

Baker Market Update

Week In Review

May 16, 2025



Dale Sheller

Managing Director

Director of FSG

UPCOMING EVENTS

Banks

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

MN Seminar

Dec 08, 2025

CUs

Seminars:

MI CU Seminar

Sep 30, 2025

Outside of the Oklahoma City Thunder and Denver Nuggets basketball series (which is now going to a Game 7 Sunday afternoon), all eyes were on this week's monthly release of the Consumer Price Index (CPI). Tuesday morning's CPI report for the month of April showed annual inflation at the lowest level since February 2021 (2.3%). CPI was expected to increase by 2.4%. This week's CPI report does not reflect the full impact of tariffs (there is a lag effect since goods must be shipped and stocked), it does highlight that a slowing economy can put downward or deflationary pressures in categories such as travel and other recreational services. Additional price declines occurred for categories such as gasoline, groceries, apparel, used cars and airlines fares. Core CPI (excluding food and energy) increased at a year-over-year rate of 2.8%, in line with expectations.

The last few months has seen a noticeable decline in the "soft data". Soft economic data refers to indicators that capture sentiment, expectations and perceptions about the economy, often gathered through surveys and polls. On Tuesday, the National Federation of Independent Business (NFIB) Small Business Optimism Index was released for April. The survey showed a decline in small business confidence as the index fell by 1.6 point to 95.8, marking the second consecutive month below the 51-year average of 98. This is the lowest level since October 2024. The decline in the index suggests small businesses are bracing for weaker economic conditions, potentially impacting hiring, investment, and growth. After the March FOMC meeting, Fed Chairman Jerome Powell stated "it's the soft data – it's the survey that are showing, you know, significant concerns, downside risks, and those kind of things. We don't dismiss that". Even if the Fed focuses more on the hard data, they are very much aware of the recent decline in the soft data.

Yesterday, we received a slew of economic data. Initial jobless claims rose a little more than expected, 229,000 for the week versus an expected 226,000. Retail sales and the Producer Price Index (PPI) for the month of April were also released yesterday. Retail sales increased 0.1% month over month, this was in line with expectations, but below the prior month's revised increase of 1.7%. Analysts noted that tariffs and persistent inflation dampened consumer spending, with April's tepid growth signaling caution. The PPI report showed an unexpected decline in wholesale prices, signaling a cooling of inflationary pressures at the producer level. The month over month decline of 0.5% was the largest monthly drop since April 2020, well below the expectation of an increase of 0.2%.

This morning, The University of Michigan gauge of consumer sentiment edged down to 50.8 in a preliminary May reading (est. 53.5), down from 52.2 in the prior month. This morning's report marked the 5th consecutive month of declining sentiment, bringing the index to its lowest level in three years. Consumers anticipate sharply higher prices in the near term, likely fueled by concerns over proposed tariffs.

A quick check in on the markets shows that bond and equity markets are generally unchanged this morning. The 10-Year Treasury Yield is currently sitting at 4.43% with the 2-Year Treasury Yield at 3.97%.

(Continued)

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The
BakerGroup



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Next week is a week full of various Fed President and Federal Reserve governors out on the speaking circuit. This coming Monday, we will get the monthly update of the Leading Economic Indicators Index. Later in the week, we will get an update on new and existing home sales.

UPCOMING EVENTS

Have a great weekend and Go OKC Thunder!

Banks

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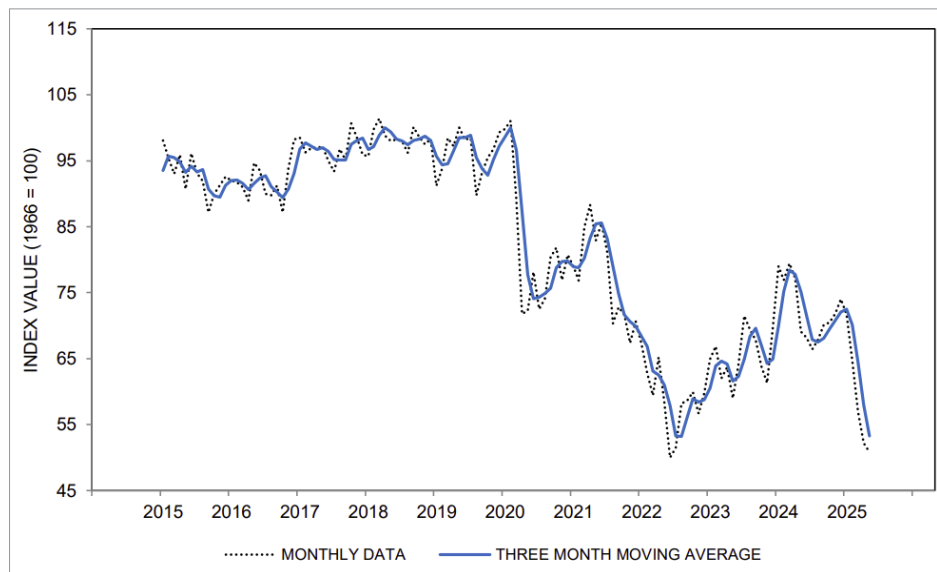
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Dec 08, 2025

CUs

Seminars:

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University of Michigan – Index of Consumer Sentiment – 10 Year History



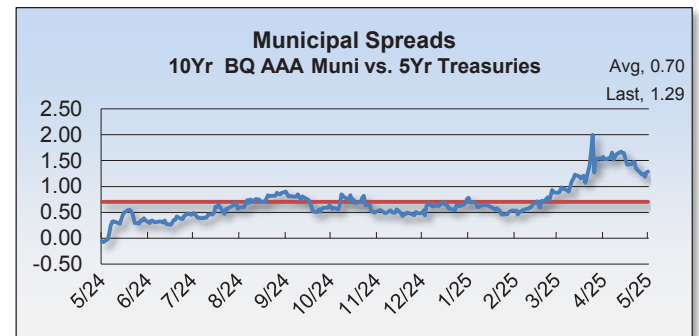
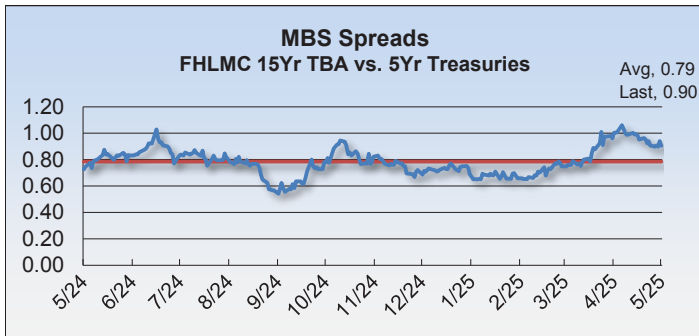
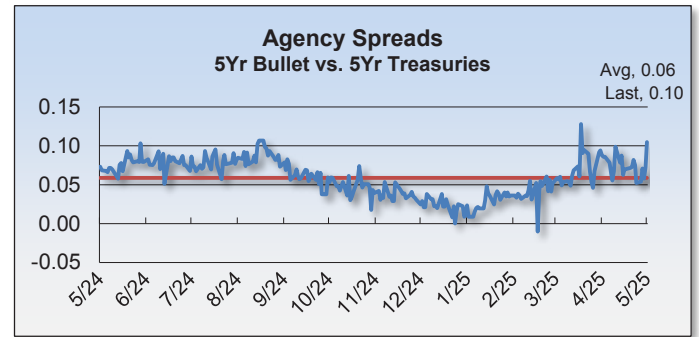
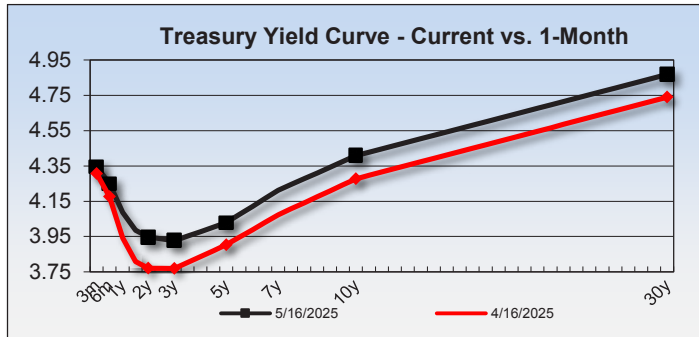
Source: University of Michigan

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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	4.35	0.02	4.31	4.50	5.40	2yr	4.03	3.74	4.00	4.26	4.10	2Yr						
6mo	4.25	0.01	4.19	4.47	5.36	3yr	4.00	3.66	4.00	4.26	4.10	3Yr						
1yr	4.09	0.03	3.96	4.33	5.12	5yr	4.10	3.69	4.09	4.35	4.27	5Yr						
2yr	3.95	0.05	3.77	4.31	4.80	7yr	4.33	3.77	4.24	4.51	4.57	7Yr	10Yr					
3yr	3.93	0.05	3.77	4.28	4.66	10yr	4.62	3.89	4.61	4.90	4.89							
5yr	4.03	0.03	3.90	4.31	4.40	15yr	4.91	4.04	5.28	5.62	5.03							
7yr	4.21	0.03	4.08	4.38	4.38	20yr	5.20	4.10	5.87	6.24	5.59	Cpn	June TBA MBS					
10yr	4.41	0.03	4.28	4.44	4.38	25yr	5.48	4.07	6.03	6.42	5.65	15Yr -Yld/AL					30Yr -Yld/AL	
30yr	4.87	0.03	4.74	4.62	4.51	30yr		4.01	6.20	6.60	5.71	3Mo						
* Interpolated													4.00	4.79	4.8y	5.34	9.3y	
													4.50	4.83	5.1y	5.42	9.5y	
													5.00			5.54	8.9y	
													5.50			5.69	7.9y	
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	4.31	0.02	4.36	4.57	--
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	4.42	0.07	4.26	4.51	5.38
1 Year CMT	4.10	0.05	3.99	4.34	5.10
REPO O/N	4.34	--	4.38	4.84	5.37
REPO 1Wk	4.37	(0.00)	4.38	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	4.50	May-25	4.328
6mo	4.38	4.43	4.44	Jun-25	4.315
1yr	4.19	4.24	4.31	Jul-25	4.305
2yr	4.04	4.15	4.20	Aug-25	4.230
3yr	4.01	4.14	4.18	Sep-25	4.165
4yr	4.09	4.22	4.24	Oct-25	4.075
5yr	4.13	4.27	4.30	Nov-25	3.940
7yr	4.43	4.59	4.61	Dec-25	3.825
10yr	4.71	4.89	4.89	Jan-26	3.760
5yr Am	4.15		4.29	Feb-26	3.660
10yr Am	4.21		4.64	Mar-26	3.610

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
5/13	NFIB Small Business Optimism	Apr	95.0	95.8	97.4	--
5/13	CPI MoM	Apr	0.3%	0.2%	-0.1%	--
5/13	CPI Ex Food and Energy MoM	Apr	0.3%	0.2%	0.1%	--
5/13	CPI YoY	Apr	2.4%	2.3%	2.4%	--
5/13	CPI Ex Food and Energy YoY	Apr	2.8%	2.8%	2.8%	--
5/13	CPI Index NSA	Apr	320.91	320.80	319.80	--
5/13	CPI Core Index SA	Apr	326.63	326.43	325.66	--
5/13	Real Avg Hourly Earning YoY	Apr	--	1.4%	1.4%	--
5/13	Real Avg Weekly Earnings YoY	Apr	--	1.7%	0.8%	1.1%
5/15	Retail Sales Advance MoM	Apr	0.0%	0.1%	1.4%	1.7%
5/15	Retail Sales Ex Auto and Gas	Apr	0.3%	0.2%	0.8%	1.1%
5/15	Retail Sales Ex Auto MoM	Apr	0.3%	0.1%	0.5%	0.8%
5/15	Retail Sales Control Group	Apr	0.3%	-0.2%	0.4%	0.5%
5/15	PPI Final Demand MoM	Apr	0.2%	-0.5%	-0.4%	0.0%
5/15	PPI Ex Food and Energy MoM	Apr	0.3%	-0.4%	-0.1%	0.4%
5/15	PPI Ex Food, Energy, Trade MoM	Apr	0.3%	-0.1%	0.1%	0.2%
5/15	PPI Final Demand YoY	Apr	2.5%	2.4%	2.7%	3.4%
5/15	PPI Ex Food and Energy YoY	Apr	3.1%	3.1%	3.3%	4.0%
5/15	PPI Ex Food, Energy, Trade YoY	Apr	--	2.9%	3.4%	3.5%
5/15	Initial Jobless Claims	5/10	228k	229k	228k	229k
5/15	Continuing Claims	5/3	1890k	1881k	1879k	1872k
5/15	Industrial Production MoM	Apr	0.1%	0.0%	-0.3%	--
5/15	Capacity Utilization	Apr	77.8%	77.7%	77.8%	--
5/15	Manufacturing (SIC) Production	Apr	-0.3%	-0.4%	0.3%	0.4%
5/15	NAHB Housing Market Index	May	40	34	40	--
5/16	Housing Starts	Apr	1364k	1361k	1324k	1339k
5/16	Building Permits	Apr P	1450k	1412k	1467k	1481k
5/16	Housing Starts MoM	Apr	3.0%	1.6%	-11.4%	-10.1%
5/16	Building Permits MoM	Apr P	-1.2%	-4.7%	0.5%	1.9%
5/16	Import Price Index MoM	Apr	-0.3%	0.1%	-0.1%	-0.4%
5/16	Import Price Index ex Petroleum MoM	Apr	0.1%	0.4%	0.0%	-0.2%
5/16	Import Price Index YoY	Apr	-0.2%	0.1%	0.9%	0.8%
5/16	Export Price Index MoM	Apr	-0.4%	0.1%	0.0%	0.1%
5/16	Export Price Index YoY	Apr	--	2.0%	2.4%	2.6%
5/16	New York Fed Services Business Activit	May	--	-16.2	-19.8	--
5/16	U. of Mich. Sentiment	May P	53.4	50.8	52.2	--
5/16	U. of Mich. Current Conditions	May P	59.9	57.6	59.8	--
5/16	U. of Mich. 1 Yr Inflation	May P	6.5%	7.3%	6.5%	--
5/16	Net Long-term TIC Flows	Mar	--	--	\$112.0b	--
5/16	Total Net TIC Flows	Mar	--	--	\$284.7b	--
5/22	S&P Global US Manufacturing PMI	May P	49.8	--	50.2	--
5/22	S&P Global US Services PMI	May P	50.6	--	50.8	--
5/22	S&P Global US Composite PMI	May P	--	--	50.6	--
5/22	Existing Home Sales	Apr	4.15m	--	4.02m	--
5/22	Existing Home Sales MoM	Apr	3.2%	--	-5.9%	--
5/23	New Home Sales	Apr	--	--	724k	--
5/23	New Home Sales MoM	Apr	-4.0%	--	7.4%	--

MBS Prepayments ⁴						
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	10.9	11.9	12.6	14.6	17.1	18.8
FH/FN 15y	7.5	8.4	9.7	15.8	15.1	19.5
GN 15y	7.9	7.8	14.3	15.0	15.1	20.7
FH/FN 20y	6.5	7.1	8.0	9.2	11.9	13.9
FH/FN 30y	5.7	6.1	6.6	7.4	8.1	10.1
GN 30y	6.4	6.5	7.9	7.7	9.1	9.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	145.59	0.22	142.80	155.00	154.67
Euro	1.12	(0.01)	1.14	1.05	1.09
Dollar Index	100.74	0.40	99.38	106.69	104.46
Major Stock Indices					
Dow Jones	42,347	1,097	39,669	43,445	39,869
S&P 500	5,922.5	262.6	5,275.7	5,870.6	5,297.1
NASDAQ	19,148.3	1,219	16,307.2	18,680.1	16,698.3
Commodities					
Gold	3,183.2	(160.8)	3,326.6	2,570.1	2,385.5
Crude Oil	61.94	0.92	62.47	67.02	79.23
Natural Gas	3.44	(0.36)	3.25	2.82	2.50
Wheat	529.3	23.8	547.8	536.5	663.3
Corn	449.0	7.5	484.3	424.0	457.0

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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