

- The 2-year SOFR swap rate closed at **3.21%** on **Friday 2/27** – it is currently trading at **~3.619%** (**+40.9 bps**).
- The 5-year SOFR swap rate closed at **3.22%** on **Friday 2/27** – it is currently trading at **~3.631** (**+41.1 bps**).
- The 10-year SOFR swap rate closed at **3.52%** on **Friday 2/27** – it is currently trading at **~3.873%** (**+35.3 bps**).

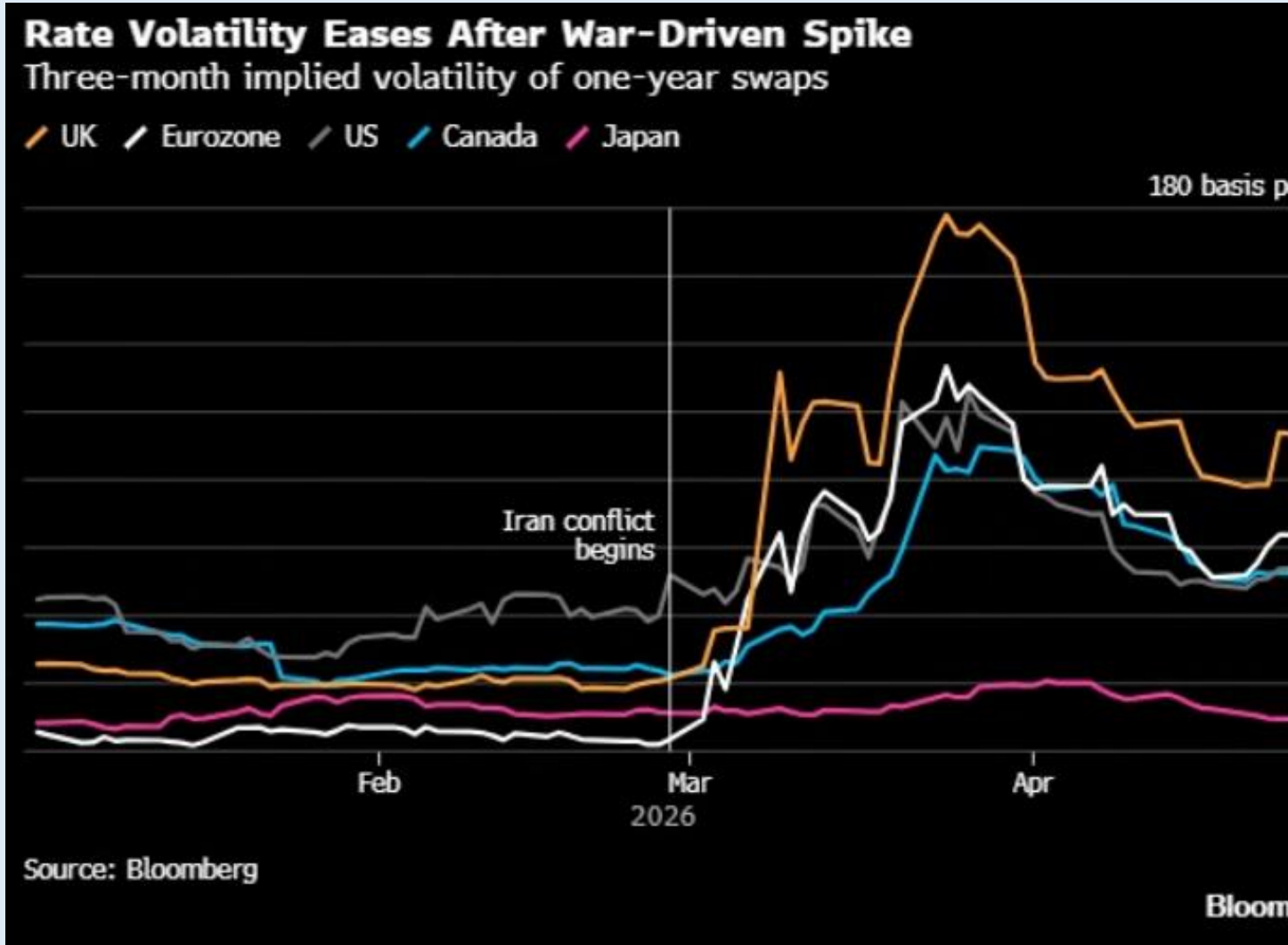
CHART 2: Short-End SOFR Swap Rates – Since 2/27/2026



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 | GLOBAL 3-MONTH IMPLIED INTEREST RATE VOLATILITY SINCE JANUARY 2026

CHART 3: FOMC POLICY ADJUSTMENT EXPECTATIONS TURN HAWKISH

This is a big week for central banks. The FOMC, European Central Bank and peers in Japan, the United Kingdom and Canada are *all* scheduled to set interest rates this week. That makes for a rare week in which *every* G7 central bank convenes, together deciding monetary policy for about *half* the world’s economy. The Bank of Japan meets tomorrow, the Fed and Bank of Canada on Wednesday and the ECB and Bank of England on Thursday.

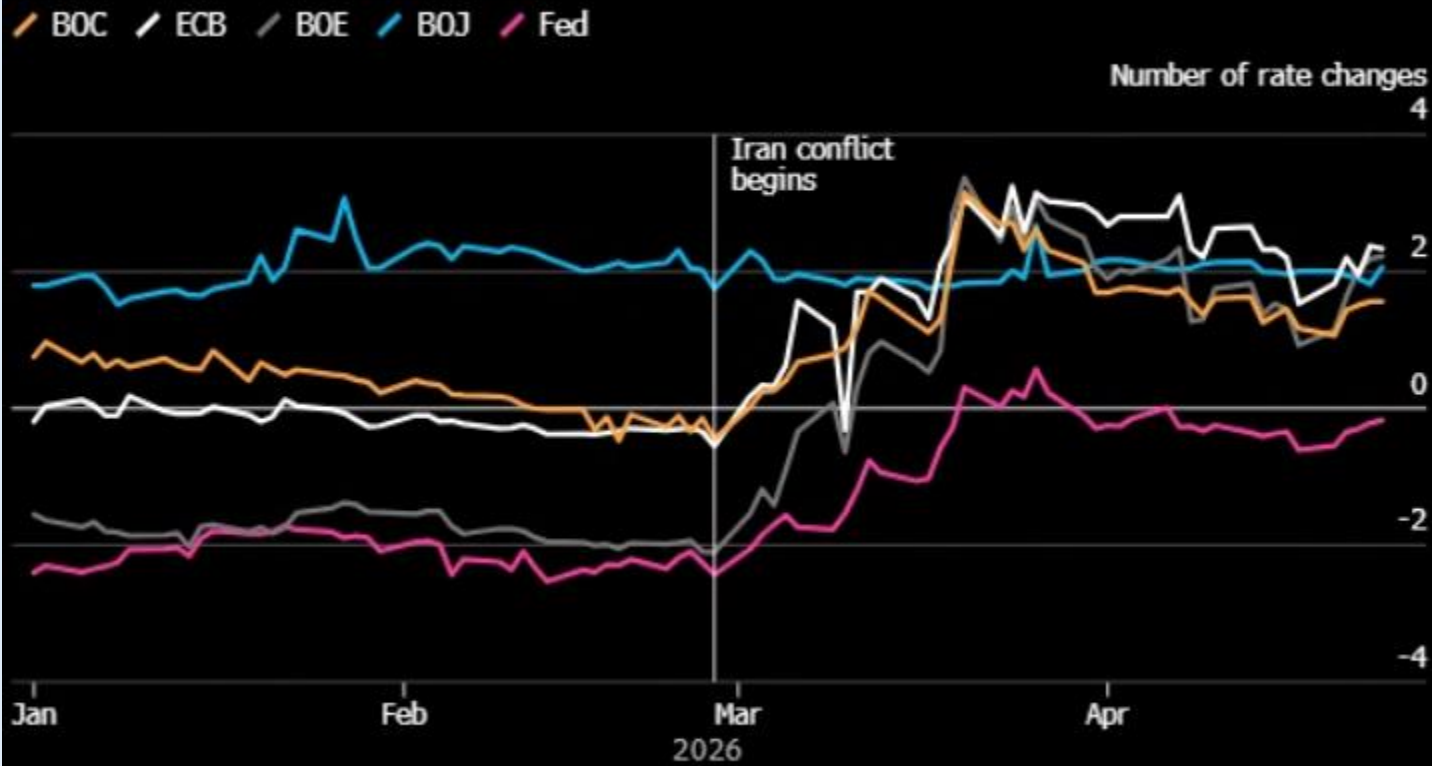
While market participants expect them to all leave rates unchanged, traders and investors will be alert to signs officials, including Fed Chair Jerome Powell and ECB President Christine Lagarde, are worried about the inflation threat posed by the biggest disruption to oil supply in history stemming from the US/Iran conflict.

US Fed expectations have turned decidedly hawkish since the conflict began. Prior to the war, market consensus was that the Fed would be on hold for the foreseeable future, with perhaps a glimmer of hope for a rate cut if the job market weakened, or perhaps when the new FOMC Chair arrived. The war and disruption to the energy markets basically threw cold water on all of that. The inflation fear created by the war has reversed sentiment – the next Fed move anticipated by the market is a rate hike. We will see what Fed officials have to say about that later this week!

CHART 3: US/Iran War Impact Tilts Market Fed Expectations Hawkish

Iran Conflict Spurs Hawkish Repricing in Rate Expectations

Swap-implied number of rate hikes/cuts by end-2026



Source: Bloomberg

Bloomberg

Source: Bloomberg, LLP | SWAP IMPLIED NUMBER OF RATE ADJUSTMENTS FOR 2026 (POSITIVE = RATE HIKE, NEGATIVE = RATE CUT)

Disclaimer: The information provided in this communication is intended for discussion purposes only. Nothing presented in this communication should be taken as a recommendation or forecast. All market data shown is indicative only and subject to change depending on current market conditions.

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