Flash Update: **US RATE MARKETS – TUESDAY APRIL 28, 2026**

- **UST yields and SOFR swap rates are ticking higher this morning as traders weigh the latest US/Iran war developments and await the FOMC rate decision due tomorrow, 4/29**
- **Crude oil prices topped $110, and the Strait of Hormuz remains closed; Additionally, the timetable for the next round of US/Iran negotiations remains uncertain**
- **The White House said President Trump will address a proposal from Iran to reopen Hormuz "very soon."**
- ***Traders continue to grapple with a range of possible outcomes for the war in the Middle East***
- **Overall, market participants are clinging to hope that a "longer-term" peace plan can be achieved in the near-term**
- ***The US/Iran war remains the primary focus for the rate markets***
- **The next FOMC rate decision is due tomorrow, April 29th at 2:00 PM**
- **Fed officials are 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 –** ***this will be Powell's last press conference as FOMC Chairman***
- **Next up for Data:** ***Personal Income, Personal Spending, PCE, ECI & Q1 GDP are all due for release on Thursday April 30th, 2026***
- **Short-term SOFR swap rates are trading up ~3-4 bps this morning, depending on tenor**
- **Medium-term SOFR swap rates are up ~2-4 bps currently, depending on tenor**
- **Long-end SOFR swap rates are up ~1-3 bps this morning, depending on tenor**

US Treasury yields and SOFR swap rates are ticking higher this morning as market participants anxiously monitor the latest war developments and await the FOMC rate decision due tomorrow at 2:00 PM. The FOMC is expected to leave the benchmark rate unchanged. Traders will be much more interested in what Fed officials think about the impact of the war, the threat of higher inflation, and the policy bias going forward. Currently, short-term SOFR swap rates are up ~4 bps this morning – rates remain significantly above pre-war levels. Fed sentiment has also changed – the hope for rate cuts this year has been replaced by fear of higher war-induced inflation and the possibility that the Fed's next move may be a rate hike.

This is a *big* week for rate markets. The "G7" central banks (including the Fed) will meet this week, there is a full slate of corporate earnings due for release and the US/Iran war continues. Currently, the Strait of Hormuz remains closed, which is leading to higher oil prices – overnight crude oil topped $110 per barrel. The White House has advised President Trump will address Iran's proposal to reopen the Strait of Hormuz "very soon". Nonetheless, the uncertain timetable for the next round of negotiations, higher oil prices and the continued closure of the Strait of Hormuz are making market participants nervous and leading to slightly higher rates this morning.

Additionally, we will see a host of important economic data released this week: March PCE, Q1 GDP, ECI, Personal Income and Personal Spending data will *all* be released on Thursday, 4/30. Coming on the heels of the FOMC meeting, those numbers are *highly* anticipated by the market.

Overall, traders are still being very careful not to overreact to headlines and rumors – they have learned to ignore the ever-changing rhetoric and wait for the actual results. I think that is the primary reason we saw rates bouncing around in a narrow range last week – from my perspective, traders await *concrete* developments. *I advise staying nimble if you have upcoming caps or swaps to execute – market dynamics can and will change quickly.*

"Key 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 US Justice Department has dropped the investigation into the US Central Bank and Chairman Powell, likely clearing the way for Kevin Warsh to be confirmed as the next FOMC***

LOS ANGELES, CA NEW YORK, NY BALTIMORE, MD
TELEPHONE 212.500.0922 FAX 310.856.9495

Chairman. *That is welcome news – the market is moving on.* Questions remain as to Chair Powell's plans once his term as Chairman ends. We may yet see some Fed drama as Powell's decision unfolds. From the market's perspective, there are still *many* questions surrounding Mr. Warsh's monetary policy views. Many still expect easier policy under Warsh – odds for a rate cut this year ticked higher after the DOJ dropped the investigation. Stay tuned!

- 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, and economic performance, are likely to be impacted by "tech" earnings for the foreseeable future.
- Traders are growing increasingly concerned with the record-setting "partial" government shutdown currently underway. Traders are still hoping the situation is resolved quickly.
- SCOTUS is 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.

SOFR Swap Rate Summary: The **1Y** SOFR swap rate is trading up ~3-4 bps this morning. **2Y** and **3Y** SOFR swap rates are currently trading up ~3-4 bps. **5Y** and **10Y** SOFR swap rates are trading up ~2-4 bps on the day. The very back-end of the swap curve is currently trading up ~1-3 bps 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: 8:45 AM Eastern

Chart 1 Key:

- **Far Left Columns:** *US Treasury Yields & Change on Day (bps)*
- **Center Columns:** *SOFR OIS Swap Spreads (bps) & Change on Day (bps)*
- **Far Right Columns:** *SOFR OIS Swap Rates & Change on Day (bps)*

UST YIELDS | SWAP SPREADS | SOFR SWAP RATES

2Y	3.837	+0.041	-17.3961	-0.4261	3.6686	+0.0404
3Y	3.866	+0.042	-22.6349	+0.0207	3.6415	+0.0422
4Y	3.936	+0.046	-27.7815	-0.1950	3.6529	+0.0409
5Y	3.987	+0.038	-30.7566	-0.5447	3.6857	+0.0385
7Y	4.172	+0.037	-39.3500	-0.6060	3.7793	+0.0315
10Y	4.371	+0.031	-45.1270	-0.6304	3.9201	+0.0240
20Y	4.954	+0.026	-74.5940	-0.9690	4.2091	+0.0153
30Y	4.967	+0.021	-78.2695	-0.6545	4.1850	+0.0128

Source: Bloomberg, LLP | 8:45 AM NY Rates Snapshot

CHART 2, 2A & 2B: SOFR SWAP RATES TICK HIGHER AS TRADERS AWAIT FED RATE DECISION AND ANXIOUSLY MONITOR WAR DEVELOPMENTS

SOFR swap rates are ticking a bit higher this morning, as market participants monitor war developments and prepare for a big week of central bank decisions, corporate earnings, and economic data. With the sideways trading we have seen recently, implied rate volatility has softened and is down noticeably from the peak we saw at the onset of the US/Iran war. The bump in oil prices overnight and uncertain timetable for the next round of US/Iran negotiations are contributing to higher swap rates this morning.

My view has not changed: I still feel that in the coming days, the primary market theme we have witnessed recently will continue: "confirmed" news that a long-term "peace plan" is progressing will lead to a bias toward lower swap rates; conversely, *factual* news that diplomatic efforts are stalled, failing, or may drag on indefinitely, will likely shift the bias toward higher swap rates. That said, we will see a ton of "new" data and information this week, and we will hear from the FOMC – those factors could certainly impact market sentiment, although I do feel everything will continued to be viewed through a "war lens" until the conflict is resolved. We could see an uptick in volatility this week given the plethora of data and information we will see.

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 **~3.619% (+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 – Year to Date 2026***

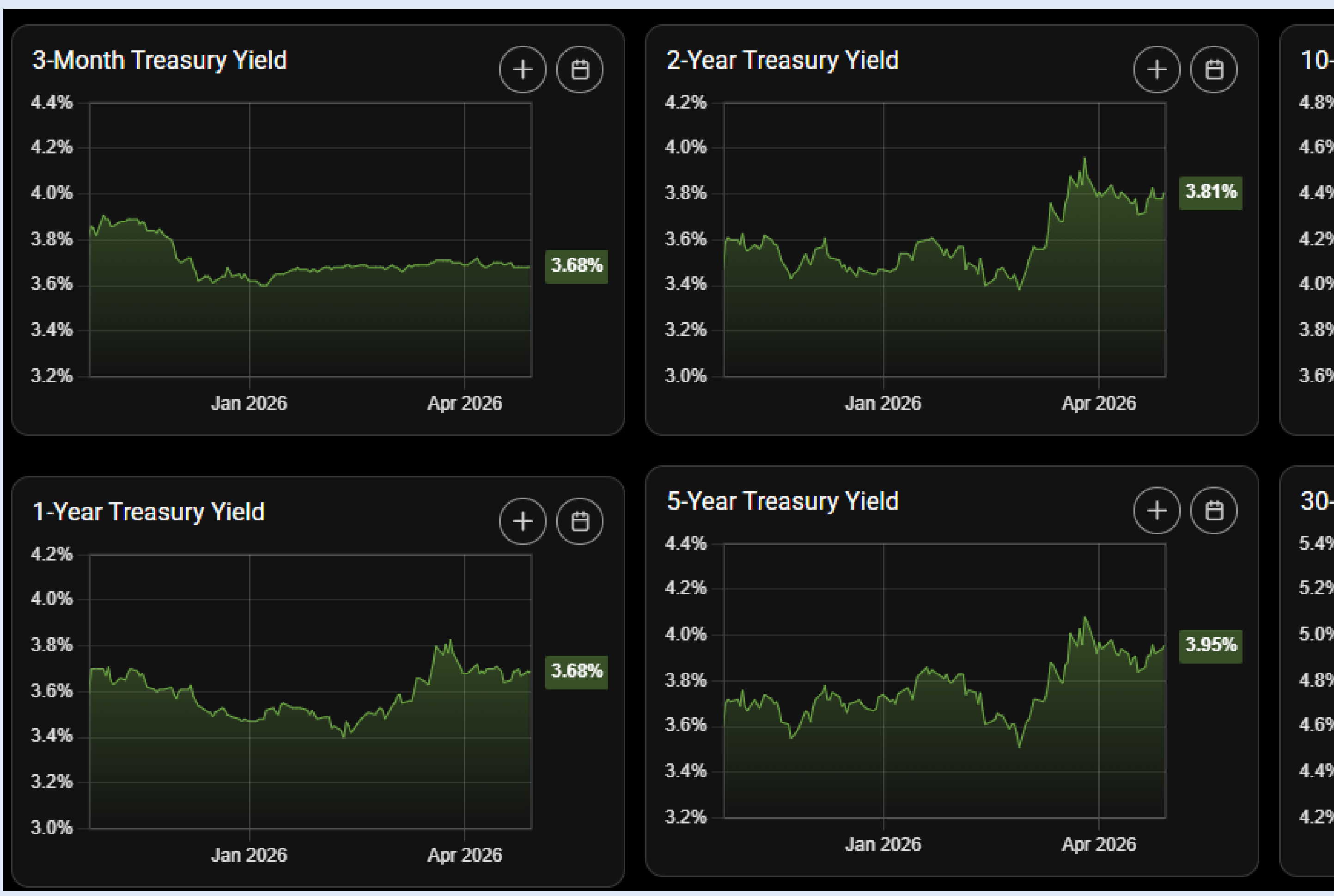
Source: Bloomberg, LLP | 1Y (white), 2Y (blue) & 3Y (orange) SOFR SWAP RATES; YTD 2026

CHART 2A: ***Long-End SOFR Swap Rates – Year to Date 2026***

LOS ANGELES, CA NEW YORK, NY BALTIMORE, MD
TELEPHONE 212.500.0922 FAX 310.856.9495

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

<u>CHART 2B:</u> ***US Treasuries: Yield Overview Since October 2025***



Source: StreetStats | US Treasury Bill, Note & Bond Yields; Prior 6-Months

<u>Disclaimer:</u> *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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LOS ANGELES, CA NEW YORK, NY BALTIMORE, MD
TELEPHONE 212.500.0922 FAX 310.856.9495

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