

Baker Market Update

Week In Review

May 02, 2025



Andrea Pringle

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Stronger-than-expected labor data is bringing a measure of calm to jittery markets this morning, tempering fears of a sharp economic downturn following Wednesday's report that the U.S. economy contracted for the first time in three years. While a more resilient job market may delay the timing of potential rate cuts, it also helps alleviate concerns about widespread job losses. Equity markets are responding positively, with stock prices rising and poised to recover much of the ground lost since last month's tariff announcement. Meanwhile, bond prices are edging lower, with yields up roughly 2 to 8 basis points across the curve on the week.

April's Employment Situation report showed strong job growth in April. Nonfarm payrolls beat forecasts, adding 177k new jobs in April. The household survey showed even larger job gains of 436k. Job growth was strongest in healthcare, transportation, and hospitality, while sectors like manufacturing and retail struggled. The labor force participation rate also rose to 62.6%, the highest since January, and the unemployment rate held steady at 4.2%. However, on Wednesday private payroll processing firm ADP reported 62k private payroll gains, well below expectations of 115k and down sharply from 147k in March. The Job Openings and Labor Turnover (JOLTS) survey data also showed signs of a cooling labor market, with the number of job openings surprising to the downside and job openings per unemployed worker now well below pre-pandemic levels.

On Wednesday, the Bureau of Economic Analysis reported that the U.S. economy contracted by 0.3% in Q1 2025, marking the first decline in real GDP since early 2022. The drop was driven primarily by a sharp drag from net exports, which subtracted nearly 5 percentage points from overall growth, the most on record. The import surge—attributed to preemptive stockpiling ahead of newly imposed tariffs—more than offset underlying domestic activity. Government spending also contracted for the first time since Q2 2022, as DOGE-driven federal cuts began to take hold. Personal consumption, which accounts for roughly two-thirds of GDP, also slowed meaningfully in the first quarter to 1.8% (down from 4.0% in Q4). That marks the weakest pace since mid-2023 but still above forecasts.

This week's reading of Personal Consumption Expenditures (PCE) for the month of March showed the Fed's preferred inflation gauge continued to moderate. The PCE Price Index was flat in March and rose 2.3% year-over-year, while Core PCE held steady at 2.6%, matching its lowest annual rate since 2021. The Fed's favored "Supercore" inflation (core services less housing) measure also declined, suggesting broad-based disinflation.

(Continued)

UPCOMING EVENTS

2025 Destination Seminar

Austin, TX

May 8–9, 2025

Banks

Webinars:

Q1 Bank Trends

May 14, 2025

Seminars:

KS Seminar

May 22, 2025

IA Seminar

Jun 17, 2025

NE Seminar

Jun 18, 2025

ND Seminar

Jul 15, 2025

WI Seminar

Jul 24, 2025

IL Seminar

Aug 04, 2025

OH Seminar

Oct 01, 2025

MI Seminar

Oct 02, 2025

CUs

Seminars:

MI CU Seminar

Sep 30, 2025

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The
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Next week will be quieter in terms of economic releases, but all eyes will be on the Federal Reserve, which meets on May 6–7. While the Fed Funds target range is expected to remain unchanged, markets will scrutinize the Fed's statement and press conference for clues about the pace and timing of future rate cuts—especially in light of softening growth and tariff-related price pressures. Have a great weekend!

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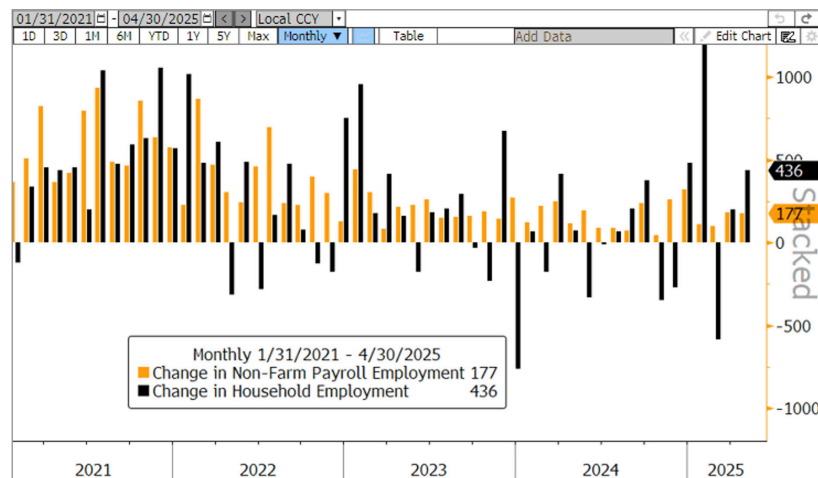
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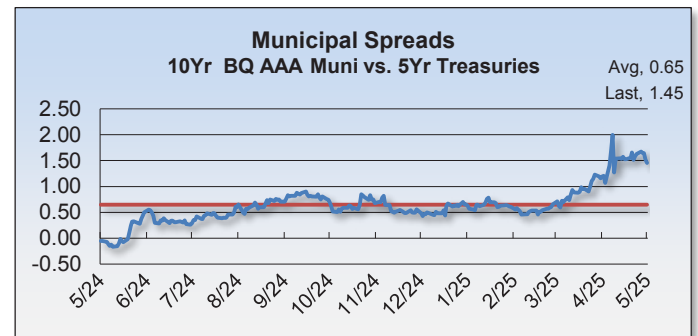
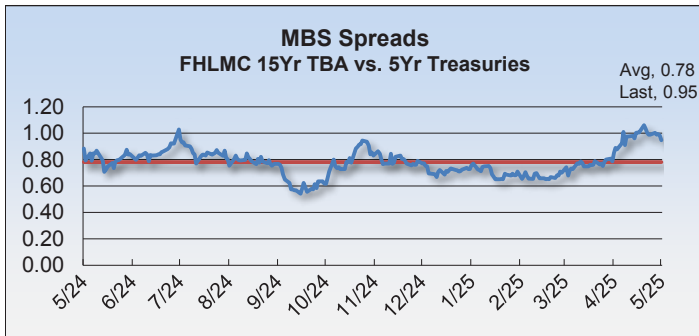
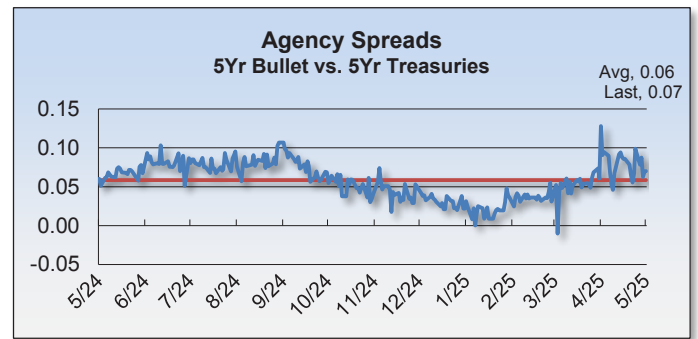
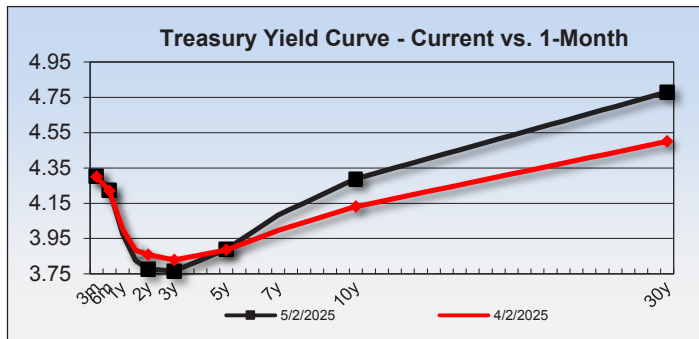
Source: Bloomberg, L.P.

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Treasury Market -- Historical						Fixed Rate Market											
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni		Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr	
3mo	4.30	0.00	4.31	4.52	5.40	2yr	3.86	3.46	4.05	4.31	3.88	2Yr					
6mo	4.22	0.02	4.23	4.44	5.38	3yr	3.82	3.39	4.05	4.31	3.88	3Yr					
1yr	3.98	0.02	4.02	4.27	5.16	5yr	3.98	3.43	4.16	4.43	4.01	5Yr					
2yr	3.78	0.03	3.86	4.21	4.87	7yr	4.21	3.54	4.28	4.56	4.32	7Yr					
3yr	3.77	0.03	3.83	4.19	4.77	10yr	4.51	3.68	4.61	4.90	4.67	10Yr					
5yr	3.89	0.03	3.89	4.23	4.57	15yr	4.80	3.85	5.19	5.53	4.81		June TBA MBS				
7yr	4.08	0.04	4.00	4.31	4.58	20yr	5.10	3.91	5.78	6.15	5.41	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.29	0.05	4.13	4.38	4.58	25yr	5.39	3.88	5.94	6.33	5.47	3.00	4.83	4.7y	5.20		
30yr	4.78	0.08	4.50	4.58	4.73	30yr		3.83	6.10	6.50	5.53	3.50	4.73	4.7y			
* Interpolated													4.00	4.69	4.6y	5.26	9.0y
													4.50	4.73	4.8y	5.36	9.1y
													5.00			5.48	8.2y
													5.50			5.62	6.4y
Key Market Indices																	
		1Wk	Historical														

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	4.50	--	4.50	5.00	5.50
Primary Discount	4.50	--	4.50	5.00	5.50
2ndary Discount	5.00	--	5.00	5.50	6.00
Prime Rate	7.50	--	7.50	8.00	8.50
Sec. O.N. Finance	4.39	0.10	4.39	4.86	--
1 Month LIBOR	4.96	(0.01)	5.31	5.44	5.43
3 Month LIBOR	4.85	(0.08)	5.28	5.56	5.66
6 Month LIBOR	4.68	(0.08)	5.14	5.65	5.90
1 Year LIBOR	6.04	0.12	5.73	5.48	3.62
6 Month CD	4.25	(0.04)	4.26	4.52	5.39
1 Year CMT	3.92	(0.05)	4.01	4.28	5.21
REPO O/N	4.40	--	4.46	4.87	5.37
REPO 1Wk	4.39	(0.02)	4.35	4.72	5.35
CoF Federal	3.661	--	3.666	3.942	3.893
11th D. CoF (Mar)	2.932	--	2.937	3.213	3.164

FHLB Fixed Advance Rates				Fed Fund Futures	
Maturity	Chicago	Boston	Topeka	Maturity	Rate
3mo	4.45	4.47	4.48	May-25	4.325
6mo	4.36	4.38	4.42	Jun-25	4.285
1yr	4.10	4.10	4.18	Jul-25	4.215
2yr	3.88	3.91	3.97	Aug-25	4.025
3yr	3.87	3.92	3.95	Sep-25	3.930
4yr	3.93	3.99	4.00	Oct-25	3.790
5yr	3.99	4.07	4.07	Nov-25	3.635
7yr	4.31	4.42	4.39	Dec-25	3.505
10yr	4.59	4.71	4.66	Jan-26	3.450
5yr Am	4.15		4.07	Jan-26	3.450
10yr Am	4.21		4.42	Mar-26	3.310

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
4/29	FHFA House Price Index MoM	Feb	0.3%	0.1%	0.2%	0.3%
4/29	S&P CoreLogic CS 20-City MoM SA	Feb	0.40%	0.40%	0.46%	0.38%
4/29	S&P CoreLogic CS 20-City YoY NSA	Feb	4.70%	4.50%	4.67%	4.72%
4/29	S&P CoreLogic CS US HPI YoY NSA	Feb	--	3.87%	4.08%	4.09%
4/29	JOLTS Job Openings	Mar	7500k	7192k	7568k	7480k
4/29	JOLTS Job Openings Rate	Mar	4.5%	4.3%	4.5%	--
4/29	JOLTS Quits Level	Mar	3185k	3332k	3195k	3250k
4/29	JOLTS Quits Rate	Mar	--	2.1%	2.0%	--
4/29	JOLTS Layoffs Level	Mar	1807k	1558k	1790k	1780k
4/29	JOLTS Layoffs Rate	Mar	--	1.0%	1.1%	--
4/29	Conf. Board Consumer Confidence	Apr	88.0	86.0	92.9	93.9
4/29	Conf. Board Present Situation	Apr	--	133.5	134.5	134.4
4/30	ADP Employment Change	Apr	115k	62k	155k	147k
4/30	GDP Annualized QoQ	1Q A	-0.2%	-0.3%	2.4%	--
4/30	Personal Consumption	1Q A	1.2%	1.8%	4.0%	--
4/30	GDP Price Index	1Q A	3.1%	3.7%	2.3%	--
4/30	Core PCE Price Index QoQ	1Q A	3.1%	3.5%	2.6%	--
4/30	Employment Cost Index	1Q	0.9%	0.9%	0.9%	--
4/30	Personal Income	Mar	0.4%	0.5%	0.8%	0.7%
4/30	Real Personal Spending	Mar	0.5%	0.7%	0.1%	--
4/30	PCE Price Index YoY	Mar	2.2%	2.3%	2.5%	2.7%
4/30	Core PCE Price Index YoY	Mar	2.6%	2.6%	2.8%	3.0%
4/30	Pending Home Sales NSA YoY	Mar	-5.7%	-0.1%	-7.2%	-7.0%
5/1	Challenger Job Cuts YoY	Apr	--	62.7%	204.8%	--
5/1	Initial Jobless Claims	4/26	223k	241k	222k	223k
5/1	Continuing Claims	4/19	1865k	1916k	1841k	1833k
5/1	S&P Global US Manufacturing PMI	Apr F	50.5	50.2	50.7	--
5/1	ISM Employment	Apr	44.6	46.5	44.7	--
5/2	Change in Nonfarm Payrolls	Apr	138k	177k	228k	185k
5/2	Change in Private Payrolls	Apr	125k	167k	209k	170k
5/2	Change in Manufact. Payrolls	Apr	-5k	-1k	4k	3k
5/2	Nonfarm Payrolls 3-Mo Avg Chg	Apr	--	155k	152k	133k
5/2	Two-Month Payroll Net Revision	Apr	--	-58k	-48k	--
5/2	Unemployment Rate	Apr	4.2%	4.2%	4.2%	--
5/2	Labor Force Participation Rate	Apr	62.5%	62.6%	62.5%	--
5/2	Underemployment Rate	Apr	--	7.8%	7.9%	--
5/2	Average Hourly Earnings MoM	Apr	0.3%	0.2%	0.3%	--
5/2	Average Hourly Earnings YoY	Apr	3.9%	3.8%	3.8%	--
5/2	Average Weekly Hours All Employees	Apr	34.2	34.3	34.2	34.3
5/5	S&P Global US Services PMI	Apr F	51.4	--	51.4	--
5/5	S&P Global US Composite PMI	Apr F	--	--	51.2	--
5/5	ISM Services Index	Apr	50.2	--	50.8	--
5/5	ISM Services Prices Paid	Apr	--	--	60.9	--
5/5	ISM Services New Orders	Apr	--	--	50.4	--
5/7	FOMC Rate Decision (Upper Bound)	5/7	4.50%	--	4.50%	--
5/7	FOMC Rate Decision (Lower Bound)	5/7	--	--	4.25%	--
5/7	Fed Interest on Reserve Balances Rate	5/8	--	--	4.40%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	14.4	16.1	14.6	13.9	18.2	21.1
FH/FN 15y	7.8	9.3	12.7	16.2	12.9	12.6
GN 15y	23.4	27.1	36.8	55.8	59.8	-1.0
FH/FN 20y	6.3	7.1	7.9	10.4	10.3	17.4
FH/FN 30y	5.0	5.6	5.4	5.1	6.0	--
GN 30y	5.6	5.4	5.2	5.8	6.5	7.3
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	11.2	12.4	13.0	15.4	18.0	20.5
FH/FN 15y	7.7	8.9	10.3	16.8	15.5	21.7
GN 15y	7.9	8.2	13.9	15.0	16.1	20.7
FH/FN 20y	6.9	7.5	8.4	9.6	12.5	14.3
FH/FN 30y	5.8	6.2	7.0	8.0	8.9	12.0
GN 30y	6.5	6.5	8.0	8.1	9.4	10.1

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	144.04	0.37	149.41	151.81	155.10
Euro	1.14	0.00	1.08	1.09	1.07
Dollar Index	99.47	(0.00)	103.81	104.28	105.30
Major Stock Indices					
Dow Jones	41,148	1,035	42,225	42,052	38,226
S&P 500	5,652.1	126.8	5,671.0	5,728.8	5,064.2
NASDAQ	17,912.4	529	17,601.1	18,239.9	15,841.0
Commodities					
Gold	3,258.1	(24.3)	3,139.9	2,749.2	2,309.6
Crude Oil	58.32	(4.70)	71.71	69.49	78.95
Natural Gas	3.56	0.62	4.06	2.66	2.04
Wheat	530.3	0.3	539.3	568.0	586.5
Corn	468.5	-10.3	457.8	414.5	452.0

Notes	
1	Call Agy = Maturity at left w/ a 1-Year Call at Par
2	Muni TEY (21% Fed, 0.75% CoF)
3	S-Corp TEY Muni (29.6%, no TEFERA)
4	MBS Prepayments are provided by Bloomberg

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