

Baker Market Update

Week In Review

December 26, 2025



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Merry Christmas to all those who celebrated this week! During the week of Christmas, financial markets typically move with the same energy of a post-gift-run Santa, lethargic at best. Despite the holiday lull, this week's economic calendar had a few releases worth noting.

UPCOMING EVENTS

► Banks

Webinars:

[Investment Strategies](#)

Jan 14, 2026

► Credit Unions

Webinars:

[CU Strategies](#)

Jan 8, 2026

► Save the Date

Seminars:

[OK Seminar](#)

Oct 14-16, 2026

Schools:

[ALM School](#)

Apr 22-23, 2026

[Bond School](#)

Nov 4-5, 2026

On Tuesday, December the 23rd, third quarter Real GDP (GDP net of inflation) estimates were released by the Bureau of Economic Analysis (BEA). The Q3 Real GDP print of 4.3% came in rather hot and was 1.0% higher than the survey estimates of a 3.3% increase. The increase in Real GDP was driven by increases in consumer spending, net exports, and government spending. Within the consumer spending category, both the goods portion and the services portion registered increases, with healthcare serving as the leading contributor to services growth and recreational goods along with vehicles serving as the leading contributors to goods growth.

One of the components that drove GDP growth in Q3, according to the Bureau of Economic Analysis, was vehicle spending, but this category may not see the same continuation in Q4 given the weakness indicated in the U.S. Census Bureau's October Durable Goods Orders report, also released earlier this Tuesday. Actual Durable Goods Orders of -2.2% missed the -1.5% survey estimate by 0.7 percentage points. While this durable goods data falls outside the Q3 reference period, it suggests that vehicle spending may contribute less to GDP growth in future quarters than it did in Q3.

On the day before Christmas, the U.S. Treasury held an auction for the 7-year Treasury note that could signal tailwinds ahead for both notes and bonds heading into 2026. The Treasury auctioned \$44 billion worth of seven-year notes, which attracted below average demand (bid-to-cover ratio of 2.51) and a high yield of 3.93%. Although the most recent 7-year auction paled in comparison to previous sales, the focus now shifts to the lack of coupon supply on the horizon. With no Treasury auctions scheduled until the second week of January, this supply vacuum could allow benchmark yields, particularly the 10-year note, to drift toward the lower end of its recently established 4.1%-4.2% range.

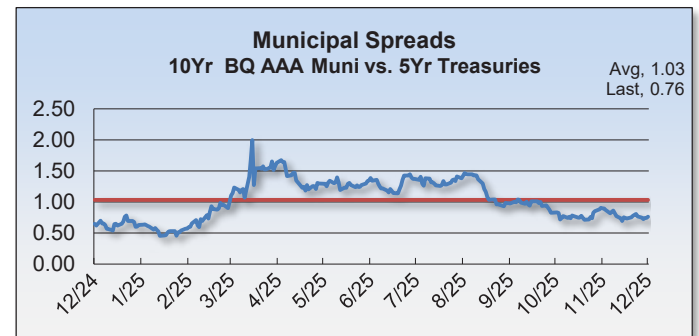
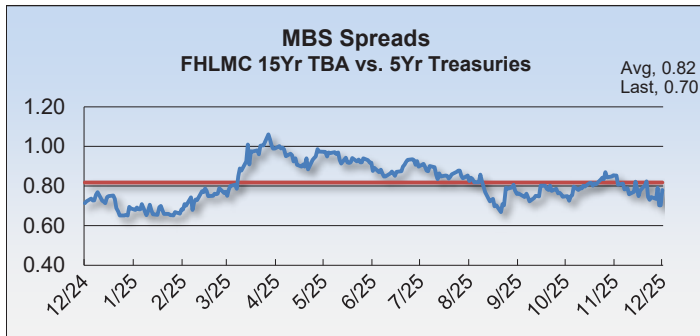
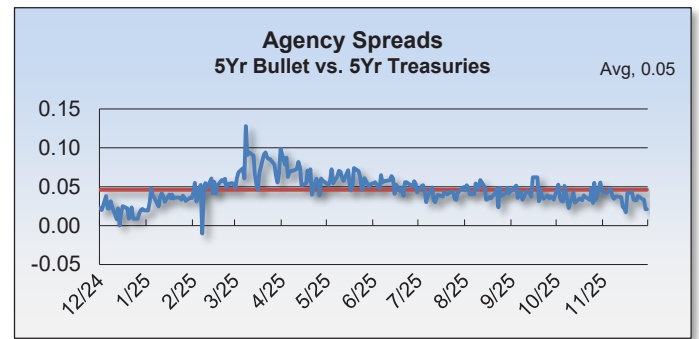
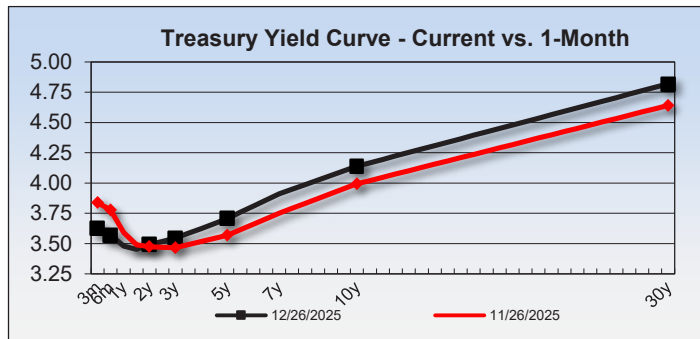
Have a great weekend everyone!

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The BakerGroup



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	3.63	0.02	3.84	4.32	4.33	2yr	3.48	3.34	3.37	3.59	3.58	2Yr					
6mo	3.57	(0.03)	3.78	4.24	4.32	3yr	3.54	3.35	3.37	3.59	3.63	3Yr					
1yr	3.48	(0.03)	3.60	3.96	4.23	5yr	3.70	3.45	3.40	3.62	3.83	5Yr					
2yr	3.49	0.01	3.48	3.72	4.33	7yr	3.90	3.59	3.58	3.81	4.13	7Yr					
3yr	3.54	0.02	3.47	3.69	4.36	10yr	4.13	3.78	3.86	4.11	4.48	10Yr					
5yr	3.71	0.01	3.57	3.80	4.43	15yr	4.67	4.02	4.63	4.93	4.61						January TBA MBS
7yr	3.91	0.00	3.75	3.99	4.51	20yr	4.99	4.14	5.50	5.86	5.42	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.14	(0.01)	4.00	4.24	4.58	25yr	5.30	4.16	5.72	6.09	5.48	3.00	4.36	4.2y	4.84		
30yr	4.82	(0.01)	4.64	4.80	4.77	30yr		4.13	5.94	6.32	5.54	3.50	4.35	4.2y			
* Interpolated													4.00	4.32	4.0y	4.87	9.0y
													4.50	4.41	4.3y	4.89	8.4y
													5.00			4.99	6.1y
													5.50			4.86	3.7y
Key Market Indices																	
		1Wk	Historical														

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	3.75	--	4.00	4.50	4.50
Primary Discount	3.75	--	4.00	4.50	4.50
2ndary Discount	4.25	--	4.50	5.00	5.00
Prime Rate	6.75	--	7.00	7.50	7.50
Sec. O.N. Finance	3.66	(0.03)	3.96	4.30	--
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	3.76	0.09	3.83	4.24	4.46
1 Year CMT	3.50	(0.01)	3.61	3.99	4.24
REPO O/N	3.72	--	4.10	4.32	4.58
REPO 1Wk	3.80	0.13	3.96	4.38	4.39
CoF Federal	3.558	--	3.600	3.662	3.767
11th D. CoF (Oct)	2.871	--	2.921	2.934	3.105

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	3.80	--	3.84
6mo	3.74	--	3.74
1yr	3.62	--	3.72
2yr	3.58	--	3.65
3yr	3.63	--	3.69
4yr	3.72	--	3.78
5yr	3.80	--	3.86
7yr	4.07	--	4.14
10yr	4.38	--	4.45
5yr Am	3.74		3.81
10yr Am	4.13		4.18

Fed Fund Futures	
Maturity	Rate
Dec-25	3.720
Jan-26	3.635
Feb-26	3.600
Mar-26	3.560
Apr-26	3.490
May-26	3.435
Jun-26	3.375
Jul-26	3.290
Aug-26	3.220
Sep-26	3.180
Oct-26	3.130

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
12/22	Chicago Fed Nat Activity Index	Sep	-0.2	-0.2	-0.1	-0.3
12/23	ADP Weekly Employment Change	12/5	--	11.500k	16.250k	17.500k
12/23	GDP Annualized QoQ	3Q S	3.3%	4.3%	3.8%	--
12/23	Personal Consumption	3Q S	2.7%	3.5%	2.5%	--
12/23	GDP Price Index	3Q S	2.7%	3.8%	2.1%	--
12/23	Core PCE Price Index QoQ	3Q S	2.9%	2.9%	2.6%	--
12/23	Philadelphia Fed Non-Manufacturing Ac	Dec	-15.0	-16.8	-16.3	--
12/23	Durable Goods Orders	Oct P	-1.5%	-2.2%	0.5%	0.7%
12/23	Durables Ex Transportation	Oct P	0.3%	0.2%	0.6%	0.7%
12/23	Cap Goods Orders Nondef Ex Air	Oct P	0.3%	0.5%	0.9%	1.1%
12/23	Cap Goods Ship Nondef Ex Air	Oct P	0.3%	0.7%	0.9%	1.2%
12/23	Fed to Release Oct. and Nov. Industrial	Oct/Nov				
12/23	Capacity Utilization	Oct	75.9%	75.9%	75.9%	76.0%
12/23	Industrial Production MoM	Oct	-0.1%	-0.1%	0.1%	--
12/23	Manufacturing (SIC) Production	Oct	-0.1%	-0.4%	0.0%	--
12/23	Industrial Production MoM	Nov	0.1%	0.2%	-0.1%	--
12/23	Manufacturing (SIC) Production	Nov	0.1%	0.0%	-0.4%	--
12/23	Capacity Utilization	Nov	75.9%	76.0%	75.9%	--
12/23	Richmond Fed Manuf. Index	Dec	-10.0	-7.0	-15.0	--
12/23	Richmond Fed Business Conditions	Dec	-9.0	-11.0	-15.0	--
12/23	Conf. Board Consumer Confidence	Dec	91.0	89.1	88.7	92.9
12/23	Conf. Board Present Situation	Dec	--	116.8	126.9	126.3
12/23	Conf. Board Expectations	Dec	--	70.7	63.2	70.7
12/24	MBA Mortgage Applications	12/19	--	-5.0%	-3.8%	--
12/24	Initial Jobless Claims	12/20	224k	214k	224k	--
12/24	Initial Claims 4-Wk Moving Avg	12/20	--	216.75k	217.50k	--
12/24	Continuing Claims	12/13	1900k	1923k	1897k	1885k
12/29	Pending Home Sales MoM	Nov	0.8%	--	1.9%	--
12/29	Pending Home Sales NSA YoY	Nov	0.4%	--	-0.4%	--
12/29	Dallas Fed Manf. Activity	Dec	-5.0	--	-10.4	--
12/30	ADP Weekly Employment Change	12/13	--	--	11.500k	--
12/30	FHFA House Price Index MoM	Oct	0.1%	--	0.0%	--
12/30	S&P Cotality CS 20-City MoM SA	Oct	0.1%	--	0.1%	--
12/30	S&P Cotality CS 20-City YoY NSA	Oct	1.1%	--	1.4%	--
12/30	S&P Cotality CS US HPI YoY NSA	Oct	--	--	1.3%	--
12/30	MNI Chicago PMI	Dec	39.5	--	36.3	--
12/30	Dallas Fed Services Activity	Dec	--	--	-2.3	--
12/30	FOMC Meeting Minutes	12/10	--	--	--	--
12/31	Initial Jobless Claims	12/27	--	--	214k	--
12/31	Initial Claims 4-Wk Moving Avg	12/27	--	--	216.75k	--
12/31	Continuing Claims	12/20	--	--	1923k	--
1/2	S&P Global US Manufacturing PMI	Dec F	51.8	--	51.8	--
1/02/20	Personal Income	Oct	--	--	0.4%	--
1/02/20	Personal Spending	Oct	--	--	0.3%	--
1/02/20	Real Personal Spending	Oct	--	--	0.0%	--
1/02/20	PCE Price Index YoY	Oct	--	--	2.8%	--
1/02/20	Core PCE Price Index YoY	Oct	--	--	2.8%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	15.1	15.3	12.1	18.6	23.7	24.9
FH/FN 15y	8.6	9.5	12.3	17.8	15.9	15.0
GN 15y	22.4	27.1	21.5	19.3	0.0	-2.3
FH/FN 20y	7.0	7.9	8.7	10.9	14.5	25.0
FH/FN 30y	5.8	5.7	4.3	6.1	5.2	9.8
GN 30y	3.3	6.2	6.4	6.3	6.9	7.2
CPR Projections						
Type	3.0	3.5	4.0	4.5	5.0	5.5
FN 10y	11.7	12.7	13.5	16.9	20.4	21.4
FH/FN 15y	9.5	10.1	12.0	19.8		27.8
GN 15y	7.9	8.0	14.7	14.0	13.8	27.7
FH/FN 20y	8.3	8.7	10.1	11.8	16.1	19.6
FH/FN 30y	6.5	6.8	8.0	9.0	12.3	18.9
GN 30y	6.8	7.0	7.9	8.4	9.3	10.0

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	156.48	(1.27)	156.48	144.21	157.44
Euro	1.18	0.01	1.16	1.17	1.04
Dollar Index	98.00	(0.43)	99.60	97.15	108.13
Major Stock Indices					
Dow Jones	48,702	750	47,427	43,387	43,326
S&P 500	6,933.3	158.5	6,812.6	6,141.0	6,037.6
NASDAQ	23,633.4	627	23,214.7	20,167.9	20,020.4
Commodities					
Gold	4,556.3	216.8	4,165.2	3,333.5	2,638.8
Crude Oil	57.42	1.27	58.65	65.24	69.62
Natural Gas	4.33	0.43	4.56	3.26	3.72
Wheat	519.0	11.3	529.0	521.0	541.0
Corn	450.8	6.3	431.8	409.5	453.8

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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