RateCap Advisors

__Flash Update:__ US RATE MARKETS – MONDAY APRIL 13, 2026

- **UST yields and SOFR swap rates are ticking a touch higher this morning as traders anxiously monitor war developments**
- **Oil prices topped $100 as the US ordered a blockade of the Strait of Hormuz**
- **The first round of US/Iran negotiations held this past weekend ended in a deadlock**
- ***__Traders continue to grapple with a range of possible outcomes for the war in the Middle East__***
- ***The war in the Middle East remains __the__ primary focus for the rate markets***
- **The next FOMC rate decision is due Wednesday, __April 29th at 2:00 PM__**
- ***__Next up for data:__* March PPI is released tomorrow, 4/14 at 8:30 AM**
- **Short-term SOFR swap rates are trading up ~1 bp this morning, depending on tenor**
- **Medium-term SOFR swap rates are up ~1 bp currently, depending on tenor**
- **Long-end SOFR swap rates are up ~1 bp this morning, depending on tenor**

US Treasury yields and SOFR swap rates are drifting higher this morning as the fragile ceasefire between the US and Iran shows signs it may be faltering. The first round of US/Iran negotiations held this weekend ended in a deadlock. Iran continues to lock-down the Strait of Hormuz, prompting the US to order a blockade of the Strait of Hormuz. As a result, oil prices pushed above $100 per barrel and rates are ticking higher.

The market will continue to be heavily "headline" driven – there are many, many rumors swirling around the market regarding how much progress is being made with diplomatic efforts to end the war. Thus far, the fragile ceasefire is holding. However, the US has announced that they will blockade the Strait of Hormuz in an effort to increase pressure on Iran to come back to the negotiating table and/or open the Strait of Hormuz. *Bottom-line, progress on the diplomatic front will likely push rates lower – conversely, should diplomatic efforts prove fruitless, rates are likely to continue to push higher. Right now, as the war goes, so go rates.*

Prepare for the possibility of "whip-saw" rate movements as negotiations between the US and Iran unfold – or conversely, if they *__do not__* unfold. Either development is likely to increase rate volatility. **War developments and the associated "headlines" will continue to be the primary market catalysts for the near term.** *I advise staying nimble if you have upcoming caps or swaps to execute – market dynamics can and will change quickly as war "developments" unfold.* It may take a few weeks for volatility to settle down and level-off. For the time being, market participants will continue to anxiously monitor the latest war developments.

News the market is tracking includes:

- Geopolitical developments continue to weigh on market sentiment. The US/Iran "war" continues to dominate market sentiment this week. The end result of the US attack on Iran is difficult to forecast at this time.
- SCOTUS is also currently ruling on the legality of the President firing of the Fed's Lisa Cook. There are some reports stating that SCOTUS is nearing a final decision on that case, which could have *far reaching* implications for the US Central Bank.
- The US Justice Department investigation into the US Central Bank and Chairman Powell will remain a key market focus moving forward.
- Market participants continue to closely track developments in the US equities markets. There is still a *sharp* focus on the performance of the growing AI sector. Market sentiment is likely to be impacted by "tech" earnings for the foreseeable future.
- The market continues to monitor US political developments. *US political developments will remain a major focus for the market __for the foreseeable future__.*
- Traders and investors continue to assess the market implications of the recent SCOTUS ruling on President Trump's tariffs. Market participants await more data and information.

- Market participants are growing more and more concerned with the ongoing "partial" government shutdown. Traders are hoping the situation is resolved quickly – a full government shut-down would be *extremely challenging* to manage during a war.

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 bp. **5Y** and **10Y** SOFR swap rates are trading flat to up ~1 bp on the day. 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	3.801	+0.006	-17.3650	+0.4330	3.6287	+0.0078
3Y	3.825	+0.001	-23.8795	+0.2812	3.5879	+0.0046
4Y	3.894	+0.004	-29.2500	+0.0400	3.5936	+0.0023
5Y	3.945	+0.001	-31.8548	-0.0901	3.6263	+0.0007
7Y	4.127	+0.004	-40.4000	-0.1850	3.7246	+0.0017
10Y	4.323	+0.007	-45.4829	-0.2329	3.8692	+0.0023
20Y	4.910	+0.014	-74.8920	-0.5692	4.1621	+0.0055
30Y	4.919	+0.011	-78.2200	-0.2100	4.1381	+0.0074

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

CHART 2, 2A, 2B & 2C: SOFR SWAP RATES TICK HIGHER AS FRAGILE US/IRAN CEASEFIRE FALTERS

SOFR swap rates are ticking slightly higher this morning as traders anxiously monitor war developments. Lack of progress on the negotiating front has led to higher oil prices and slightly higher SOFR swap rates.

We could be subject to elevated levels of rate volatility as the diplomatic/negotiation process unfolds. I still believe that, should a "real" resolution be reached relatively quickly, we could see rates drop to pre-war levels, potentially *quickly and dramatically*, as the energy and rate markets correct. However, make no mistake – should negotiations collapse, or lead nowhere, the conflict could ramp up again and reach a new level of intensity. *In that case, there is plenty of room for rates to move higher from here.* We are seeing a perfect example of that "war resumption impact" today with slightly higher swap rates.

Key Swap Rate Movements Since The US/Iran War Began:
The 2-year SOFR swap rate closed at 3.21% on **Friday 2/27** – it is currently trading at **~3.63% (+42 bps)**.
The 5-year SOFR swap rate closed at 3.22% on Friday 2/27 – it is currently trading at **~3.63% (+41 bps)**.
The 10-year SOFR swap rate has experienced a similar move – it closed Friday 2/27 at 3.52% and is currently trading at **~3.87% (+35 bps)**.

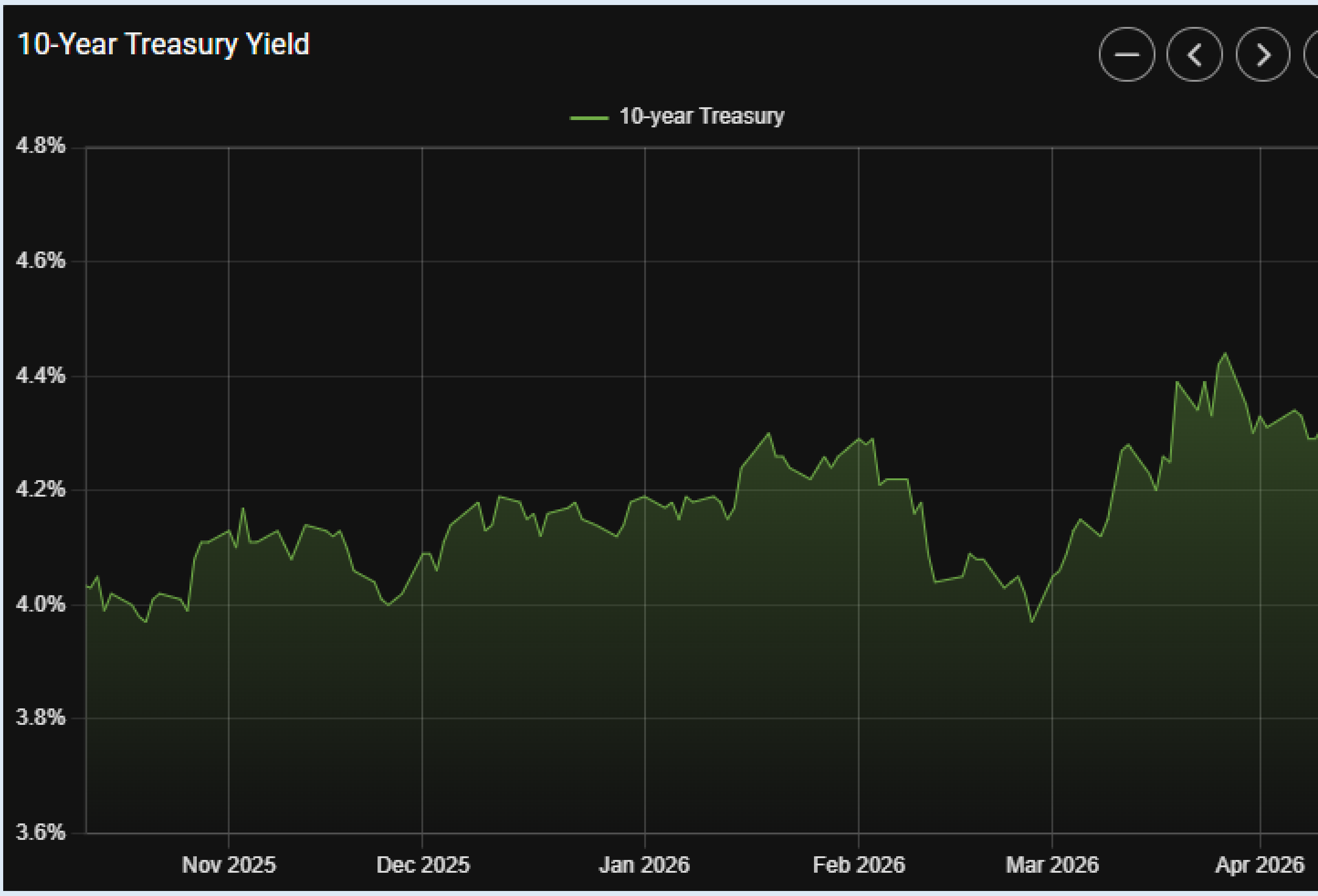
CHART 2: ***Short-End SOFR Swap Rates – Since 3/3/2026***

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

CHART 2A: ***Long-End SOFR Swap Rates – Since 3/3/2026***

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

CHART 2B: ***10-Year US Treasury Note Yield Since October 2025***



Source: StreetStats | 10-Year US Treasury Note Yield Prior 6-Months

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