

Flash Update: US RATE MARKETS – WEDNESDAY APRIL 22, 2026

- UST yields and SOFR swap rates are drifting a touch lower this morning, as traders anxiously monitor the latest US/Iran war developments
- President Trump extended the existing ceasefire indefinitely to allow Iran time to formulate a “unified proposal”
- The extension of the ceasefire is positive news, but the uncertain “go forward” plan and ambiguous timetable for negotiations are leading to increased market uncertainty surrounding the ultimate outcome of the war
- That said, market participants remain, overall, relatively optimistic that a “longer-term” peace plan can be achieved in the near-term
- **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
- Fed officials will be subject to the pre-meeting communications blackout until April 30, 2026
- The next time we hear from a Fed official will be Chairman Powell’s post-meeting press conference on 4/29 at 2:30 pm
- Confirmation hearings for the next FOMC Chairman are underway; Markets are paying attention!
- Short-term SOFR swap rates are trading down ~1 bp this morning, depending on tenor
- Medium-term SOFR swap rates are down ~1 bp currently, depending on tenor
- Long-end SOFR swap rates are down ~1 bp this morning, depending on tenor

US Treasury yields and SOFR swap rates are edging a touch lower this morning, as market participants cautiously monitor war developments and progress on diplomatic efforts to end the war. Last night President Trump extended the ceasefire indefinitely to allow Iran time to prepare a “unified proposal” to end hostilities. The news was generally expected, and it was received favorably by the market. However, the open-ended and unclear timetable for negotiations and the continued closure of the Strait of Hormuz are making traders edgy and uncertain. Overall, traders are being careful not to overreact to headlines and rumors – they have learned to ignore the ever-changing rhetoric from both sides and wait for the actual results. I think that is the primary reason we are seeing rates basically bounce around in a narrow range this week – from my perspective, traders await concrete developments. Rates are likely to continue to bounce around in a tight range today.

Make no mistake, there is still a high level of uncertainty surrounding the ultimate outcome, and impact, of this conflict. In short, rate markets participants and investors are remaining patient (and ignoring the rhetoric) under the assumption that negotiations to end the conflict are in fact ongoing. I think that is what is holding rates relatively steady this week. **War developments and the associated “headlines” will continue to be the primary market catalysts for the near term.** *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 rise.*

I advise staying nimble if you have upcoming caps or swaps to execute – market dynamics can and will change quickly as war “developments” unfold.

In other news, traders will be keeping one eye on the large slate of corporate earnings reports set for release today. Tesla and Boeing highlight the list of corporates reporting today. The corporate earnings season is off to a strong start – 82% of the 71 companies in the S&P 500 that have reported have outpaced estimates. Investors continue to pay close attention to the AI and tech sectors.

Yesterday, Kevin Warsh, the nominee for next Fed Chairman, testified to the Senate Banking Committee. Surprisingly, Warsh’s testimony yesterday, by most accounts, *leaned hawkish!* Rate markets, which are squarely focused on the war, largely ignored Warsh’s Senate testimony, but equity markets *dropped*

during his testimony. Bottom line: based on his comments yesterday, Warsh's confirmation as new Fed Chairman will usher in a period of higher monetary-policy uncertainty. The reforms he advocates could include a different mix of monetary-policy tools, less emphasis on forward guidance, and a sharper focus on inflation.

That said, Warsh's path to the Chairmanship is by no means without challenges and obstacles. Currently, Senator Thom Tillis, who Chairs the Senate Banking Committee, has vowed to block Warsh's confirmation until the DOJ case against the Fed is withdrawn or resolved. That is going to leave things uncertain for the near term and could lead to a nasty and protracted showdown between President Trump and Senator Tillis. Right now, nothing is certain. Stay tuned!

"Key News" the market is tracking includes:

- *The hearings to confirm the next FOMC Chairman, Kevin Warsh, are underway. His testimony will come against the most politically charged backdrop for the central bank in decades.*
- 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. President Trump has stepped-up his anti-Powell rhetoric and threats recently, leading to speculation Chairman Powell may not go quietly into the night when his term as Chairman ends in May. Expect the Fed "drama" to intensify in the coming weeks. The impact on markets is currently uncertain.*
- 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 increasingly concerned with the record-setting "partial" government shutdown currently underway. Traders are still hoping the situation is resolved quickly.

SOFR Swap Rate Summary: The **1Y** SOFR swap rate is trading down ~1 bp this morning. **2Y** and **3Y** SOFR swap rates are currently trading down ~1 bp. **5Y** and **10Y** SOFR swap rates are trading down ~1 bp on the day. The very back-end of the swap curve is currently trading down ~1 bp from yesterday'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: 9:00 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



Source: Bloomberg, LLP | 1Y (white), 2Y (blue) & 3Y (orange) SOFR SWAP RATES, SINCE FEBRUARY 27, 2026

CHART 2A: Long-End SOFR Swap Rates – Since 2/27/2026



Source: Bloomberg, LLP | 5Y (green), 7Y (purple) & 10Y (light blue) SOFR SWAP RATES, SINCE FEBRUARY 27, 2026

CHART 2B: US Treasuries: Yield Overview Since October 2025

