

Baker Market Update

Week In Review

February 13, 2026

The
BakerGroup



Andrea Pringle

Senior Vice President

UPCOMING EVENTS

Banks

Webinars:

[Q1 IRR Management](#)

Mar 11, 2026

Banks and CUs

Schools:

[ALM School](#)

Apr 23-24, 2026

Seminars:

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May 7, 2026

[OK Seminar](#)

Oct 14-16, 2026

Save the Date

[Bond School](#)

Nov 5-6, 2026

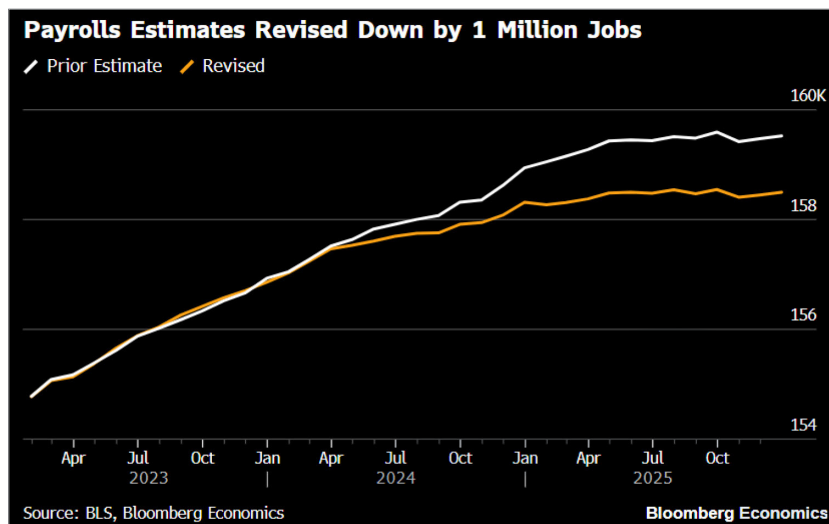
Expectations for Federal Reserve interest-rate cuts were jostled this week by a surprising mix of U.S. economic data. First, the release of weaker-than-expected December retail sales on Tuesday pushed Fed easing expectations higher, raising the odds of an April rate cut to near 50-50. Retail sales came in flat (0.0%) in December, well under expectations of a 0.4% gain. The report showed pullbacks in several big-ticket categories, including autos, furniture, electronics, and clothing. More importantly for GDP tracking, the “core” control-group measure (ex-autos, gas, building materials, and food services) fell 0.1%, and prior core sales were revised lower, consistent with slower real consumption growth into year-end.

That sentiment reversed Wednesday as January jobs data surprised to the upside and traders pushed back bets on future rate cuts to later in the summer. Nonfarm payrolls increased by 130k last month, nearly double the consensus forecast (+65k). The unemployment rate also edged lower to 4.3% from 4.4% in December, suggesting the labor market may be on more stable footing to start 2026. However, the release also included sizable downward revisions to prior data. Annual benchmark revisions cut 2025 payroll levels by roughly one million jobs, implying labor-market cooling in 2024–2025 was much more pronounced than previously believed.

This morning, Fed rate cut expectations are holding steady after consumer inflation came in lighter than expected. The Consumer Price Index (CPI) for January rose 0.2% month-over-month (vs. 0.3% expected) and 2.4% year-over-year (vs. 2.5%). Core CPI, which excludes the more volatile food and energy components, increased 0.3% for the month and 2.5% from a year earlier, in line with expectations. Energy and goods categories provided much of the relief, while several core services components remained comparatively firm. Even so, the print reinforced the broader disinflation trend that has been developing in recent months and supported market expectations that the Fed has the flexibility to ease policy later this year if similar readings persist.

Futures markets are currently pricing the first rate cut of 2026 to come in July, with just over 2.5 total cuts expected for the year.

Next week is shortened by the Presidents’ Day holiday but will still bring several housing-market readings, along with the release of minutes from the FOMC’s January meeting. Have a nice long weekend!



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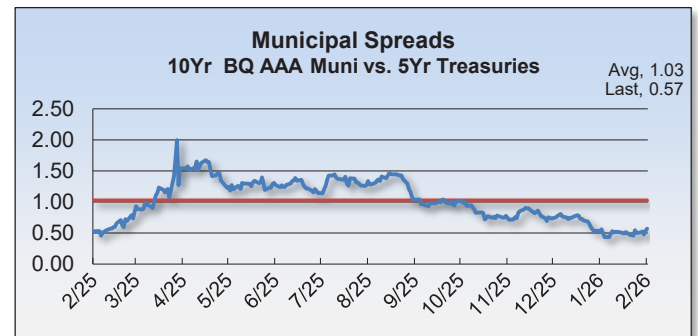
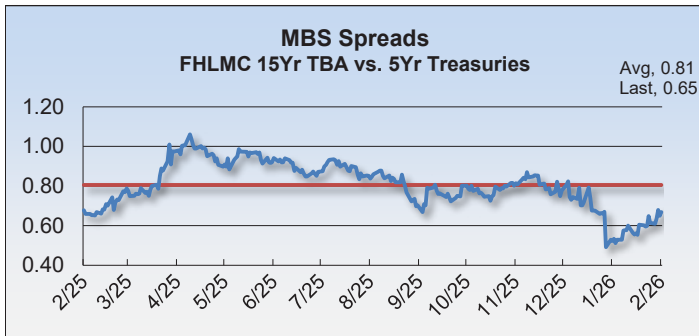
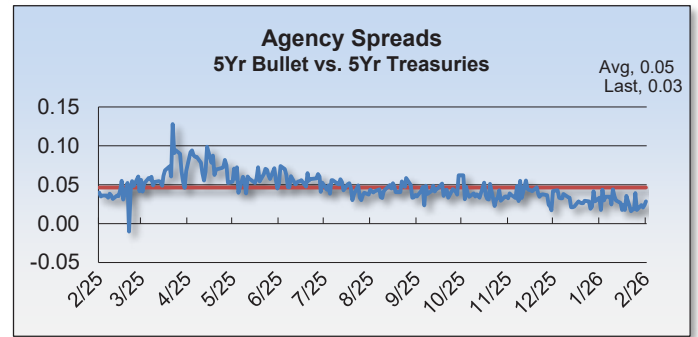
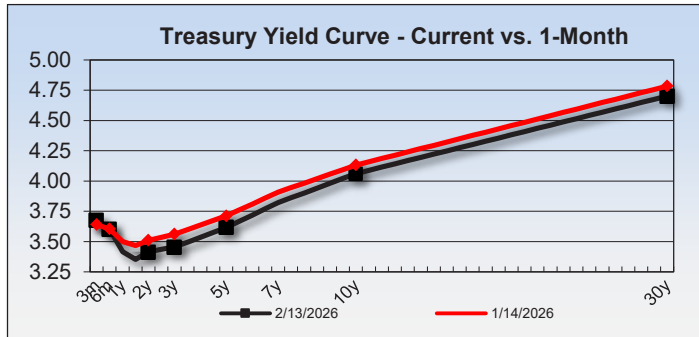
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Treasury Market -- Historical						Fixed Rate Market											
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni		Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr	
3mo	3.67	(0.00)	3.64	4.21	4.32	2yr	3.46	3.30	2.90	3.08	3.53	2Yr					
6mo	3.60	(0.01)	3.60	4.05	4.36	3yr	3.48	3.30	2.91	3.10	3.55	3Yr					
1yr	3.42	(0.02)	3.50	3.85	4.26	5yr	3.67	3.41	3.00	3.19	3.75	5Yr					
2yr	3.42	(0.08)	3.53	3.68	4.31	7yr	3.90	3.54	3.21	3.41	4.06	7Yr					
3yr	3.46	(0.12)	3.59	3.64	4.34	10yr	4.23	3.71	3.57	3.80	4.41	10Yr					
5yr	3.62	(0.14)	3.75	3.76	4.39	15yr	4.57	3.94	4.47	4.75	4.60						March TBA MBS
7yr	3.82	(0.15)	3.96	3.97	4.46	20yr	4.90	4.05	5.50	5.86	5.31	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.06	(0.15)	4.18	4.23	4.53	25yr	5.23	4.07	5.75	6.12	5.38	3.50	4.26	4.1y	4.56		
30yr	4.70	(0.15)	4.84	4.83	4.74	30yr		4.05	6.01	6.39	5.44	4.00	4.18	4.0y			
* Interpolated													4.50	4.37	4.2y	4.73	8.3y
													5.00	4.43	3.4y	4.87	5.9y
													5.50			4.74	3.4y
													6.00			4.32	2.3y
Key Market Indices																	
		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	3.65	--	3.64	4.36	--
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	(0.01)	3.73	4.11	4.39
1 Year CMT	3.45	0.01	3.53	3.90	4.30
REPO O/N	3.70	(0.02)	3.70	4.38	4.37
REPO 1Wk	3.65	(0.01)	3.64	4.37	4.36
CoF Federal	3.509	--	3.558	3.677	3.719
11th D. CoF (Dec)	2.780	--	2.829	2.948	2.990

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	3.83	--	3.88
6mo	3.76	--	3.76
1yr	3.58	--	3.69
2yr	3.53	--	3.60
3yr	3.56	--	3.64
4yr	3.65	--	3.74
5yr	3.72	--	3.80
7yr	3.98	--	4.07
10yr	4.30	--	4.38
5yr Am	3.71	--	3.77
10yr Am	4.06	--	4.12

Fed Fund Futures		
Maturity	Rate	
Feb-26	3.638	
Mar-26	3.630	
Apr-26	3.615	
May-26	3.560	
Jun-26	3.500	
Jul-26	3.415	
Aug-26	3.320	
Sep-26	3.255	
Oct-26	3.170	
Nov-26	3.090	
Dec-26	3.030	

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
2/9	NY Fed 1-Yr Inflation Expectations	Jan	3.38%	3.09%	3.42%	--
2/10	Import Price Index MoM	Dec	0.1%	0.1%	--	--
2/10	Import Price Index ex Petroleum MoM	Dec	0.2%	0.4%	--	--
2/10	Import Price Index YoY	Dec	0.1%	0.0%	0.1%	-0.1%
2/10	Export Price Index MoM	Dec	0.1%	0.3%	--	--
2/10	Export Price Index YoY	Dec	3.0%	3.1%	3.3%	3.2%
2/10	Employment Cost Index	4Q	0.8%	0.7%	0.8%	--
2/10	Retail Sales Advance MoM	Dec	0.4%	0.0%	0.6%	--
2/10	Retail Sales Ex Auto MoM	Dec	0.4%	0.0%	0.5%	0.4%
2/10	Retail Sales Ex Auto and Gas	Dec	0.4%	0.0%	0.4%	0.3%
2/10	Retail Sales Control Group	Dec	0.4%	-0.1%	0.4%	0.2%
2/11	MBA Mortgage Applications	2/6	--	-0.3%	-8.9%	--
2/11	Change in Nonfarm Payrolls	Jan	65k	130k	50k	48k
2/11	Two-Month Payroll Net Revision	Jan	--	-17k	-76k	--
2/11	Change in Private Payrolls	Jan	68k	172k	37k	64k
2/11	Change in Manufact. Payrolls	Jan	-7k	5k	-8k	--
2/11	Average Hourly Earnings MoM	Jan	0.3%	0.4%	0.3%	0.1%
2/11	Average Hourly Earnings YoY	Jan	3.7%	3.7%	3.8%	3.7%
2/11	Average Weekly Hours All Employees	Jan	34.2	34.3	34.2	--
2/11	Unemployment Rate	Jan	4.4%	4.3%	4.4%	--
2/11	Labor Force Participation Rate	Jan	62.4%	62.5%	62.4%	--
2/11	Underemployment Rate	Jan	--	8.0%	8.4%	--
2/11	Final Benchmark Payrolls Revision	2025	-825k	-862k	--	--
2/12	Initial Jobless Claims	2/7	223k	227k	231k	232k
2/12	Continuing Claims	1/31	1850k	1862k	1844k	1841k
2/12	Existing Home Sales MoM	Jan	-4.6%	-8.4%	5.1%	4.4%
2/13	CPI MoM	Jan	0.3%	0.2%	0.3%	--
2/13	Core CPI MoM	Jan	0.3%	0.3%	0.2%	--
2/13	CPI YoY	Jan	2.5%	2.4%	2.7%	--
2/13	Core CPI YoY	Jan	2.5%	2.5%	2.6%	--
2/13	CPI Index NSA	Jan	325.51	325.25	324.05	--
2/13	Core CPI Index SA	Jan	332.78	332.79	331.86	331.81
2/13	Real Avg Hourly Earning YoY	Jan	--	1.2%	1.1%	1.0%
2/13	Real Avg Weekly Earnings YoY	Jan	--	1.9%	1.1%	0.7%
2/17	Empire Manufacturing	Feb	8.7	--	7.7	--
2/17	NAHB Housing Market Index	Feb	--	--	37.0	--
2/18	Durables Ex Transportation	Dec P	0.3%	--	0.4%	--
2/18	Cap Goods Ship Nondef Ex Air	Dec P	--	--	0.2%	--
2/18	New York Fed Services Business Activity	Feb	--	--	-16.1	--
2/18	Manufacturing (SIC) Production	Jan	--	--	0.2%	--
2/18	Leading Index	Dec	--	--	-0.3%	--
2/20	Personal Income	Dec	0.3%	--	0.3%	--
2/20	PCE Price Index YoY	Dec	2.8%	--	2.8%	--
2/20	Core PCE Price Index YoY	Dec	2.9%	--	2.8%	--
2/20	GDP Annualized QoQ	4Q A	2.8%	--	4.4%	--
2/20	GDP Price Index	4Q A	--	--	3.8%	--
2/20	Core PCE Price Index QoQ	4Q A	--	--	2.9%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	14.5	11.8	18.4	23.5	23.7	26.8
FH/FN 15y	9.3	12.8	13.7	13.1	13.7	21.4
GN 15y	24.6	28.4	25.6	0.1	-2.3	76.3
FH/FN 20y	7.7	8.9	9.4	12.9	23.5	24.8
FH/FN 30y	5.5	5.3	4.8	6.4	10.2	16.2
GN 30y	4.8	2.9	5.9	7.0	6.8	7.3
CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	12.8	13.9	17.2	20.4	21.6	22.8
FH/FN 15y	10.4	12.1	20.1	23.4		35.7
GN 15y	8.2	14.8	14.1	14.1	28.6	31.2
FH/FN 20y	8.9	10.3	12.1	16.6	20.1	20.0
FH/FN 30y	7.0	8.0	9.1	12.8	20.3	27.5
GN 30y	7.1	8.1	8.7	9.6	10.6	15.6

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	152.97	(4.25)	158.81	147.41	153.79
Euro	1.19	0.00	1.17	1.17	1.04
Dollar Index	96.97	(0.66)	99.13	97.84	107.31
Major Stock Indices					
Dow Jones	49,426	(690)	49,192	44,922	44,711
S&P 500	6,844.0	(88.3)	6,963.7	6,466.6	6,115.1
NASDAQ	22,538.6	(493)	23,709.9	21,713.1	19,945.6
Commodities					
Gold	4,968.3	17.1	4,599.1	3,358.7	2,925.9
Crude Oil	62.63	(0.92)	61.15	62.65	71.29
Natural Gas	3.18	(0.24)	3.42	2.83	3.63
Wheat	548.5	18.8	510.5	507.3	577.8
Corn	431.3	1.0	419.8	374.0	493.5

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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Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 02/13/2026 9:20AM



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