

**Flash Update: US Rate Markets – Tuesday 4/15/2025**

- **US Treasury yields and SOFR swap rates hold mostly steady as the market awaits ongoing tariff developments**
- **Import/Export price index data released this morning came in better-than-expected, signaling trade inflation remains in check**
- **President Trump’s policy and trade initiatives will continue to create global market volatility and uncertainty in the near term**
- ***Expect rate markets to continue to be “headline” driven in the short term; expect increased rate volatility as a result***
- **Market pricing now implies ~86.3 basis points of cumulative rate cuts for 2025**
- **Next up for data: March Retail Sales prints tomorrow, 4/16 at 8:30 AM**
- **Short-end SOFR swap rates are currently trading down ~1-2 basis points**
- **Long-end SOFR swap rates are ~1-3 bps higher this morning, depending on the tenor**
- **Expect elevated levels of intraday rate volatility to continue for the foreseeable future**

US Treasury yields and SOFR swap rates held mostly steady this morning, as markets took a breather to await economic data and to monitor ongoing tariff developments. Import/Export price data released this morning came in softer-than-expected, providing some evidence that trade inflation remains in check, for now. Overall, the market is still squarely focused on the constantly evolving US tariff and trade policies.

It was somewhat encouraging that yesterday’s rate moves were milder than the big swings of late. From my perspective, recent trading patterns reflect hopes that there may be room for negotiations over President Trump’s reciprocal levies. Investors are also watching the early stages of the corporate earnings season – thus far, Bank of America Corp. and Citigroup Inc. have surpassed expectations. Generally speaking, it feels like the rate markets want to de-escalate. Markets seem to be tiring of the headline-driven whipsaw trading patterns of late. I sense traders will be more cautious going forward before “reacting” to news and headlines.

Some other market tidbits: China announced it has ordered its airlines to stop taking deliveries of Boeing jets and to halt purchases of aircraft-related equipment and parts from US companies – a further escalation in the US/China “trade war”. Bank of America released a survey of global fund managers that showed investor sentiment is the most negative it has been in the past 30 years. Clearly, the constantly evolving global trade “crisis” will continue to weigh on markets for the near term.

Next up for data: March Retail Sales prints tomorrow at 8:30 AM. Weaker-than-expected retail spending would likely amplify economic growth concerns – that could lead to lower rates. Conversely, a stronger-than-expected Retail Sales print may help alleviate fears the US economy is headed for a recession – that could push rates higher. Expectations for March Retail Sales are as follows: Advance Retail Sales, 1.3% (vs. 0.2% prior); Retail Sales less autos, 0.4% (vs. 0.3% prior); Retail Sales control group, 0.6% (vs. 1.0% prior).

*I expect the potential for elevated intra-day rate volatility to continue for the foreseeable future. Market uncertainty remains extremely high. There are simply too many unknowns at the moment to draw any firm conclusions. The market will remain “headline” driven for the foreseeable future, given the uncertain path forward. Economic data, news headlines and Fed-speak will continue to be viewed through a tariff tinted lens for the foreseeable future. Tariffs will remain the story for global markets.*

*Borrowers looking to hedge rate risk in the near term should keep a close eye on SOFR swap rates. A drop in swap rates may present an opportunity to execute interest rate hedges at attractive levels. A quick resolution to the global “trade war” may cause rates to reverse quickly, which will push cap premiums higher.*

**PLEASE NOTE: Expect the potential for elevated intra-day rate volatility and whipsaw trading to continue for the near-term.**

**SOFR Swap Rate Summary:** The **1Y** SOFR swap rate is down ~1 bp this morning. **2Y** and **3Y** SOFR swap rates are currently trading down ~1-2 bps. **5Y** and **10Y** SOFR swap rates are ~1-3 bps higher this morning, depending on the tenor. **Please note – market levels can change quickly (potentially very quickly!) in this type of market environment.**

**CHART 1: US RATES SNAPSHOT: 9:30 AM Eastern**

*\*SOFR Swap Rates & Change-On-Day (In Bps) – Refer Two Far Right Columns (SOFR OIS)*

	UST YIELDS		SWAP SPREADS		SOFR SWAP RATES	
2Y	3.832	-0.013	-22.0641	+0.6262	3.6128	-0.0080
3Y	3.850	-0.019	-28.2178	+0.8922	3.5692	-0.0107
4Y	3.942	-0.021	-33.0515	+0.0735	3.5951	-0.0070
5Y	3.998	-0.014	-36.0406	+1.0844	3.6385	-0.0032
7Y	4.180	-0.008	-44.0265	+1.4125	3.7413	+0.0049
10Y	4.376	+0.003	-50.8030	+1.0720	3.8690	+0.0116
20Y	4.868	+0.021	-79.6800	-0.0500	4.0731	+0.0215
30Y	4.832	+0.024	-85.3750	+0.4683	3.9797	+0.0275

Source: Bloomberg, LLP | 9:30 AM NY Rates Snapshot

**CHART 2 & 2A: SOFR Swap Rates Hold Mostly Steady**

SOFR swap rates held mostly steady this morning as the market awaits ongoing tariff developments and braces for tomorrow’s key Retail Sales release. The health of the US consumer in the face of restrictive US tariffs is a primary concern for market participants.

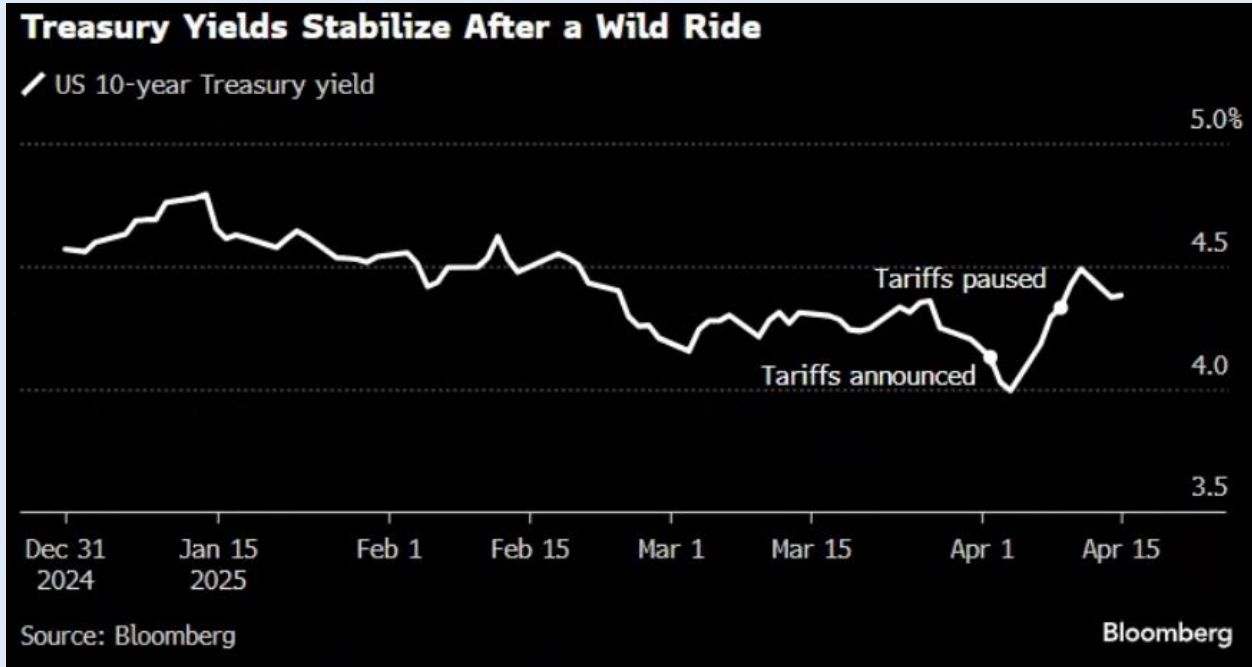
Swap rates have been extremely volatile lately as the market has reacted (or overreacted) to a constantly shifting US tariff rollout. Yesterday, volatility ticked *down* a notch as market participants took a breather to reassess the path forward. That breather seems to be extending today. From my perspective, traders have gotten picked-off *several* times over the past two weeks by jumping to conclusions too soon – traders appear more cautious...for now. Despite the constant noise surrounding tariffs, market participants are starting to understand this is a constantly evolving situation, and it is *far* too early to be drawing any concrete conclusions about the ultimate outcome.

**CHART 2: SOFR Swap Rates Relatively Steady As Market Awaits Retail Sales, Ongoing Tariff Developments**



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

**CHART 2A: Treasury Yields Take A Breather From Extreme Volatility**



Source: Bloomberg, LLP | 10Y TREASURY NOTE YIELD SINCE DEC 2024

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