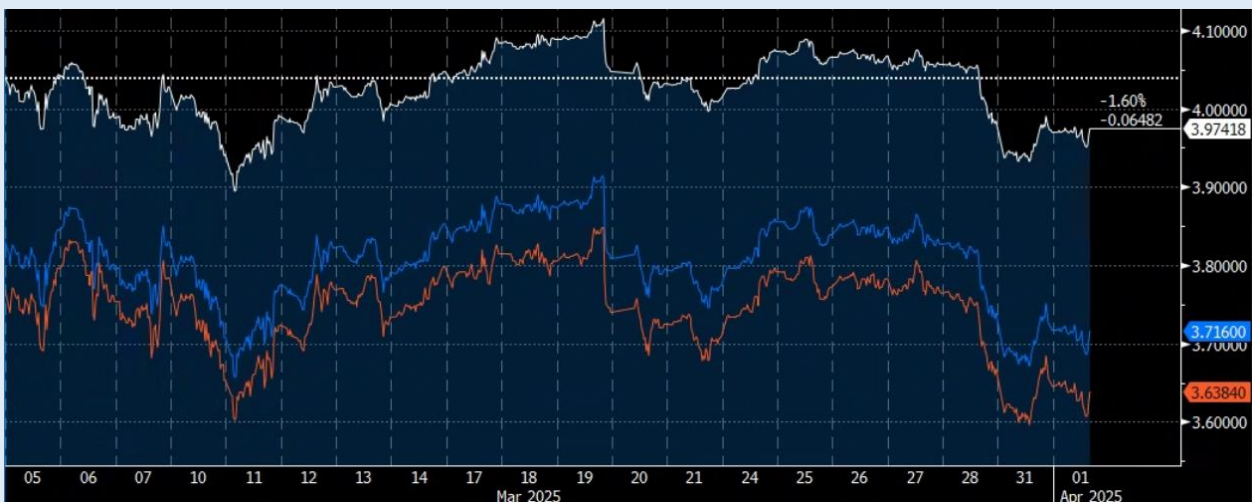


CHART 2: SOFR SWAP RATES TICK LOWER AS TRADERS SEEK SAFE HAVEN, PREPARE FOR 4/2 TARIFF DEADLINE

SOFR swap rates dipped lower again this morning – a flight-to-quality ahead of tomorrow’s tariff announcements pushed Treasury yields a touch lower. Despite pockets of elevated intraday volatility, economic growth fears slowly pushed swap rates lower during March. 1-year, 2-year and 3-year SOFR swap rates are currently sitting at the lows for 2025. Yesterday, rates were biased lower, but wound up ending the day close to unchanged. I expect the bias to lean toward marginally lower rates today, as traders continue to shift assets into safe haven US Treasuries ahead of tomorrow’s tariff announcements.

I expect the potential for elevated intra-day rate volatility to continue for the foreseeable future. Market uncertainty remains high – President Trump’s approach is too haphazard to predict with any accuracy. *The market will remain “headline” driven for the foreseeable future, given the uncertain path forward.* That is the major risk surrounding tomorrow’s “tariff deadline” - market participants truly do not know what to expect, leading to *tremendous* uncertainty. The market wants *clarity* and will be reacting to Wednesday’s headlines real-time.

CHART 2: SOFR Swap Rates Tick Lower On Flight-To-Quality...Short-Term SOFR Swaps Currently Trading At 2025 Lows



Source: Bloomberg, LLP | 1Y (white), 2Y (blue) & 3Y (orange) SOFR SWAP RATES: PRIOR (30) DAYS

CHART 3 & 3A: MARKETS BRACE FOR TARIFF “LIBERATION DAY”

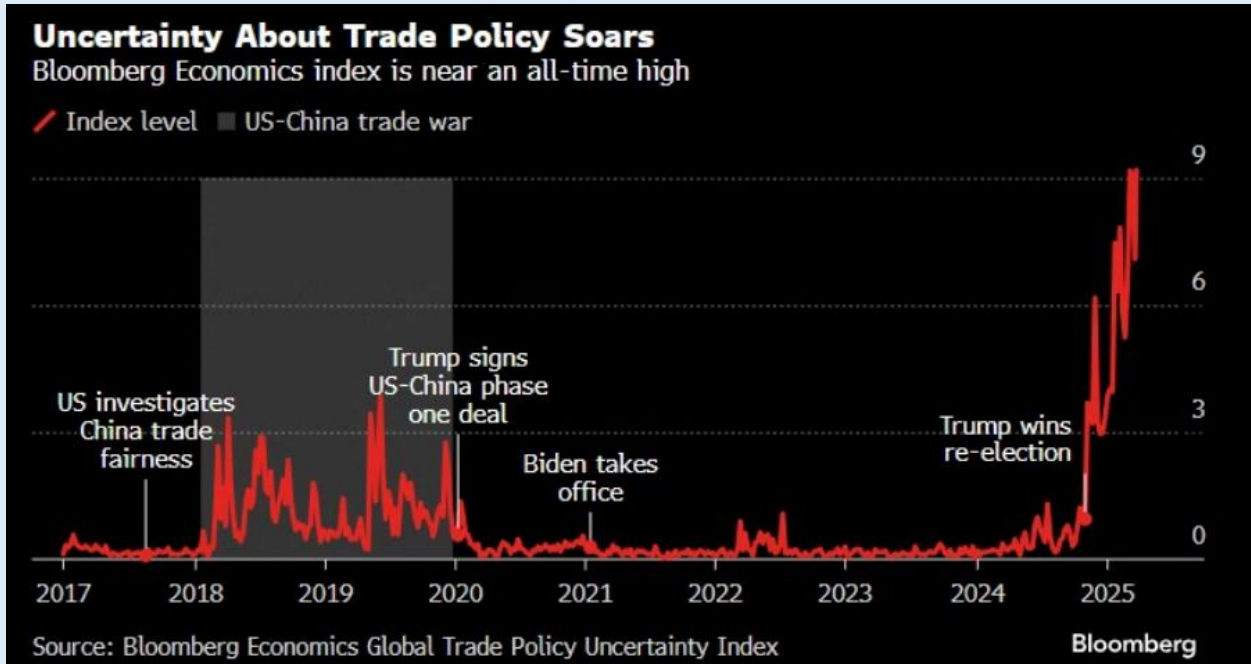
President Trump is set tomorrow to impose a broad range of reciprocal tariffs and other levies on what he has labeled “Liberation Day”. President Trump’s objective is to “reset” US trade policy to be more fair and equitable to the United States. President Trump said on NBC news this past weekend that, “the world has been ripping off the United States for the last 40 years and more. And all we’re doing is being fair.” However, the haphazard and constantly shifting announcements have confused the global markets and created tremendous uncertainty – and a fair dose of fear.

By all accounts, important details such as the level of the tariffs, their duration and any exemptions for countries or sectors were still being debated inside the White House in recent days. In the end, it will likely come down to the proclivities of a notoriously unpredictable President Trump. That may be what the market fears the most – the unpredictability of President Trump. As we know, financial markets are already rattled and officials across the globe fear the new trade policies could spark a US recession and a global economic slowdown. Fear also remains that high tariffs will drive inflation higher, potentially pushing the US into stagflation.

FOMC officials also fear the deterioration in sentiment and knee-jerk “corporate” reactions that tariffs can create – that can often do more damage to the economy than the tariffs themselves. Currently, Americans appear skeptical that tariffs will bolster the economy and are already worrying about the

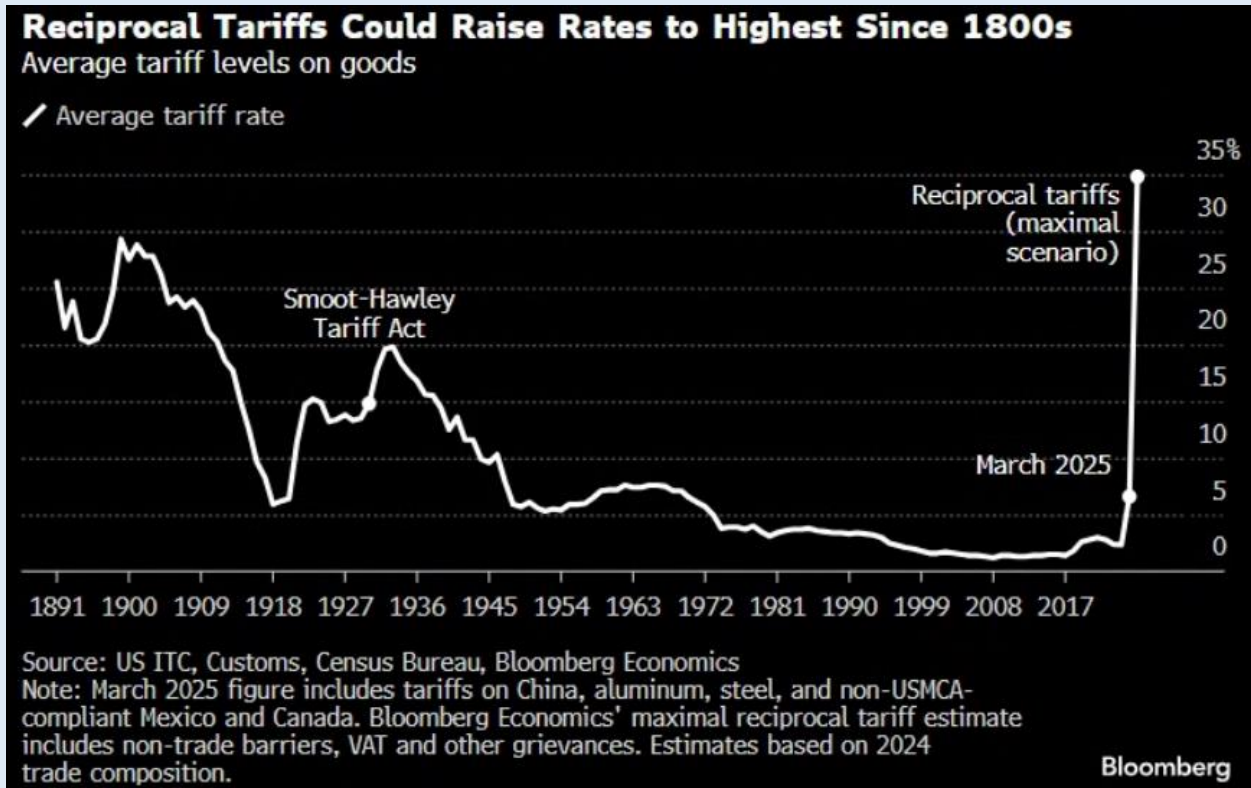
potential for higher prices. March consumer sentiment figures plunged the lowest level in more than two years and long-term inflation expectations jumped to a 32-year high. Bottom line, tomorrow's tariff announcements may reset how America fundamental approaches foreign trade going forward.

CHART 3: Uncertainty Surrounding Tariffs Soars To All-Time High



Source: Bloomberg, LLP | BLOOMBERG ECONOMICS GLOBAL TRADE POLICY UNCERTAINTY INDEX

CHART 3: Fear & Uncertainty Rule As Market Awaits Tariff Announcements



Source: Bloomberg, LLP | AVERAGE TARIFF RATE SINCE 1891

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