

Baker Market Update

Week In Review

June 27, 2025

The
BakerGroup



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Financial Analyst

First and foremost, as many of you may already know, the Oklahoma City Thunder won the 2024–2025 NBA Championship this past Sunday. This is the first time the state of Oklahoma has brought home a championship in one of the five major sports leagues. A remarkable feat when you factor in that, at the turn of the decade, in the 2020–2021 season, the Thunder won 22 of their 72 games. This week made it clear that momentum—often legacy—often dictates who comes out on top, whether in markets or championships.

UPCOMING EVENTS

Banks

Webinars:

Q3 Investment Strategies

Jul 9, 2025

Seminars:

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

Webinars:

Q3 CU Strategies

Jul 10, 2025

Banks and CUs

Schools:

Bond School

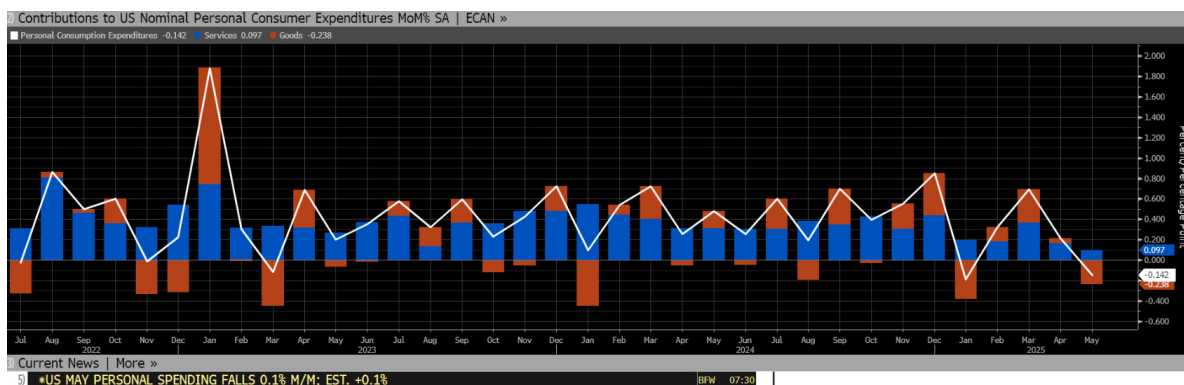
Sep 18-19, 2025

The University of Michigan Consumer Sentiment Index was released this morning, coming in at 60.7, beating June's preliminary expectations of 60.5. The pickup in consumer sentiment from the lows of the April and May reports was mostly driven by the decline in inflation expectations. A modest dip in inflation expectations was observed, with both the 1-year and 5–10-year outlooks declining 10 basis points to 4% and 5%, respectively. At the same time, concerns over tariffs eased, with only 59% of respondents mentioning them compared to 66% in May, likely due to recent U.S. trade developments.

Although consumer sentiment and expectations are improving, hard data may be uncovering a conflicting narrative regarding the state of the consumer. This morning brought two key data points tied to the engine of GDP growth: personal spending and personal income. Personal spending slipped 0.1% in May, missing expectations for a 0.1% gain. Personal income also declined by 0.4%, falling short of the 0.3% increase analysts had forecast, as Social Security payments normalized following temporary surges in transfers earlier this spring. According to the U.S. Bureau of Economic Analysis (BEA), personal consumption expenditures made up 68.3% of GDP in Q1 2025. Given the consumer's outsized role in the economy, these declining figures may point to emerging softness in the broader growth outlook.

Price pressures have remained surprisingly subdued in recent months, defying economists' expectations that Trump-era tariffs would reignite inflation. Although many of the Personal Consumption Expenditure data points released this morning ticked up slightly from prior readings, the increase appears driven by one-time, technical price pressures rather than a shift in the underlying structural inflation trend. Certain upticks in sectors could largely be driven by external shocks—such as the rise in international airfare caused by recent geopolitical disruptions, or the increase in the “care economy,” potentially caused by a wage-work mismatch and ongoing shortages of foreign-born labor—rather than sustained, broad-based inflationary pressure. While a few categories showed upward movement, the overall inflation backdrop remains consistent with a slow and steady cooling trend.

Have a good weekend, everyone!



Source: Bloomberg, L.P.

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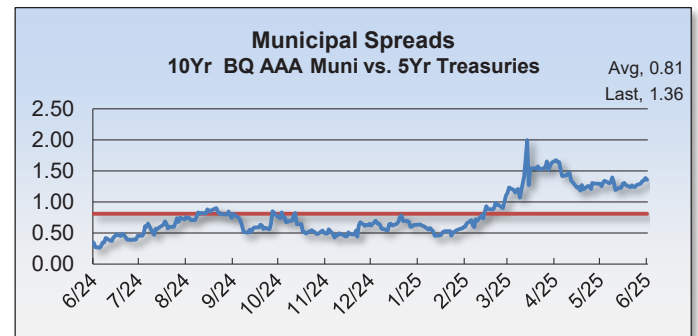
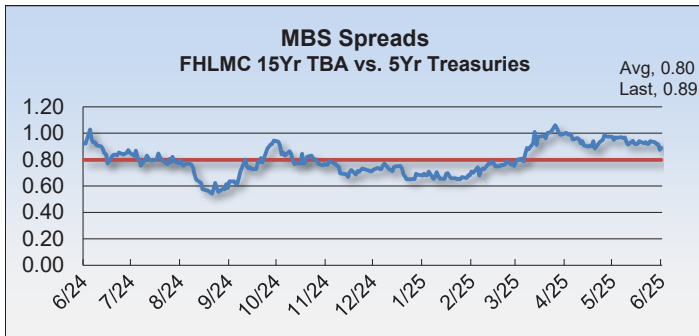
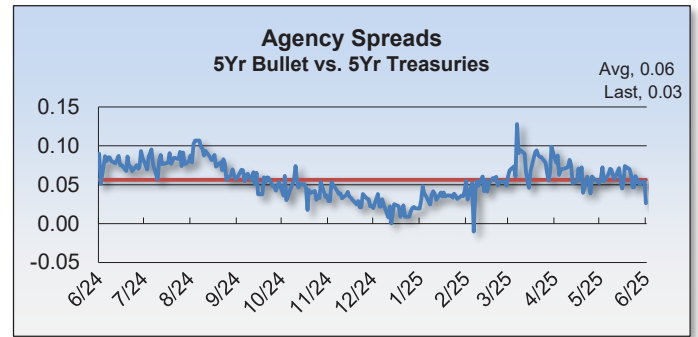
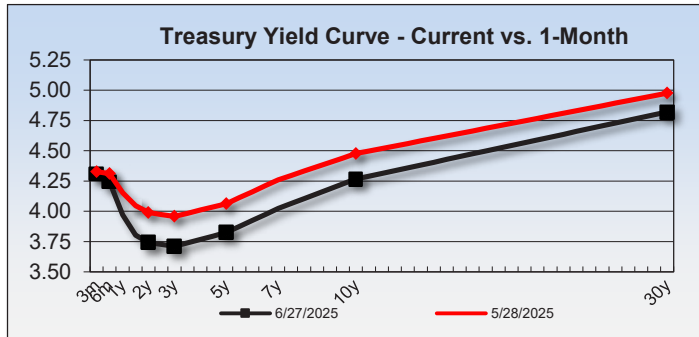
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Treasury Market -- Historical						Fixed Rate Market														
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni		Agency Calls - Euro							
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr				
3mo	4.31	0.00	4.31	4.28	5.37	2yr	3.85	3.52	3.63	3.86	3.85	2Yr								
6mo	4.24	(0.03)	4.31	4.30	5.34	3yr	3.77	3.43	3.63	3.86	3.83	3Yr								
1yr	3.97	(0.10)	4.14	4.19	5.11	5yr	3.88	3.45	3.78	4.02	4.01	5Yr								
2yr	3.74	(0.17)	3.98	4.33	4.71	7yr	4.11	3.56	4.09	4.35	4.32	7Yr								
3yr	3.71	(0.15)	3.93	4.37	4.57	10yr	4.43	3.72	4.61	4.90	4.70	10Yr								
5yr	3.82	(0.14)	4.03	4.46	4.30	15yr	4.74	3.91	5.39	5.74	4.84						July TBA MBS			
7yr	4.02	(0.13)	4.23	4.54	4.29	20yr	5.05	3.99	6.02	6.41	5.49	Cpn					15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.27	(0.11)	4.45	4.63	4.29	25yr	5.36	3.98	6.19	6.59	5.55	3.50	4.67	4.6y	5.20					
30yr	4.82	(0.07)	4.95	4.82	4.43	30yr		3.93	6.36	6.76	5.61	4.00	4.61	4.6y						
* Interpolated													4.50	4.66	4.7y	5.27	9.0y			
													5.00	4.77	4.0y	5.38	8.3y			
													5.50			5.52	5.4y			
													6.00			5.53	3.5y			
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	4.50	5.50
Primary Discount	4.50	--	4.50	4.50	5.50
2ndary Discount	5.00	--	5.00	5.00	6.00
Prime Rate	7.50	--	7.50	7.50	8.50
Sec. O.N. Finance	4.40	0.12	4.26	4.53	--
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	4.29	(0.10)	4.46	4.37	5.41
1 Year CMT	3.96	(0.14)	4.15	4.23	5.13
REPO O/N	4.32	(0.01)	4.34	4.58	5.34
REPO 1Wk	4.38	(0.01)	4.41	4.58	5.37
CoF Federal	3.662	--	3.663	3.767	3.956
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	4.49	4.50	Jun-25	4.330
6mo	4.36	4.39	4.42	Jul-25	4.330
1yr	4.11	4.13	4.19	Aug-25	4.275
2yr	3.88	3.97	3.95	Sep-25	4.180
3yr	3.85	3.94	3.90	Oct-25	4.040
4yr	3.92	4.01	3.96	Nov-25	3.880
5yr	3.99	4.07	4.02	Dec-25	3.750
7yr	4.29	4.39	4.33	Jan-26	3.675
10yr	4.63	4.74	4.67	Feb-26	3.575
5yr Am	4.15		4.02	Mar-26	3.510
10yr Am	4.21		4.38	Apr-26	3.420

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
6/23	S&P Global US Manufacturing PMI	Jun P	51.0	52.0	52.0	--
6/23	S&P Global US Services PMI	Jun P	53.0	53.1	53.7	--
6/23	S&P Global US Composite PMI	Jun P	52.2	52.8	53.0	--
6/24	Philadelphia Fed Non-Manufacturing Ac	Jun	--	-25.0	-41.9	--
6/24	S&P CoreLogic CS 20-City YoY NSA	Apr	3.90%	3.42%	4.07%	4.08%
6/24	S&P CoreLogic CS US HPI YoY NSA	Apr	--	2.72%	3.37%	3.36%
6/24	Conf. Board Consumer Confidence	Jun	99.8	93.0	98.0	98.4
6/24	Conf. Board Present Situation	Jun	--	129.1	135.9	135.5
6/25	New Home Sales MoM	May	-6.7%	-13.7%	10.9%	9.6%
6/26	GDP Annualized QoQ	1Q T	-0.2%	-0.5%	-0.2%	--
6/26	Personal Consumption	1Q T	1.2%	0.5%	1.2%	--
6/26	GDP Price Index	1Q T	3.7%	3.8%	3.7%	--
6/26	Core PCE Price Index QoQ	1Q T	3.4%	3.5%	3.4%	--
6/26	Durables Ex Transportation	May P	0.0%	0.5%	0.2%	0.0%
6/26	Cap Goods Ship Nondef Ex Air	May P	-0.1%	0.5%	-0.1%	0.0%
6/26	Initial Jobless Claims	6/21	243k	236k	245k	246k
6/26	Continuing Claims	6/14	1950k	1974k	1945k	1937k
6/27	Personal Income	May	0.3%	-0.4%	0.8%	0.7%
6/27	Real Personal Spending	May	0.0%	-0.3%	0.1%	--
6/27	PCE Price Index YoY	May	2.3%	2.3%	2.1%	2.2%
6/27	Core PCE Price Index YoY	May	2.6%	2.7%	2.5%	2.6%
6/27	U. of Mich. Current Conditions	Jun F	63.2	64.8	63.7	--
6/27	U. of Mich. 1 Yr Inflation	Jun F	5.2%	5.0%	5.1%	--
7/1	ISM Prices Paid	Jun	--	--	69.4	--
7/1	ISM New Orders	Jun	--	--	47.6	--
7/1	ISM Employment	Jun	--	--	46.8	--
7/1	JOLTS Job Openings	May	--	--	7391k	--
7/1	JOLTS Job Openings Rate	May	--	--	4.4%	--
7/1	JOLTS Quits Level	May	--	--	3194k	--
7/1	JOLTS Quits Rate	May	--	--	2.0%	--
7/1	JOLTS Layoffs Level	May	--	--	1786k	--
7/1	JOLTS Layoffs Rate	May	--	--	1.1%	--
7/2	Challenger Job Cuts YoY	Jun	--	--	47.0%	--
7/2	ADP Employment Change	Jun	110k	--	37k	--
7/3	Change in Nonfarm Payrolls	Jun	120k	--	139k	--
7/3	Change in Private Payrolls	Jun	115k	--	140k	--
7/3	Change in Manufact. Payrolls	Jun	--	--	-8k	--
7/3	Two-Month Payroll Net Revision	Jun	--	--	-95k	--
7/3	Unemployment Rate	Jun	4.3%	--	4.2%	--
7/3	Labor Force Participation Rate	Jun	--	--	62.4%	--
7/3	Underemployment Rate	Jun	--	--	7.8%	--
7/3	Average Hourly Earnings YoY	Jun	3.9%	--	3.9%	--
7/3	Average Weekly Hours All Employees	Jun	34.30	--	34.30	--
7/3	ISM Services Index	Jun	50.80	--	49.90	--
7/3	ISM Services Prices Paid	Jun	--	--	68.70	--
7/3	ISM Services New Orders	Jun	--	--	46.40	--
7/3	ISM Services Employment	Jun	--	--	50.70	--

MBS Prepayments ⁴						
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	13.0	12.3	12.8	15.0	17.1	18.1
FH/FN 15y	9.0	10.3	11.7	14.4		
GN 15y	8.0	8.5	9.5	8.5		
FH/FN 20y	8.8	9.7	11.0	13.0	17.7	18.4
FH/FN 30y	6.1	7.1	7.7	8.5	12.3	16.5
GN 30y	4.8	5.1	6.3	6.1	7.0	7.2

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	144.71	(1.38)	144.33	157.87	160.76
Euro	1.17	0.02	1.13	1.04	1.07
Dollar Index	97.18	(1.53)	99.52	108.00	105.91
Major Stock Indices					
Dow Jones	43,696	1,490	42,344	42,992	39,164
S&P 500	6,177.1	209.3	5,921.5	5,970.8	5,482.9
NASDAQ	20,262.3	815	19,199.2	19,722.0	17,858.7
Commodities					
Gold	3,279.2	(106.5)	3,300.4	2,631.9	2,336.6
Crude Oil	65.79	(9.14)	60.89	70.60	81.74
Natural Gas	3.67	(0.18)	3.40	3.51	2.69
Wheat	524.0	-43.8	528.5	546.5	559.8
Corn	414.0	-14.8	459.5	454.0	413.8

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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