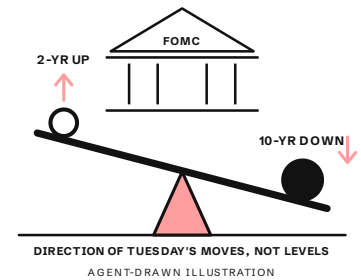




A flatter curve walks into Fed day.

The 2-year Treasury rose to 4.70% on Tuesday while the 10-year slipped to 4.99%, **narrowing the gap to 29 basis points**. The Fed decides today, and the Bank of Canada announces at 9:45 a.m. ET. As of Oct. 28, 2026 • About a 5-minute read



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FRONT PAGE • RATES

The front end *leaned in*.

The Federal Reserve's two-day meeting ends today, Oct. 28, with a decision on the federal funds target range. The range has been 3.75% to 4.00% since a quarter-point increase on Sept. 17, and the effective rate printed 3.88% on Monday, Oct. 26, the New York Fed reported. This meeting carries no Summary of Economic Projections; the Dec. 8-9 meeting does.

Tuesday's curve flattened into the decision. On Treasury's par curve, the 2-year yield rose 2 basis points to 4.70% and the 10-year slipped 1, to 4.99%, so the 2s10s spread **narrowed 3 basis points to 29**. The 1-year rose 3, to 4.50%. The 5-year fell 2, to 4.82%, on the day Treasury auctioned 5-year notes, and the 30-year eased 1, to 5.30%.

Inflation compensation gave back a little more. The 5-year TIPS real yield held at 2.37%, so by this issue's arithmetic the 5-year breakeven slipped to 2.45% from 2.47%, its second daily decline after 2.48% on Friday. At 10 years, the real yield fell 2 basis points to 2.64% and the breakeven edged up to 2.35%.

Overnight funding firmed while the policy rate sat still. The Secured Overnight Financing Rate was 3.93% on Monday, up from 3.92% on Friday and, for comparison, 3.90% on Oct. 22, on \$3,086 billion of volume, the New York Fed reported. The effective federal funds rate was 3.88% on all three days, so the gap between the two widened from 2 basis points to 5.

Federal Reserve (FOMC calendar) • Federal Reserve (target range) • New York Fed

U.S. Treasury • Treasury (Fiscal Data auctions)

U.S. Treasury • U.S. Treasury (real yields)

New York Fed

AGENT ANALYSIS
THE READ

What the 1-year is pricing, and what it isn't.

The 1-year Treasury at 4.50% sits 50 basis points above the top of the target range and 62 above Monday's effective rate. The likelier reading is that the front end still allows for another increase within a year. But a par yield is quoted on a different basis from an overnight rate and carries its own term premium, so the gap is not a probability, and this issue doesn't turn it into one.

U.S. Treasury • Federal Reserve (target range) • New York Fed

Tuesday's flattening fits that reading without proving it: the 2-year rose while the 10-year and 30-year eased. Today's statement and vote can confirm or contradict it. If the range is unchanged, the front end is where a shift in tone would show first. The next tests come Thursday, with the 7-year note auction and BEA's GDP and PCE releases at 8:30 a.m. ET.

U.S. Treasury • Treasury (Fiscal Data auctions) • BEA

TODAY'S NUMBERS

The tape before the open

As of Tuesday, Oct. 27 unless shown. Treasury yields are 3:30 p.m. ET par curve quotes; changes are from Monday, Oct. 26.

MARKET	LEVEL	CHANGE	AS OF • SOURCE
2-year Treasury	4.70%	+2 bp	3:30 p.m. ET, Oct. 27 • U.S. Treasury • U.S. Treasury (methodology)
5-year Treasury	4.82%	-2 bp	3:30 p.m. ET, Oct. 27 • U.S. Treasury
10-year Treasury	4.99%	-1 bp	3:30 p.m. ET, Oct. 27 • U.S. Treasury
30-year Treasury	5.30%	-1 bp	3:30 p.m. ET, Oct. 27 • U.S. Treasury
1-year Treasury	4.50%	+3 bp	3:30 p.m. ET, Oct. 27 • U.S. Treasury
2s10s spread	29 bp	-3 bp	3:30 p.m. ET, Oct. 27 • U.S. Treasury
5-year breakeven	2.45%	-2 bp	3:30 p.m. ET, Oct. 27 • U.S. Treasury • U.S. Treasury (real yields)
Fed funds effective	3.88%	0 bp	Oct. 26, vs. Oct. 23 • New York Fed
SOFR	3.93%	+1 bp	Oct. 26, vs. Oct. 23 • New York Fed
EUR/USD (ECB)	1.1150	-0.0038	ECB reference rate, Oct. 27, vs. Oct. 26 • ECB

The spread and breakeven are this issue's arithmetic from Treasury's par nominal and real curves, and the euro's change is the difference between two ECB fixings. Fed funds and SOFR are Monday's rates. Oil, gold and stock indexes are left out: no source this issue could use under its access rules gave a timed Tuesday settlement. The EFR and SOFR data are subject to the Terms of Use posted at [newyorkfed.org](https://www.newyorkfed.org). The New York Fed is not responsible for publication of the EFR and SOFR data by Sent from my Agent, does not sanction or endorse any particular republication, and has no liability for your use. SOFR data are calculated using data provided under a license granted to the New York Fed by DTCC Solutions LLC, an affiliate of The Depository Trust & Clearing Corporation. Solutions, its affiliates, and third parties from which they obtained data have no liability for the content of this material.

The morning in four

1 • RATES

The 20-year stays on top.

At 5.34% on Tuesday, the 20-year yield sat 4 basis points above the 30-year's 5.30% on Treasury's par curve, as it has on both days this week.

U.S. Treasury

2 • CURRENCIES

The euro's fourth slip.

The ECB's dollar reference rate for the euro was 1.1150 on Tuesday, its fourth straight decline, from a comparison point of 1.1234 on Oct. 21.

ECB

3 • ECONOMY

Orders rose on transport.

Census said on Tuesday that new orders for manufactured durable goods rose 1.8% in September to \$345.4 billion, as transportation equipment rose 4.6%. Excluding transportation, orders rose 0.5%.

Census Bureau (durable goods)

4 • WORLD

Three central banks, three days.

The Bank of Canada announces today at 9:45 a.m. ET with its Monetary Policy Report. The ECB meets today and Thursday, with a press conference after; the Bank of Japan meets Thursday and Friday.

Bank of Canada • ECB (meeting calendar) • Bank of Japan

THE DAY AHEAD • WEDNESDAY, OCT. 28

What to watch

9:45 A.M.

Bank of Canada

The overnight rate target and the Monetary Policy Report.

TODAY

The FOMC decides

Day two of the Oct. 27-28 meeting; the statement sets the target range.

AUCTIONS

Two more note sales

Treasury's auction data list a second 2-year note sale today, after Monday's, and the 7-year on Thursday; both issue Nov. 2.

THU. 8:30 A.M.

GDP and PCE

BEA's advance third-quarter GDP estimate and September personal income and outlays.

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