Baker Market Update

Week In Review

October 24, 2025

The BakerGroup

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UPCOMING EVENTS

Banks

Webinars:

Q3 Bank Trends
Nov 12, 2025

Seminars:

MN Seminar
Dec 08, 2025

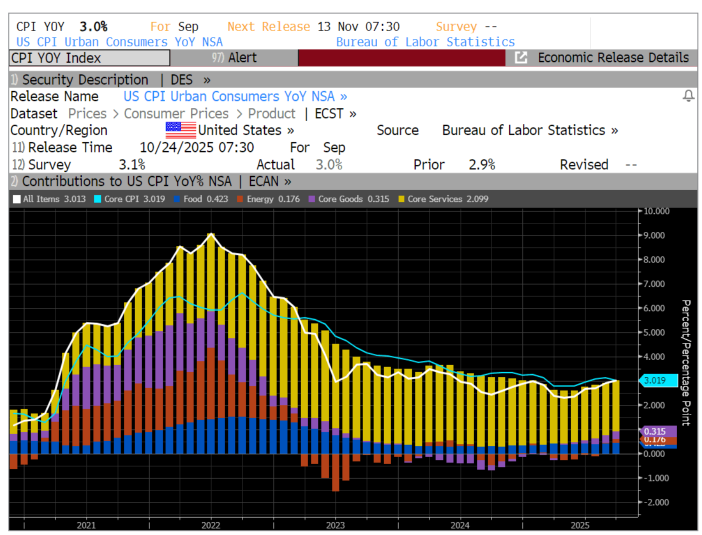
As we close out just over three weeks of the government shutdown, markets continue to steer through muddy waters with limited new data. Fed policymakers are also in a required quiet period ahead of next week's pivotal policy meeting, leaving little new information to digest this week. The one notable exception was the release of this morning's September Consumer Price Index (CPI). Furloughed Bureau of Labor Statistics (BLS) workers were called back in to calculate September CPI in order to determine the 2026 Cost of Living Adjustments (COLA) necessary for Social Security benefits.

This morning's numbers showed that inflation increased slightly less than expected in September, rising 0.3% after climbing 0.4% in August. On an annual basis, CPI increased 3.0% after advancing 2.9% in August. Excluding the volatile food and energy components, Core CPI rose 0.2% month-over-month and 3.0% year-over-year. That marks the slowest monthly increase in the core measure in three months.

This report is welcome news for Fed policymakers who meet next week to decide a near-term rate path, especially for those who have been leery of cutting rates further. The central bank is widely expected to reduce the policy rate by a quarter point next week to a range of 3.75% to 4.00%, marking the lowest level since December 2022. However, the lack of new data may complicate the Fed's path in subsequent meetings.

This morning's softer than expected inflation data has investors betting it will be enough to convince Fed officials they can cut again in December, especially if there is no October CPI report released next month. Data collection for September CPI was completed before the government shutdown, but the BLS has not been able to collect new price data since. This morning, a White House-affiliated X account said, "there will likely NOT be an inflation release next month for the first time in history." That means this could be the last look at inflation data for the Fed's next two meetings.

Future markets are currently assigning a ~97% probability of an October cut and a ~96% chance of a December cut. Next week, markets will undoubtedly be paying close attention to the Fed's rate decision but likely much more so to the tone of the accompanying statement and Chairman Powell's press conference that follows. Investors will be parsing every word for clues about whether this is the start of a sustained cutting cycle or if the committee remains hesitant to make significant changes to its policy stance amid limited data.



Have a great weekend!

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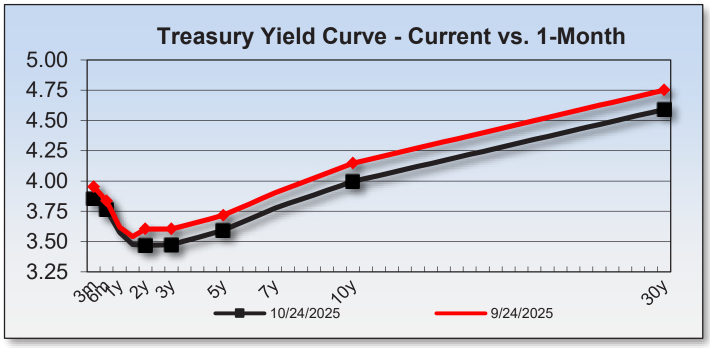

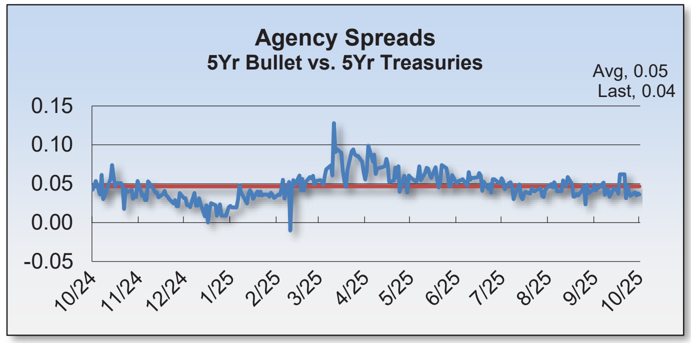

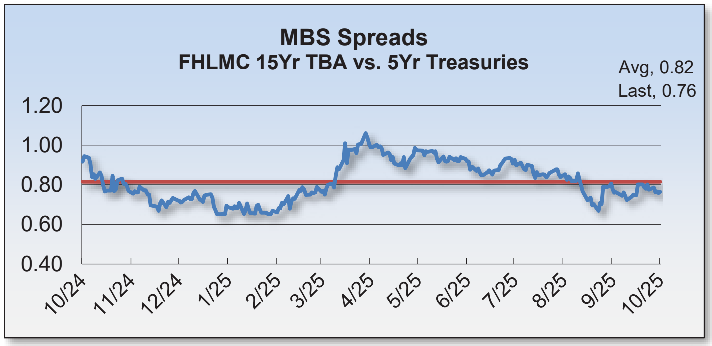

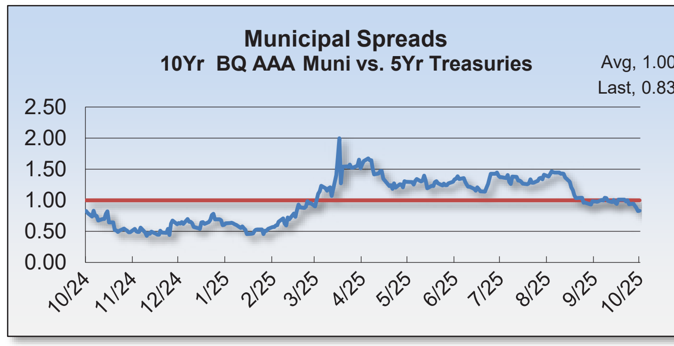

Treasury Market -- Historical

Maty	Current	1Wk Change	Historical 1 Mo	6 Mo	1 Yr
3mo	3.85	(0.07)	3.96	4.31	4.62
6mo	3.76	(0.03)	3.84	4.20	4.50
1yr	3.58	0.02	3.63	3.97	4.26
2yr	3.47	0.01	3.61	3.80	4.08
3yr	3.47	0.01	3.61	3.80	4.07
5yr	3.59	0.00	3.72	3.94	4.03
7yr	3.78	(0.01)	3.90	4.12	4.12
10yr	4.00	(0.01)	4.15	4.32	4.21
30yr	4.59	(0.02)	4.75	4.78	4.47

** Interpolated*

Fixed Rate Market

Maty /AL	N-Call Agency	US Swap	AAA BQ Muni C-Corp[2]	S-Corp[3]	Tax Muni
2yr	3.51	3.26	3.40	3.62	3.56
3yr	3.48	3.23	3.33	3.55	3.58
5yr	3.65	3.29	3.30	3.52	3.74
7yr	3.86	3.40	3.46	3.68	4.03
10yr	4.18	3.56	3.78	4.02	4.36
15yr	4.50	3.79	4.54	4.83	4.49
20yr	4.82	3.88	5.33	5.68	5.22
25yr	5.15	3.89	5.54	5.89	5.28
30yr		3.86	5.74	6.11	5.34

Agency Calls - Euro

Mty	3Mo	6mo	1Yr	2Yr
2Yr				
3Yr				
5Yr				
7Yr				
10Yr				

November TBA MBS

Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
3.50	4.31	4.4y	4.72	
4.00	4.28	4.3y		
4.50	4.38	4.5y	4.88	8.0y
5.00	4.44	3.4y	5.03	6.8y
5.50			4.90	3.4y
6.00			4.26	2.3y

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**	--	4.25	4.50	5.00
2ndary Discount	**4.75**	--	4.75	5.00	5.50
Prime Rate	**7.25**	--	7.25	7.50	8.00
Sec. O.N. Finance	**4.24**	(0.06)	4.12	4.28	--
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	**3.83**	0.02	3.96	4.29	4.52
1 Year CMT	**3.59**	0.05	3.61	4.01	4.27
REPO O/N	**4.21**	--	4.18	4.38	4.88
REPO 1Wk	**4.12**	(0.04)	4.20	4.41	4.90
CoF Federal	**3.650**	--	3.685	3.661	3.942
11th D. CoF (Aug)	**2.956**	--	2.965	2.937	3.259

FHLB Fixed Advance Rates

Maturity	Chicago	Boston	Topeka
3mo	4.02	4.06	4.05
6mo	3.88	3.91	3.91
1yr	3.70	3.72	3.75
2yr	3.57	3.62	3.63
3yr	3.58	3.63	3.64
4yr	3.65	3.70	3.70
5yr	3.71	3.77	3.77
7yr	3.99	4.05	4.04
10yr	4.29	4.38	4.34
5yr Am	4.15		3.75
10yr Am	4.21		4.09

Fed Fund Futures

Maturity	Rate
Oct-25	4.090
Nov-25	3.865
Dec-25	3.700
Jan-26	3.600
Feb-26	3.480
Mar-26	3.430
Apr-26	3.355
May-26	3.295
Jun-26	3.240
Jul-26	3.155
Aug-26	3.090

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Weekly Economic Calendar

This Week & Next

Date	Release	Per.	Est.	Actual	Prior	Revised
10/20	Leading Index Report Delayed by Gover	1/0			-	
10/21	Philadelphia Fed Non-Manufacturing Ac	Oct	--	-22.2	-12.3	--
10/22	MBA Mortgage Applications	10/17	--	-0.3%	-1.8%	--
10/23	List of US Economic Indicators Delayed	1/0			-	
10/23	Chicago Fed National Activity Delayed b	1/0			-	
10/23	Jobless Claims Report Delayed by Gover	1/0			-	
10/23	Existing Home Sales	Sep	4.06m	4.06m	4.00m	--
10/23	Existing Home Sales MoM	Sep	1.5%	1.5%	-0.2%	--
10/24	CPI MoM	Sep	0.4%	0.3%	0.4%	--
10/24	Core CPI MoM	Sep	0.3%	0.2%	0.3%	--
10/24	CPI YoY	Sep	3.1%	3.0%	2.9%	--
10/24	Core CPI YoY	Sep	3.1%	3.0%	3.1%	--
10/24	CPI Index NSA	Sep	325.03	324.80	323.98	--
10/24	Core CPI Index SA	Sep	330.74	330.54	329.79	--
10/24	S&P Global US Manufacturing PMI	Oct P	52.00	52.20	52.00	--
10/24	S&P Global US Services PMI	Oct P	53.50	55.20	54.20	--
10/24	S&P Global US Composite PMI	Oct P	53.50	54.80	53.90	--
10/24	New Home Sales Report Delayed by Go	1/0			-	
10/24	U. of Mich. Sentiment	Oct F	54.5	53.6	55.0	--
10/24	U. of Mich. Current Conditions	Oct F	60.8	58.6	61.0	--
10/24	U. of Mich. Expectations	Oct F	50.9	50.3	51.2	--
10/24	U. of Mich. 1 Yr Inflation	Oct F	4.6%	4.6%	4.6%	--
10/24	U. of Mich. 5-10 Yr Inflation	Oct F	3.7%	3.9%	3.7%	--
10/25	Building Permits Report Delayed by Gov	1/0			-	
10/27	Durables Ex Transportation	Sep P	0.2%	--	--	--
10/27	Cap Goods Ship Nondef Ex Air	Sep P	--	--	--	--
10/28	S&P Cotality CS 20-City MoM SA	Aug	--	--	-0.07%	--
10/28	S&P Cotality CS 20-City YoY NSA	Aug	--	--	1.82%	--
10/28	S&P Cotality CS US HPI YoY NSA	Aug	--	--	1.68%	--
10/28	Conf. Board Consumer Confidence	Oct	93.8	--	94.2	--
10/28	Conf. Board Present Situation	Oct	--	--	125.4	--
10/28	Conf. Board Expectations	Oct	--	--	73.4	--
10/29	Pending Home Sales MoM	Sep	--	--	4.0%	--
10/29	Pending Home Sales NSA YoY	Sep	--	--	0.5%	--
10/29	FOMC Rate Decision (Upper Bound)	10/29	4.00%	--	4.25%	--
10/29	FOMC Rate Decision (Lower Bound)	10/29	3.75%	--	2.90%	--
10/29	Fed Interest on Reserve Balances Rate	10/30	--	--	4.15%	--
10/30	Initial Jobless Claims	10/25	--	--	--	--
10/30	GDP Annualized QoQ	3Q A	3.0%	--	3.8%	--
10/30	Personal Consumption	3Q A	--	--	2.5%	--
10/30	Continuing Claims	10/18	--	--	--	--
10/30	GDP Price Index	3Q A	--	--	2.1%	--
10/30	Core PCE Price Index QoQ	3Q A	--	--	2.6%	--
10/31	Personal Income	Sep	0.4%	--	0.4%	--
10/31	Real Personal Spending	Sep	--	--	0.4%	--
10/31	PCE Price Index YoY	Sep		--	2.7%	--
10/31	Core PCE Price Index YoY	Sep	--	--	2.9%	--

MBS Prepayments[4]

3-Month CPR

Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	17.2	14.1	14.9	22.0	26.4	24.3
FH/FN 15y	10.3	12.6	16.4	29.9	13.6	18.2
GN 15y	25.0	24.1	21.2	0.0	-2.3	76.3
FH/FN 20y	8.4	8.8	11.4	12.9	20.4	23.7
FH/FN 30y	6.9	6.6	7.5	6.5	7.6	10.4
GN 30y	5.6	6.3	6.6	7.1	7.6	7.6

CPR Projections

Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	12.9	13.6	17.0	21.3	22.1	23.3
FH/FN 15y	9.7	11.0	18.5	21.1		33.9
GN 15y	8.0	14.8	14.5	13.8	27.7	31.0
FH/FN 20y	8.8	10.1	11.2	14.5	19.1	20.2
FH/FN 30y	6.7	7.7	9.0	11.1	20.5	29.9
GN 30y	6.9	9.1	10.3	10.7	14.2	17.4

Other Markets

Index	Current	1Wk Chng	Historical 1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	152.88	2.27	148.40	142.49	151.86
Euro	1.16	(0.00)	1.18	1.14	1.08
Dollar Index	98.95	0.52	97.87	99.38	104.06
Major Stock Indices					
Dow Jones	47,151	961	46,121	40,093	42,374
S&P 500	6,789.6	125.6	6,638.0	5,484.8	5,809.9
NASDAQ	23,214.6	535	22,497.9	17,166.0	18,415.5
Commodities					
Gold	4,074.9	(115.0)	3,735.0	3,332.0	2,734.9
Crude Oil	62.10	4.56	64.99	62.79	70.19
Natural Gas	3.25	0.24	2.86	2.93	2.52
Wheat	511.5	7.8	519.5	529.3	581.5
Corn	424.8	2.3	424.3	477.3	421.5

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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