

Flash Update: US RATE MARKETS – WEDNESDAY DECEMBER 3, 2025

- UST yields and SOFR swap rates edged lower this morning as a weak ADP jobs report increased the odds for a rate cut next week
- The November ADP private payrolls report released this morning significantly missed expectations
- November ADP printed at -32k, vs. +10k expected; The ADP report provides further evidence the US labor market is weakening
- With inflation seemingly in check, traders believe that labor market weakness will prompt the Fed to cut rates 25 bps next week
- Odds for a December rate cut have ticked-up since last week – odds are currently sitting at ~89.2%
- Fed officials are in the official pre-meeting “quiet period”; Fed-speak resumes with Chairman Powell’s post-meeting press conference
- Short-end SOFR swap rates are trading down ~2-3 bps this morning, depending on tenor
- Long-end SOFR swap rates are currently trading down ~1-3 bps, depending on tenor
- The next FOMC rate decision is due on Wednesday, December 10th at 2:00 PM

SOFR swap rates and US Treasury yields are drifting lower this morning after the November ADP private payrolls report missed expectations. November ADP printed at -32k, vs. expectations calling for +10k. The November ADP reading was the worst since 2023, and marks the fourth time in the last six months that private payrolls have fallen. The weak ADP report likely adds to market concerns about a more pronounced weakening in the labor market. The ADP results did little to alter bets the FOMC will cut rates next week. Odds for a December rate cut have ticked up to ~89.2%.

Traders are looking ahead to next week’s highly anticipated FOMC rate decision, hence the mostly range-bound market we are currently experiencing. I expect rate volatility to pick up next week after the Fed rate announcement and Chairman Powell’s press conference. The Fed “drama” in Washington also marches on – President Trump is expected to announce his nomination for Chairman Powell’s replacement in the near term. Make no mistake, that announcement and the continued attempts to “stack” the Fed with pro-Trump candidates can and will impact forward market pricing at some point. The extent of that impact is currently unknown, but by-and-large we know the drill – Trump wants lower rates. Will market participants and investors agree? Will the FOMC? Stay tuned!

SOFR Swap Rate Summary: The 1Y SOFR swap rate is trading down to ~2-3 bps lower this morning. 2Y and 3Y SOFR swap rates are currently down ~2-3 bps this morning. 5Y and 10Y SOFR swap rates are currently trading down ~2-3 bps. The very back-end of the swap curve is currently trading down ~1-3 bps. ***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	3.477	-0.030	-20.0064	+0.5236	3.2790	-0.0259
3Y	3.494	-0.033	-24.3100	+0.5900	3.2512	-0.0278
4Y	3.564	-0.036	-28.1885	+0.4365	3.2759	-0.0308
5Y	3.621	-0.036	-29.8938	+0.2312	3.3225	-0.0330
7Y	3.817	-0.033	-36.6950	+0.2955	3.4505	-0.0312
10Y	4.058	-0.028	-41.3750	+0.1250	3.6450	-0.0274
20Y	4.682	-0.023	-66.5500	+0.2240	4.0169	-0.0220
30Y	4.725	-0.021	-71.3831	+0.1726	4.0122	-0.0193

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

CHART 2 & 2A: SOFR SWAP RATES EDGE LOWER ON WEAK NOVEMBER ADP PAYROLLS REPORT

SOFR swap rates are drifting a touch lower this morning after November ADP results printed weaker-than-expected. The weak ADP report pushed rates lower, and slightly increased the odds for a 25 bp rate cut next week. Mostly, SOFR swap rates are trading in a relatively narrow range as market participants await the much anticipated FOMC rate decision due next week.

CHART 2: Short-End SOFR Swap Rates – Prior 10 Days



Source: Bloomberg, LLP | 1Y (white), 2Y (blue) & 3Y (orange) SOFR SWAP RATES, PRIOR 10 DAYS

CHART 2A: Long-End SOFR Swap Rates – Prior 10 Days



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

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