

# Baker Market Update

## Week In Review

August 22, 2025

The  
**Baker**Group



**Carson Francis**  
Financial Analyst

Despite a lighter than usual schedule of data releases, this week's economic indicators continued to reflect the mixed narrative of an economy showing signs of both growth and contraction. The continuation of the indecisiveness in economic data has plagued both policy makers and investors alike as both navigate a landscape that has yet to reveal a clear direction.

### UPCOMING EVENTS

#### Banks

##### Webinars:

Q3 IRR Management  
Sep 10, 2025

##### Seminars:

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:

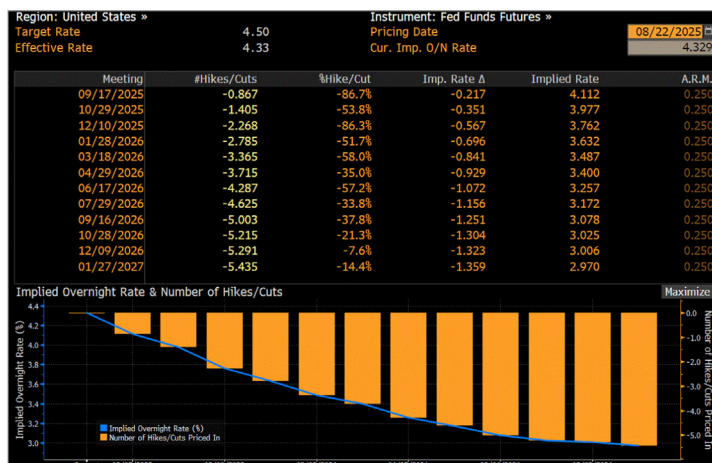
Bond School  
Sep 18-19, 2025

On Monday, the 18th, the Federal Reserve Bank of New York released their Current General Business Activity Survey, which is conducted monthly. The survey measures the change in general business activity for the service sector over the previous month in the state of New York and a few of its surrounding areas. The results were less than optimal in terms of growth, as the survey remained in contractionary territory at -11.7, and was a little more than two points lower than the prior reading of -9.3. The following Thursday, the Federal Reserve Bank of Philadelphia released their monthly survey, the Philadelphia Fed Business Outlook Survey. This survey measures manufacturing activity in the mid-Atlantic region and made a large move into negative territory coming in with a reading of -0.3, which is 16.2 points lower than the prior of 15.9. Both surveys reflect a gloomy outlook regarding both the manufacturing and service sector in the eastern region of the United States.

Turning to the housing sector, more specifically the Housing Starts economic indicator, which is released by the U.S. Census Bureau reflects the number of new residential construction projects that began during a specific month. In the month of July, the bureau reported that 1428k new private residential construction projects began, which was notably higher than both analyst expectations as well as prior readings which were 1297k and 1321k, respectively.

Yesterday, two important data points, Initial Jobless Claims, ticked up 10k higher than analyst expectations and 11k higher than the prior week's reading. This sign of the weakness in the job market was mentioned explicitly mentioned numerous times in this morning's public address from Chairman Jerome Powell. Powell stated that downside risks to employment are rising, and that new strategy shifts focus on keeping long term inflation expectations stable. Fed Funds Futures as of Thursday brought an implied rate change of -47.7bps (i.e, a little under two rate cuts) by December 10, 2025, which is the last FOMC Meeting of the year, to now pricing in over two cuts with the implied change coming in at -56.7bps. The increase in the implied probabilities of rate cuts for the remainder of the year affirms many investors' beliefs that Jerome Powell's Speech this morning was indeed dovish and is a signal to a future decrease in the Federal Reserve's primary monetary policy tool, the effective federal funds rate.

Next week's economic data regarding inflation, the state of the consumer in terms of consumption and income, as well as soft data readings, most notably the U. of Mich. Sentiment Survey, are set to release which gives investors and policy makers more insights into the direction of the economy going forward. Have a good weekend everyone!

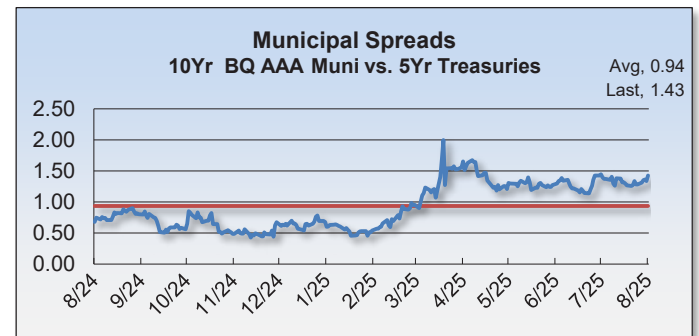
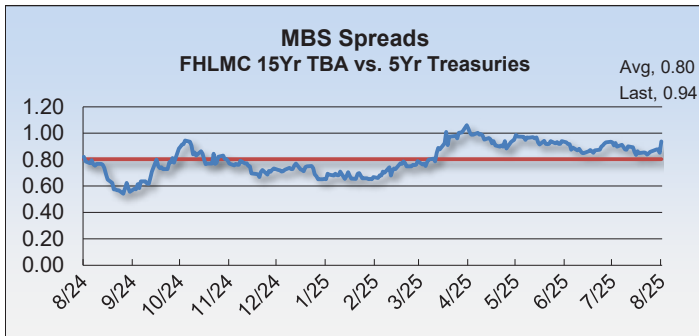
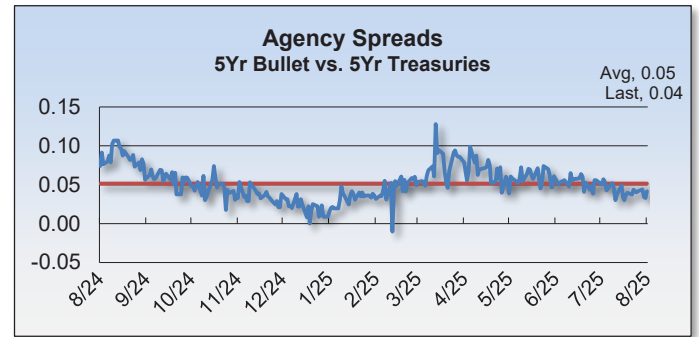
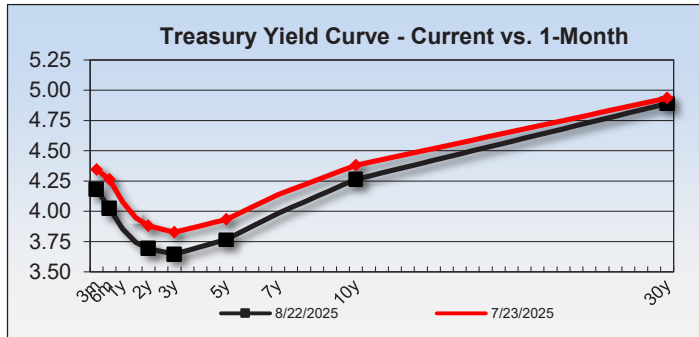


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Treasury Market -- Historical						Fixed Rate Market											
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni		Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp <sup>2</sup>	S-Corp <sup>3</sup>		Mty	3Mo	6mo	1Yr	2Yr	
3mo	4.18	(0.04)	4.32	4.30	5.16	2yr	3.77	3.54	3.11	3.31	3.87	2Yr					
6mo	4.02	(0.05)	4.23	4.33	4.94	3yr	3.71	3.46	3.12	3.32	3.83	3Yr					
1yr	3.85	(0.07)	4.06	4.16	4.46	5yr	3.84	3.50	3.35	3.56	4.00	5Yr					
2yr	3.69	(0.06)	3.83	4.20	4.01	7yr	4.06	3.62	3.84	4.08	4.32	7Yr					
3yr	3.65	(0.07)	3.78	4.21	3.91	10yr	4.43	3.81	4.55	4.84	4.71	10Yr					
5yr	3.77	(0.07)	3.89	4.27	3.72	15yr	4.80	4.04	5.49	5.84	4.85						
7yr	3.98	(0.07)	4.10	4.35	3.76	20yr	5.16	4.13	6.17	6.57	5.60	Cpn					September TBA MBS
10yr	4.27	(0.05)	4.35	4.43	3.85	25yr	5.53	4.14	6.33	6.73	5.66	3.50	15Yr -Yld/AL		30Yr -Yld/AL		
30yr	4.89	(0.03)	4.92	4.68	4.13	30yr		4.10	6.48	6.90	5.72	4.00	4.58	4.5y	5.18		
* Interpolated													4.50	4.60	4.6y	5.24	8.8y
													5.00	4.71	4.3y	5.39	8.2y
													5.50			5.43	6.2y
													6.00			5.34	4.7y
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	4.50	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	4.32	(0.02)	4.28	4.34	--
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	4.20	0.08	4.33	4.38	4.89
1 Year CMT	3.95	0.04	4.06	4.15	4.36
REPO O/N	4.38	--	4.32	4.37	5.38
REPO 1Wk	4.39	0.02	4.38	4.37	5.35
CoF Federal	3.694	--	3.677	3.673	4.003
11th D. CoF (Jun)	2.948	--	2.933	2.990	3.240

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	4.37	4.42	4.42
6mo	4.24	4.25	4.29
1yr	4.04	4.04	4.16
2yr	3.87	3.91	3.97
3yr	3.84	3.89	3.94
4yr	3.90	3.96	4.00
5yr	3.95	4.01	4.04
7yr	4.25	4.33	4.35
10yr	4.60	4.70	4.69
5yr Am	4.15		4.05
10yr Am	4.21		4.41

Fed Fund Futures	
Maturity	Rate
Aug-25	4.330
Sep-25	4.230
Oct-25	4.095
Nov-25	3.980
Dec-25	3.850
Jan-26	3.770
Feb-26	3.660
Mar-26	3.605
Apr-26	3.520
May-26	3.440
Jun-26	3.380

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
8/18	NAHB Housing Market Index	Aug	34	32	33	--
8/19	Housing Starts	Jul	1297k	1428k	1324k	1358k
8/19	Building Permits	Jul P	1386k	1354k	1393k	--
8/19	Housing Starts MoM	Jul	-1.8%	5.2%	4.6%	5.9%
8/19	Building Permits MoM	Jul P	-0.5%	-2.8%	-0.1%	--
8/20	MBA Mortgage Applications	8/15	--	-1.4%	10.9%	--
8/21	Initial Jobless Claims	8/16	225k	235k	224k	--
8/21	Continuing Claims	8/9	1960k	1972k	1953k	1942k
8/21	Philadelphia Fed Business Outlook	Aug	650.0%	-30.0%	1590.0%	--
8/21	S&P Global US Manufacturing PMI	Aug P	49.7	53.3	49.8	--
8/21	S&P Global US Services PMI	Aug P	54.2	55.4	55.7	--
8/21	S&P Global US Composite PMI	Aug P	53.5	55.4	55.1	--
8/21	Leading Index	Jul	-0.1%	-0.1%	-0.3%	--
8/21	Existing Home Sales	Jul	3.92m	4.01m	3.93m	--
8/21	Existing Home Sales MoM	Jul	-0.3%	2.0%	-2.7%	--
8/25	Chicago Fed Nat Activity Index	Jul	--	--	-10.0%	--
8/25	New Home Sales	Jul	635k	--	627k	--
8/25	New Home Sales MoM	Jul	1.3%	--	0.6%	--
8/26	Philadelphia Fed Non-Manufacturing Ac	Aug	--	--	-10.3	--
8/26	Durables Ex Transportation	Jul P	0.2%	--	0.2%	--
8/26	Cap Goods Ship Nondef Ex Air	Jul P	0.2%	--	0.3%	--
8/26	FHFA House Price Index MoM	Jun	0.0%	--	-0.2%	--
8/26	House Price Purchase Index QoQ	2Q	--	--	0.7%	--
8/26	S&P CoreLogic CS 20-City MoM SA	Jun	-0.05%	--	-0.34%	--
8/26	S&P CoreLogic CS 20-City YoY NSA	Jun	--	--	2.79%	--
8/26	S&P CoreLogic CS US HPI YoY NSA	Jun	--	--	2.25%	--
8/26	Conf. Board Consumer Confidence	Aug	96.2	--	97.2	--
8/26	Conf. Board Present Situation	Aug	--	--	131.5	--
8/26	Conf. Board Expectations	Aug	--	--	74.4	--
8/28	GDP Annualized QoQ	2Q S	3.1%	--	3.0%	--
8/28	Personal Consumption	2Q S	1.6%	--	1.4%	--
8/28	GDP Price Index	2Q S	2.0%	--	2.0%	--
8/28	Core PCE Price Index QoQ	2Q S	2.6%	--	2.5%	--
8/28	Pending Home Sales MoM	Jul	-0.2%	--	-0.8%	--
8/28	Pending Home Sales NSA YoY	Jul	--	--	-0.3%	--
8/29	Personal Income	Jul	0.4%	--	0.3%	--
8/29	Real Personal Spending	Jul	0.3%	--	0.1%	--
8/29	PCE Price Index MoM	Jul	0.2%	--	0.3%	--
8/29	PCE Price Index YoY	Jul	2.6%	--	2.6%	--
8/29	Core PCE Price Index MoM	Jul	0.3%	--	0.3%	--
8/29	Core PCE Price Index YoY	Jul	2.9%	--	2.8%	--
8/29	Advance Goods Imports MoM SA	Jul	--	--	-4.2%	--
8/29	Advance Goods Exports MoM SA	Jul	--	--	-0.6%	--
8/29	MNI Chicago PMI	Aug	46.0	--	47.1	--
8/29	U. of Mich. Sentiment	Aug F	58.6	--	58.6	--
8/29	U. of Mich. Current Conditions	Aug F	--	--	60.9	--
8/29	U. of Mich. 1 Yr Inflation	Aug F	--	--	4.9%	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	17.1	14.7	13.8	21.3	23.0	26.8
FH/FN 15y	9.7	11.8	15.3	8.9	12.5	17.6
GN 15y	26.0	28.0	39.1	74.4	-2.3	76.3
FH/FN 20y	8.4	9.3	11.2	11.0	18.9	22.1
FH/FN 30y	7.3	7.3	7.1	5.4	7.8	9.2
GN 30y	6.4	8.4	6.6	7.6	7.7	7.9
CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	12.2	13.0	15.6	18.1	20.1	21.8
FH/FN 15y	9.0	10.3	16.6	17.4		28.1
GN 15y	8.0	14.2	14.6	13.9	26.9	30.5
FH/FN 20y	7.5	8.5	9.7	12.5	14.3	17.0
FH/FN 30y	6.3	7.1	8.0	9.2	12.2	15.7
GN 30y	6.6	8.3	8.2	9.4	10.2	11.5

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	147.18	(0.01)	147.54	149.63	145.76
Euro	1.17	(0.00)	1.17	1.05	1.11
Dollar Index	98.14	0.29	97.39	106.61	101.51
Major Stock Indices					
Dow Jones	45,519	573	44,502	43,428	40,713
S&P 500	6,447.8	(2.0)	6,309.6	6,013.1	5,570.6
NASDAQ	21,496.0	(127)	20,892.7	19,524.0	17,619.4
Commodities					
Gold	3,352.6	16.6	3,443.7	2,937.6	2,478.9
Crude Oil	63.76	0.96	66.21	70.40	73.01
Natural Gas	2.78	(0.14)	3.25	4.23	2.05
Wheat	506.0	-0.5	549.5	590.0	511.0
Corn	387.8	4.0	399.3	491.3	371.5

### 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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