

# Baker Market Update

## Week In Review

May 09, 2025



**Carson Francis**

*Financial Analyst*

### UPCOMING EVENTS

#### 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

#### CU's

##### Seminars:

MI CU Seminar

Sep 30, 2025

Round 2 of the NBA Conference Semifinals began this past Sunday, with the Cleveland Cavaliers hosting the Indiana Pacers. The Pacers pulled off an upset, winning 121–112 on the road. Closer to home, The Baker Group's beloved hometown team, the Oklahoma City Thunder, hosted the Denver Nuggets for Games 1 and 2 on May 5th and 7th. The series has been a tale of two outcomes: Game 1 ended in a narrow 2-point loss for the Thunder, but they bounced back in dominant fashion in Game 2, defeating the Nuggets by an overwhelming 43 points. Much like Thunder's dramatic turnaround, financial market sentiment has swung sharply, ranging from volatility and uncertainty to renewed optimism. Both storylines serve as a reminder that momentum can shift quickly, whether on the court or in the markets.

On Monday, data regarding the trade balance for March came in lower than economists had anticipated. Exports showed no momentum, remaining flat at \$278.5 billion and falling short of the projected \$280.5 billion, a sign of softening global demand. In contrast, imports surged unexpectedly, rising to a striking \$419 billion from \$401.1 billion in February, well above the forecasted \$417.6 billion, highlighting a growing domestic appetite for foreign goods, potentially driven by efforts to get ahead of looming tariffs.

Thursday's news of a new trade deal with the United Kingdom brought partial relief from escalating geopolitical tensions sparked by the recent announcement of sweeping tariffs from the Trump administration. A few key points: the new deal eliminates tariffs on British steel and aluminum, reduces tariffs on British car imports from 27.5% to 10% (up to 100,000 vehicles annually), and lowers UK tariffs on U.S. beef and ethanol. Ironically, despite the Trump administration's broad-based tariffs aimed at shrinking the trade deficit, the new deal is with the UK—a nation with which the U.S. already holds a trade surplus.

This week, members of the Federal Open Market Committee (FOMC) gathered to review economic conditions and discuss potential changes to monetary policy. Unsurprisingly, the Federal Funds Rate, the Federal Reserve's primary tool for implementing monetary policy, was left unchanged, with the Committee stating that any future adjustments to the target rate would require a careful assessment of incoming data, the evolving economic outlook, and the balance of risks. One slight change in the FOMC statement raised eyebrows among market participants, highlighting increased apprehension about the economic outlook. Despite these concerns, reductions in the Federal Reserve's holdings of U.S. Treasuries and agency debt will continue at the current pace.

The 10-Year Treasury Note auction on Tuesday, May 6, showed strong demand from both domestic and foreign investors, helping to ease concerns about declining market interest. The \$42 billion in 10-year supply was awarded at a 4.342% yield, 1.2 basis points below the when-issued yield, indicating the results exceeded investor expectations. One indication of strong demand: non-mandatory bidders received 91.1% of the total 10-year notes sold, the highest share since February 2023. Although investors were recently concerned that foreign appetite for Treasuries might falter due to political tensions, a series of strong auctions, including this latest 10-year sale, has helped calm those fears.

Next week brings key inflation data for both consumers and producers, indicators assessing the health of the manufacturing sector, and metrics regarding the strength of the real estate market.

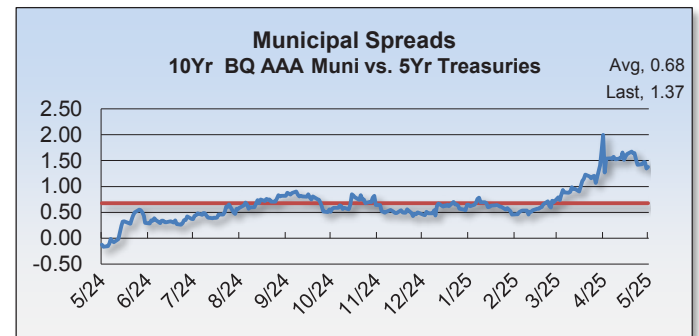
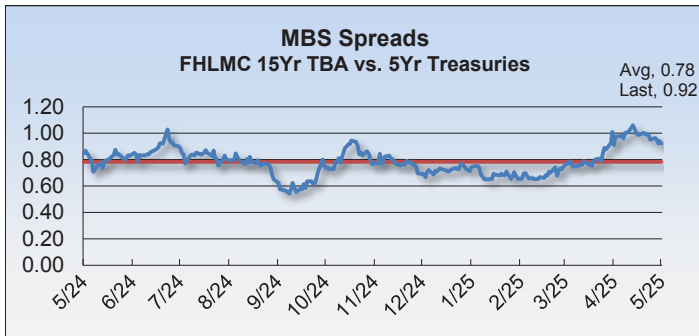
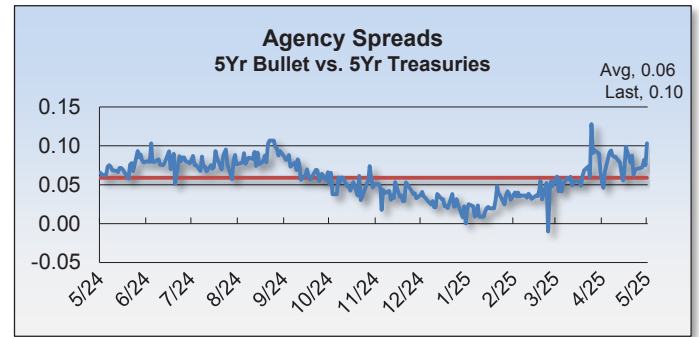
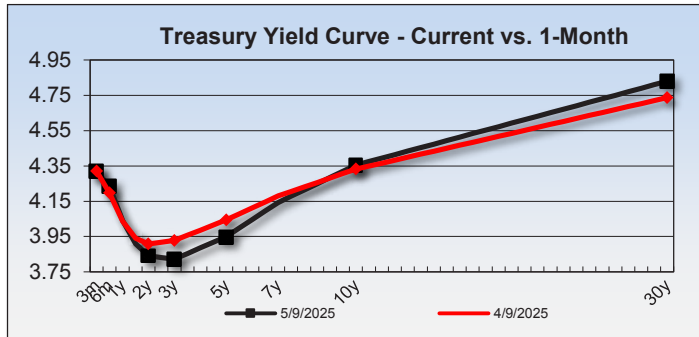
Have a great weekend, everyone!

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The BakerGroup



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 <sup>2</sup>	S-Corp <sup>3</sup>		Mty	3Mo	6mo	1Yr	2Yr
3mo	4.32	(0.00)	4.33	4.53	5.40	2yr	3.93	3.65	4.05	4.31	4.02	2Yr				
6mo	4.24	(0.01)	4.21	4.44	5.36	3yr	3.93	3.57	4.05	4.31	4.01	3Yr				
1yr	4.04	0.03	4.04	4.31	5.14	5yr	4.04	3.61	4.16	4.43	4.19	5Yr				
2yr	3.84	0.02	3.91	4.25	4.82	7yr	4.27	3.71	4.30	4.57	4.48	7Yr				
3yr	3.82	0.01	3.93	4.20	4.70	10yr	4.57	3.85	4.63	4.93	4.81	10Yr				
5yr	3.95	0.03	4.05	4.19	4.47	15yr	4.87	4.01	5.22	5.56	4.95		June TBA MBS			
7yr	4.14	0.04	4.18	4.25	4.46	20yr	5.17	4.07	5.81	6.18	5.50	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.35	0.04	4.34	4.31	4.45	25yr	5.47	4.04	5.97	6.35	5.56	3.00	4.94	4.8y	5.27	
30yr	4.83	0.04	4.74	4.47	4.61	30yr		3.99	6.13	6.53	5.62	3.50	4.82	4.7y		
* Interpolated																
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	4.75	5.50
Primary Discount	4.50	--	4.50	4.75	5.50
2ndary Discount	5.00	--	5.00	5.25	6.00
Prime Rate	7.50	--	7.50	7.75	8.50
Sec. O.N. Finance	4.29	(0.10)	4.40	4.60	--
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	4.35	0.10	4.14	4.47	5.45
1 Year CMT	4.05	0.13	3.83	4.32	5.13
REPO O/N	4.37	(0.03)	4.38	4.84	5.37
REPO 1Wk	4.39	(0.01)	4.37	4.63	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	4.52	4.48	May-25	4.328
6mo	4.36	4.40	4.41	Jun-25	4.310
1yr	4.16	4.22	4.24	Jul-25	4.280
2yr	3.97	4.05	4.07	Aug-25	4.150
3yr	3.96	4.04	4.05	Sep-25	4.075
4yr	4.02	4.11	4.12	Oct-25	3.960
5yr	4.09	4.17	4.19	Nov-25	3.815
7yr	4.40	4.48	4.50	Dec-25	3.695
10yr	4.69	4.77	4.79	Jan-26	3.630
5yr Am	4.15		4.17	Feb-26	3.535
10yr Am	4.21		4.54	Mar-26	3.485

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## Week In Review

May 09, 2025



Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
5/5	S&P Global US Services PMI	Apr F	51.2	50.8	51.4	--
5/5	S&P Global US Composite PMI	Apr F	51.2	50.6	51.2	--
5/5	ISM Services Index	Apr	50.2	51.6	50.8	--
5/5	ISM Services Prices Paid	Apr	61.4	65.1	60.9	--
5/5	ISM Services New Orders	Apr	50.3	52.3	50.4	--
5/5	ISM Services Employment	Apr	47.1	49.0	46.2	--
5/6	Trade Balance	Mar	-\$137.2b	-\$140.5b	-\$122.7b	-\$123.2b
5/7	MBA Mortgage Applications	5/2	--	11.0%	-4.2%	--
5/7	FOMC Rate Decision (Upper Bound)	5/7	4.50%	4.50%	4.50%	--
5/7	FOMC Rate Decision (Lower Bound)	5/7	4.25%	4.25%	4.25%	--
5/7	Fed Interest on Reserve Balances Rate	5/8	4.40%	4.40%	4.40%	--
5/8	Nonfarm Productivity	1Q P	-0.8%	-0.8%	-1.5%	1.7%
5/8	Unit Labor Costs	1Q P	5.1%	5.7%	2.2%	2.0%
5/8	Initial Jobless Claims	5/3	230k	228k	241k	--
5/8	Initial Claims 4-Wk Moving Avg	5/3	--	227.00k	226.00k	--
5/8	Continuing Claims	4/26	1895k	1879k	1916k	1908k
5/8	NY Fed 1-Yr Inflation Expectations	Apr	--	3.63%	3.58%	--
5/12	Federal Budget Balance	Apr	\$256.0b	--	-\$160.5b	--
5/13	Real Avg Weekly Earnings YoY	Apr	--	--	0.8%	1.1%
5/13	CPI MoM	Apr	0.3%	--	-0.1%	--
5/13	CPI Ex Food and Energy MoM	Apr	0.3%	--	0.1%	--
5/13	CPI YoY	Apr	2.4%	--	2.4%	--
5/13	CPI Ex Food and Energy YoY	Apr	2.8%	--	2.8%	--
5/13	CPI Index NSA	Apr	320.88	--	319.80	--
5/13	CPI Core Index SA	Apr	326.57	--	325.66	--
5/13	Real Avg Hourly Earning YoY	Apr	--	--	1.4%	--
5/15	Retail Sales Advance MoM	Apr	0.0%	--	-1.4%	1.5%
5/15	Retail Sales Ex Auto and Gas	Apr	0.4%	--	0.8%	0.9%
5/15	Retail Sales Ex Auto MoM	Apr	0.3%	--	0.5%	0.6%
5/15	Retail Sales Control Group	Apr	0.2%	--	0.4%	--
5/15	PPI Final Demand MoM	Apr	0.2%	--	-0.4%	--
5/15	PPI Ex Food and Energy MoM	Apr	0.3%	--	-0.1%	--
5/15	PPI Ex Food, Energy, Trade MoM	Apr	--	--	0.1%	--
5/15	PPI Final Demand YoY	Apr	2.5%	--	2.7%	--
5/15	PPI Ex Food and Energy YoY	Apr	3.1%	--	3.3%	--
5/15	PPI Ex Food, Energy, Trade YoY	Apr	--	--	3.4%	--
5/15	Philadelphia Fed Business Outlook	May	-10.0	--	-26.4	--
5/15	Capacity Utilization	Apr	77.9%	--	77.8%	--
5/15	Manufacturing (SIC) Production	Apr	-0.2%	--	0.3%	--
5/15	NAHB Housing Market Index	May	40	--	40	--
5/16	Housing Starts	Apr	1365k	--	1324k	--
5/16	Building Permits	Apr P	1450k	--	1467k	--
5/16	Import Price Index YoY	Apr	--	--	0.9%	--
5/16	Export Price Index YoY	Apr	--	--	2.4%	--
5/16	U. of Mich. Sentiment	May P	53.0	--	52.2	--
5/16	U. of Mich. Current Conditions	May P	--	--	59.8	--
5/16	U. of Mich. 1 Yr Inflation	May P	--	--	6.5%	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	14.3	16.0	17.3	14.5	19.0	21.1
FH/FN 15y	8.4	9.4	12.5	16.2	13.1	13.7
GN 15y	19.6	23.5	32.8	48.7	71.8	-2.6
FH/FN 20y	6.6	7.3	8.1	10.4	11.6	20.1
FH/FN 30y	5.9	6.2	6.0	5.9	5.9	6.3
GN 30y	5.6	5.8	5.0	6.1	6.8	7.5
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	11.2	12.2	13.0	15.3	17.8	20.0
FH/FN 15y	7.7	8.9	10.1	16.7	15.4	20.9
GN 15y	7.9	8.1	13.9	15.0	15.7	20.7
FH/FN 20y	6.8	7.4	8.3	9.5	12.4	14.2
FH/FN 30y	5.8	6.2	6.9	7.8	8.6	11.7
GN 30y	6.4	6.5	7.9	8.0	9.2	10.0

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	145.20	0.24	145.24	153.69	155.92
Euro	1.13	(0.00)	1.10	1.07	1.07
Dollar Index	100.33	0.30	102.90	105.00	105.23
Major Stock Indices					
Dow Jones	41,447	129	40,608	43,989	39,388
S&P 500	5,681.6	(5.1)	5,456.9	5,995.5	5,214.1
NASDAQ	18,048.1	70	17,125.0	19,286.8	16,346.3
Commodities					
Gold	3,337.9	94.6	3,056.5	2,694.8	2,340.3
Crude Oil	60.47	2.18	62.35	70.38	79.26
Natural Gas	3.78	0.15	3.82	2.67	2.30
Wheat	513.0	-2.3	540.0	572.5	616.0
Corn	440.8	-20.5	474.0	431.0	442.8

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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