

Flash Update: US RATE MARKETS – WEDNESDAY MAY 6, 2026

- **UST yields and SOFR swap rates are moving lower this morning on news reports a peace plan between the US and Iran is close to being completed**
- **Oil prices dipped on the news, and rates declined on growing optimism the Strait of Hormuz will be reopened soon**
- ***The US/Iran war remains the primary focus for the rate markets***
- **Next up for Key Data: The April Employment Report will be released on Friday, 5/8 at 8:30 AM**
- **Short-term SOFR swap rates are trading down ~4-8 bps this morning, depending on tenor**
- **Medium-term SOFR swap rates are down ~6-8 bps currently, depending on tenor**
- **Long-end SOFR swap rates are down ~3-5 bps this morning, depending on tenor**

US Treasury yields and SOFR swap rates are moving lower this morning due to news reports that a “peace” deal between the US and Iran is close to being completed. Oil prices are also declining: Hopes that commercial traffic through Hormuz will resume sent Brent crude oil tumbling ~8.0% to around \$101 a barrel. A bigger move earlier was trimmed slightly after President Trump warned Iran to agree to the plan or face “bombing.” Overall, the news this morning improved market sentiment and pushed rates lower.

Traders will continue to anxiously monitor developments as the “negotiation” news unfolds. Today’s rate move follows the market theme we have been tracking recently: progress towards a US/Iran peace deal and/or lower oil prices will likely lead to lower rates and more stable markets. Should the peace deal *not* happen, negotiations collapse or hostilities resume, we are likely to see higher oil prices and higher rates.

“Key News” the market is tracking includes:

- Geopolitical developments continue to weigh on markets. 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 Chairman.*** From the market’s perspective, there are still *many* questions surrounding both Mr. Warsh’s monetary policy views, and what is next for Jay Powell.
- 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. Overall market sentiment, and perhaps even economic performance, could 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 down ~4-5 bps this morning. **2Y** and **3Y** SOFR swap rates are currently trading down ~6-8 bps. **5Y** and **10Y** SOFR swap rates are trading down ~6-8 bps on the day. The very back-end of the swap curve is currently trading down ~3-5 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	3.867	-0.072	-15.8803	+0.0522	3.7102	-0.0728
3Y	3.888	-0.082	-21.1865	+0.5265	3.6783	-0.0758
4Y	3.950	-0.083	-26.0500	+0.7605	3.6828	-0.0752
5Y	3.995	-0.085	-28.6563	+0.9787	3.7103	-0.0739
7Y	4.170	-0.082	-37.1803	+1.2782	3.7997	-0.0683
10Y	4.350	-0.074	-41.6500	+1.2250	3.9338	-0.0621
20Y	4.922	-0.066	-70.8963	+1.8537	4.2137	-0.0489
30Y	4.934	-0.055	-74.9818	+1.5192	4.1844	-0.0398

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

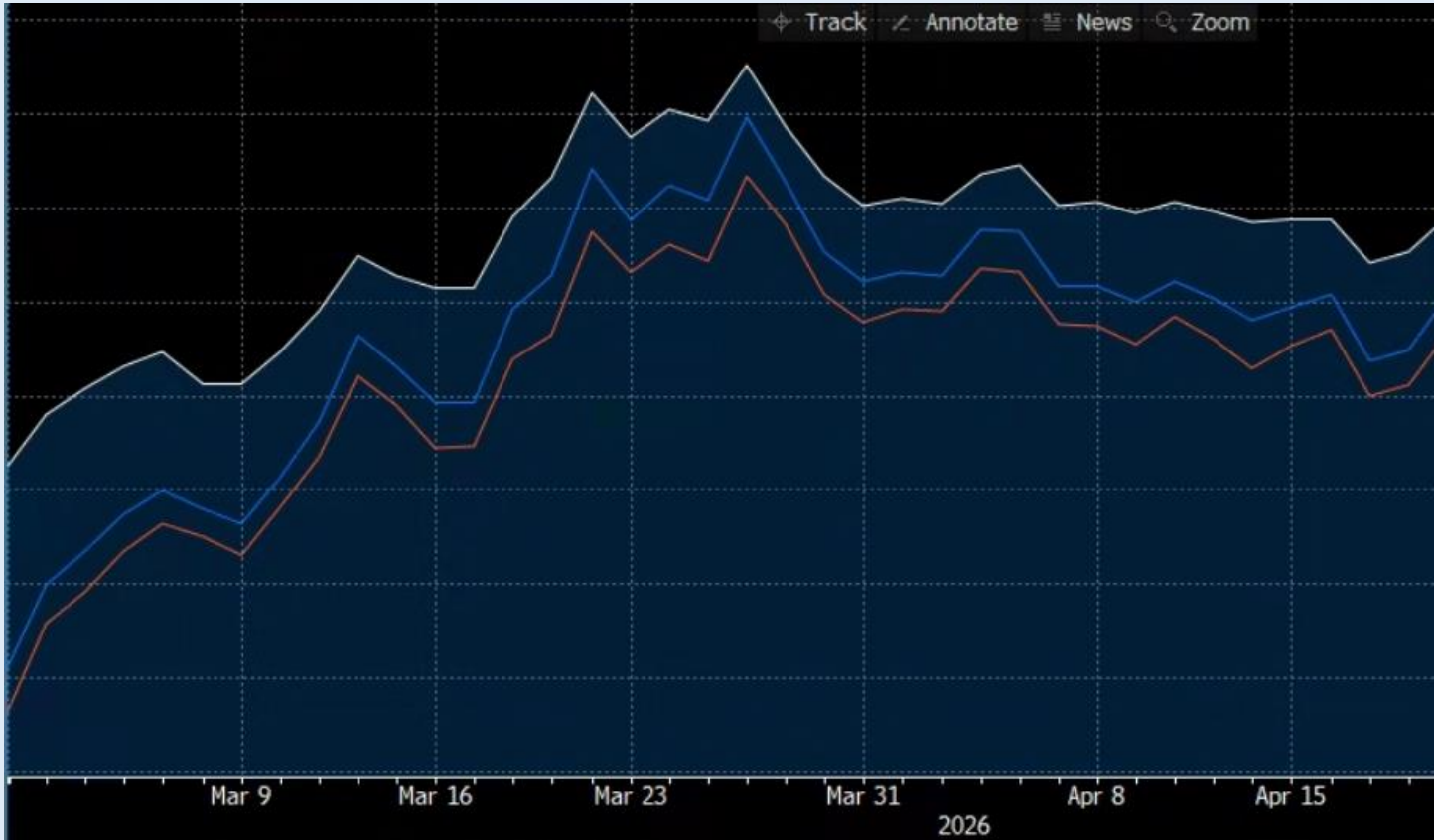
CHART 2, 2A & 2B: SOFR SWAP RATES DIP AS MIDDLE EAST PEACE DEAL HOPE MOUNTS

SOFR swap rates are ticking lower this morning, as market participants grow increasingly optimistic that a peace plan can be reached between the US and Iran. SOFR swap rates had been slowly creeping up toward the war highs as the negotiations dragged on, but the encouraging diplomatic news recently has helped to push rates lower this week. *Expect the jittery market to continue, albeit with an improved outlook for an end to the conflict in the Middle East.*

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 **~3.728%** (+51.8 bps).
- The 5-year SOFR swap rate closed at **3.22%** on **Friday 2/27** – it is currently trading at **~3.710%** (+49.0 bps).
- The 10-year SOFR swap rate closed at **3.52%** on **Friday 2/27** – it is currently trading at **~3.934%** (+41.4 bps).

CHART 2: Short-End SOFR Swap Rates – Since 2/27/2026 (Start of War)



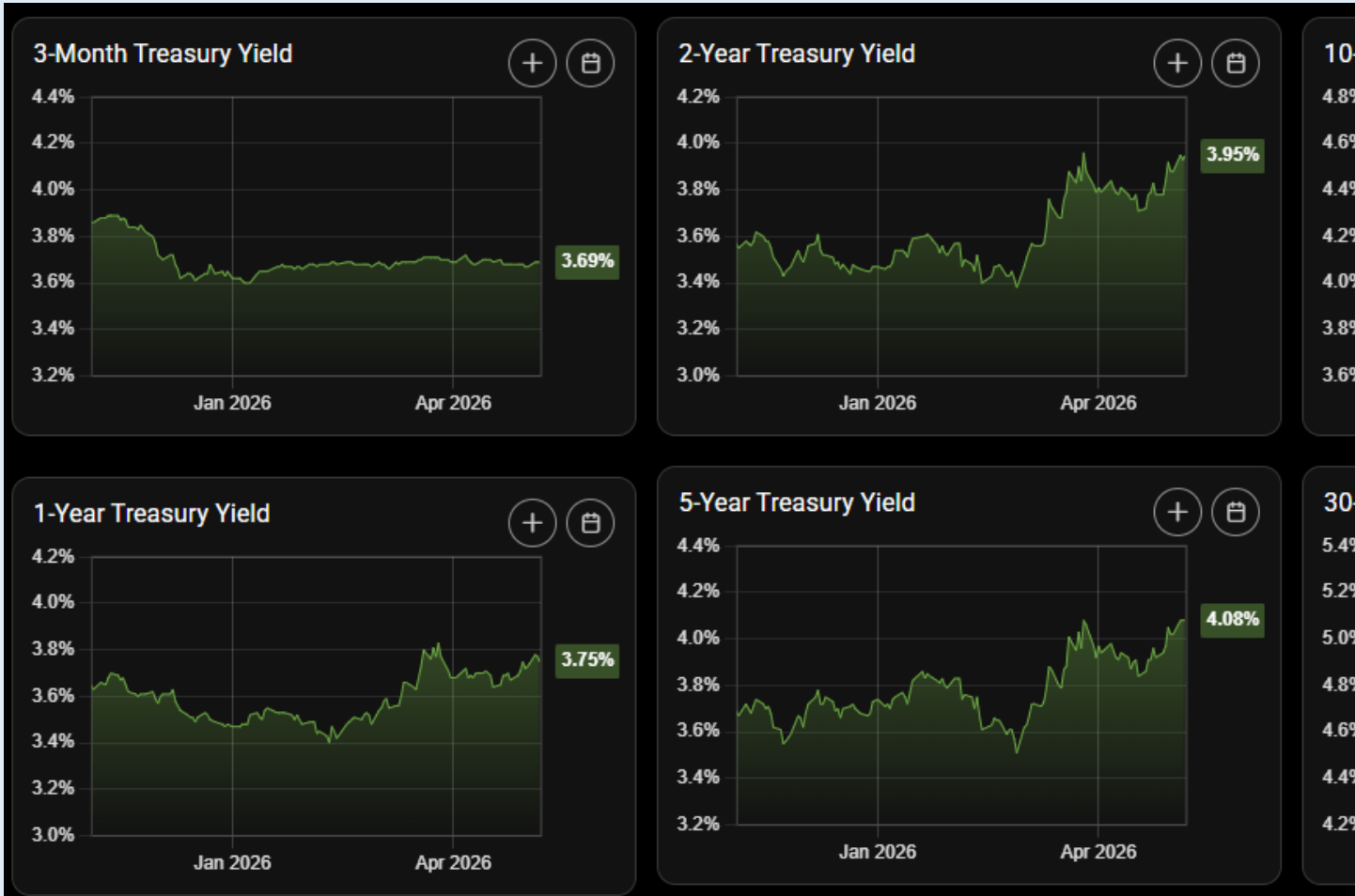
Source: Bloomberg, LLP | 1Y (white), 2Y (blue) & 3Y (orange) SOFR SWAP RATES; SINCE 2/27/2026

CHART 2A: Long-End SOFR Swap Rates – Since 2/27/2026 (Start of War)



Source: Bloomberg, LLP | 5Y (green), 7Y (purple) & 10Y (light blue) SOFR SWAP RATES; SINCE 2/27/2026

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



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

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