thus far, that is not the case. Instead, traders and investors are looking to gold, silver and copper for safe haven, which is keeping interest rates relatively steady. I do believe rates are ticking higher today based on suspicions that tomorrow's 3Q GDP result will print better-than-expected. Overall, rates remain range bound as we power towards year-end 2025.

We will see a host of economic data released tomorrow, beginning with 3Q GDP at 8:30 AM. Market expectations are calling for a 3Q GDP figure of 3.2%, and a Core PCE Price Index of 2.9%. The 2Q GDP readings were 3.8% and 2.6%, respectively. The 3Q GDP data has been delayed for some time due to the government shutdown, so traders will be paying close attention to the GDP results. Weaker-than-expected economic growth would further justify the recent Fed rate cuts and we could see rates slide lower. Should 3Q GDP top expectations, we could see traders scale back rate cut expectations for the first half of 2026, leading to an uptick in rates, particularly on the short-end of the curve.

Tomorrow's economic data releases also include: ADP Weekly Employment Change at 8:15 AM; October Durable Goods and Capital Goods at 8:30 AM; November Industrial Production and Capacity Utilization at 9:15 AM; December Conference Board Consumer Confidence at 10:00 AM. Note: the only data scheduled for release on 12/24 are Weekly Jobless Claims and Continuing Claims – they are bumping up the release of that data one day to accommodate the holiday market closure.

The big show this week is tomorrow's 3Q GDP data. The risk for rates tomorrow is that the 3Q GDP result wildly diverges from expectations. I do not see the other data as being particularly important, but we could see some increased volatility given the sheer volume of data we will see tomorrow.

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 ~1-2 bps. The very back-end of the swap curve is currently trading up ~1 bp from Friday'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: 9:15 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	3.496 +0.014	-18.2795 -0.3295	3.3157 +0.0102
3Y	3.544 +0.019	-21.1447 -0.3619	3.3336 +0.0133
4Y	3.635 +0.018	-24.5435 -0.2335	3.3824 +0.0146
5Y	3.709 +0.016	-26.6250 -0.1096	3.4439 +0.0151
7Y	3.921 +0.017	-34.0600 -0.1765	3.5825 +0.0145
10Y	4.163 +0.016	-38.8750 -0.2500	3.7748 +0.0127
20Y	4.792 +0.010	-65.2950 -0.2500	4.1402 +0.0083
30Y	4.835 +0.011	-70.0922 -0.4533	4.1353 +0.0063

Source: Bloomberg, LLP | 9:15 AM NY Rates Snapshot

CHART 2 & 2A: SOFR SWAP RATES TICK HIGHER AS MARKET PREPARES FOR GDP DATA

SOFR swap rates are drifting a touch higher this morning as market participants are bracing for tomorrow's full plate of economic data, including 3Q GDP. Rates were largely range bound last week, and barring any GDP "surprises" tomorrow, there is a good chance rates remain range bound for the holiday shortened week.

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

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