

# Baker Market Update

## Week In Review

June 06, 2025



**Carson Francis**

*Financial Analyst*

### 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

C.S. Lewis once wrote, "To love at all is to be vulnerable. Love anything and your heart will be wrung and possibly broken." They say every great story has its share of heartbreak—and last night, the Thunder wrote theirs. In the final seconds of Game 1 of the NBA Finals, Tyrese Haliburton, the Pacers' two-time All-Star, delivered a dagger to steal the lead in the last second. Tensions ran high beyond the sports world yesterday, as Donald Trump and Elon Musk exchanged sharp words on social media following Musk's departure from his temporary government role as head of the Department of Government Efficiency, in order to refocus on his responsibilities as Tesla's CEO. Whether it be setbacks or heartbreaks, both often mark the beginning of transformation that can lay the groundwork for renewal and growth.

This week delivered key insights into the state of the labor market across both private and public sectors. On Wednesday, June 4th, the ADP Employment Report, focused on private-sector hiring, came in well below expectations, with just 37,000 jobs added in May—marking the slowest pace of growth in over two years. The following day, the Department of Labor released Initial Jobless Claims for the last week of May, showing 247,000 new filings, surpassing analyst estimates of 235,000. This morning, Non-Farm Payrolls, which measure the net change in employment across the U.S. economy, were released for the month of May, marking a net change of +139k jobs added—exceeding analysts' expectations of 126k. Despite the upside surprise, the slowdown from April's figure by 38,000 jobs signals a possible cooling trend in labor market momentum.

On Monday, ISM Manufacturing data showed a reading of 48.5, one point below the anticipated 49.5, signaling that the U.S. manufacturing sector is likely contracting in both production and business sentiment. Two days after the disappointing data print regarding manufacturing, the overall well-being of the services industry, measured by the ISM Services Index, saw the same type of shift to the downside, with a reading of 49.9—2.1 points below expectations of 52.0. These metrics are widely regarded by economists as leading economic indicators (LEIs), data points that typically shift ahead of changes in the broader business cycle.

Turning to international markets, two key central banks maintained dovish stances on monetary policy, reinforcing downward pressure on short-term yields of their respective target rates. Yesterday, June 5th, the European Central Bank cut its deposit facility rate by 25 bps to 2.00%, marking the eighth rate cut in the last twelve months. The fall in the ECB's target rate was driven by falling inflation and concerns over the economic outlook for the eurozone. Today, the Reserve Bank of India (RBI) announced a 50-bps cut to its repurchase (repo) rate, which is the rate at which the RBI lends short-term funds to commercial banks in its country. A cut in repo rates makes borrowing cheaper for banks, in hopes that banks will increase lending activities, thus stimulating growth in the economy. With financial and economic challenges mounting, both central banks are adopting measures aimed at reviving growth and bolstering resilience in their respective economies.

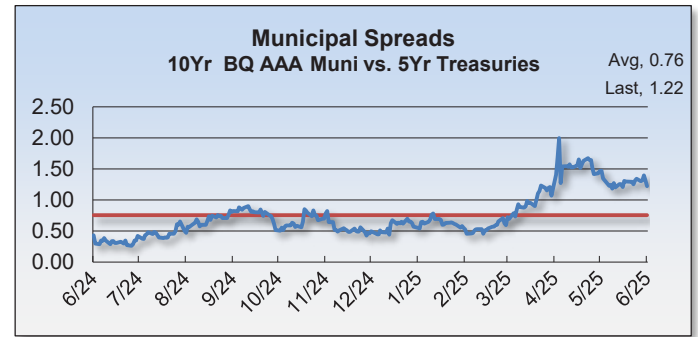
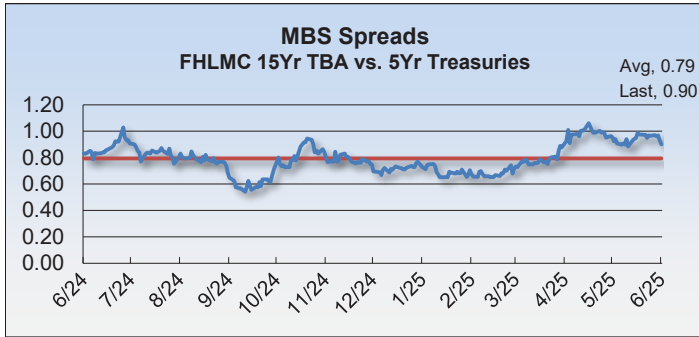
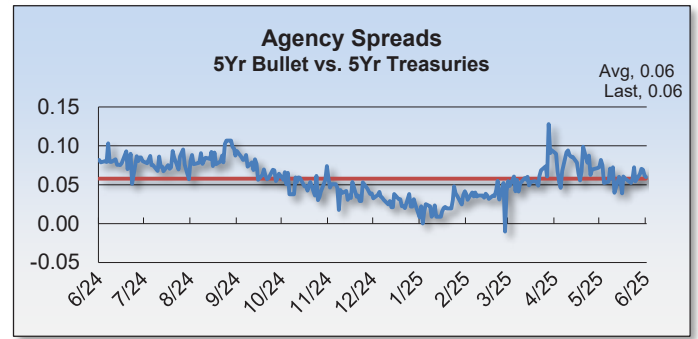
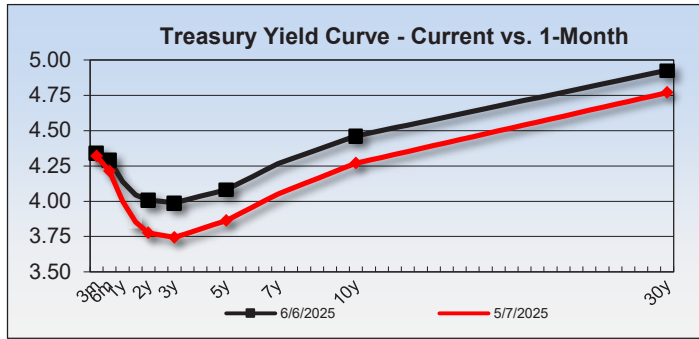
Have a great weekend, everyone!

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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	4.34	(0.00)	4.31	4.40	5.40	2yr	4.10	3.69	3.78	4.02	4.05	2Yr					
6mo	4.29	(0.02)	4.21	4.35	5.34	3yr	4.06	3.61	3.78	4.02	4.04	3Yr					
1yr	4.14	0.03	3.99	4.18	5.09	5yr	4.17	3.63	3.91	4.16	4.19	5Yr					
2yr	4.01	0.11	3.78	4.10	4.73	7yr	4.37	3.72	4.16	4.43	4.49	7Yr					
3yr	3.99	0.12	3.75	4.06	4.58	10yr	4.66	3.86	4.68	4.98	4.83	10Yr					
5yr	4.08	0.12	3.89	4.04	4.30	15yr	4.95	4.03	5.42	5.77	4.97		July TBA MBS				
7yr	4.27	0.09	4.09	4.09	4.29	20yr	5.25	4.09	6.05	6.44	5.55	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.46	0.06	4.30	4.15	4.29	25yr	5.56	4.07	6.22	6.62	5.61	3.50	4.98	4.7y	5.49		
30yr	4.93	(0.01)	4.80	4.34	4.44	30yr		4.01	6.38	6.79	5.67	4.00	4.89	4.7y			
* Interpolated													4.50	4.92	4.9y	5.56	9.2y
													5.00	4.99	4.9y	5.64	8.9y
													5.50			5.77	7.0y
													6.00			5.74	5.4y
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	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	(0.04)	4.33	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	4.40	(0.02)	4.33	4.45	5.34
1 Year CMT	4.08	(0.05)	4.02	4.23	5.08
REPO O/N	4.34	--	4.37	4.65	5.37
REPO 1Wk	4.40	0.04	4.38	4.61	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	Jun-25	4.328
6mo	4.42	4.43	4.44	Jul-25	4.325
1yr	4.24	4.25	4.26	Aug-25	4.285
2yr	4.10	4.14	4.04	Sep-25	4.230
3yr	4.10	4.15	4.01	Oct-25	4.145
4yr	4.16	4.20	4.07	Nov-25	4.035
5yr	4.20	4.26	4.12	Dec-25	3.935
7yr	4.49	4.56	4.42	Jan-26	3.880
10yr	4.78	4.88	4.74	Feb-26	3.805
5yr Am	4.15		4.12	Mar-26	3.755
10yr Am	4.21		4.47	Apr-26	3.685

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
6/2	S&P Global US Manufacturing PMI	May F	52.3	52.0	52.3	--
6/2	ISM Manufacturing	May	49.5	48.5	48.7	--
6/2	ISM Prices Paid	May	69.3	69.4	69.8	--
6/2	ISM New Orders	May	--	47.6	47.2	--
6/2	ISM Employment	May	--	46.8	46.5	--
6/3	Factory Orders Ex Trans	Apr	0.2%	-0.5%	-0.2%	-0.5%
6/3	Durables Ex Transportation	Apr F	0.2%	0.2%	0.2%	--
6/3	Cap Goods Ship Nondef Ex Air	Apr F	-0.1%	-0.1%	-0.1%	--
6/3	JOLTS Job Openings	Apr	7100k	7391k	7492k	7200k
6/3	JOLTS Job Openings Rate	Apr	--	4.4%	4.3%	--
6/3	JOLTS Quits Level	Apr	3271k	3194k	3332k	3344k
6/3	JOLTS Quits Rate	Apr	--	2.0%	2.1%	--
6/3	JOLTS Layoffs Level	Apr	1614k	1786k	1558k	1590k
6/3	JOLTS Layoffs Rate	Apr	--	1.1%	1.0%	--
6/4	ADP Employment Change	May	114k	37k	62k	60k
6/4	S&P Global US Services PMI	May F	52.3	53.7	52.3	--
6/4	S&P Global US Composite PMI	May F	52.1	53.0	52.1	--
6/4	ISM Services Index	May	52.0	49.9	51.6	--
6/4	ISM Services Prices Paid	May	65.1	68.7	65.1	--
6/4	ISM Services New Orders	May	51.6	46.4	52.3	--
6/4	ISM Services Employment	May	49.0	50.7	49.0	--
6/5	Challenger Job Cuts YoY	May	--	47.0%	62.7%	--
6/5	Nonfarm Productivity	1Q F	-0.8%	-1.5%	-0.8%	--
6/5	Unit Labor Costs	1Q F	5.7%	6.6%	5.7%	--
6/5	Initial Jobless Claims	5/31	235k	247k	240k	239k
6/5	Continuing Claims	5/24	1910k	1904k	1949k	1907k
6/6	Change in Nonfarm Payrolls	May	126k	139k	177k	147k
6/6	Change in Private Payrolls	May	120k	140k	167k	146k
6/6	Change in Manufact. Payrolls	May	-5k	-8k	-4k	5k
6/6	Two-Month Payroll Net Revision	May	--	-95k	-58k	--
6/6	Unemployment Rate	May	4.2%	4.2%	4.2%	--
6/6	Labor Force Participation Rate	May	62.6%	62.4%	62.6%	--
6/6	Underemployment Rate	May	--	7.8%	7.8%	--
6/6	Average Hourly Earnings MoM	May	0.3%	0.4%	0.2%	--
6/6	Average Hourly Earnings YoY	May	3.7%	3.9%	3.8%	3.9%
6/6	Average Weekly Hours All Employees	May	34.3	34.3	34.3	--
6/11	CPI MoM	May	0.2%	--	0.2%	--
6/11	CPI Ex Food and Energy MoM	May	0.3%	--	0.2%	--
6/11	CPI YoY	May	2.5%	--	2.3%	--
6/11	CPI Ex Food and Energy YoY	May	2.9%	--	2.8%	--
6/11	CPI Index NSA	May	--	--	320.80	--
6/11	CPI Core Index SA	May	--	--	326.43	--
6/11	Real Avg Hourly Earning YoY	May	--	--	1.4%	1.5%
6/11	Real Avg Weekly Earnings YoY	May	--	--	1.7%	1.8%
6/12	PPI Final Demand YoY	May	--	--	2.4%	--
6/12	PPI Ex Food and Energy YoY	May	--	--	3.1%	--
6/12	PPI Ex Food, Energy, Trade YoY	May	--	--	2.9%	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	17.2	18.5	16.2	21.1	23.0	29.5
FH/FN 15y	10.0	12.1	16.4	8.1	14.5	20.1
GN 15y	25.2	31.5	43.4	62.6	-2.3	76.3
FH/FN 20y	7.9	8.8	10.8	12.6	19.9	22.3
FH/FN 30y	6.6	7.2	6.0	5.5	7.3	9.1
GN 30y	5.9	7.2	6.6	7.1	7.9	7.5
CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	12.1	12.7	14.9	17.4	19.3	21.3
FH/FN 15y	8.7	10.0	16.3	15.3	20.2	26.1
GN 15y	7.9	14.2	14.9	15.3	20.5	31.0
FH/FN 20y	7.1	8.0	9.2	12.2	13.9	15.2
FH/FN 30y	6.2	6.8	7.7	8.5	11.2	14.0
GN 30y	6.5	8.0	7.7	9.1	9.9	10.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	144.86	0.84	143.06	150.00	156.04
Euro	1.14	0.01	1.13	1.06	1.09
Dollar Index	99.23	(0.10)	99.24	106.06	104.10
Major Stock Indices					
Dow Jones	42,839	569	40,829	44,643	38,886
S&P 500	6,007.6	95.9	5,606.9	6,090.3	5,353.0
NASDAQ	19,541.7	428	17,689.7	19,859.8	17,173.1
Commodities					
Gold	3,346.8	57.9	3,422.8	2,638.6	2,370.3
Crude Oil	64.45	3.66	59.09	67.20	75.55
Natural Gas	3.69	0.24	3.46	3.08	2.82
Wheat	543.8	9.8	519.0	542.5	639.5
Corn	436.0	-8.0	447.5	430.8	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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