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As we kick off the new quarter this week, it has already brought unexpected hurdles, highlighted by a government shutdown following Congress's inability to reach agreement on a funding measure. A lack of concession amongst Congress members regarding federal budgets, ultimately leading to closure, has happened 21 times in the past 5 decades. On average, government shutdowns last about eight days; while they often stem from broader budget disputes, they can also be used as political leverage when Congress and the White House are controlled by opposing parties. In this case, the disagreement between the two congressional parties stems from disputes pertinent to spending issues such as cuts on Medicaid and the extension of health care subsidies.

The government shutdown earlier this week forced the U.S. Labor Department to postpone the release of key economic data, including Friday's highly anticipated employment report, which is the most comprehensive gauge of labor market conditions. Fortunately, on Wednesday, the ADP National Employment Report gave us a glimpse into the current scene of the private sector labor market. Private employer payrolls declined by 32,000 last month, which is just another confirmation of eroding labor market conditions that we have seen since the beginning of this year and have intensified since the midpoint of 2025.

The manufacturing industry has continued to experience eroding sentiment, as evidenced by Tuesday's release of the Chicago Business Barometer (Chicago PMI), which reflected the same downward trend in the manufacturing industry. The index print of 40.6 was below both analysts' expectations and the month's prior values of 43.3 and 41.5, respectively. The Chicago PMI is a diffusion index where readings above 50.0 signal improving sentiment among survey respondents, while readings below 50.0 indicate deteriorating sentiment. The ISM Manufacturing Survey was released the following day on Wednesday and is a broader measure of sentiment as it tracks the general or overall state of the manufacturing industry. Survey results also remained in contractionary territory, coming in at 49.1, but were a few points above both expectations and the month's prior values of 49.0 and 48.7, respectively.

Unlike the manufacturing sector, the housing market showed signs of strength this week, with US Pending Home Sales MoM surpassing analysts' expectations and the prior month's values by a staggering amount. Pending home sales increased by 4.0% month over month, prior month's values were in negative territory, while analysts' expectations were for only a 0.4% increase. This surge likely reflects pent-up demand finally being released as buyers who were previously sidelined by elevated mortgage rates, caused by the Federal Reserve's restrictive monetary policy, are now entering the market while inventory remains constrained. The activity may represent a normalization of previously suppressed demand rather than speculative excess demand in anticipation of rising home prices. However, sustained housing market recovery will likely remain dependent on further declines in mortgage rates to restore broader affordability for the average consumer.

Have a great weekend everyone!

# Baker Market Update

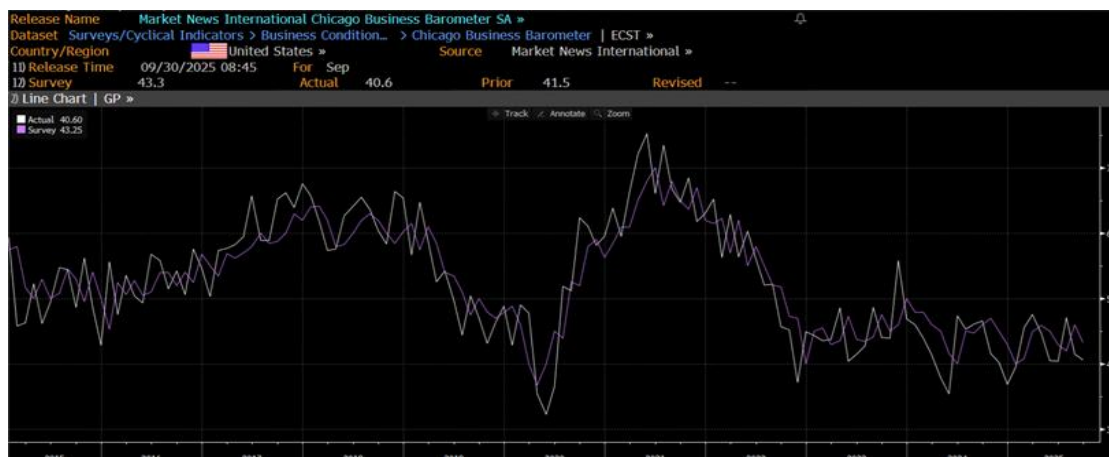
*Week in Review*

The Baker Group

October 3, 2025

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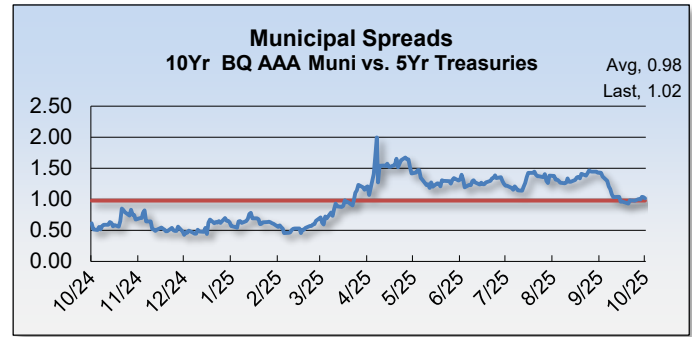
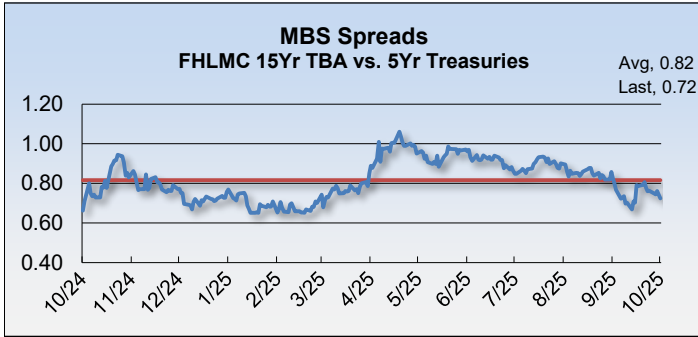
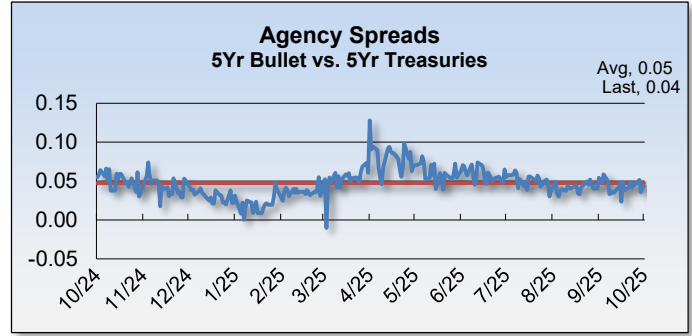
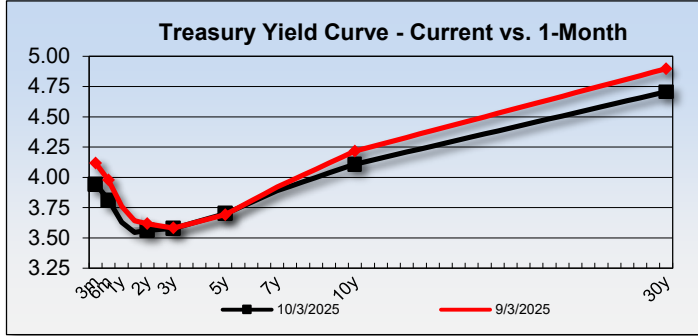
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# Baker Market Update

## Week in Review

The BakerGroup

October 3, 2025



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	3.95	(0.01)	4.12	4.29	4.59	2yr	3.60	3.33	3.25	3.46	3.62	2Yr					
6mo	3.81	(0.04)	3.98	4.18	4.38	3yr	3.60	3.28	3.18	3.38	3.64	3Yr					
1yr	3.63	(0.03)	3.77	3.91	4.01	5yr	3.73	3.33	3.25	3.46	3.81	5Yr					
2yr	3.56	(0.08)	3.62	3.68	3.71	7yr	3.97	3.43	3.57	3.80	4.11	7Yr					
3yr	3.58	(0.08)	3.58	3.66	3.68	10yr	4.29	3.60	4.07	4.34	4.46	10Yr					
5yr	3.70	(0.07)	3.69	3.73	3.63	15yr	4.61	3.82	4.91	5.23	4.59		November TBA MBS				
7yr	3.89	(0.07)	3.92	3.86	3.71	20yr	4.93	3.92	5.56	5.92	5.34	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.11	(0.07)	4.22	4.03	3.85	25yr	5.25	3.93	5.73	6.09	5.40	3.50	4.37	4.4y	4.84		
30yr	4.71	(0.04)	4.90	4.47	4.18	30yr		3.89	5.89	6.27	5.46	4.00	4.34	4.4y			
* Interpolated													4.50	4.42	4.8y	4.93	8.3y
													5.00	4.49	3.6y	5.08	7.3y
													5.50			5.14	4.8y
													6.00			4.77	2.9y
Key Market Indices																	
		1Wk	Historical														

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	4.25	--	4.50	4.50	5.00
Primary Discount	4.25	--	4.50	4.50	5.00
2ndary Discount	4.75	--	5.00	5.00	5.50
Prime Rate	7.25	--	7.50	7.50	8.00
Sec. O.N. Finance	4.20	0.02	4.39	4.37	--
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	3.91	(0.11)	4.15	4.26	4.36
1 Year CMT	3.62	(0.06)	3.82	4.04	3.97
REPO O/N	4.24	0.01	4.38	4.46	4.95
REPO 1Wk	4.15	(0.10)	4.38	4.35	4.91
CoF Federal	3.685	--	3.694	3.666	3.988
11th D. CoF (Aug)	2.956	--	2.965	2.937	3.259

FHLB Fixed Advance Rates				Fed Fund Futures	
Maturity	Chicago	Boston	Topeka	Maturity	Rate
3mo	4.09	4.14	4.13	Oct-25	4.080
6mo	3.96	3.99	4.02	Nov-25	3.855
1yr	3.75	3.75	3.83	Dec-25	3.700
2yr	3.66	3.70	3.75	Jan-26	3.615
3yr	3.68	3.73	3.77	Feb-26	3.515
4yr	3.74	3.80	3.84	Mar-26	3.465
5yr	3.81	3.87	3.90	Apr-26	3.390
7yr	4.10	4.16	4.19	May-26	3.325
10yr	4.40	4.49	4.50	Jun-26	3.270
5yr Am	4.15		3.88	Jul-26	3.185
10yr Am	4.21		4.24	Aug-26	3.115

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# Baker Market Update

## Week in Review

October 3, 2025

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
9/29	Pending Home Sales MoM	Aug	0.4%	4.0%	-0.4%	-0.3%
9/29	Pending Home Sales NSA YoY	Aug	0.0%	0.5%	0.3%	0.5%
9/29	Dallas Fed Manf. Activity	Sep	-1.0	-8.7	-1.8	--
9/30	FHFA House Price Index MoM	Jul	-0.2%	-0.1%	-0.2%	--
9/30	S&P Cotality CS 20-City MoM SA	Jul	-0.2%	-0.1%	-0.3%	-0.2%
9/30	S&P Cotality CS 20-City YoY NSA	Jul	1.6%	1.8%	2.1%	2.2%
9/30	S&P Cotality CS US HPI YoY NSA	Jul	--	1.7%	1.9%	2.0%
9/30	MNI Chicago PMI	Sep	43.3	40.6	41.5	--
9/30	JOLTS Job Openings	Aug	7200k	7227k	7181k	7208k
9/30	JOLTS Job Openings Rate	Aug	4.2%	4.3%	4.3%	--
9/30	JOLTS Quits Level	Aug	3165k	3091k	3208k	3166k
9/30	JOLTS Quits Rate	Aug	--	1.9%	2.0%	--
9/30	JOLTS Layoffs Level	Aug	1827k	1725k	1808k	1787k
9/30	JOLTS Layoffs Rate	Aug	--	1.1%	1.1%	--
9/30	Conf. Board Consumer Confidence	Sep	96.0	94.2	97.4	97.8
9/30	Conf. Board Present Situation	Sep	--	125.4	131.2	132.4
9/30	Conf. Board Expectations	Sep	--	73.4	74.8	74.7
9/30	Dallas Fed Services Activity	Sep	--	-5.6	6.8	--
10/1	MBA Mortgage Applications	9/26	--	-12.7%	0.6%	--
10/1	ADP Employment Change	Sep	51k	-32k	54k	-3k
10/1	S&P Global US Manufacturing PMI	Sep F	52	52	52	--
10/1	Aug. Construction Spending Delayed by	1/0	--	--	--	--
10/1	ISM Manufacturing	Sep	49.0	49.1	48.7	--
10/1	ISM Prices Paid	Sep	62.7	61.9	63.7	--
10/1	ISM New Orders	Sep	50.0	48.9	51.4	--
10/1	ISM Employment	Sep	44.3	45.3	43.8	--
10/2	Challenger Job Cuts YoY	Sep	--	-25.8%	13.3%	--
10/2	Weekly Jobless Claims Delayed by US Sh	1/0	--	--	--	--
10/2	Aug. Factory Orders Delayed by US Shu	1/0	--	--	--	--
10/3	Sept. Employment Report Delayed by U	1/0	--	--	--	--
10/3	S&P Global US Services PMI	Sep F	53.9	54.2	53.9	--
10/3	S&P Global US Composite PMI	Sep F	53.6	53.9	53.6	--
10/3	ISM Services Index	Sep	51.7	50.0	52.0	--
10/3	ISM Services Prices Paid	Sep	68.0	69.4	69.2	--
10/3	ISM Services New Orders	Sep	54.0	50.4	56.0	--
10/3	ISM Services Employment	Sep	46.6	47.2	46.5	--
10/7	Trade Balance	Aug	-\$61.0b	--	-\$78.3b	--
10/7	Exports MoM	Aug	--	--	0.3%	--
10/7	Imports MoM	Aug	--	--	5.9%	--
10/7	Consumer Credit	Aug	\$15.000b	--	\$16.010b	--
10/9	Initial Jobless Claims	10/4	233k	--	--	--
10/9	Initial Claims 4-Wk Moving Avg	10/4	--	--	--	--
10/9	Continuing Claims	9/27	--	--	--	--
10/10	U. of Mich. Sentiment	Oct P	54.5	--	55.1	--
10/10	U. of Mich. Current Conditions	Oct P	--	--	60.4	--
10/10	U. of Mich. Expectations	Oct P	--	--	51.7	--
10/10	U. of Mich. 1 Yr Inflation	Oct P	--	--	4.7%	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	16.3	14.5	12.9	20.2	23.2	25.3
FH/FN 15y	9.8	12.5	11.9	27.8	12.9	17.4
GN 15y	24.3	27.1	18.4	0.0	-2.3	76.3
FH/FN 20y	8.5	9.0	11.1	10.8	18.9	22.3
FH/FN 30y	7.4	6.9	7.6	6.1	7.7	9.3
GN 30y	7.1	4.7	6.6	7.2	7.7	7.5
CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	12.7	13.5	16.4	20.3	21.6	22.9
FH/FN 15y	9.5	10.8	17.6	20.0	--	33.0
GN 15y	8.0	14.8	14.5	13.9	27.3	30.9
FH/FN 20y	8.5	9.6	10.9	14.2	16.8	19.2
FH/FN 30y	6.5	7.4	8.6	10.2	15.1	23.9
GN 30y	6.8	8.8	9.3	10.3	13.2	15.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	147.24	(2.25)	148.69	146.71	146.83
Euro	1.17	0.00	1.16	1.11	1.10
Dollar Index	97.75	(0.40)	98.14	102.07	101.99
Major Stock Indices					
Dow Jones	46,721	473	45,271	40,546	42,012
S&P 500	6,735.1	91.4	6,448.3	5,396.5	5,699.9
NASDAQ	22,854.3	370	21,497.7	16,550.6	17,918.5
Commodities					
Gold	3,881.2	105.0	3,606.1	3,097.0	2,657.1
Crude Oil	60.87	(4.85)	63.97	66.95	73.71
Natural Gas	3.39	0.56	3.06	4.14	2.97
Wheat	515.0	-4.8	504.0	536.0	603.5
Corn	419.8	-2.3	397.8	457.5	428.3

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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Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 10/03/2025 12:09PM

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