

Baker Market Update

Week In Review

May 23, 2025

The
BakerGroup



Carson Francis
Financial Analyst

UPCOMING EVENTS

Banks

Seminars:

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

This past Sunday, Game 7 of the Western Conference Finals ended with the OKC Thunder securing a decisive 125–93 victory over the Denver Nuggets. Despite delivering excitement throughout all seven games, the series sparked considerable criticism from fans who believed the Thunder benefited significantly from preferential officiating. Despite widespread perceptions of referee favoritism toward the Thunder, a closer look at the numbers shows that Oklahoma City was charged with four more personal fouls (158) than Denver (154) throughout the series. Perception gaps are not exclusive to the sports world; they exist in financial markets as well. In times of heightened emotion, whether in postseason play or while navigating a new regime in financial markets, the disconnect between perception and reality often widens.

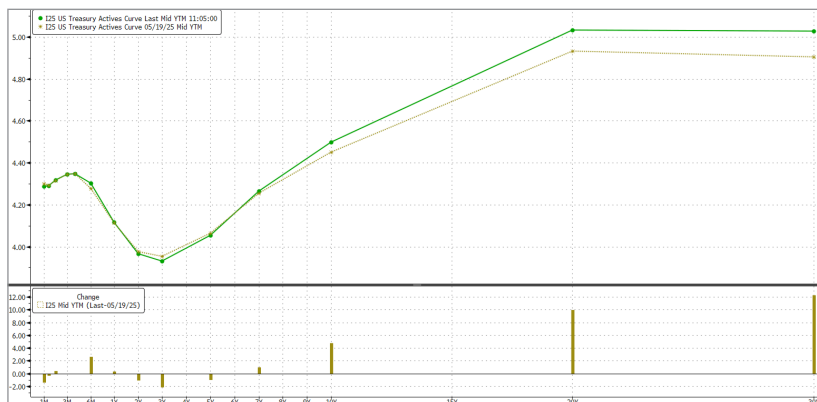
The recent downgrade of U.S. sovereign debt by Moody's has raised concerns about potential spillover effects into other segments of the bond market, as well as fears that U.S. Treasuries could lose their status as a global "safe haven" asset. At the start of the week, mortgage bonds from agencies like Fannie Mae and Freddie Mac showed slightly higher yields over Treasuries. The spread on recent Fannie Mae-guaranteed issues rose to 1.54%, up 5 basis points from Friday's 1.49%, indicating a mild shift in investor risk perception. This subdued repricing was not limited to agency securities; broader credit markets, including corporate bonds, also reflected the same mellow response to the downgrade. The corporate bond market reacted mildly: investment-grade spreads widened by just one basis point and high-yield spreads by five, signaling confidence rather than concern. Complementing this, the IMF characterized the U.S. Treasury market as "orderly," reaffirming its role as a stable haven in global finance.

Moody's downgrade of U.S. sovereign debt from Aaa to Aa1 last Friday marked the final major agency to downgrade U.S. debt from the top rung of its rating hierarchy. The first downgrade from Standard & Poor's (S&P) occurred in the summer of 2011, followed by Fitch Ratings 12 years later. Since then, U.S. interest rates have spanned a wide range—from the zero-interest rate policy (ZIRP) implemented after the Global Financial Crisis to the aggressive rate hikes that followed the COVID-19 pandemic—yet the U.S. dollar's status as the world's reserve currency has remained firmly intact.

In a notable move this week, the far end of the yield curve steepened, as 20-year and 30-year Treasury spot rates jumped 10 and 12 basis points, respectively, reflecting growing unease around long-term inflation. On the contrary, since the beginning of 2025, the Consumer Price Index (CPI) on a year-over-year basis has fallen from 3.0% in January to 2.3% in the latest reading. Although inflation remains slightly above the 2% level preferred by many investors, the data suggests we are moving in the right direction—even when accounting for the most recent month's data, which includes price shocks associated with Trump's so-called "Day of Liberation."

Next week brings new data on the health of the consumer in terms of both consumption and income, as well as the Federal Reserve's preferred inflation gauge: the Personal Consumption Expenditures (PCE) index.

Have a great weekend!



Source: Bloomberg, L.P.

www.GoBaker.com

800.937.2257

Oklahoma City, OK | Austin, TX | Long Island, NY | Salt Lake City, UT | Springfield, IL | Member: FINRA and SIPC

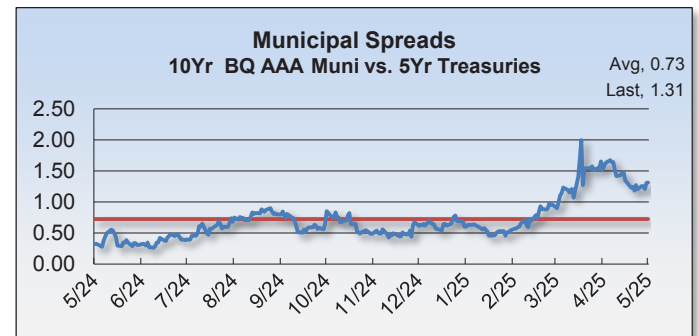
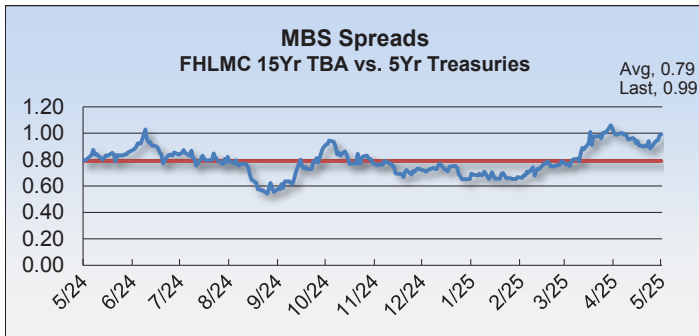
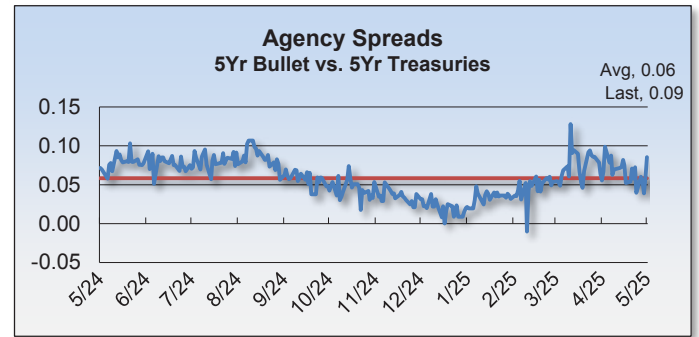
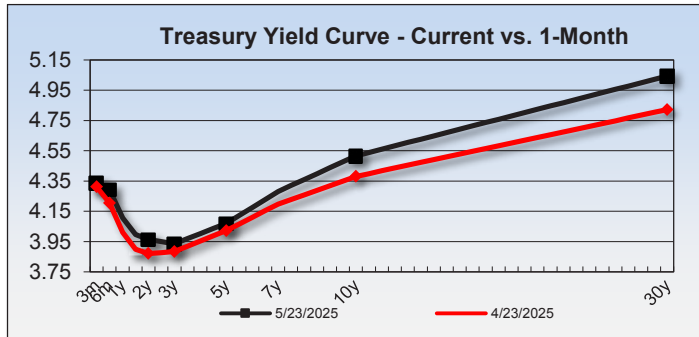
The Baker Group LP is the sole authorized distributor for the products and services developed and provided by The Baker Group Software Solutions, Inc.

Baker Market Update

Week In Review

May 23, 2025

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 ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr	
3mo	4.34	(0.01)	4.32	4.54	5.41	2yr	4.05	3.76	4.00	4.26	4.13	2Yr					
6mo	4.29	0.02	4.21	4.49	5.39	3yr	4.01	3.68	4.00	4.26	4.12	3Yr					
1yr	4.11	(0.02)	4.02	4.41	5.20	5yr	4.13	3.72	4.13	4.40	4.31	5Yr					
2yr	3.96	(0.04)	3.87	4.38	4.94	7yr	4.38	3.82	4.31	4.59	4.63	7Yr	10Yr				
3yr	3.94	(0.05)	3.89	4.31	4.80	10yr	4.71	3.97	4.72	5.02	4.99						
5yr	4.07	(0.02)	4.02	4.30	4.53	15yr	5.04	4.15	5.42	5.77	5.13						
7yr	4.28	(0.00)	4.20	4.34	4.50	20yr	5.37	4.21	6.05	6.44	5.73	Cpn	June TBA MBS				
10yr	4.52	0.04	4.38	4.40	4.48	25yr	5.69	4.19	6.20	6.60	5.79	15Yr -Yld/AL		30Yr -Yld/AL			
30yr	5.04	0.10	4.82	4.59	4.58	30yr		4.13	6.36	6.76	5.85	5.07 4.8y		5.56			
* Interpolated													4.50	4.96	5.1y	5.62	9.6y
													5.00	5.04	4.6y	5.69	9.0y
													5.50			5.82	8.1y
													6.00			5.84	5.7y
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	4.26	(0.05)	4.30	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	4.44	0.03	4.29	4.56	5.40
1 Year CMT	4.13	0.03	3.98	4.42	5.16
REPO O/N	4.34	--	4.38	4.64	5.37
REPO 1Wk	4.44	0.07	4.42	4.62	5.38
CoF Federal	3.663	--	3.661	3.834	3.927
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	4.50	4.50	May-25	4.330
6mo	4.41	4.42	4.46	Jun-25	4.330
1yr	4.20	4.20	4.32	Jul-25	4.320
2yr	4.01	4.06	4.18	Aug-25	4.260
3yr	3.98	4.04	4.17	Sep-25	4.200
4yr	4.07	4.14	4.26	Oct-25	4.110
5yr	4.13	4.20	4.33	Nov-25	3.980
7yr	4.44	4.53	4.66	Dec-25	3.860
10yr	4.78	4.88	4.99	Jan-26	3.790
5yr Am	4.15		4.30	Feb-26	3.690
10yr Am	4.21		4.70	Mar-26	3.635

www.GoBaker.com

800.937.2257

Oklahoma City, OK | Austin, TX | Long Island, NY | Salt Lake City, UT | Springfield, IL | Member: FINRA and SIPC

The Baker Group LP is the sole authorized distributor for the products and services developed and provided by The Baker Group Software Solutions, Inc.

Baker Market Update

Week In Review

May 23, 2025



Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
5/19	Leading Index	Apr	-1.0%	-1.0%	-0.7%	-0.8%
5/20	Philadelphia Fed Non-Manufacturing Ac	May	--	-41.9	-42.7	--
5/21	MBA Mortgage Applications	5/16	--	-5.1%	1.1%	--
5/22	Chicago Fed Nat Activity Index	Apr	-0.25	-0.25	-0.03	0.03
5/22	Initial Jobless Claims	5/17	230k	227k	229k	--
5/22	Initial Claims 4-Wk Moving Avg	5/17	--	231.50k	230.50k	--
5/22	Continuing Claims	5/10	1882k	1903k	1884k	1867k
5/22	S&P Global US Manufacturing PMI	May P	49.9	52.3	50.2	--
5/22	S&P Global US Services PMI	May P	51.0	52.3	50.8	--
5/22	S&P Global US Composite PMI	May P	50.3	52.1	50.6	--
5/22	Existing Home Sales	Apr	4.10m	4.00m	4.02m	--
5/22	Existing Home Sales MoM	Apr	2.0%	-0.5%	-5.9%	--
5/23	Building Permits	Apr F	1412k	1422k	1412k	--
5/23	Building Permits MoM	Apr F	--	-4.0%	-4.7%	--
5/23	New Home Sales	Apr	695k	743k	724k	670k
5/23	New Home Sales MoM	Apr	-4.0%	10.9%	7.4%	2.6%
5/27	Durable Goods Orders	Apr P	-8.0%	--	9.2%	7.5%
5/27	Durables Ex Transportation	Apr P	0.0%	--	0.0%	-0.4%
5/27	Cap Goods Orders Nondef Ex Air	Apr P	0.2%	--	0.1%	-0.2%
5/27	Cap Goods Ship Nondef Ex Air	Apr P	--	--	0.2%	0.1%
5/27	FHFA House Price Index MoM	Mar	0.1%	--	0.1%	--
5/27	House Price Purchase Index QoQ	1Q	--	--	1.4%	--
5/27	S&P CoreLogic CS 20-City MoM SA	Mar	0.3%	--	0.4%	--
5/27	S&P CoreLogic CS 20-City YoY NSA	Mar	--	--	4.5%	--
5/27	S&P CoreLogic CS US HPI YoY NSA	Mar	--	--	3.87%	--
5/27	Conf. Board Consumer Confidence	May	87	--	86	--
5/27	Conf. Board Present Situation	May	--	--	133.5	--
5/27	Conf. Board Expectations	May	--	--	54.4	--
5/28	Richmond Fed Manufact. Index	May	--	--	-13	--
5/28	Richmond Fed Business Conditions	May	--	--	-30	--
5/29	GDP Annualized QoQ	1Q S	-0.3%	--	-0.3%	--
5/29	Personal Consumption	1Q S	1.6%	--	1.8%	--
5/29	GDP Price Index	1Q S	3.7%	--	3.7%	--
5/29	Core PCE Price Index QoQ	1Q S	3.5%	--	3.5%	--
5/29	Pending Home Sales MoM	Apr	-1.0%	--	6.1%	--
5/29	Pending Home Sales NSA YoY	Apr	--	--	-0.1%	--
5/30	Personal Income	Apr	0.3%	--	0.5%	--
5/30	Personal Spending	Apr	0.2%	--	0.7%	--
5/30	Real Personal Spending	Apr	0.0%	--	0.7%	--
5/30	PCE Price Index MoM	Apr	0.1%	--	0.0%	--
5/30	PCE Price Index YoY	Apr	2.2%	--	2.3%	--
5/30	Core PCE Price Index MoM	Apr	0.1%	--	0.0%	--
5/30	Core PCE Price Index YoY	Apr	2.6%	--	2.6%	--
5/30	Advance Goods Trade Balance	Apr	-\$143.0b	--	-\$162.0b	-\$163.2b
5/30	U. of Mich. Sentiment	May F	51.0	--	50.8	--
5/30	U. of Mich. Current Conditions	May F	--	--	57.6	--
5/30	U. of Mich. 1 Yr Inflation	May F	--	--	7.3%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	16.0	17.3	14.5	19.0	21.1	29.3
FH/FN 15y	9.4	12.5	16.2	13.1	13.7	19.0
GN 15y	23.5	32.8	48.7	71.8	-2.6	76.3
FH/FN 20y	7.3	8.1	10.4	11.6	20.1	20.3
FH/FN 30y	6.2	6.0	5.9	5.9	6.3	8.2
GN 30y	5.8	5.0	6.1	6.8	7.5	7.0
CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	11.9	12.6	14.5	17.0	18.6	21.0
FH/FN 15y	8.4	9.6	15.8	14.9	19.5	26.1
GN 15y	7.7	14.0	15.0	15.1	20.7	31.2
FH/FN 20y	7.1	8.0	9.2	11.8	13.9	15.1
FH/FN 30y	6.1	6.5	7.3	8.0	9.9	13.3
GN 30y	6.5	7.9	7.7	9.1	9.9	10.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	142.84	(2.86)	142.00	154.42	156.71
Euro	1.13	0.02	1.14	1.05	1.08
Dollar Index	99.44	(1.66)	99.84	107.55	105.11
Major Stock Indices					
Dow Jones	41,583	(1,071)	39,607	44,297	39,065
S&P 500	5,780.2	(178.2)	5,375.9	5,969.3	5,267.8
NASDAQ	18,705.9	(505)	16,708.1	19,003.7	16,736.0
Commodities					
Gold	3,347.5	160.3	3,276.3	2,712.2	2,337.2
Crude Oil	61.07	(1.42)	62.27	71.24	76.87
Natural Gas	3.31	(0.02)	3.02	3.13	2.66
Wheat	543.8	18.8	528.3	544.3	698.0
Corn	458.0	14.5	472.0	425.5	464.0

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

INTENDED FOR INSTITUTIONAL INVESTORS ONLY. The data provided in these reports is for informational purposes only and is intended solely for your private use. Information herein is believed to be reliable but The Baker Group LP does not guarantee its completeness or accuracy. Opinions constitute our judgment and are subject to change without notice. Past performance is not indicative of future results. The investments and strategies discussed here may not be suitable for all investors; if you have

Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 05/23/2025 9:15AM