

Baker Market Update

Week In Review

January 16, 2026

The BakerGroup



Andrea Pringle
Senior Vice President

Another whirlwind week comes to a close on a bit calmer footing. Several key releases on inflation and consumer spending came out this week which reinforced the idea that the economy is slowly cooling but is not showing signs of a meaningful decline.

UPCOMING EVENTS

Banks

Webinars:

4Q 2025 Bank Trends

Feb 11, 2026

Banks and CUs

Schools:

ALM School

Apr 23-24, 2026

Save the Date

Seminars:

OK Seminar

Oct 14-16, 2026

Bond School

Nov 5-6, 2026

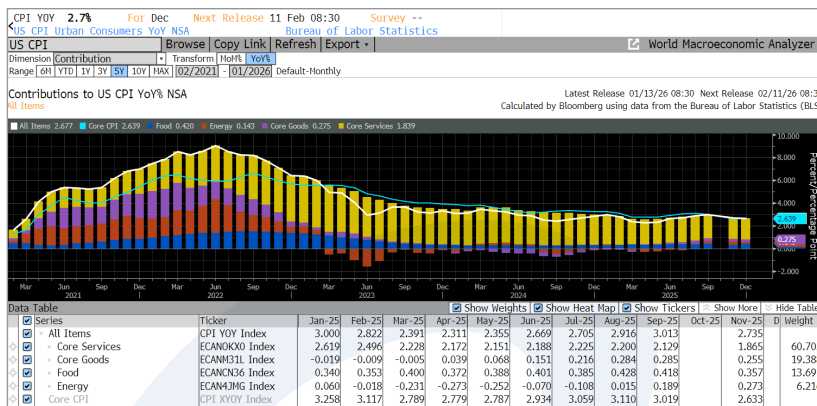
Tuesday's reading of the Consumer Price Index (CPI) for December showed inflation trending in the right direction, even if progress remains uneven. CPI rose 0.3% from November and 2.7% from a year ago, in line with expectations. Core CPI came in below expectations, rising 0.2% from November (vs. 0.3% survey) and 2.6% YoY (vs. 2.7%). The data also showed that inflation appears to be becoming less broad-based across categories, which suggests the worst of the inflation surge is likely behind us. However, it also showcases just how tenuous the final leg of disinflation is likely to be, particularly with shelter and certain services still proving stubborn.

Wednesday's Producer Price Index (PPI), which measures inflation from the producer side rather than the consumer side, was also somewhat constructive, though not at the headline level. Headline PPI edged up 0.2% in November as expected and rose to 3.0% YoY, well above expectations of +2.7%. However, like the CPI print, the core index, which eliminates the most volatile food and energy elements, was tame. Core PPI came in flat MoM, well under expectations of +0.2% MoM. Although the YoY measure ended up rising to 3.0% (vs. 2.7%), there was one important trend in the underlying data. Arguably the most important leading indicator in the PPI report, core intermediate goods, rose by less than 0.1% and has come in below 0.2% for three straight months.

Retail sales also came out on Wednesday and told a complementary story about growth. Although retail sales came in above expectations at 0.6% MoM in November (vs. 0.5% estimate), October spending was revised down to -0.1% MoM. The underlying data showed that consumers are still spending, but the pattern is becoming increasingly selective. Weakness was concentrated in spending at department stores, food stores, and on appliances and electronics which indicates households may be becoming more cautious, more value-conscious, and more sensitive to price levels than they were earlier in the cycle.

Next week is shortened with the MLK holiday on Monday, but the docket is full after that. Most notably, the third and final reading of Q3 2025 GDP is due out on Tuesday along with the Fed's preferred measure of inflation, Personal Consumption Expenditures (PCE), for the month of November.

Enjoy the long weekend everyone!



Source: Bloomberg, L.P.

The BakerGroup

www.GoBaker.com | 800.937.2257

Oklahoma City, OK | Austin, TX | Long Island, NY | Salt Lake City, UT | Springfield, IL

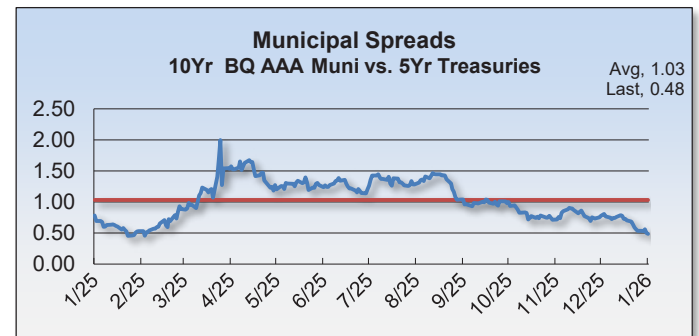
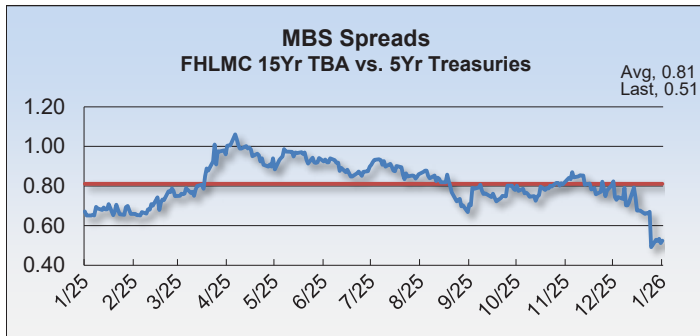
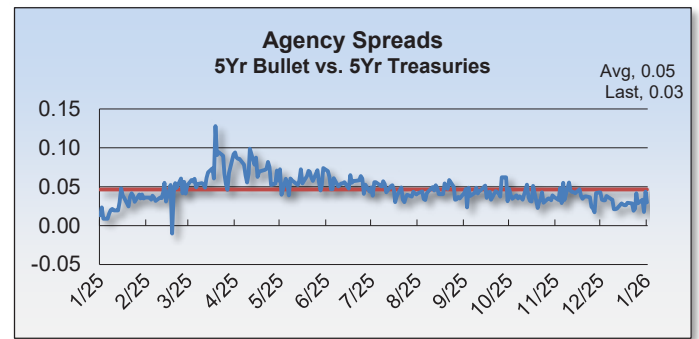
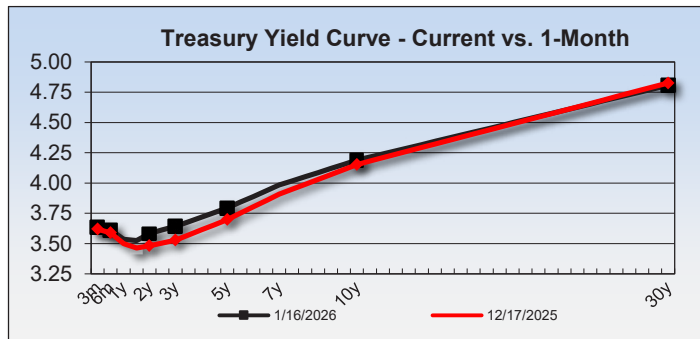
Member: FINRA and SIPC

Baker Market Update

Week In Review

January 16, 2026

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	3.64	0.04	3.62	4.34	4.30	2yr	3.63	3.40	3.11	3.31	3.63	2Yr							
6mo	3.61	0.02	3.60	4.27	4.30	3yr	3.65	3.42	3.07	3.26	3.66	3Yr							
1yr	3.53	0.03	3.51	4.08	4.17	5yr	3.83	3.52	3.18	3.38	3.84	5Yr							
2yr	3.58	0.05	3.49	3.89	4.23	7yr	4.06	3.65	3.39	3.61	4.14	7Yr							
3yr	3.64	0.05	3.53	3.87	4.29	10yr	4.37	3.83	3.71	3.95	4.47	10Yr							
5yr	3.79	0.04	3.70	3.99	4.40	15yr	4.68	4.07	4.59	4.89	4.66								
7yr	3.98	0.04	3.90	4.21	4.51	20yr	4.99	4.18	5.50	5.86	5.36								
10yr	4.19	0.02	4.15	4.46	4.61	25yr	5.31	4.20	5.70	6.06	5.43		February TBA MBS						
30yr	4.81	(0.01)	4.81	5.01	4.86	30yr		4.18	5.89	6.27	5.49		Cpn	15Yr -Yld/AL	30Yr -Yld/AL				
* Interpolated													3.50	4.36	4.1y	4.74			
													4.00	4.23	4.0y				
													4.50	4.33	3.9y	4.80			8.1y
													5.00	4.35	3.1y	4.91			5.5y
													5.50			4.70			3.0y
Key Market Indices													6.00			4.35	2.3y		
															1Wk	Historical			

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	3.75	--	3.75	4.50	4.50
Primary Discount	3.75	--	3.75	4.50	4.50
2ndary Discount	4.25	--	4.25	5.00	5.00
Prime Rate	6.75	--	6.75	7.50	7.50
Sec. O.N. Finance	3.66	0.02	3.75	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	3.72	0.04	3.72	4.35	4.37
1 Year CMT	3.54	0.06	3.52	4.12	4.19
REPO O/N	3.70	--	3.97	4.32	4.33
REPO 1Wk	3.64	(0.02)	3.67	4.40	4.33
CoF Federal	3.558	--	3.600	3.662	3.767
11th D. CoF (Nov)	2.829	--	2.871	2.933	3.038

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	3.78	--	3.84
6mo	3.75	--	3.76
1yr	3.68	--	3.73
2yr	3.67	--	3.74
3yr	3.72	--	3.80
4yr	3.81	--	3.87
5yr	3.89	--	3.96
7yr	4.16	--	4.23
10yr	4.44	--	4.51
5yr Am	3.83		3.91
10yr Am	4.21		4.26

Fed Fund Futures	
Maturity	Rate
Jan-26	3.638
Feb-26	3.630
Mar-26	3.610
Apr-26	3.590
May-26	3.545
Jun-26	3.500
Jul-26	3.430
Aug-26	3.365
Sep-26	3.320
Oct-26	3.260
Nov-26	3.215

The BakerGroup

www.GoBaker.com | 800.937.2257

Oklahoma City, OK | Austin, TX | Long Island, NY | Salt Lake City, UT | Springfield, IL

Member: FINRA and SIPC

Baker Market Update

Week In Review

January 16, 2026



Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
1/13	NFIB Small Business Optimism	Dec	99.2	99.5	99.0	--
1/13	ADP Weekly Employment Change	12/19	--	11.750k	11.000k	--
1/13	CPI MoM	Dec	0.3%	0.3%	--	--
1/13	Core CPI MoM	Dec	0.3%	0.2%	--	--
1/13	CPI YoY	Dec	2.7%	2.7%	2.7%	--
1/13	Core CPI YoY	Dec	2.7%	2.6%	2.6%	--
1/13	CPI Index NSA	Dec	324.17	324.05	324.12	--
1/13	Core CPI Index SA	Dec	332.07	331.86	331.07	--
1/13	Real Avg Hourly Earning YoY	Dec	--	1.1%	0.8%	0.9%
1/13	Real Avg Weekly Earnings YoY	Dec	--	1.1%	0.8%	0.9%
1/13	Federal Budget Balance	Dec	-\$155.0b	-\$144.7b	-\$86.7b	--
1/14	MBA Mortgage Applications	1/9	--	28.5%	0.3%	--
1/14	Current Account Balance	3Q	-\$238.0b	-\$226.4b	-\$251.3b	-\$249.2b
1/14	PPI Final Demand MoM	Nov	0.2%	0.2%	0.1%	--
1/14	PPI Ex Food and Energy MoM	Nov	0.2%	0.0%	0.3%	--
1/14	PPI Ex Food, Energy, Trade MoM	Nov	0.2%	0.2%	0.7%	--
1/14	PPI Final Demand YoY	Nov	2.7%	3.0%	2.8%	--
1/14	PPI Ex Food and Energy YoY	Nov	2.7%	3.0%	2.9%	--
1/14	PPI Ex Food, Energy, Trade YoY	Nov	2.9%	3.5%	3.4%	--
1/14	Existing Home Sales	Dec	4.22m	4.35m	4.13m	4.14m
1/14	Existing Home Sales MoM	Dec	2.2%	5.1%	0.5%	0.7%
1/15	Empire Manufacturing	Jan	1.0	7.7	-3.9	-3.7
1/15	Philadelphia Fed Business Outlook	Jan	-1.4	12.6	-10.2	-8.8
1/15	Initial Jobless Claims	1/10	215k	198k	208k	207k
1/15	Initial Claims 4-Wk Moving Avg	1/10	--	205.00k	211.75k	211.50k
1/15	Continuing Claims	1/3	1897k	1884k	1914k	1903k
1/16	New York Fed Services Business Activity	Jan	--	-16.1	-20.0	--
1/16	Industrial Production MoM	Dec	0.1%	0.4%	0.2%	0.4%
1/16	Manufacturing (SIC) Production	Dec	-0.1%	0.2%	0.0%	0.3%
1/16	Capacity Utilization	Dec	76.0%	76.3%	76.0%	76.1%
1/16	NAHB Housing Market Index	Jan	40	37	39	--
1/20	Philadelphia Fed Non-Manufacturing Activity	Jan	--	--	-16.8	-21.6
1/21	Pending Home Sales MoM	Dec	--	--	3.3%	--
1/21	Pending Home Sales NSA YoY	Dec	--	--	-0.3%	--
1/22	GDP Annualized QoQ	3Q T	4.3%	--	4.3%	--
1/22	Personal Consumption	3Q T	--	--	3.5%	--
1/22	GDP Price Index	3Q T	--	--	3.8%	--
1/22	Core PCE Price Index QoQ	3Q T	--	--	2.9%	--
1/22	Kansas City Fed Manf. Activity	Jan	--	--	1	--
1/23	S&P Global US Manufacturing PMI	Jan P	52.0	--	51.8	--
1/23	S&P Global US Services PMI	Jan P	52.8	--	52.5	--
1/23	S&P Global US Composite PMI	Jan P	--	--	52.7	--
1/23	U. of Mich. Sentiment	Jan F	54.0	--	54.0	--
1/23	U. of Mich. Current Conditions	Jan F	--	--	52.4	--
1/23	U. of Mich. Expectations	Jan F	--	--	55.0	--
1/23	U. of Mich. 1 Yr Inflation	Jan F	--	--	4.2%	--
1/23	U. of Mich. 5-10 Yr Inflation	Jan F	--	--	3.4%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	13.9	12.6	18.5	24.7	22.5	26.6
FH/FN 15y	9.8	12.7	12.5	14.7	14.7	22.6
GN 15y	24.8	26.1	21.2	0.1	-2.3	76.3
FH/FN 20y	8.0	9.0	10.3	14.7	24.1	26.1
FH/FN 30y	6.0	5.4	5.7	5.4	10.8	16.0
GN 30y	5.9	5.2	6.2	7.0	7.2	7.4
CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	12.9	14.1	18.0	21.6	22.6	23.2
FH/FN 15y	10.5	12.2	21.6	25.3		37.0
GN 15y	8.2	14.8	14.1	13.9	28.5	31.0
FH/FN 20y	9.1	10.5	12.3	17.6	21.0	20.5
FH/FN 30y	7.0	8.2	9.4	13.7	23.0	28.4
GN 30y	7.1	8.2	8.8	9.8	11.0	16.6

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	157.89	--	154.87	148.72	155.67
Euro	1.16	(0.00)	1.18	1.16	1.03
Dollar Index	99.20	0.07	98.15	98.39	108.96
Major Stock Indices					
Dow Jones	49,383	(121)	48,114	44,255	43,153
S&P 500	6,947.9	(18.4)	6,800.3	6,263.7	5,937.3
NASDAQ	23,573.2	(98)	23,111.5	20,730.5	19,338.3
Commodities					
Gold	4,615.7	114.8	4,304.5	3,359.1	2,750.9
Crude Oil	59.50	0.38	55.27	66.38	78.68
Natural Gas	3.12	(0.05)	3.89	3.55	4.20
Wheat	518.3	1.0	509.5	541.3	537.5
Corn	423.8	-22.0	436.5	405.3	474.5

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

INTENDED FOR INSTITUTIONAL INVESTORS ONLY. The data provided in these reports is for informational purposes only and is intended solely for your private use. Information herein is believed to be reliable but The Baker Group LP does not guarantee its completeness or accuracy. Opinions constitute our judgment and are subject to change without notice. Past performance is not indicative of future results. The investments and strategies discussed here may not be suitable for all investors; if you have

Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 01/16/2026 9:24AM



www.GoBaker.com | 800.937.2257
Oklahoma City, OK | Austin, TX | Long Island, NY | Salt Lake City, UT | Springfield, IL

Member: FINRA and SIPC