

Baker Market Update

Week In Review

May 30, 2025

The
BakerGroup



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UPCOMING EVENTS

Banks

Webinars:

Q2 IRR Management

Jun 11, 2025

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

Banks and CUs

Schools:

Bond School

Sep 18-19, 2025

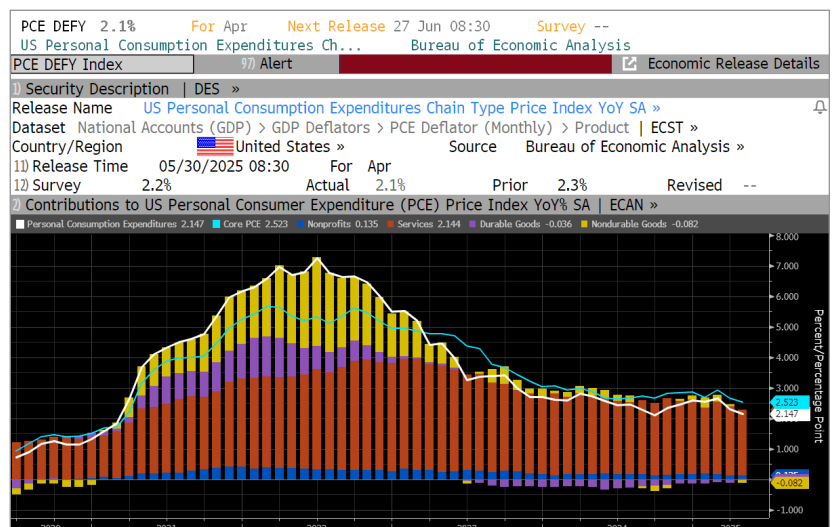
The last week of May is ending with a flurry of chatter in the market about tariffs, inflation, and spending. Data out this morning showed that US consumers hit the brakes on spending in April, as expected. Headline personal spending rose 0.2%, in line with expectations, while personal income rose 0.8%, well above expectations. This marks the weakest quarter for spending (a key driver of GDP) in nearly two years, signaling an underlying level of anxiety about the economy among many consumers. The data also showed that inflation-adjusted personal spending rose 0.1% over the month, while goods imports plummeted by a record 20% amid higher tariffs and ongoing trade tensions.

Those tensions escalated further this morning after President Trump accused China of backtracking on its agreement to ease tariffs. The President's post came just days after the administration announced new restrictions on Chinese student visas and chip design software, in another sign that frictions between the world's two largest economies are back on the rise. On Wednesday, a US trade court also blocked most of President Trump's across-the-board import duties, ruling the president's emergency powers cannot override the exclusive authority to regulate commerce with other countries given to Congress in the US Constitution. The White House quickly initiated an appeals process that could go all the way to the Supreme Court, confirming that trade policy will remain in flux and uncertainty is likely to persist for the time being.

Reassuringly, April's Personal Consumption Expenditures (PCE) index came in softer than expected this morning, indicating that inflation continues to moderate. The headline PCE price index rose 0.1% in April (vs. 0.0% prior) and 2.1% annually (vs. 2.3% prior). The Core measures, which strip volatile food and energy items, came in line with expectations at 0.1% MoM and 2.5% YoY. Prices rose modestly in categories with heavy exposure to imports from China but disinflation in services partially offset those increases.

While the Fed is likely to view the combination of soft inflation and moderated consumer activity as constructive, the broader concern remains the ripple effects of trade volatility. The uptick in prices from tariff-impacted goods suggests continued uncertainty around the level of pass-through costs that will end up in the hands of consumers. Futures markets continue to price in roughly two 25bp rate cuts in 2025 with the first cut expected sometime this fall.

Next week is the all-important jobs week, bringing a slew of data points on the health of the labor market. Hope everyone has a great weekend!

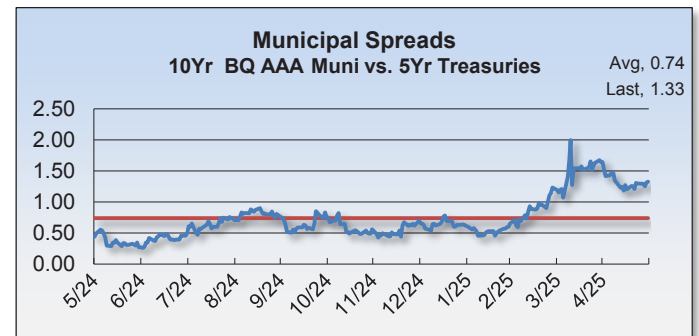
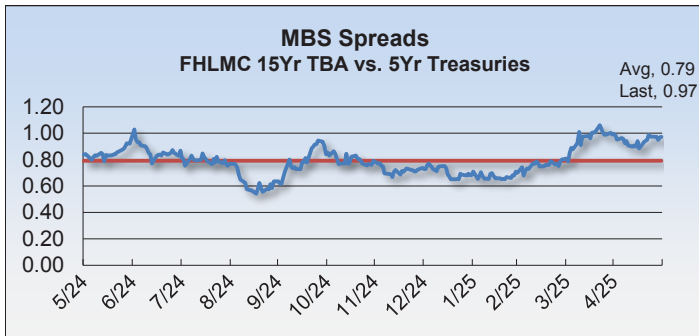
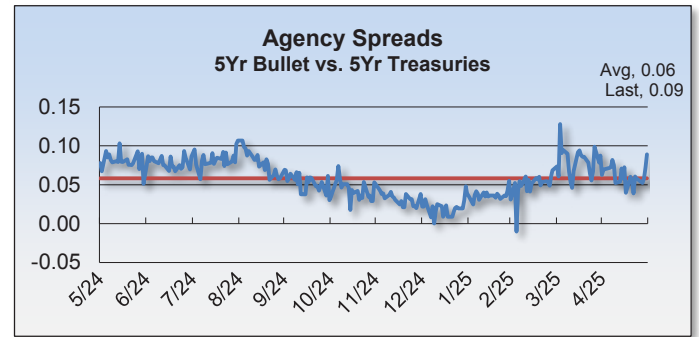
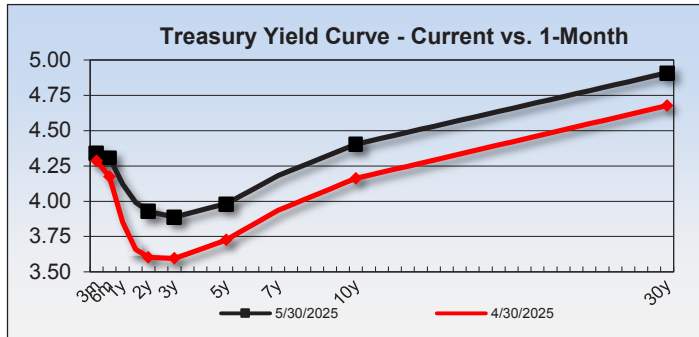


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Treasury Market -- Historical						Fixed Rate Market											
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni		Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr	
3mo	4.34	0.00	4.29	4.49	5.41	2yr	4.01	3.71	3.88	4.13	4.07	2Yr					
6mo	4.31	(0.00)	4.18	4.45	5.39	3yr	3.95	3.62	3.88	4.13	4.04	3Yr					
1yr	4.12	(0.02)	3.86	4.29	5.19	5yr	4.04	3.64	3.98	4.23	4.20	5Yr					
2yr	3.93	(0.07)	3.60	4.15	4.93	7yr	4.27	3.73	4.17	4.44	4.51	7Yr					
3yr	3.89	(0.07)	3.60	4.09	4.81	10yr	4.58	3.88	4.66	4.96	4.86	10Yr					
5yr	3.98	(0.10)	3.73	4.05	4.57	15yr	4.89	4.05	5.39	5.74	5.00		June TBA MBS				
7yr	4.18	(0.10)	3.94	4.11	4.56	20yr	5.20	4.11	6.02	6.41	5.59	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.40	(0.11)	4.16	4.17	4.55	25yr	5.51	4.10	6.17	6.57	5.65	3.00	5.03	4.8y	5.39		
30yr	4.91	(0.13)	4.68	4.36	4.68	30yr		4.04	6.33	6.73	5.71	3.50	4.91	4.7y			
* Interpolated													4.00	4.83	4.7y	5.41	9.2y
													4.50	4.87	5.0y	5.49	9.5y
													5.00			5.58	8.8y
													5.50			5.72	7.6y
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	4.33	0.07	4.36	4.59	--
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	4.41	(0.03)	4.23	4.48	5.42
1 Year CMT	4.13	--	3.89	4.30	5.22
REPO O/N	4.34	--	4.40	4.64	5.37
REPO 1Wk	4.36	(0.05)	4.37	4.60	5.38
CoF Federal	3.663	--	3.661	3.834	3.927
11th D. CoF (Apr)	2.934	--	2.932	3.105	3.198

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	4.43	4.44	4.49	Jun-25	4.330
1yr	4.25	4.26	4.37	Jul-25	4.320
2yr	4.04	4.08	4.17	Aug-25	4.270
3yr	4.00	4.05	4.12	Sep-25	4.205
4yr	4.07	4.12	4.19	Oct-25	4.110
5yr	4.12	4.18	4.24	Nov-25	3.990
7yr	4.43	4.49	4.55	Dec-25	3.875
10yr	4.74	4.82	4.86	Jan-26	3.810
5yr Am	4.15		4.25	Feb-26	3.720
10yr Am	4.21		4.60	Mar-26	3.670

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
5/27	Durables Ex Transportation	Apr P	0.0%	0.2%	0.0%	-0.2%
5/27	Cap Goods Ship Nondef Ex Air	Apr P	-0.1%	-0.1%	0.2%	0.5%
5/27	House Price Purchase Index QoQ	1Q	--	0.7%	1.4%	--
5/27	S&P CoreLogic CS 20-City YoY NSA	Mar	4.50%	4.07%	4.50%	4.53%
5/27	S&P CoreLogic CS US HPI YoY NSA	Mar	--	3.37%	3.87%	3.97%
5/27	Conf. Board Consumer Confidence	May	87.1	98.0	86.0	85.7
5/27	Conf. Board Present Situation	May	--	135.9	133.5	131.1
5/27	Conf. Board Expectations	May	--	72.8	54.4	55.4
5/29	GDP Annualized QoQ	1Q S	-0.3%	-0.2%	-0.3%	--
5/29	Personal Consumption	1Q S	1.7%	1.2%	1.8%	--
5/29	GDP Price Index	1Q S	3.7%	3.7%	3.7%	--
5/29	Core PCE Price Index QoQ	1Q S	3.5%	3.4%	3.5%	--
5/29	Initial Jobless Claims	5/24	230k	240k	227k	226k
5/29	Continuing Claims	5/17	1893k	1919k	1903k	1893k
5/29	Pending Home Sales NSA YoY	Apr	2.7%	-3.5%	0.1%	-0.7%
5/30	Personal Income	Apr	0.3%	0.8%	0.5%	0.7%
5/30	Real Personal Spending	Apr	0.0%	0.1%	0.7%	--
5/30	PCE Price Index YoY	Apr	2.2%	2.1%	2.3%	--
5/30	Core PCE Price Index MoM	Apr	0.1%	0.1%	0.0%	0.1%
5/30	Core PCE Price Index YoY	Apr	2.5%	2.5%	2.6%	2.7%
5/30	U. of Mich. Sentiment	May F	51.5	52.2	50.8	--
5/30	U. of Mich. Current Conditions	May F	58.0	58.9	57.6	--
5/30	U. of Mich. 1 Yr Inflation	May F	7.1%	6.6%	7.3%	--
6/2	ISM Prices Paid	May	--	--	69.8	--
6/2	ISM New Orders	May	--	--	47.2	--
6/2	ISM Employment	May	--	--	46.5	--
6/3	JOLTS Quits Level	Apr	--	--	3332k	--
6/3	JOLTS Quits Rate	Apr	--	--	2.1%	--
6/3	JOLTS Layoffs Level	Apr	--	--	1558k	--
6/3	JOLTS Layoffs Rate	Apr	--	--	1.0%	--
6/4	ADP Employment Change	May	110k	--	62k	--
6/4	S&P Global US Services PMI	May F	--	--	52.3	--
6/4	S&P Global US Composite PMI	May F	--	--	52.1	--
6/4	ISM Services Index	May	52.0	--	51.6	--
6/4	ISM Services Prices Paid	May	--	--	65.1	--
6/4	ISM Services New Orders	May	--	--	52.3	--
6/4	ISM Services Employment	May	--	--	49.0	--
6/5	Challenger Job Cuts YoY	May	--	--	62.7%	--
6/6	Change in Nonfarm Payrolls	May	130k	--	177k	--
6/6	Change in Private Payrolls	May	110k	--	167k	--
6/6	Change in Manufact. Payrolls	May	-5k	--	-1k	--
6/6	Two-Month Payroll Net Revision	May	--	--	-58k	--
6/6	Unemployment Rate	May	4.2%	--	4.2%	--
6/6	Labor Force Participation Rate	May	--	--	62.6%	--
6/6	Underemployment Rate	May	--	--	7.8%	--
6/6	Average Hourly Earnings MoM	May	--	--	0.2%	--
6/6	Average Hourly Earnings YoY	May	3.6%	--	3.8%	--

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	12.0	12.7	14.7	17.2	18.9
FH/FN 15y	7.5	8.5	9.8	16.0	14.8	19.5
GN 15y	7.9	7.9	13.9	15.0	15.2	20.7
FH/FN 20y	6.5	7.1	8.0	9.2	12.0	13.9
FH/FN 30y	5.7	6.1	6.6	7.5	8.2	10.4
GN 30y	6.3	6.4	7.8	7.7	8.9	9.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	143.87	1.31	143.07	150.17	156.92
Euro	1.13	(0.00)	1.14	1.05	1.08
Dollar Index	99.63	(0.33)	99.47	105.74	104.72
Major Stock Indices					
Dow Jones	42,270	411	40,669	44,911	38,111
S&P 500	5,885.6	43.6	5,569.1	6,032.4	5,235.5
NASDAQ	19,112.4	187	17,446.3	19,218.2	16,737.1
Commodities					
Gold	3,271.6	(23.4)	3,319.1	2,657.0	2,342.9
Crude Oil	60.39	(0.81)	58.21	68.00	77.91
Natural Gas	3.49	0.24	3.33	3.36	2.57
Wheat	534.0	-10.5	513.0	532.3	681.0
Corn	448.8	-14.3	467.3	423.0	448.8

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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