

Flash Update: US RATE MARKETS – TUESDAY APRIL 14, 2026

- UST yields and SOFR swap rates are holding mostly steady this morning, despite softer-than-expected March PPI results
- Although March PPI results beat expectations, *the MoM and YoY run-rates are moving in the wrong direction*
- Market participants are carefully monitoring “war developments”; The first round of US/Iran negotiations held this past weekend ended in a deadlock, prompting the US to blockade the Strait of Hormuz
- Both the US and Iran are weighing further negotiations to extend the ceasefire
- Traders continue to grapple with a range of possible outcomes for the war in the Middle East
- The US/Iran war 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 Retail Sales data will be released on Tuesday, 4/21 at 8:30 AM
- Short-term SOFR swap rates are trading flat to up ~1 bp this morning, depending on tenor
- Medium-term SOFR swap rates are flat to up ~1 bp currently, depending on tenor
- Long-end SOFR swap rates are flat to up ~1 bp this morning, depending on tenor

US Treasury yields and SOFR swap rates are holding mostly steady this morning, despite softer-than-expected March PPI results. I think the muted rate response this morning stems primarily from the fact that, although PPI beat expectations, the MoM and YoY run rates are higher than the Fed and the market would like to see. Yes, inflation has not yet spiked dramatically, but the recent data trend and high energy prices still point to higher inflation. Market participants also remain laser focused on war developments, which is also helping to mute the “normal” impact of economic data. I also think that there is still a high level of optimism in the market that the US/Iran war will be diplomatically resolved in the near future. That is also helping to dampen the market response to the data this morning.

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 move to blockade the Strait of Hormuz has led to Iranian threats to “retaliate”. That said, both sides are weighing further negotiations to extend the ceasefire. Despite the ceasefire arrangement, uncertainty surrounding the outcome of the war remains elevated. *For me it’s still the same bottom-line: progress on the diplomatic front will likely push interest rates lower and calm volatility – conversely, should diplomatic efforts prove fruitless or drag-on indefinitely, interest rates are likely to continue to push higher and volatility will remain elevated. 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 completely 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.

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 **~3.61% (+40 bps)**.
 The 5-year SOFR swap rate closed at 3.22% on Friday 2/27 – it is currently trading at **~3.61% (+39 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 **~3.86% (+34 bps)**.

CHART 2: Short-End SOFR Swap Rates – Since 3/4/2026



Source: Bloomberg, LLP | 1Y (white), 2Y (blue) & 3Y (orange) SOFR SWAP RATES, SINCE MARCH 4, 2026

CHART 2A: Long-End SOFR Swap Rates – Since 3/4/2026



Source: Bloomberg, LLP | 5Y (green), 7Y (purple) & 10Y (light blue) SOFR SWAP RATES, SINCE MARCH 4, 2026

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



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