

Baker Market Update

Week In Review

January 23, 2026



Andrea Pringle

Senior Vice President

Economic news this week was dominated by a flurry of high-impact headlines out of the World Economic Forum in Davos, Switzerland. The most notable development was the de-escalation of a major trade standoff between the U.S. and its European allies over the Danish territory of Greenland. In mid-January, President Trump announced plans to impose tariffs on eight European countries — Denmark, Norway, Sweden, France, Germany, the U.K., the Netherlands, and Finland — starting at 10% and rising to 25% unless they supported U.S. efforts to gain greater control over Greenland. However, the President abruptly backed away from those threats in his Davos speech, helping to stabilize jittery markets and ease equally strained diplomatic tensions.

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

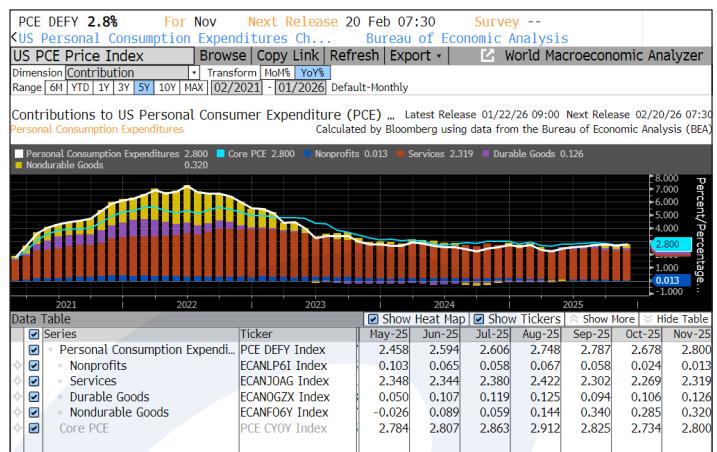
Trump announced that the U.S. and NATO had “formed the framework of a future deal with respect to Greenland and, in fact, the entire Arctic Region,” while also ruling out the use of excessive force to take control of the semi-autonomous territory. “It’s a deal that everybody’s very happy with,” Trump told reporters. “It’s a long-term deal. It’s the ultimate long-term deal. It puts everybody in a really good position, especially as it pertains to security and to minerals.” Details of the framework remain unclear and are still subject to negotiations among Denmark, Greenland, and the U.S. Still, European diplomats noted that while the president’s shift in tone doesn’t resolve the dispute, it does help defuse an open rift between allies who typically prefer to manage disagreements through private diplomatic channels.

Markets responded quickly as geopolitical tensions within NATO cooled. Wall Street rallied immediately following Trump’s rollback of the tariff threat and announcement of a Greenland framework agreement. Treasury yields also stabilized, particularly at longer maturities, signaling reduced demand for safe-haven assets compared with the peak of the tension. Equity markets, however, are selling off again this morning as traders digest the gains of the past two days and turn their focus to the final economic data releases ahead of next week’s FOMC meeting. Treasuries have wavered as well, though the 10-year yield looks set to finish the week little changed, hovering near the 4.25% level.

This week’s personal income and outlays reports for October and November (delayed due to the government shutdown) showed slightly cooler income growth and inflation, but noticeably stronger consumer spending. Real personal spending rose 0.3% in both October and November, accelerating from a 0.1% gain in September. Personal income, however, increased just 0.1% in October and 0.3% in November, meaning spending is outpacing income growth. Notably, the personal saving rate fell to 3.7% in October and then to 3.5% in November, its lowest level in three years, raising questions about the sustainability of future consumer spending. Headline PCE inflation held steady at 0.2% in both months. Core PCE, the Fed’s preferred inflation measure, came in at 0.21% in October before easing to 0.16% in November. On a year-over-year basis, core PCE remained at 2.8% in November, matching September’s reading.

Next week brings the FOMC’s January policy meeting, where the committee is widely expected to hold interest rates steady. While the economy continues to grow at a solid pace and inflation remains above the Fed’s 2% target, most economists still expect at least two rate cuts later this year. Futures markets are largely in agreement, with just under two cuts priced in by the end of 2026.

Have a great weekend!



Source: Bloomberg Finance L.P.



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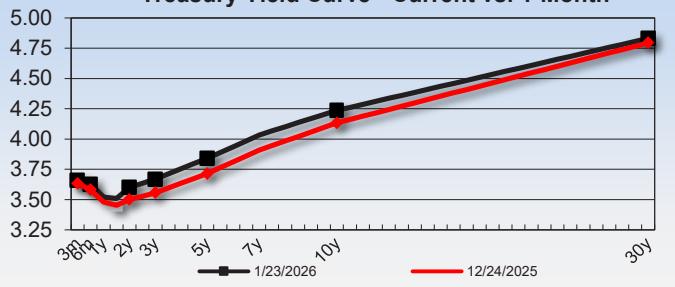
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Treasury Yield Curve - Current vs. 1-Month



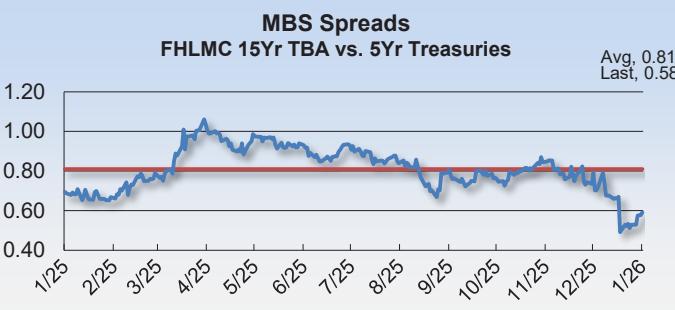
Agency Spreads

5Yr Bullet vs. 5Yr Treasuries



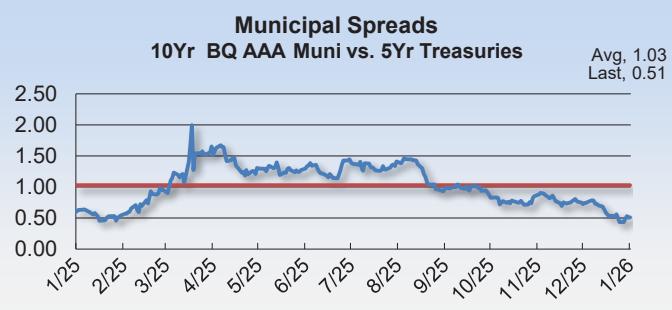
MBS Spreads

FHLMC 15Yr TBA vs. 5Yr Treasuries



Municipal Spreads

10Yr BQ AAA Muni vs. 5Yr Treasuries



Treasury Market -- Historical

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
3mo	3.66	0.03	3.59	4.35	4.32	2yr	3.65	3.45	3.09	3.29	3.67	2Yr				
6mo	3.63	0.01	3.59	4.27	4.30	3yr	3.69	3.47	3.09	3.29	3.72	3Yr				
1yr	3.52	(0.02)	3.52	4.08	4.18	5yr	3.89	3.58	3.19	3.40	3.93	5Yr				
2yr	3.60	0.01	3.53	3.88	4.29	7yr	4.11	3.71	3.40	3.62	4.24	7Yr				
3yr	3.67	0.02	3.58	3.83	4.34	10yr	4.41	3.88	3.74	3.98	4.56	10Yr				
5yr	3.84	0.02	3.74	3.93	4.45	15yr	4.71	4.11	4.65	4.95	4.75					
7yr	4.03	0.02	3.94	4.14	4.55	20yr	5.02	4.21	5.57	5.93	5.43					
10yr	4.24	0.01	4.16	4.38	4.64	25yr	5.32	4.23	5.79	6.16	5.50					
30yr	4.83	(0.01)	4.83	4.94	4.87	30yr	4.20	6.01	6.39	5.56						

* 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	3.64	(0.02)	3.68	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	3.68	(0.04)	3.67	4.31	4.33						
1 Year CMT	3.53	(0.01)	3.53	4.05	4.20						
REPO O/N	3.72	0.02	3.72	4.32	4.37						
REPO 1Wk	3.65	(0.01)	3.67	4.38	4.38						
CoF Federal	3.509	--	3.558	3.677	3.719						
11th D. CoF (Nov)	2.829	--	2.871	2.933	3.038						

FHLB Fixed Advance Rates

Maturity	Chicago	Boston	Topeka
3mo	3.81	--	3.86
6mo	3.77	--	3.77
1yr	3.70	--	3.75
2yr	3.72	--	3.79
3yr	3.78	--	3.86
4yr	3.87	--	3.94
5yr	3.96	--	4.03
7yr	4.23	--	4.30
10yr	4.50	--	4.57
5yr Am	3.88	--	3.97
10yr Am	4.25	--	4.33

Maturity	Rate
Jan-26	3.638
Feb-26	3.630
Mar-26	3.615
Apr-26	3.595
May-26	3.560
Jun-26	3.510
Jul-26	3.445
Aug-26	3.385
Sep-26	3.340
Oct-26	3.280
Nov-26	3.240

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Weekly Economic Calendar

This Week & Next

Date	Release	Per.	Est.	Actual	Prior	Revised
1/20	ADP Weekly Employment Change	12/26	--	8,000k	+1,750k	11,250k
1/21	MBA Mortgage Applications	1/16	--	14.1%	28.5%	--
1/21	Pending Home Sales MoM	Dec	-0.3%	-9.3%	3.3%	--
1/21	Pending Home Sales NSA YoY	Dec	--	-1.3%	-0.3%	--
1/22	GDP Annualized QoQ	3Q T	4.3%	4.4%	4.3%	--
1/22	Personal Consumption	3Q T	3.5%	3.5%	3.5%	--
1/22	GDP Price Index	3Q T	3.8%	3.8%	3.8%	--
1/22	Core PCE Price Index QoQ	3Q T	2.9%	2.9%	2.9%	--
1/22	Initial Jobless Claims	1/17	209k	200k	+98k	199k
1/22	Continuing Claims	1/10	1,890k	1,849k	+884k	1,875k
1/22	Personal Income	Nov	0.4%	0.3%	0.1%	--
1/22	Personal Spending	Nov	0.5%	0.5%	0.5%	--
1/22	Real Personal Spending	Nov	0.3%	0.3%	0.3%	--
1/22	PCE Price Index MoM	Nov	0.2%	0.2%	0.2%	--
1/22	PCE Price Index YoY	Nov	2.8%	2.8%	2.7%	--
1/22	Core PCE Price Index MoM	Nov	0.2%	0.2%	0.2%	--
1/22	Core PCE Price Index YoY	Nov	2.8%	2.8%	2.7%	--
1/22	Kansas City Fed Manf. Activity	Jan	4	0	4	0
1/23	S&P Global US Manufacturing PMI	Jan P	52.0	51.9	51.8	--
1/23	S&P Global US Services PMI	Jan P	52.9	52.5	52.5	--
1/23	S&P Global US Composite PMI	Jan P	53.0	52.8	52.7	--
1/23	U. of Mich. Sentiment	Jan F	54.0	56.4	54.0	--
1/23	U. of Mich. Current Conditions	Jan F	52.3	55.4	52.4	--
1/23	U. of Mich. Expectations	Jan F	55.0	57.0	55.0	--
1/23	U. of Mich. 1 Yr Inflation	Jan F	4.2%	4.0%	4.2%	--
1/23	U. of Mich. 5-10 Yr Inflation	Jan F	3.4%	3.3%	3.4%	--
1/26	Durables Ex Transportation	Nov P	0.3%	--	0.1%	--
1/26	Cap Goods Ship Nondef Ex Air	Nov P	--	--	0.8%	--
1/27	FHFA House Price Index MoM	Nov	--	--	0.4%	--
1/27	S&P Cotality CS 20-City MoM SA	Nov	0.20%	--	0.32%	--
1/27	S&P Cotality CS 20-City YoY NSA	Nov	1.20%	--	1.31%	--
1/27	S&P Cotality CS US HPI YoY NSA	Nov	--	--	1.36%	--
1/27	Conf. Board Consumer Confidence	Jan	90.0	--	89.1	--
1/27	Conf. Board Present Situation	Jan	--	--	116.8	--
1/27	Conf. Board Expectations	Jan	--	--	70.7	--
1/28	FOMC Rate Decision (Upper Bound)	1/28	3.75%	--	3.75%	--
1/28	FOMC Rate Decision (Lower Bound)	1/28	3.50%	--	3.50%	--
1/28	Fed Interest on Reserve Balances Rate	1/29	--	--	3.65%	--
1/28	Fed Reverse Repo Rate	1/29	--	--	3.50%	--
1/29	Nonfarm Productivity	3Q F	4.9%	--	4.9%	--
1/29	Unit Labor Costs	3Q F	-1.9%	--	-1.9%	--
1/29	Factory Orders	Nov	0.5%	--	-1.3%	--
1/29	Factory Orders Ex Trans	Nov	--	--	-0.2%	--
1/30	PPI Final Demand YoY	Dec	--	--	3.0%	--
1/30	PPI Ex Food and Energy YoY	Dec	--	--	3.0%	--
1/30	PPI Ex Food, Energy, Trade YoY	Dec	--	--	3.5%	--
1/30	MNI Chicago PMI	Jan	44.0	--	43.5	42.7

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	12.7	13.7	17.1	20.4	21.4	22.6
FH/FN 15y	10.2	12.1	20.1	23.8	34.9	
GN 15y	8.0	14.8	14.1	13.9	28.1	30.9
FH/FN 20y	8.8	10.2	11.9	16.6	19.9	19.8
FH/FN 30y	6.9	8.0	9.0	12.5	19.4	25.0
GN 30y	7.1	8.1	8.7	9.6	10.6	15.7

Other Markets						
Index	Current	1Wk Chng	Historical			
			1 Mo	6 Mo	1 Yr	
Currencies						
Japanese Yen	158.27	0.15	155.92	146.41	156.40	
Euro	1.18	0.02	1.18	1.17	1.04	
Dollar Index	98.27	(1.05)	97.94	97.21	108.05	
Major Stock Indices						
Dow Jones	49,137	(306)	48,442	45,010	44,565	
S&P 500	6,896.2	(48.3)	6,909.8	6,358.9	6,118.7	
NASDAQ	23,491.1	(39)	23,561.8	21,020.0	20,053.7	
Commodities						
Gold	4,951.9	328.2	4,482.8	3,397.6	2,765.0	
Crude Oil	61.11	1.92	58.38	65.25	74.62	
Natural Gas	5.12	1.99	4.41	3.08	3.95	
Wheat	520.5	10.0	517.0	540.5	554.0	
Corn	426.5	6.3	447.5	398.5	489.8	

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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