# Baker Market Update

*Week In Review*

**October 17, 2025**

The Baker Group

## UPCOMING EVENTS

### Banks

**Webinars:**

Q3 Bank Trends
Nov 12, 2025

**Seminars:**

MN Seminar
Dec 08, 2025

**Dale Sheller**
*Managing Director*
*Director of FSG*

As the government continues into its 17th day of shutdown, we look back at the economic calendar for the week and quickly find that most of economic data scheduled to be released has been delayed. The Kalshi betting markets site is currently calculating a forecast for the shutdown at just below 40 days. Heading into the last two Fed meetings, the "data driven" Fed is flying somewhat blind with the lack of key data releases over the last two weeks, including the lack of a jobs report and inflation data. Last week, NY Fed President John Williams said the lack of government data will not deter the Fed from cutting rates as long as other private data continues showing weakness.

Other news this week shook the financial markets as regional bank stocks were hit hard as fears are mounting around some bad loans. Zions Bank disclosed a $50 million charge-off related to defaulted commercial loans, triggering broader concerns about regional bank asset quality. Additionally, Western Alliance also alleged some loan issues related to borrower fraud. These loan loss related announcements came after earlier this week when JPMorgan CEO Jamie Dimon commented on the bankruptcies of U.S. auto parts supplier First Brand and car dealership Tricolor. Dimon stated "When you see one cockroach, there are probably more, and so everyone should be forewarned of this one." JPMorgan is set to lose approximately $170 million from soured loans to Tricolor. Treasuries markets rallied yesterday alongside this fearful news pushing the 10-Year Treasury slightly below 4%.

On Tuesday, Fed Chairman Jerome Powell prepared remarks for an event hosted by the National Association for Business Economics. He stated, "there is no risk-free path for policy as we navigate the tension between our employment and inflation goals." Additionally, he stated that "based on the data that we do have, it is fair to say that the outlook for employment and inflation does not appear to have changed much since our September meeting four weeks ago."

The market is fully expecting the Fed to cut 25 basis points in just under two weeks and another 25 basis points at their final meeting of the year on December 10th. Fed Funds futures markets are now pricing in just over a 100% chance of a 25-basis point rate cut in each of the final two Fed meetings of the year. Checking in on the markets this morning shows that the 2-Year Treasury yield is currently sitting at 3.47% and the 10-Year Treasury yield has snuck back above 4% at 4.01%.

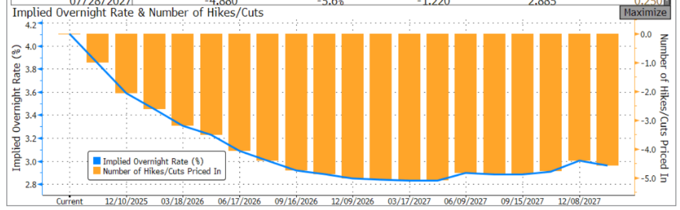
Unless the government shutdown ends soon, next week's economic data calendar will be minimal. The Consumer Price Index is scheduled to be released next Friday; however, this is unlikely due to the shutdown. Have a great weekend everyone!

## World Interest Rate Probability

Region: United States »
Target Rate 4.25
Effective Rate 4.11
Instrument: Fed Funds Futures »
Pricing Date 10/17/2025
Cur. Imp. O/N Rate 4.105

| Meeting | #Hikes/Cuts | %Hike/Cut | Imp. Rate Δ | Implied Rate | A.R.M. |
|---|---|---|---|---|---|
| 10/29/2025 | -1.010 | -101.0% | -0.253 | 3.852 | 0.250 |
| 12/10/2025 | -2.060 | -105.0% | -0.515 | 3.590 | 0.250 |
| 01/28/2026 | -2.630 | -57.0% | -0.658 | 3.448 | 0.250 |
| 03/18/2026 | -3.201 | -57.1% | -0.800 | 3.305 | 0.250 |
| 04/29/2026 | -3.510 | -30.9% | -0.878 | 3.227 | 0.250 |
| 06/17/2026 | -4.077 | -56.7% | -1.019 | 3.086 | 0.250 |
| 07/29/2026 | -4.400 | -32.3% | -1.100 | 3.005 | 0.250 |
| 09/16/2026 | -4.751 | -35.1% | -1.188 | 2.917 | 0.250 |
| 10/28/2026 | -4.880 | -12.9% | -1.220 | 2.885 | 0.250 |
| 12/09/2026 | -5.021 | -14.1% | -1.255 | 2.850 | 0.250 |
| 01/27/2027 | -5.070 | -4.9% | -1.268 | 2.838 | 0.250 |
| 03/17/2027 | -5.081 | -1.1% | -1.270 | 2.835 | 0.250 |
| 04/28/2027 | -5.090 | -0.9% | -1.273 | 2.833 | 0.250 |
| 06/09/2027 | -4.824 | +26.6% | -1.206 | 2.899 | 0.250 |
| 07/28/2027 | -4.880 | -5.6% | -1.220 | 2.885 | 0.250 |

Implied Overnight Rate & Number of Hikes/Cuts




*Source: Bloomberg, L.P.*

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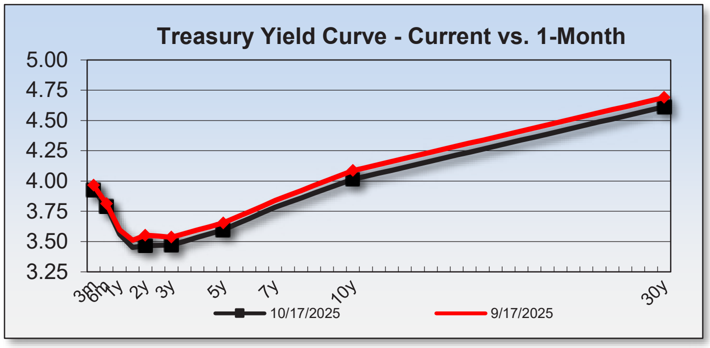


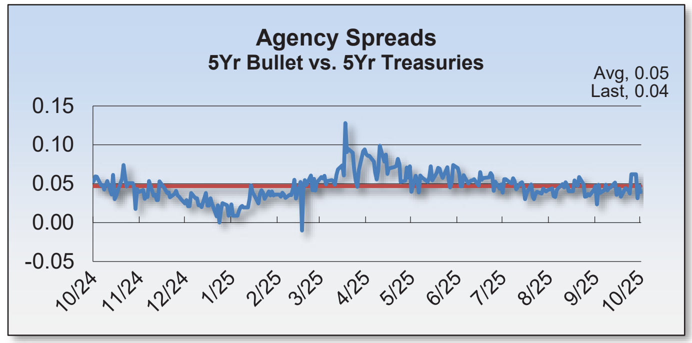


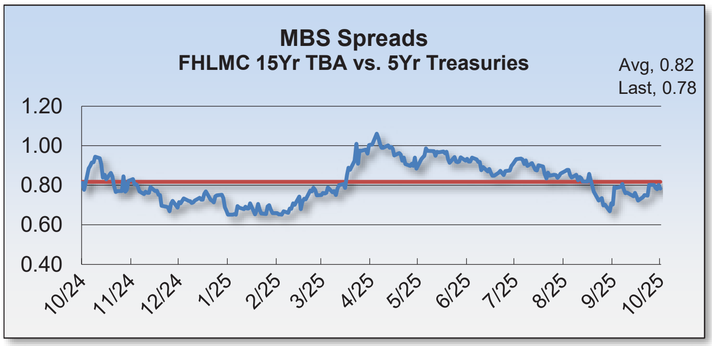


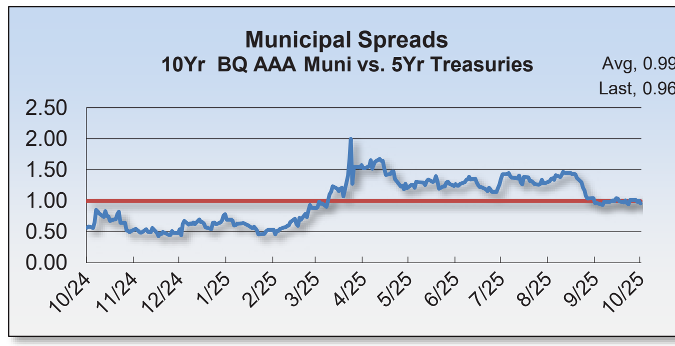


### Treasury Market -- Historical

| Maty | Current | 1Wk Change | Historical 1 Mo | 6 Mo | 1 Yr |
|---|---|---|---|---|---|
| 3mo | 3.93 | (0.02) | 3.97 | 4.32 | 4.64 |
| 6mo | 3.79 | (0.03) | 3.82 | 4.20 | 4.45 |
| 1yr | 3.56 | (0.03) | 3.60 | 3.98 | 4.21 |
| 2yr | 3.47 | (0.04) | 3.55 | 3.80 | 3.97 |
| 3yr | 3.47 | (0.04) | 3.54 | 3.80 | 3.95 |
| 5yr | 3.60 | (0.03) | 3.66 | 3.94 | 3.90 |
| 7yr | 3.78 | (0.03) | 3.84 | 4.12 | 3.99 |
| 10yr | 4.01 | (0.02) | 4.09 | 4.33 | 4.09 |
| 30yr | 4.61 | (0.01) | 4.69 | 4.80 | 4.39 |

* *Interpolated*

### Fixed Rate Market

| Maty /AL | N-Call Agency | US Swap | AAA BQ Muni C-Corp[2] | S-Corp[3] | Tax Muni |
|---|---|---|---|---|---|
| 2yr | 3.50 | 3.17 | 3.29 | 3.50 | 3.51 |
| 3yr | 3.49 | 3.13 | 3.22 | 3.43 | 3.52 |
| 5yr | 3.65 | 3.19 | 3.28 | 3.49 | 3.69 |
| 7yr | 3.87 | 3.31 | 3.51 | 3.74 | 3.99 |
| 10yr | 4.19 | 3.50 | 3.89 | 4.14 | 4.35 |
| 15yr | 4.50 | 3.74 | 4.68 | 4.98 | 4.48 |
| 20yr | 4.81 | 3.84 | 5.42 | 5.77 | 5.24 |
| 25yr | 5.12 | 3.85 | 5.60 | 5.96 | 5.30 |
| 30yr | | 3.83 | 5.78 | 6.15 | 5.36 |

| Mty | Agency Calls - Euro 3Mo | 6mo | 1Yr | 2Yr |
|---|---|---|---|---|
| 2Yr | | | | |
| 3Yr | | | | |
| 5Yr | | | | |
| 7Yr | | | | |
| 10Yr | | | | |

### November TBA MBS

| Cpn | 15Yr -Yld/AL | | 30Yr -Yld/AL | |
|---|---|---|---|---|
| 3.00 | 4.25 | 4.5y | 4.76 | |
| 3.50 | 4.30 | 4.4y | | |
| 4.00 | 4.28 | 4.3y | 4.79 | 8.4y |
| 4.50 | 4.41 | 4.6y | 4.85 | 8.1y |
| 5.00 | | | 5.00 | 7.1y |
| 5.50 | | | 5.01 | 4.0y |

### Key Market Indices

| Index | Current | 1Wk Change | Historical 1 Mo | 6 Mo | 1 Yr |
|---|---|---|---|---|---|
| Fed Funds | **4.25** | -- | 4.25 | 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 | **4.30** | 0.17 | 4.39 | 4.31 | -- |
| 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 | **3.81** | (0.09) | 3.93 | 4.28 | 4.51 |
| 1 Year CMT | **3.54** | (0.12) | 3.62 | 3.96 | 4.17 |
| REPO O/N | **4.22** | -- | 4.44 | 4.38 | 4.91 |
| REPO 1Wk | **4.16** | 0.02 | 4.14 | 4.38 | 4.89 |
| 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

| Maturity | Chicago | Boston | Topeka |
|---|---|---|---|
| 3mo | 4.10 | 4.14 | 4.13 |
| 6mo | 3.96 | 3.98 | 4.01 |
| 1yr | 3.70 | 3.70 | 3.74 |
| 2yr | 3.56 | 3.60 | 3.63 |
| 3yr | 3.57 | 3.61 | 3.64 |
| 4yr | 3.63 | 3.69 | 3.70 |
| 5yr | 3.71 | 3.75 | 3.77 |
| 7yr | 3.99 | 4.06 | 4.06 |
| 10yr | 4.29 | 4.38 | 4.36 |
| 5yr Am | 4.15 | | 3.75 |
| 10yr Am | 4.21 | | 4.10 |

### Fed Fund Futures

| Maturity | Rate |
|---|---|
| Oct-25 | 4.090 |
| Nov-25 | 3.850 |
| Dec-25 | 3.680 |
| Jan-26 | 3.580 |
| Feb-26 | 3.455 |
| Mar-26 | 3.400 |
| Apr-26 | 3.315 |
| May-26 | 3.240 |
| Jun-26 | 3.180 |
| Jul-26 | 3.090 |
| Aug-26 | 3.015 |

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## Weekly Economic Calendar

### This Week & Next

| Date | Release | Per. | Est. | Actual | Prior | Revised |
|---|---|---|---|---|---|---|
| 10/14 | NFIB Small Business Optimism | Sep | 100.6 | 98.8 | 100.8 | -- |
| 10/15 | MBA Mortgage Applications | 10/10 | -- | -1.80% | -4.70% | -- |
| 10/15 | Sept. CPI to be Released Oct. 24 | 1/0 | | | - | |
| 10/15 | Real Earnings Release Delayed by Gover | 1/0 | | | - | |
| 10/15 | Empire Manufacturing | Oct | -1.8 | 10.7 | -8.7 | -- |
| 10/15 | Fed Releases Beige Book | 1/0 | | | - | |
| 10/16 | Retail Trade Report Delayed by Governi | 1/0 | | | - | |
| 10/16 | PPI Report Delayed by Government Shu | 1/0 | | | - | |
| 10/16 | Jobless Claims Report Delayed by Gover | 1/0 | | | - | |
| 10/16 | Philadelphia Fed Business Outlook | Oct | 10.0 | -12.8 | 23.2 | -- |
| 10/16 | New York Fed Services Business Activity | Oct | -- | -23.6 | -19.4 | -- |
| 10/16 | Inventories Report Delayed by Governm | 1/0 | | | - | |
| 10/16 | NAHB Housing Market Index | Oct | 33 | 37 | 32 | -- |
| 10/16 | Federal Budget Balance | Sep | -- | $198.0b | $80.3b | -- |
| 10/17 | List of US Economic Indicators Delayed | 1/0 | | | - | |
| 10/17 | Housing Starts Report Delayed by Gove | 1/0 | | | - | |
| 10/17 | Price Indexes Report Delayed by Goveri | 1/0 | | | - | |
| 10/17 | Industrial Production Report Delayed by | 1/0 | | | - | |
| 10/17 | Net Long-term TIC Flows | Aug | -- | -- | $49.2b | -- |
| 10/17 | Total Net TIC Flows | Aug | -- | -- | $2.1b | -- |
| 10/20 | Leading Index Report Delayed by Gover | 1/0 | | | - | |
| 10/21 | Philadelphia Fed Non-Manufacturing Ac | Oct | -- | -- | -12.3 | -- |
| 10/23 | Chicago Fed National Activity Delayed b | 1/0 | | | - | |
| 10/23 | Initial Jobless Claims | 10/18 | 230k | -- | ~~218k~~ | 219k |
| 10/23 | Initial Claims 4-Wk Moving Avg | 10/18 | -- | -- | ~~237.50k~~ | 237.75k |
| 10/23 | Continuing Claims | 10/11 | -- | -- | -- | -- |
| 10/23 | Existing Home Sales | Sep | 4.06m | -- | 4.00m | -- |
| 10/23 | Existing Home Sales MoM | Sep | 1.5% | -- | -0.2% | -- |
| 10/23 | Kansas City Fed Manf. Activity | Oct | -- | -- | 4 | -- |
| 10/24 | CPI MoM | Sep | 0.4% | -- | 0.4% | -- |
| 10/24 | Core CPI MoM | Sep | 0.3% | -- | 0.3% | -- |
| 10/24 | CPI YoY | Sep | 3.1% | -- | 2.9% | -- |
| 10/24 | Core CPI YoY | Sep | 3.1% | -- | 3.1% | -- |
| 10/24 | CPI Index NSA | Sep | 325.01 | -- | 323.98 | -- |
| 10/24 | Core CPI Index SA | Sep | 330.71 | -- | 329.79 | -- |
| 10/24 | S&P Global US Manufacturing PMI | Oct P | 51.8 | -- | 52.0 | -- |
| 10/24 | S&P Global US Services PMI | Oct P | 53.5 | -- | 54.2 | -- |
| 10/24 | S&P Global US Composite PMI | Oct P | -- | -- | 53.9 | -- |
| 10/24 | New Home Sales | Sep | 710k | -- | 800k | -- |
| 10/24 | New Home Sales MoM | Sep | -11.3% | -- | 20.5% | -- |
| 10/24 | U. of Mich. Sentiment | Oct F | 55 | -- | 55 | -- |
| 10/24 | U. of Mich. Current Conditions | Oct F | -- | -- | 61 | -- |
| 10/24 | U. of Mich. Expectations | Oct F | -- | -- | 51 | -- |
| 10/24 | U. of Mich. 1 Yr Inflation | Oct F | -- | -- | 4.6% | -- |
| 10/24 | U. of Mich. 5-10 Yr Inflation | Oct F | -- | -- | 3.7% | -- |
| 10/24 | Kansas City Fed Services Activity | Oct | | -- | -9 | -- |
| 10/24 | Building Permits | Sep F | -- | -- | -- | -- |

## MBS Prepayments[4]

| | 3-Month CPR | | | | | |
|---|---|---|---|---|---|---|
| Type | 3.0 | 3.5 | 4.0 | 4.5 | 5.0 | 5.5 |
| FN 10y | 15.4 | 17.2 | 14.1 | 14.9 | 22.0 | 26.4 |
| FH/FN 15y | 8.8 | 10.3 | 12.6 | 16.4 | 29.9 | 13.6 |
| GN 15y | 22.2 | 25.0 | 24.1 | 21.2 | 0.0 | -2.3 |
| FH/FN 20y | 7.4 | 8.4 | 8.8 | 11.4 | 12.9 | 20.4 |
| FH/FN 30y | 7.7 | 6.9 | 6.6 | 7.5 | 6.5 | 7.6 |
| GN 30y | 5.8 | 5.6 | 6.3 | 6.6 | 7.1 | 7.6 |

| | CPR Projections | | | | | |
|---|---|---|---|---|---|---|
| Type | 3.0 | 3.5 | 4.0 | 4.5 | 5.0 | 5.5 |
| FN 10y | 11.7 | 12.8 | 13.5 | 16.8 | 20.6 | 21.6 |
| FH/FN 15y | 8.3 | 9.6 | 10.9 | 18.2 | | 27.2 |
| GN 15y | 7.9 | 7.9 | 14.8 | 14.5 | 13.8 | 27.4 |
| FH/FN 20y | 8.0 | 8.6 | 9.9 | 11.0 | 14.4 | 18.3 |
| FH/FN 30y | 6.4 | 6.7 | 7.6 | 8.8 | 10.6 | 17.7 |
| GN 30y | 6.7 | 6.9 | 9.0 | 9.5 | 10.6 | 13.9 |

## Other Markets

| | | 1Wk | Historical | | |
|---|---|---|---|---|---|
| Index | Current | Chng | 1 Mo | 6 Mo | 1 Yr |
| **Currencies** | | | | | |
| Japanese Yen | 150.56 | (0.63) | 146.27 | 142.58 | 149.62 |
| Euro | 1.17 | 0.00 | 1.18 | 1.14 | 1.09 |
| Dollar Index | 98.50 | (0.48) | 96.87 | 99.38 | 103.83 |
| **Major Stock Indices** | | | | | |
| Dow Jones | 46,160 | 680 | 46,018 | 39,142 | 43,239 |
| S&P 500 | 6,635.3 | 82.8 | 6,600.4 | 5,282.7 | 5,841.5 |
| NASDAQ | 22,631.2 | (393) | 22,261.3 | 16,286.5 | 18,373.6 |
| **Commodities** | | | | | |
| Gold | 4,279.6 | 303.7 | 3,688.0 | 3,308.7 | 2,691.0 |
| Crude Oil | 57.36 | (1.54) | 64.05 | 64.68 | 70.67 |
| Natural Gas | 2.95 | (0.15) | 3.10 | 3.25 | 2.35 |
| Wheat | 501.5 | 3.0 | 528.3 | 548.8 | 589.5 |
| Corn | 422.8 | 9.8 | 426.8 | 482.3 | 406.8 |

## 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



*Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 10/17/2025 9:25AM*