

# Interest Rate futures & options

Trading and liquidity review for 2025

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# Introduction

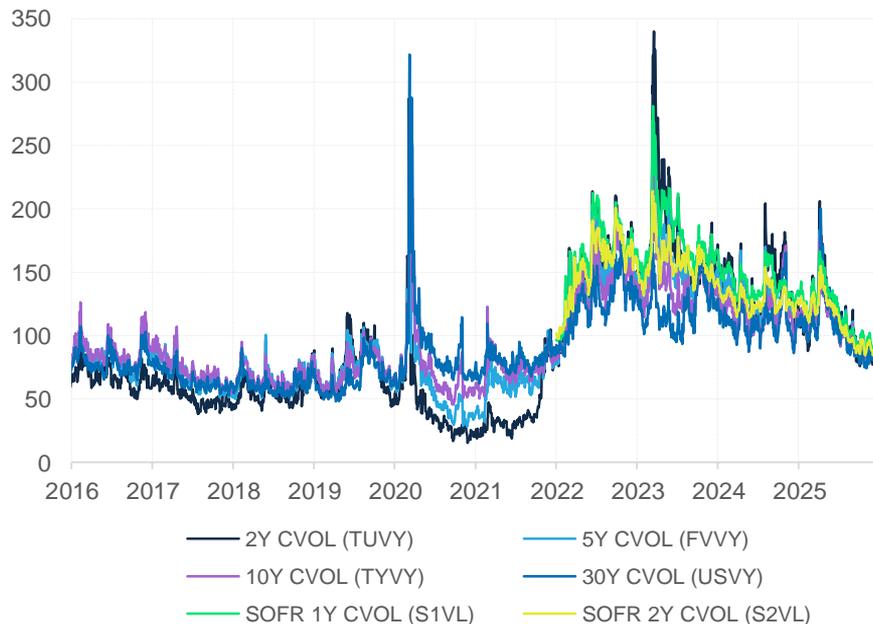
Interest rate risk management again took center stage in 2025 as shifting monetary policy expectations, historic debt levels, geopolitics and other events drove hedging demand across the curve.

Through it all, CME Group was the venue of choice for managing risk, providing participants with deep liquidity across short-, medium, and long-term rates, and safe and efficient markets anchored by CME Clearing.

In this deck we summarize the resiliency of these markets by analyzing key measures of liquidity:

- ADV: quantifies demand for risk transfer daily
- OI: is the total size of open positions that are being managed by market participants
- LOIH: a fair proxy for breadth of market participation among firms holding significant positions
- Cost to trade: Book depth and bid-ask spreads relative to volatility

## Despite trending lower from April on, volatility remained elevated vs. historical averages



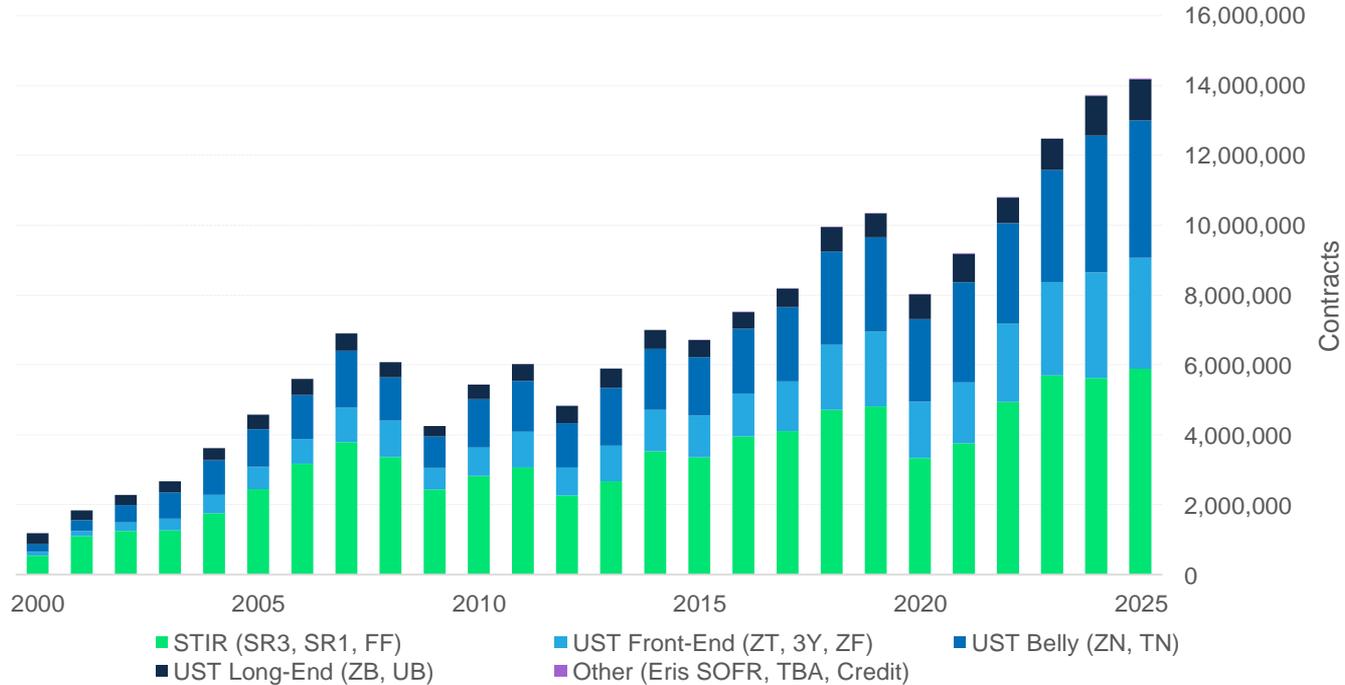
Source: CME Group

# Liquidity analysis

*Liquidity can be defined broadly as a market participant's ability to convert assets into cash or to enter/exit a position with ease; and is therefore proportional to indicators such as volume, open interest, breadth of participation, and cost to trade. The following summarizes performance in those four key liquidity measures.*

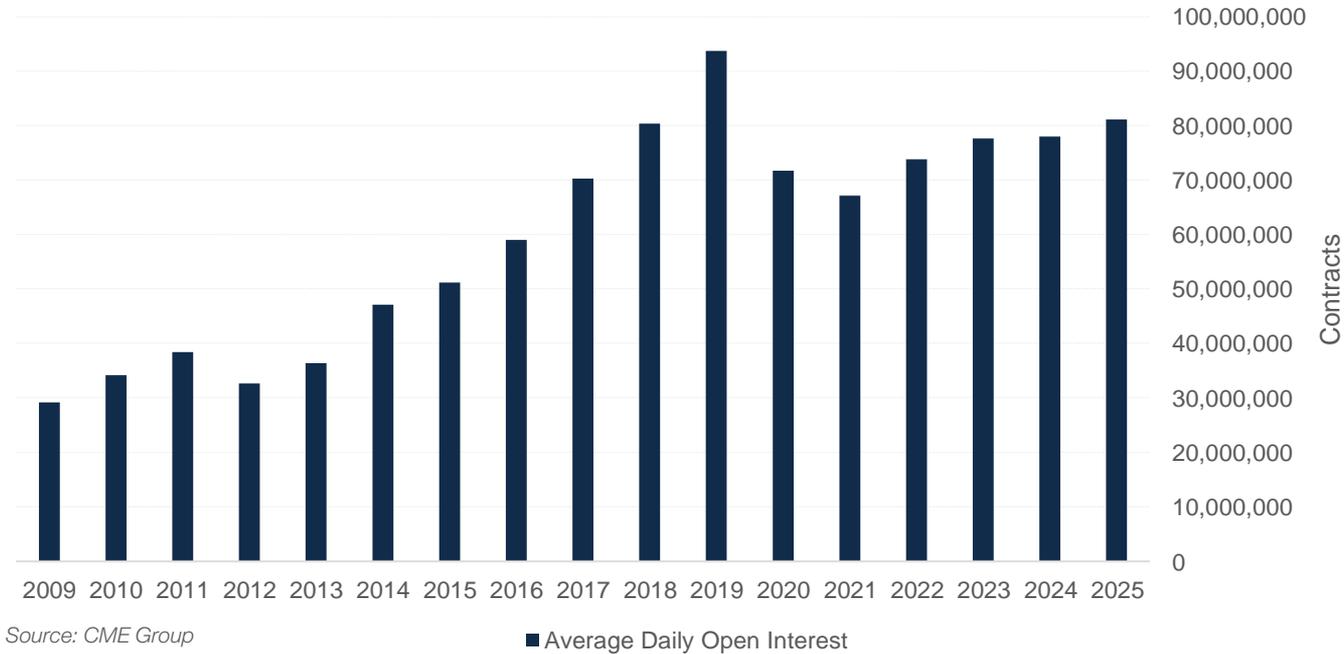
# Average daily volume hit a fourth consecutive record high, topping 14 million contracts for the first time

## Interest Rates ADV Across the Curve



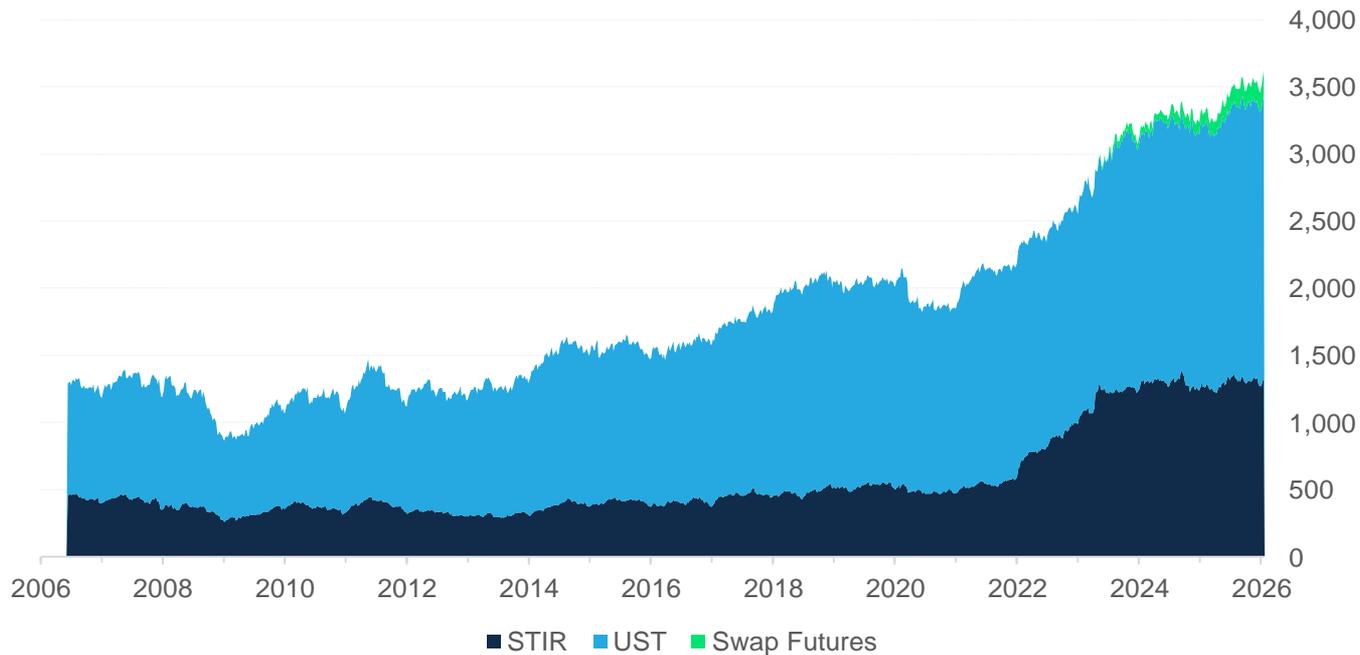
# Average daily open interest was the second highest all-time

## Interest Rates Open Interest



# Large open interest holders expanded to record levels

## Large Open Interest Holders



Source: CFTC Commitments of traders Report

## Cost to trade proved highly resilient despite record demand

Analysis into market liquidity considers three interconnected metrics: market conditions, demand, and supply.

These factors, taken together, demonstrate how liquidity and the Cost-to-Trade (CTT) are impacted by changing market dynamics and increased demand as measured by the volume throughput of the order book.

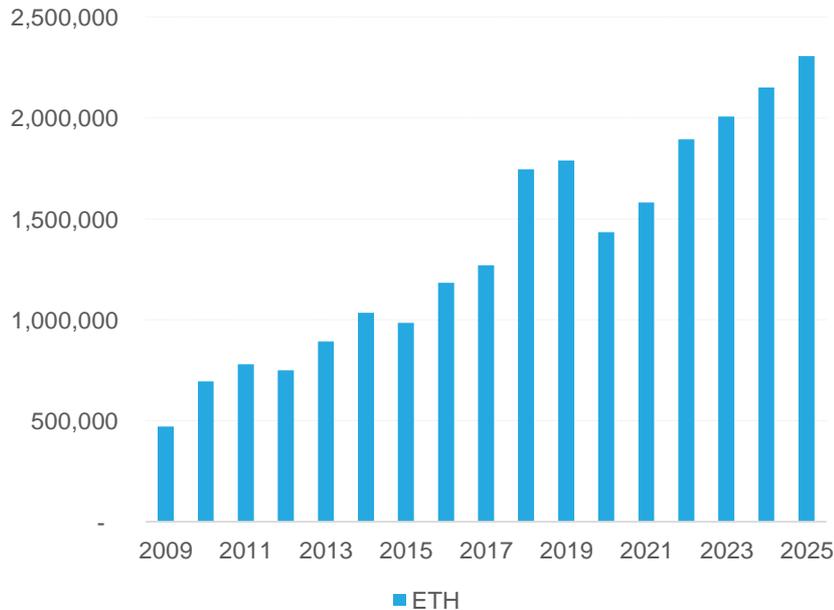
- Market Conditions (Daily True Range)
- Supply (Cost to Trade in the contract)
- Demand (Volume in the contract)

	2023	2024	2025
<b>2-Year T-Note Futures</b>			
Avg. Daily True Range	66.35 (ticks)	45.82 (ticks)	37.98 (ticks)
Avg. Daily Volume	0.81M	1.01M	1.04M
Avg. Cost to Trade, 1000 Lots	1.75 (ticks)	1.27 (ticks)	1.22 (ticks)
<b>5-Year T-Note Futures</b>			
Avg. Daily True Range	73.59 (ticks)	52.36 (ticks)	46.96 (ticks)
Avg. Daily Volume	1.56M	1.74M	1.80M
Avg. Cost to Trade, 1000 Lots	1.58 (ticks)	1.24 (ticks)	1.22 (ticks)
<b>10-Year T-Note Futures</b>			
Avg. Daily True Range	52.65 (ticks)	39.62 (ticks)	64.68 (ticks)
Avg. Daily Volume	1.99M	2.35M	2.25M
Avg. Cost to Trade, 500 Lots	1.06 (ticks)	1.02 (ticks)	1.03 (ticks)

Source: CME Group

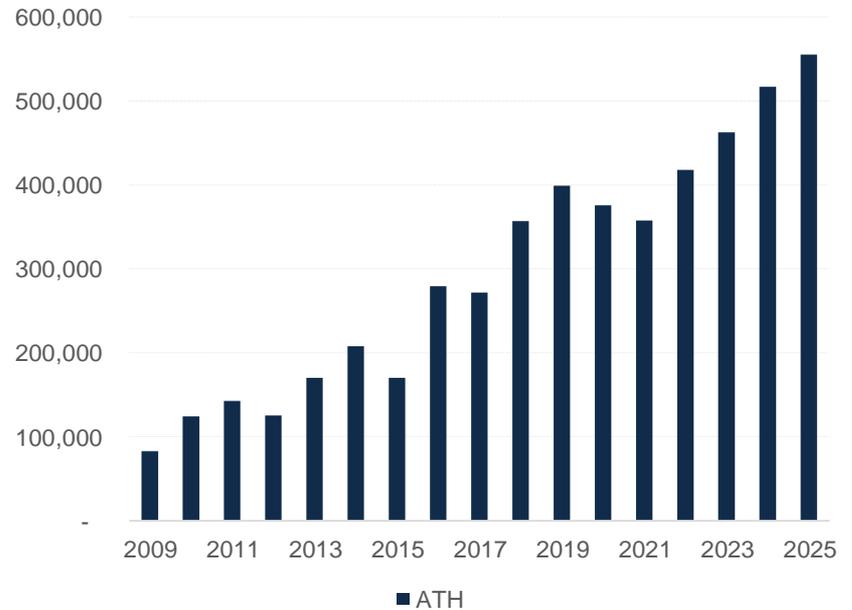
# Near 24-hour liquidity enabled efficient risk transfer across time-zones

## Interest Rates ADV -- European Trading Hours



Source: CME Group

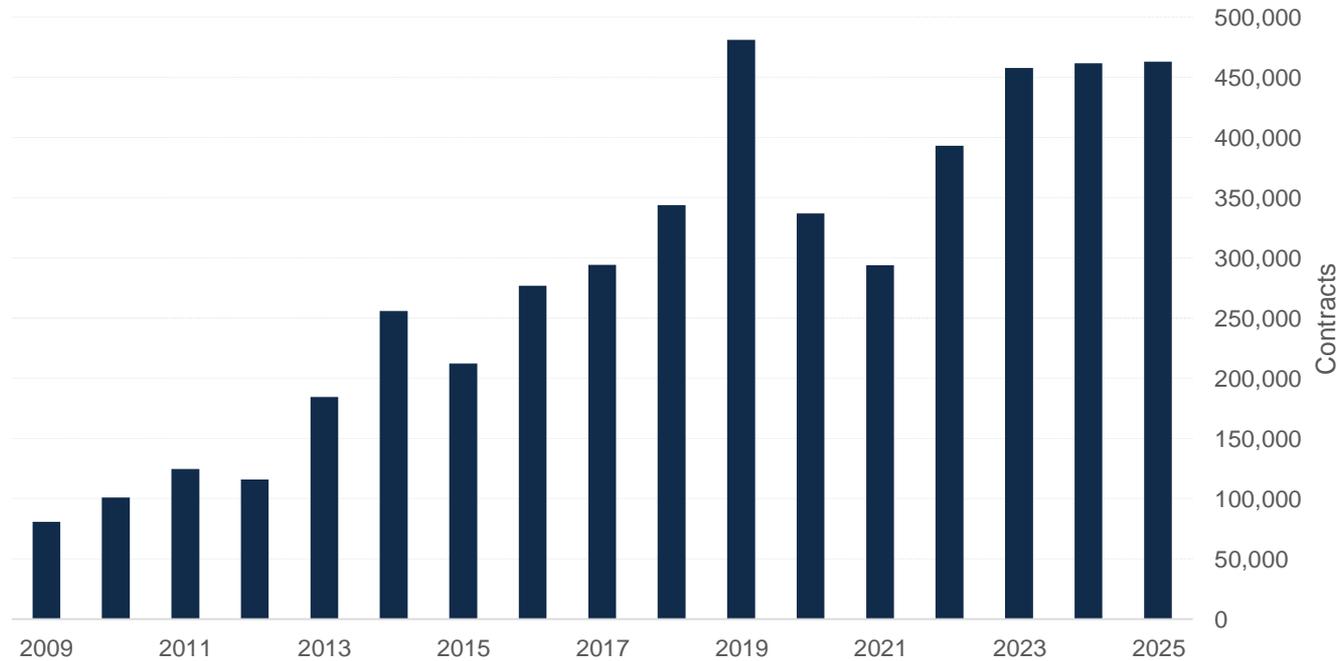
## Interest Rates ADV -- Asian Trading Hours



Source: CME Group

# Active bilateral markets (blocks, EFRs, EFPs) complemented CLOB liquidity

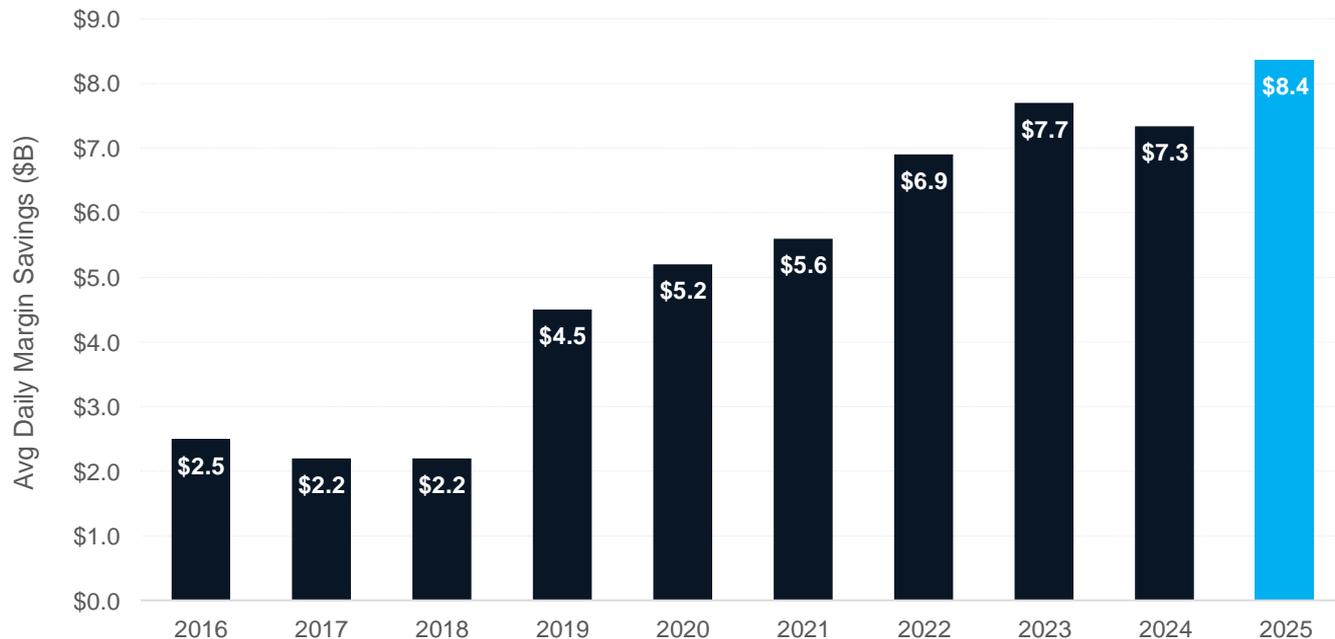
## Interest Rates ADV via blocks and EFRPs



Source: CME Group

# Portfolio Margining of cleared swaps vs. listed F&O delivered record savings

## Average Daily Portfolio Margining Savings (\$B)

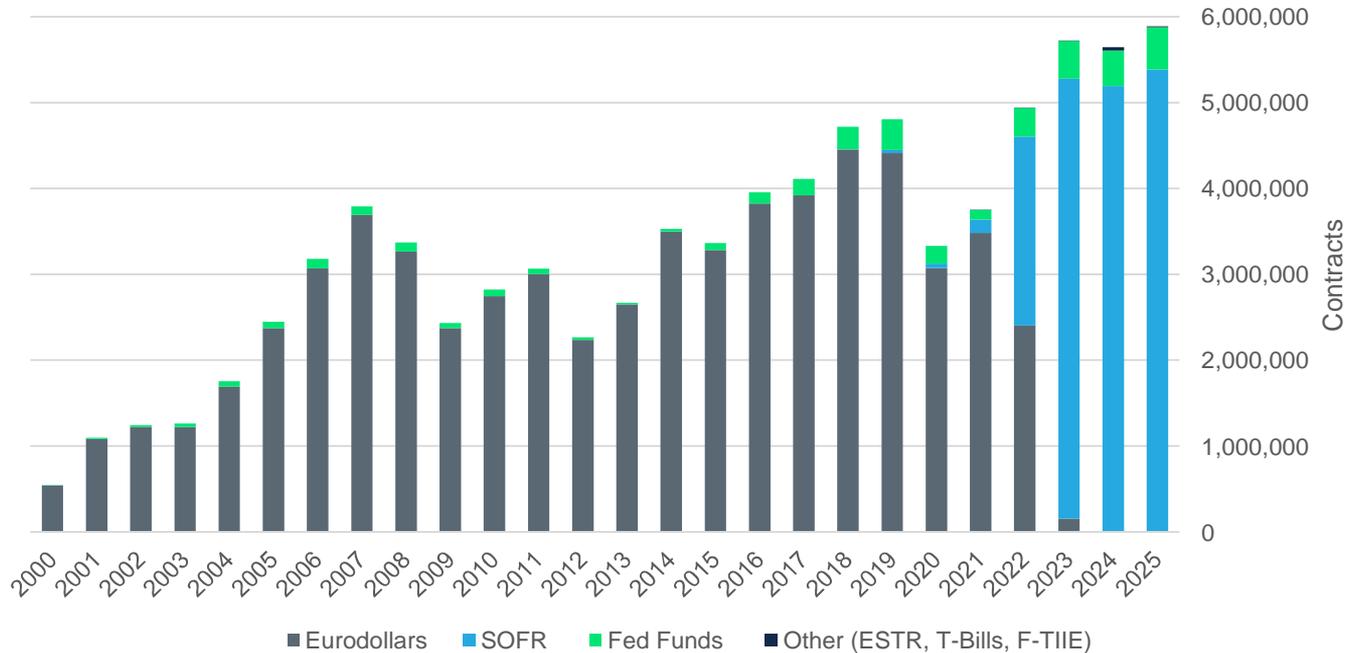


Source: CME Group

# Short-Term Interest Rates (STIRs)

# Short-Term Interest Rate (STIR) volumes reached an all-time high

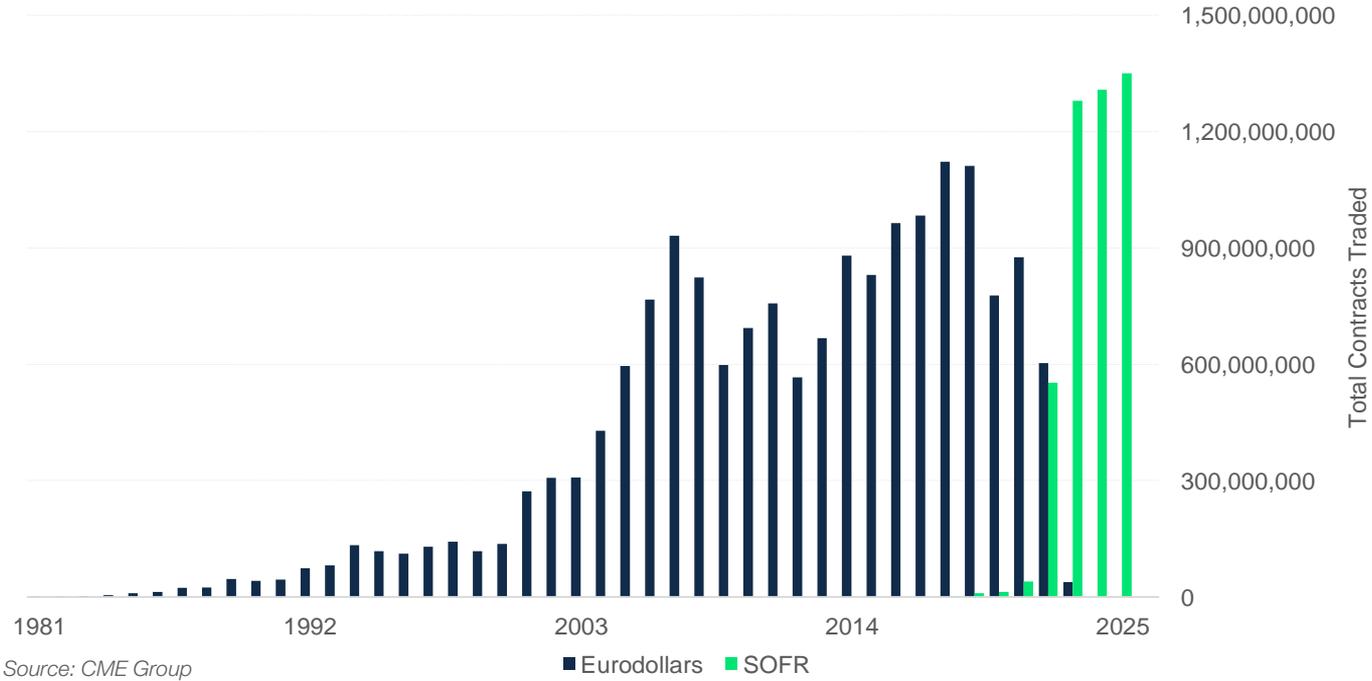
## STIR Futures and Options ADV



Source: CME Group

# SOFR futures and options volume topped 1.35 billion contracts (5.4M/day), a third consecutive all-time high

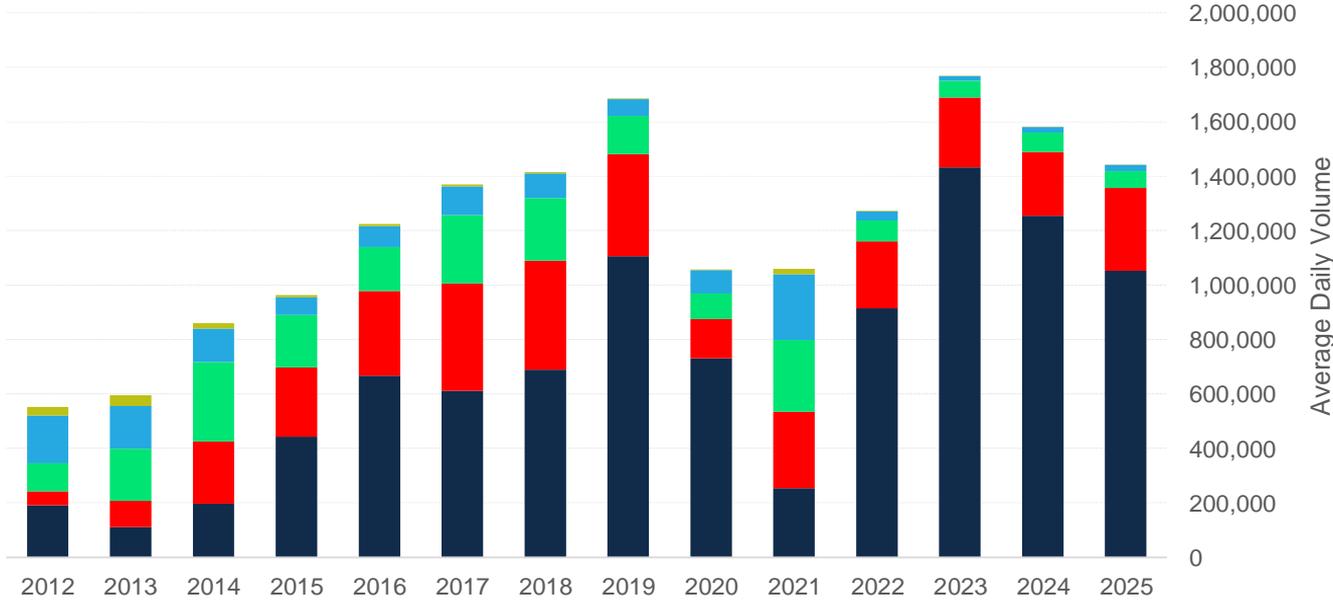
## Historical Eurodollar and SOFR volumes



Source: CME Group

**SOFR options saw their 4<sup>th</sup> highest ADV on record (including EDs), with trading concentrated in standard quarterlies (73%) and 1Y mid-curves (21%)**

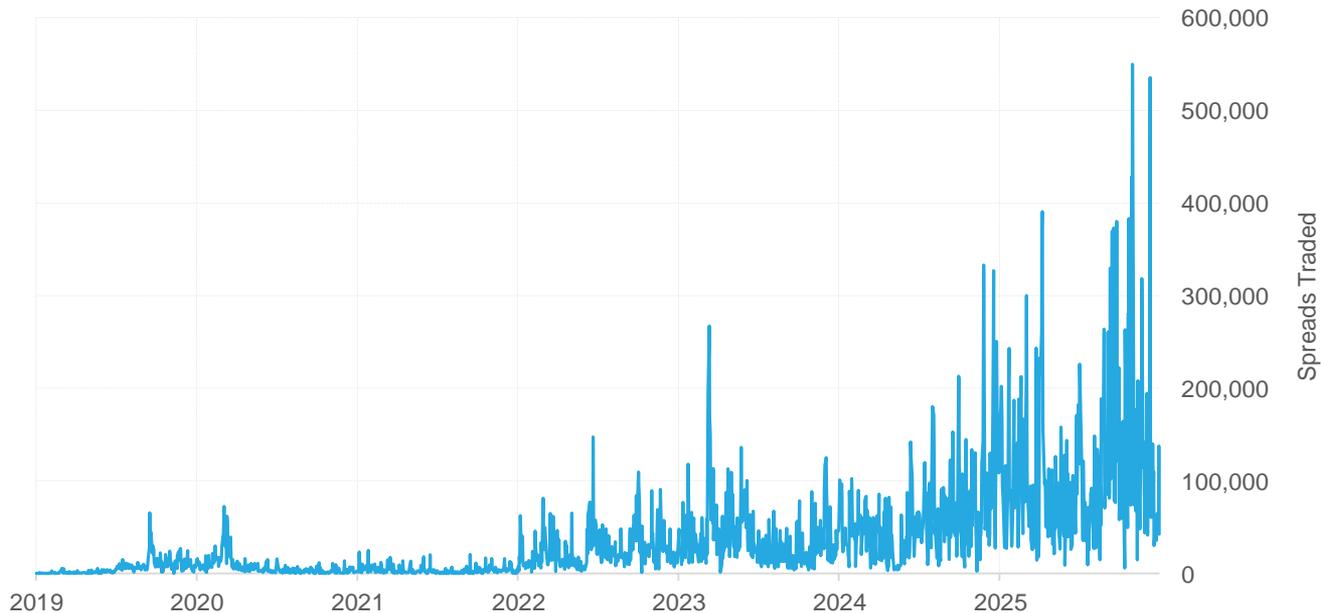
**SOFR/Eurodollar Options ADV by Type**



Source: CME Group ■ Standard ■ 1Y Mid-Curve ■ 2Y Mid-Curve ■ 3Y Mid-Curve ■ 4Y Mid-Curve

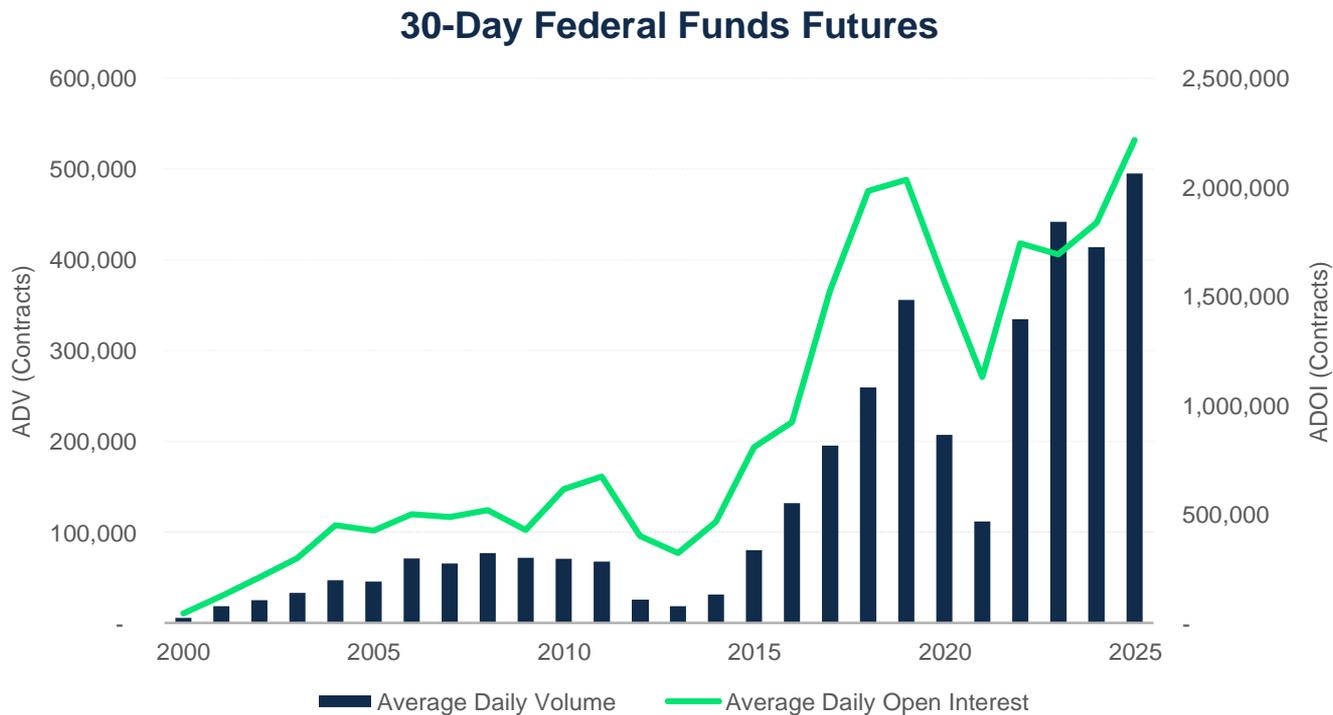
# 1M SOFR vs. Fed Funds futures saw record basis trading via Inter-Commodity Spreads (ICS)

## 1M SOFR vs. Fed Funds ICS Volume



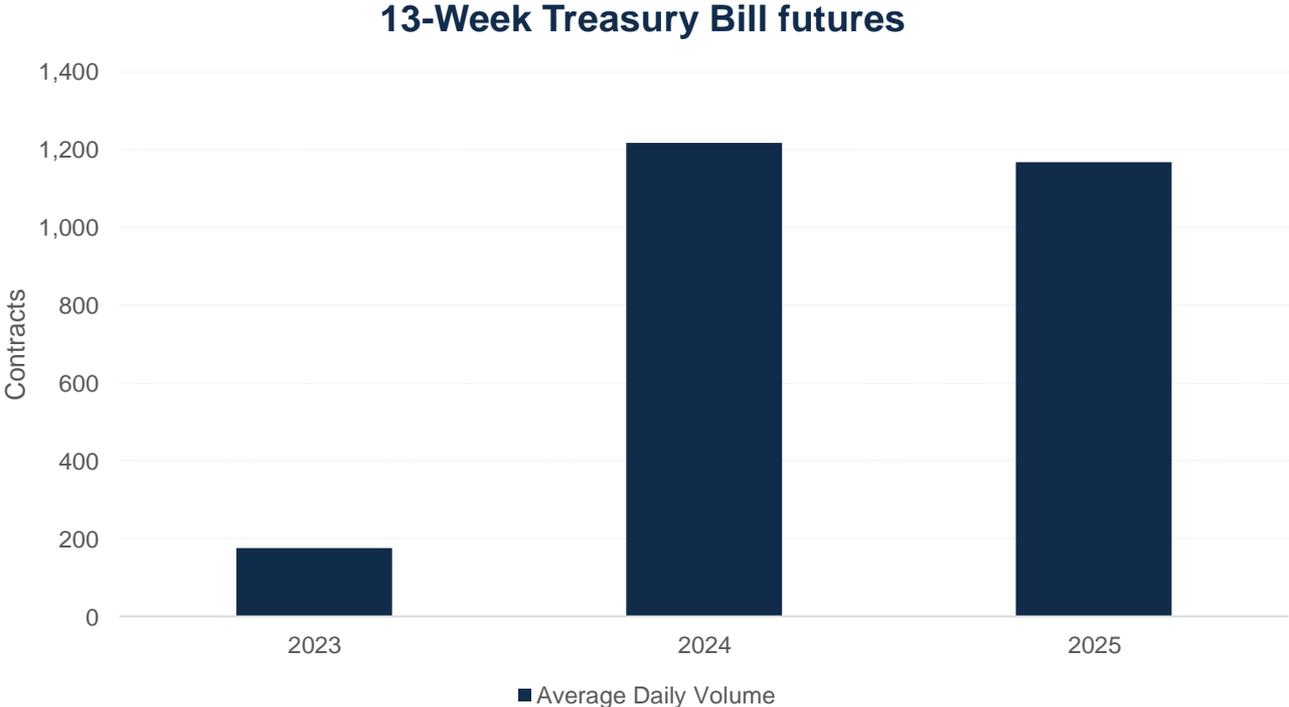
Source: CME Group

# Fed Funds futures volume and open interest hit new highs



Source: CME Group

# T-Bill futures saw steady activity, aided by an active basis market vs. SOFR

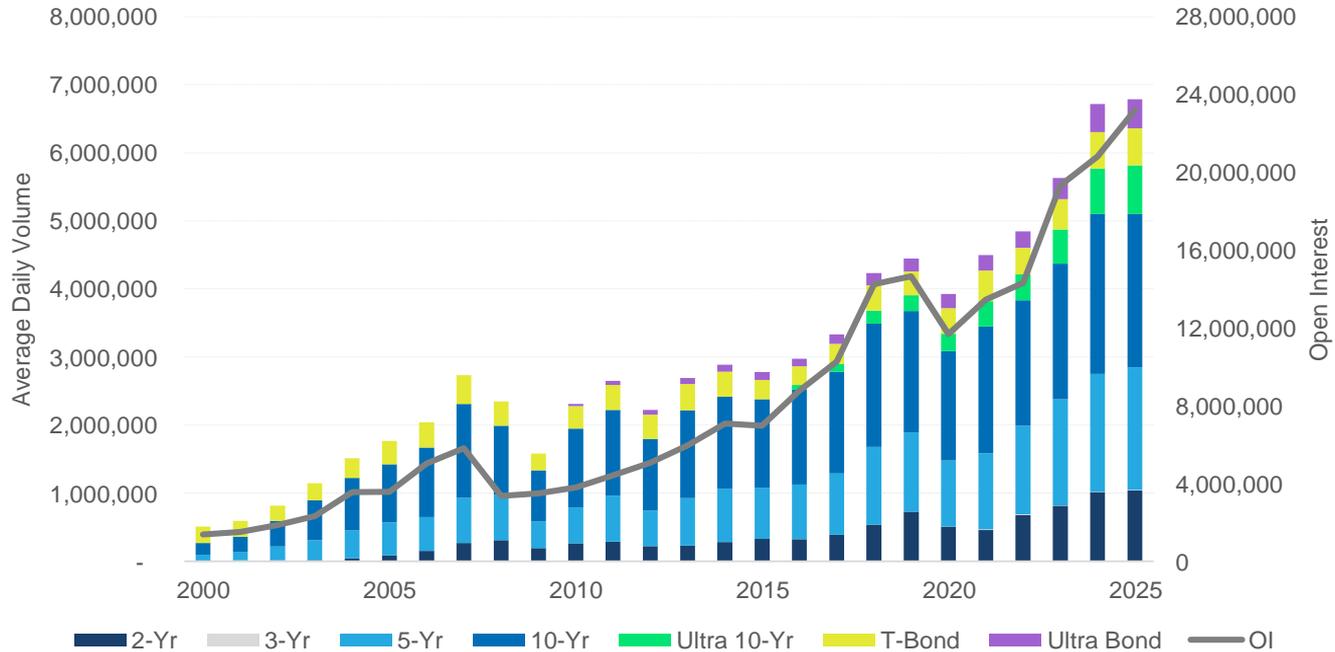


Source: CME Group

# U.S. Treasuries

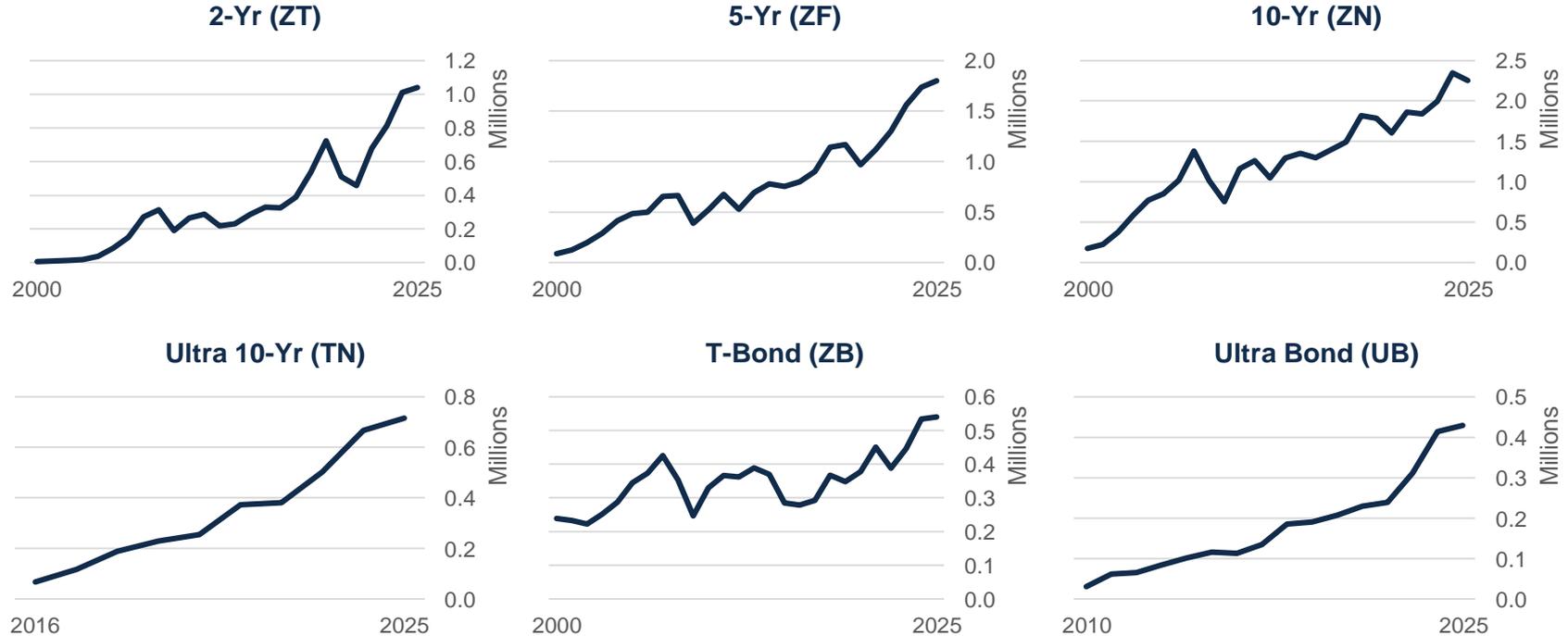
# Treasury futures trading activity hit to a 5th consecutive record

## U.S. Treasury Futures ADV and OI



Source: CME Group

# Five out of six benchmark tenors hit new ADV records

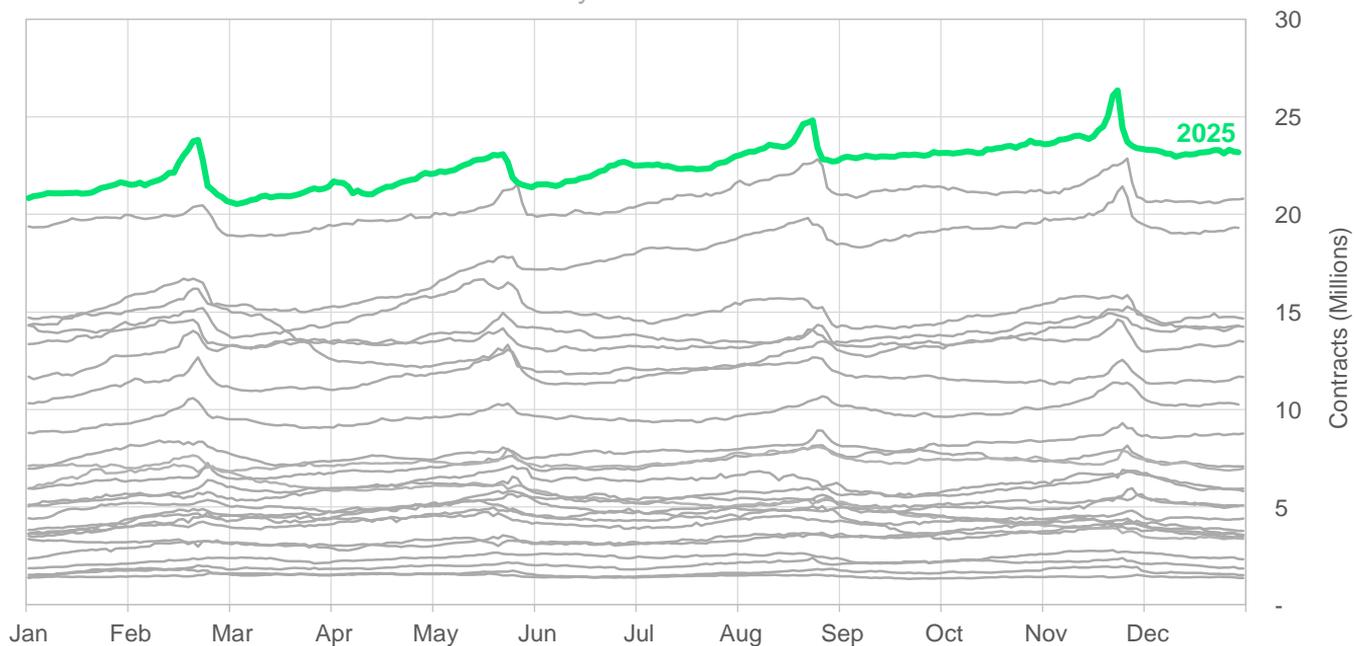


Source: CME Group

# Open interest surged to unprecedented levels

## Treasury Futures Open Interest YoY

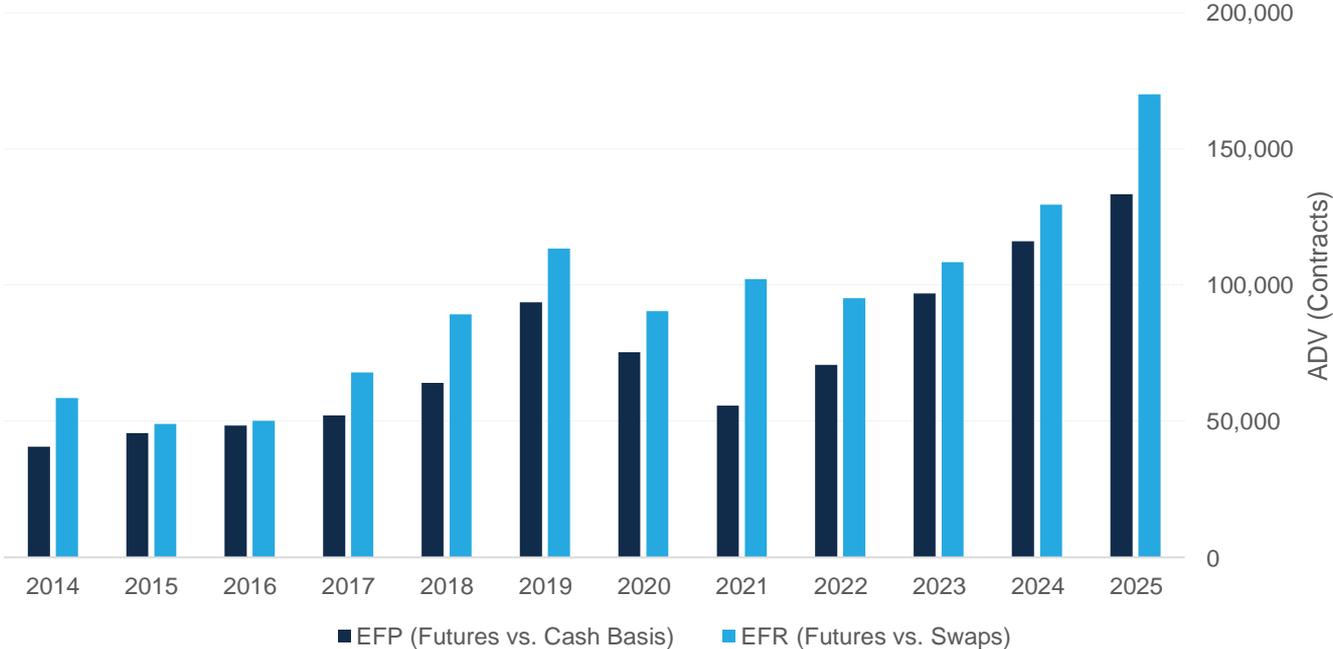
Grey lines: 2000-2024



Source: CME Group

# Treasury relative value trading vs. swaps and cash hit record levels

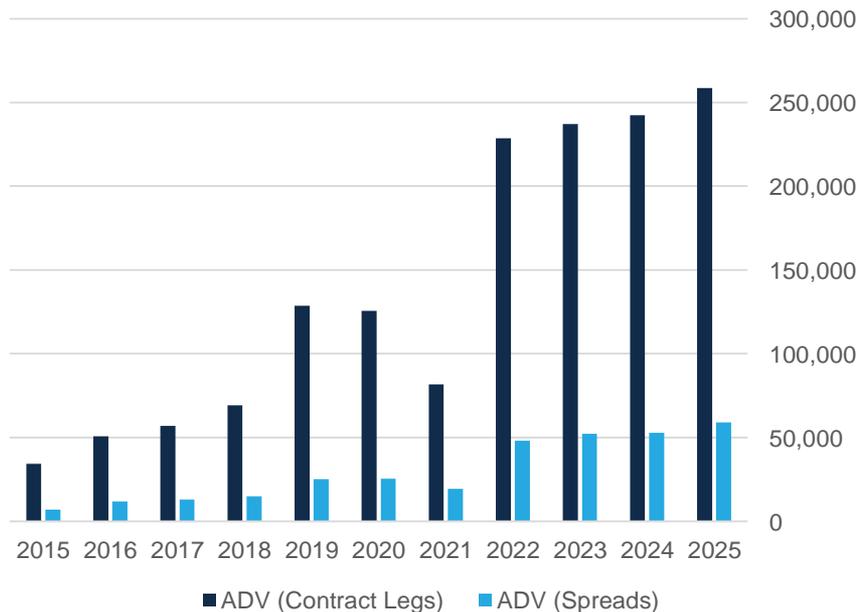
## Treasury Futures EFRP ADV



Source: CME Group

# Curve trading via inter-commodity spreads reached new highs

## Treasury Futures Inter-Commodity Spreads (ICS)



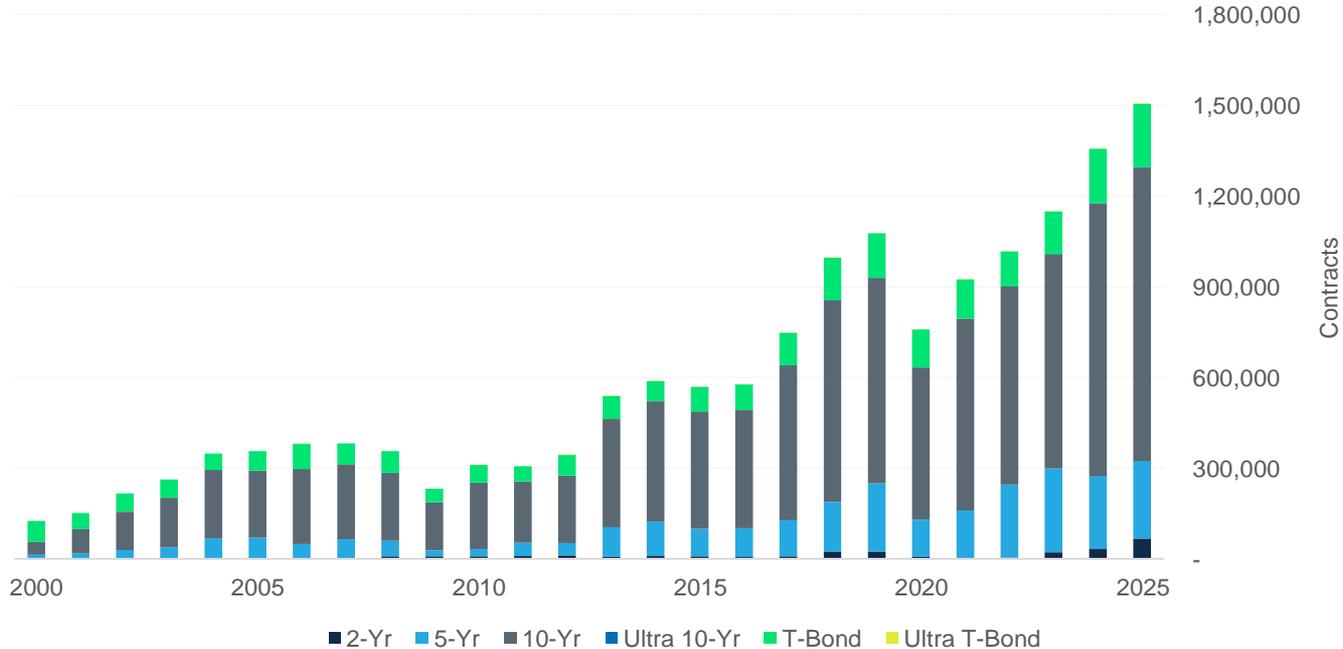
## Top pairs traded in 2026

Pair	ICS instrument(s)	2026 ADV (Contract Legs)	2026 ADV (Spreads)
<b>5Y/10Y</b>	FIT/FYT	91,764	19,288
<b>2Y/5Y</b>	TUF/TFY	60,153	12,947
<b>10Y/Ultra10Y</b>	TEX/NON/TOX	43,201	9,036
<b>10Y/30Y</b>	NOB	19,692	6,564
<b>Ultra10Y/30Y</b>	NCB	17,112	3,422

Source: CME Group

# Treasury options trading activity hit a 3rd consecutive record year

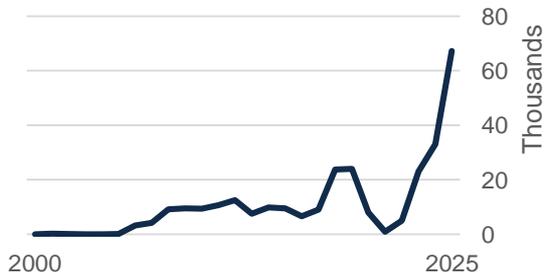
## Treasury options ADV



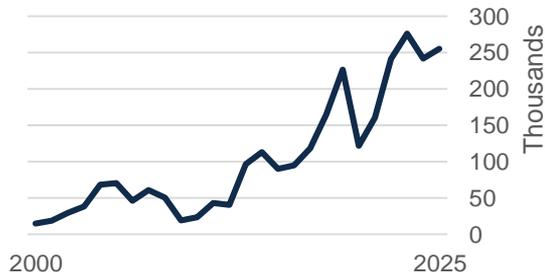
Source: CME Group

# 2-Year, 10-Year, Ultra 10, Bond, and Ultra Bond options all saw record ADV

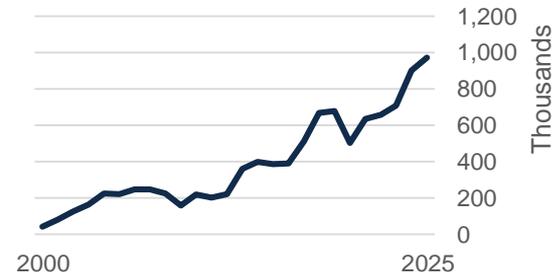
### 2-Yr Options



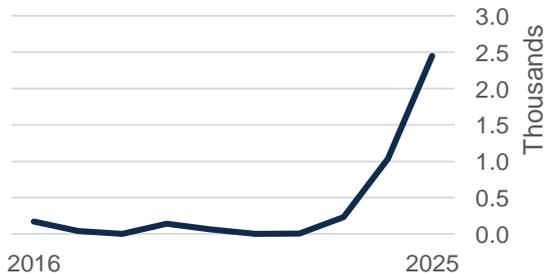
### 5-Yr Options



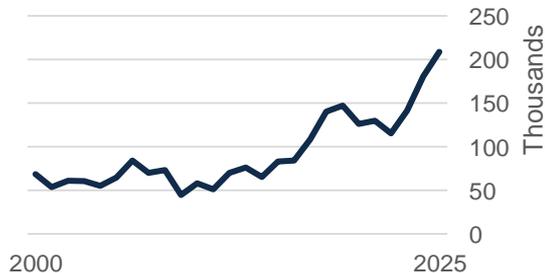
### 10-Yr Options



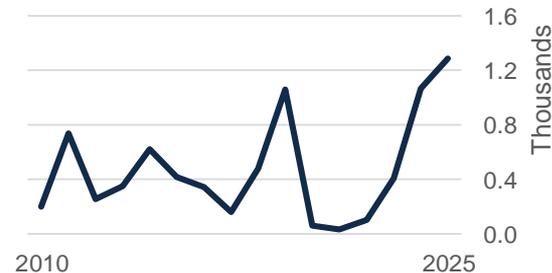
### Ultra 10 Options



### T-Bond Options



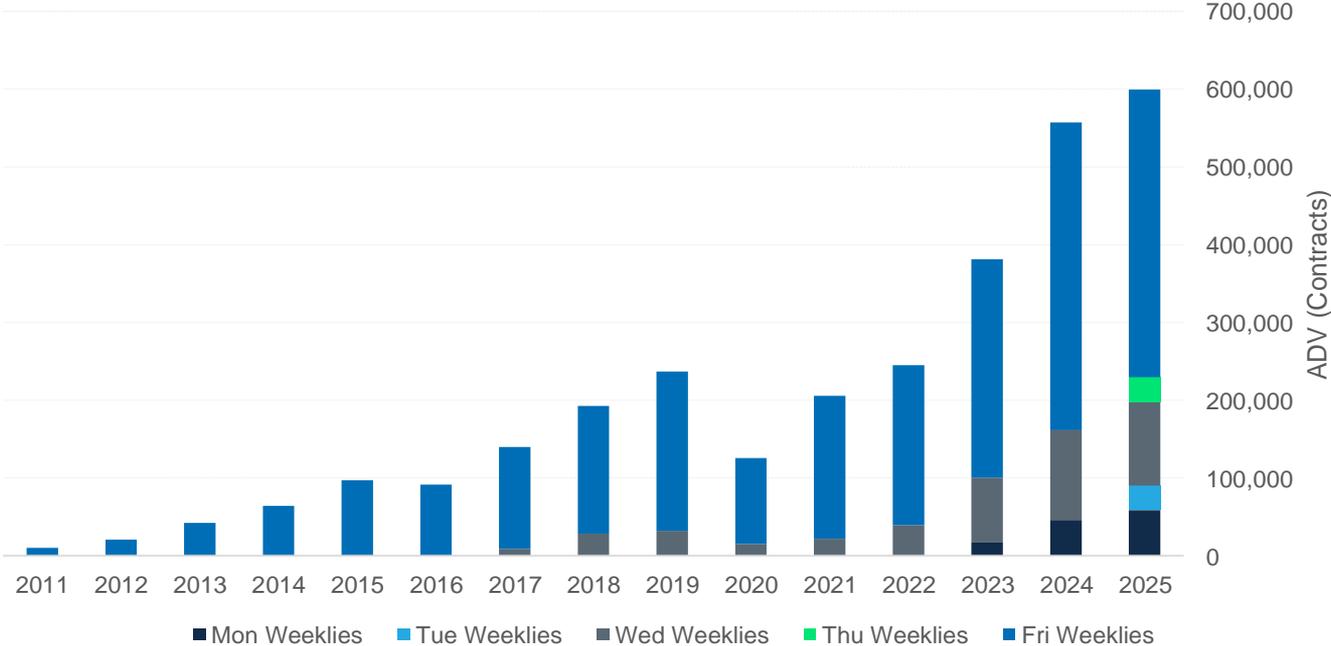
### Ultra Bond Options



Source: CME Group

# The everyday hedge: Traders embrace daily expiries following launch of Tue/Thu weeklies in June

## The Rise of Weekly Treasury Options

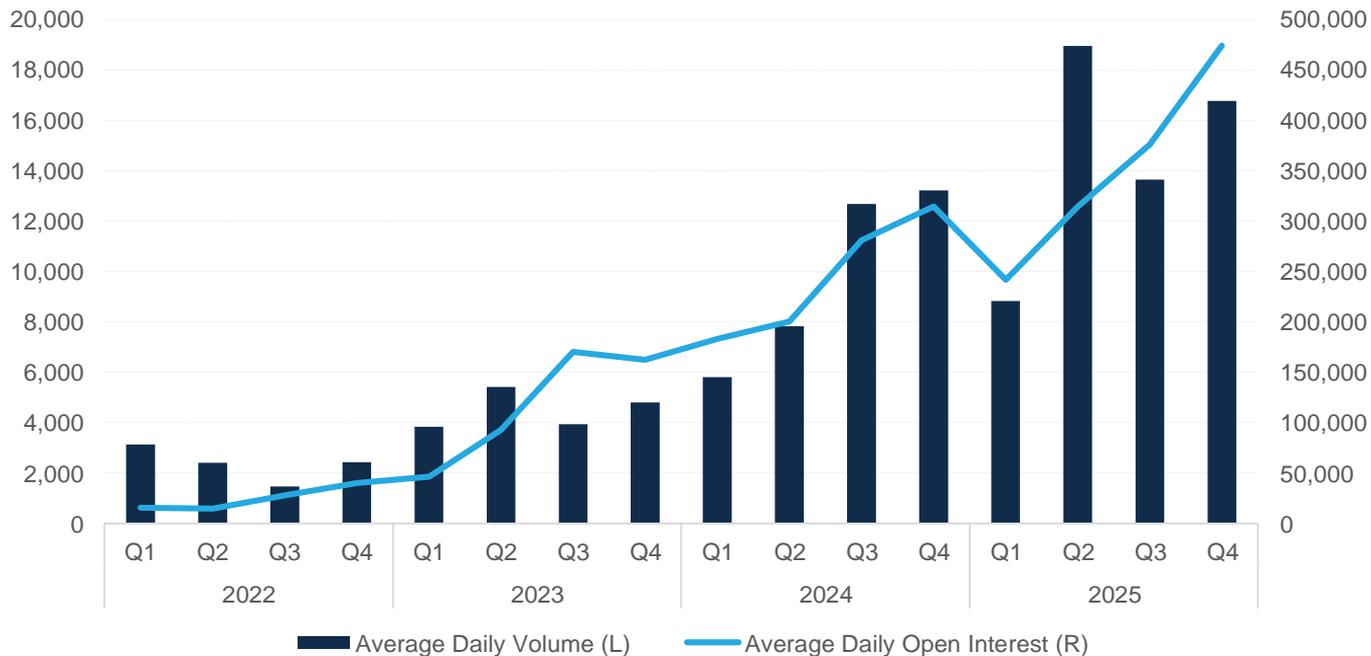


Source: CME Group, Tu/Thu ADV measured from launch on June 16, 2026.

# Swap futures

# Eris SOFR Swap futures topped 500K in open interest, with expanded participation led by regionals, ALM desks, and mortgage services

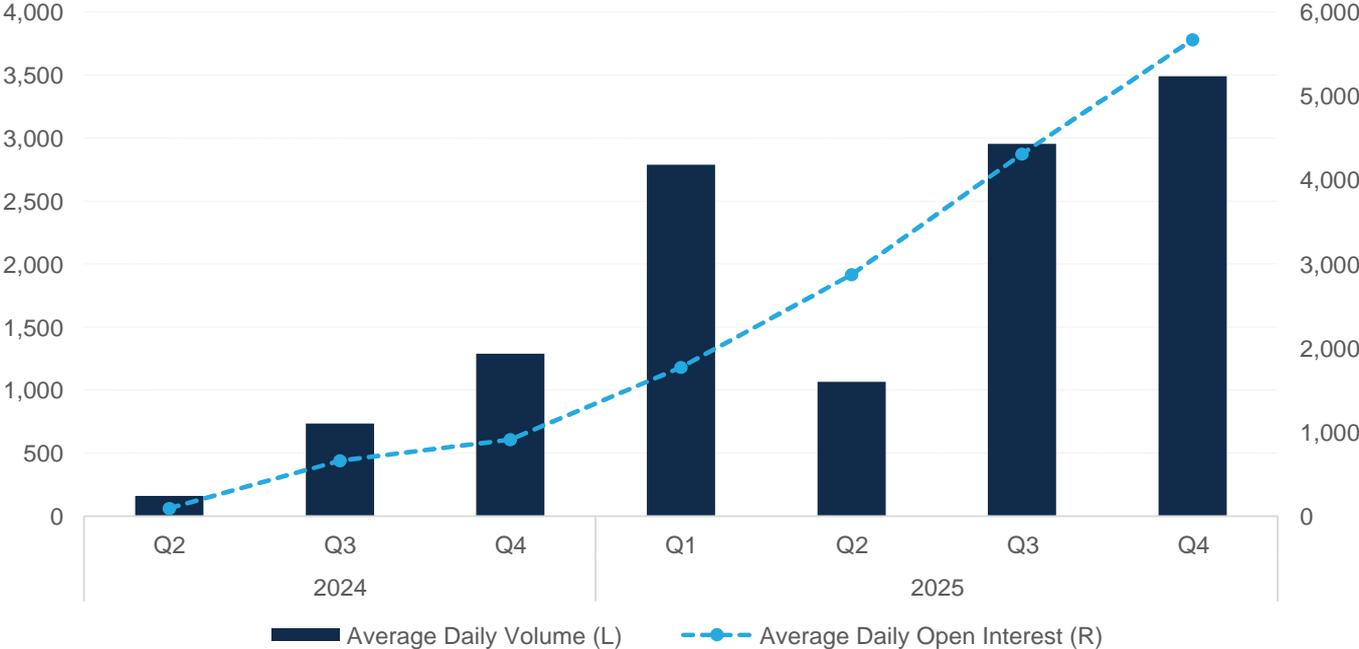
## Eris SOFR Swap futures



# Credit futures

# Credit futures saw significant growth, with best-in-class electronic liquidity and innovative derived-block functionality facilitating adoption

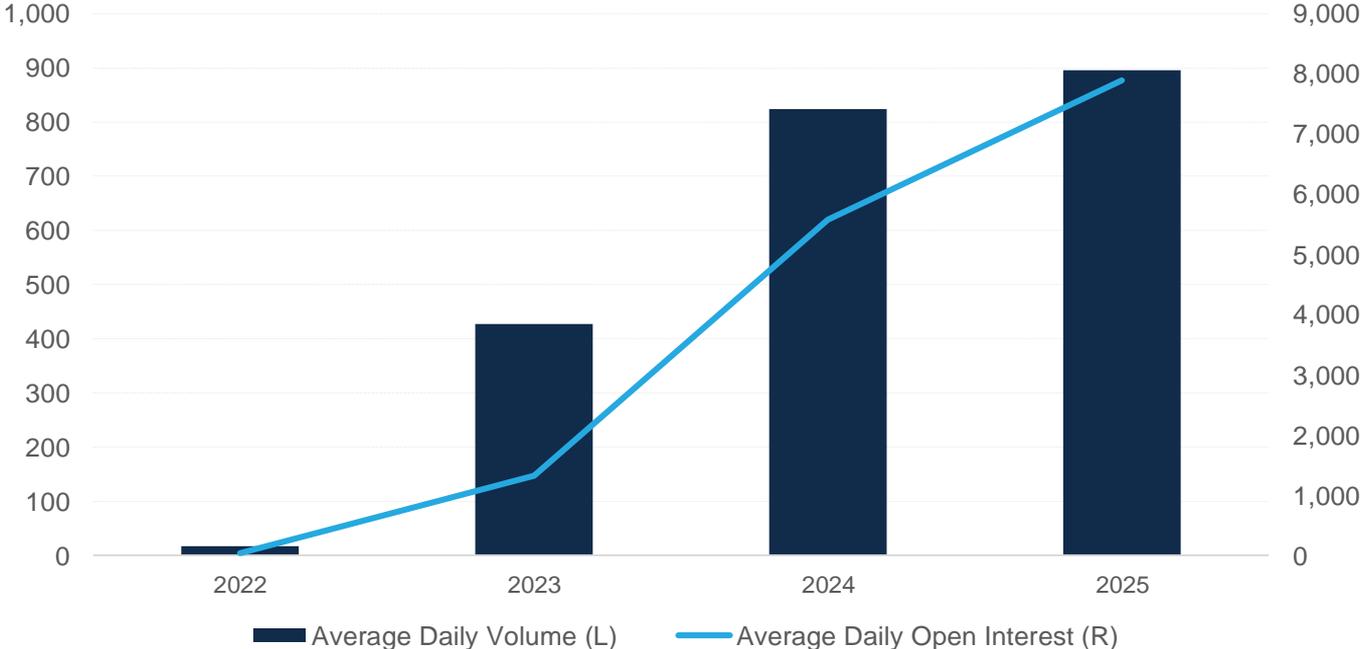
## Bloomberg Credit Index Futures



# Mortgage futures

# The TBA futures market continued to expand, bringing efficient, all-to-all, electronic access to the second largest U.S. fixed income market

## 30-Year UMBS TBA futures



Source: CME Group

# Disclaimer

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