

Baker Market Update

Week In Review

February 20, 2026

The
BakerGroup



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Senior Vice President of FSG

Happy Friday everyone! It was a short week due to President's Day on Monday, but we still had an onslaught of important economic releases packed into the 4 days after the break. Both the stock market and bond markets opened Friday morning at a similar spot to where they opened at the start of the week, but the midweek market movements show a different story.

UPCOMING EVENTS

Banks

Webinars:

[Q1 IRR Management](#)

Mar 11, 2026

Banks and CUs

Schools:

[ALM School](#)

Apr 23-24, 2026

Seminars:

[TX Seminar](#)

May 7, 2026

[OK Seminar](#)

Oct 14-16, 2026

Save the Date

[Bond School](#)

Nov 5-6, 2026

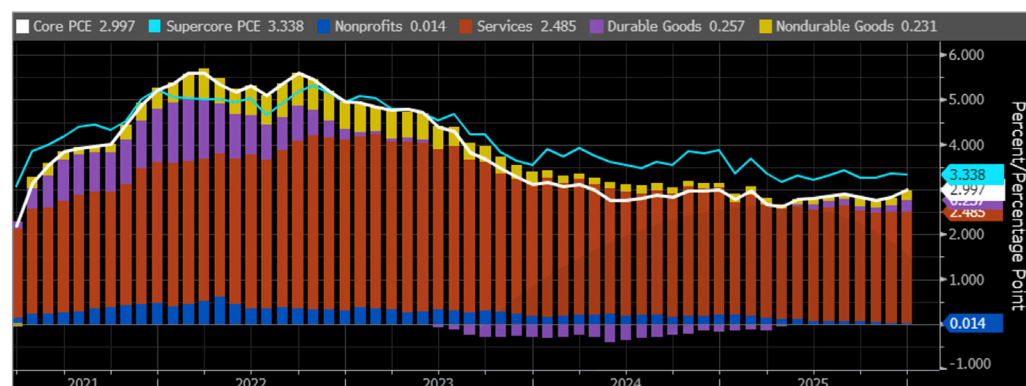
This morning, we received the initial GDP print for Q4 2025. Q4 GDP came in at a meager 1.4% quarter over quarter, versus estimates of 2.8%. Just a month ago, the Atlanta Fed's GDP Now model was calling for a GDP print of 5.4%. This figure was touted by multiple public figures and across the financial news world. In just a few short weeks, that figure fell to 3% on Thursday. The final dagger was Thursday's release of the US Trade Balance. Which saw the trade balance decline to -\$70.3 billion versus estimates of -\$55.5 billion. The decline was largely spurred by a swing in gold trading as well as imports of digital trade equipment.

As we dive further into the GDP print, we can see a few major contributing factors. First and foremost, we had a record setting government shutdown in Q4. Federal spending alone was estimated to have taken over 1% off the advanced estimate for Q4's GDP print, the worst impact since 1994. The second major contributing factor was a slowdown in consumer spending. December's retail sales figures came in flat and personal spending came in at 0.4% month over month. Government spending is expected to rebound for Q1 2026, barring another record-breaking government shutdown.

We also received December's PCE prints. Year over year PCE came in at 2.9% versus estimates of 2.8% and core PCE came in at 3.0% against estimates of 2.9%. Slightly elevated against expectations and an increase from November, the December print posts the highest year over year rise since October of 2023. If core PCE continues to hover around 3%, there will be continued pressure on the Fed to hold rates steady for longer.

As I was writing this market update, the Supreme Court came down with a hammer and struck down President Trump's global tariffs, ruling them illegal with a 6-3 decision. This has sent immediate shock waves through the markets. The stock market saw a quick pop in both the Dow Jones and S&P 500 as removal of the tariffs also removed a barrier for earnings. Treasury yields also climbed slightly, with the 10 year up 2bps to 4.08%. The removal of tariffs will create budget and policy questions for the administration going forward, and this initial reaction may be short lived. The White House will more than likely seek to restore tariffs through other means.

Next week we will get releases for durable goods, consumer confidence, and PPI. Have a great weekend everyone!



Source: Bloomberg

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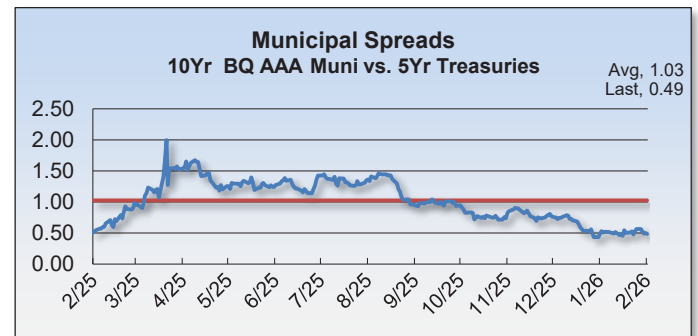
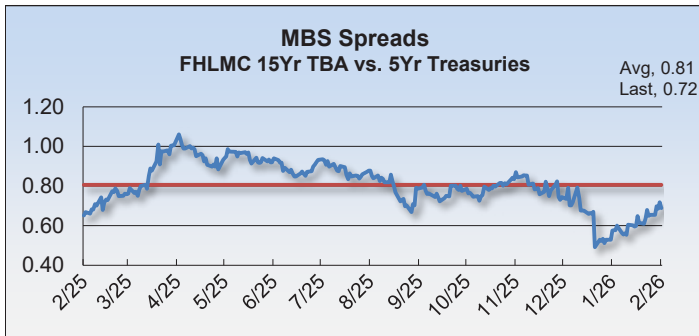
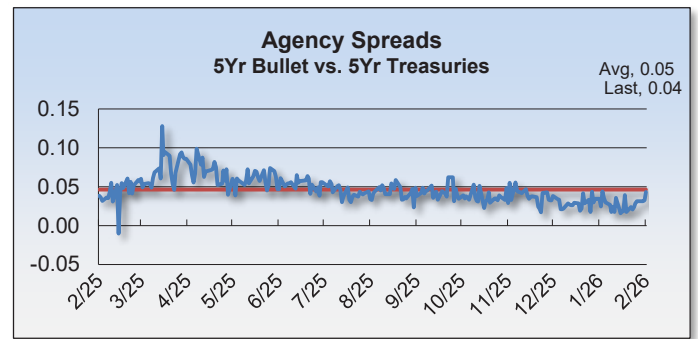
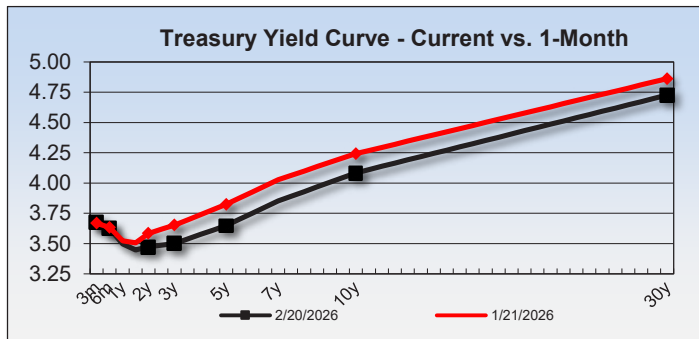
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Treasury Market -- Historical						Fixed Rate Market										
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni		Agency Calls - Euro			
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr
3mo	3.68	0.00	3.65	4.22	4.32	2yr	3.52	3.29	3.25	3.46	3.53	2Yr				
6mo	3.62	0.02	3.62	4.07	4.36	3yr	3.54	3.28	3.18	3.38	3.54	3Yr				
1yr	3.50	0.07	3.53	3.91	4.20	5yr	3.70	3.36	3.25	3.46	3.73	5Yr				
2yr	3.47	0.07	3.60	3.75	4.27	7yr	3.94	3.48	3.50	3.73	4.03	7Yr				
3yr	3.50	0.05	3.68	3.70	4.30	10yr	4.26	3.66	3.79	4.04	4.39	10Yr				
5yr	3.65	0.04	3.86	3.81	4.35	15yr	4.59	3.88	4.69	4.99	4.58		March TBA MBS			
7yr	3.85	0.04	4.07	4.02	4.43	20yr	4.92	3.99	5.56	5.92	5.29	Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
10yr	4.08	0.04	4.29	4.29	4.51	25yr	5.26	4.01	5.74	6.11	5.36	3.50	4.37	4.1y	4.62	
30yr	4.73	0.03	4.92	4.90	4.75	30yr		3.99	5.92	6.30	5.42	4.00	4.28	3.9y		
* Interpolated																
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	3.67	0.02	3.65	4.33	--
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	3.69	0.01	3.72	4.18	4.40
1 Year CMT	3.50	0.05	3.55	3.91	4.22
REPO O/N	3.73	0.03	3.70	4.38	4.37
REPO 1Wk	3.71	0.04	3.66	4.38	4.37
CoF Federal	3.465	--	3.509	3.694	3.673
11th D. CoF (Dec)	2.780	--	2.829	2.948	2.990

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	3.83	--	3.87
6mo	3.76	--	3.76
1yr	3.64	--	3.70
2yr	3.58	--	3.65
3yr	3.61	--	3.67
4yr	3.68	--	3.75
5yr	3.74	--	3.81
7yr	3.99	--	4.06
10yr	4.28	--	4.35
5yr Am	3.70	--	3.79
10yr Am	4.03	--	4.11

Fed Fund Futures	
Maturity	Rate
Feb-26	3.640
Mar-26	3.635
Apr-26	3.625
May-26	3.595
Jun-26	3.550
Jul-26	3.485
Aug-26	3.395
Sep-26	3.335
Oct-26	3.255
Nov-26	3.175
Dec-26	3.110

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
2/17	ADP Weekly Employment Change	1/31	--	10.250k	6.500k	7.750k
2/17	Empire Manufacturing	Feb	6.2	7.1	7.7	--
2/17	NAHB Housing Market Index	Feb	38	36	37	--
2/18	Durables Ex Transportation	Dec P	0.3%	0.9%	0.4%	--
2/18	Cap Goods Ship Nondef Ex Air	Dec P	0.3%	0.9%	0.2%	--
2/18	Housing Starts MoM	Dec	1.1%	6.2%	3.9%	--
2/18	Industrial Production MoM	Jan	0.4%	0.7%	0.4%	0.2%
2/18	Manufacturing (SIC) Production	Jan	0.4%	0.6%	0.2%	0.0%
2/18	Capacity Utilization	Jan	76.5%	76.2%	76.3%	75.7%
2/19	Wholesale Inventories MoM	Dec P	0.2%	0.2%	0.2%	--
2/19	Retail Inventories MoM	Dec	0.1%	0.0%	-0.1%	-0.5%
2/19	Initial Jobless Claims	2/14	225k	206k	227k	229k
2/19	Continuing Claims	2/7	1860k	1869k	1862k	1852k
2/19	Leading Index	Dec	-0.2%	-0.2%	-0.3%	--
2/19	Pending Home Sales MoM	Jan	2.0%	-0.8%	-9.3%	-7.4%
2/19	Pending Home Sales NSA YoY	Jan	2.3%	-1.2%	-1.3%	-1.1%
2/20	Building Permits MoM	Dec F	--	4.8%	4.3%	--
2/20	Personal Income	Dec	0.3%	0.3%	0.3%	0.4%
2/20	Personal Spending	Dec	0.3%	0.4%	0.5%	0.4%
2/20	Real Personal Spending	Dec	0.1%	0.1%	0.3%	0.2%
2/20	PCE Price Index MoM	Dec	0.3%	0.4%	0.2%	--
2/20	PCE Price Index YoY	Dec	2.8%	2.9%	2.8%	--
2/20	Core PCE Price Index MoM	Dec	0.3%	0.4%	0.2%	--
2/20	Core PCE Price Index YoY	Dec	2.9%	3.0%	2.8%	--
2/20	GDP Annualized QoQ	4Q A	2.8%	1.4%	4.4%	--
2/20	Personal Consumption	4Q A	2.4%	2.4%	3.5%	--
2/20	GDP Price Index	4Q A	2.8%	3.6%	3.8%	--
2/20	Core PCE Price Index QoQ	4Q A	2.6%	2.7%	2.9%	--
2/20	S&P Global US Manufacturing PMI	Feb P	52.4	51.2	52.4	--
2/20	S&P Global US Services PMI	Feb P	53.0	52.3	52.7	--
2/20	S&P Global US Composite PMI	Feb P	53.1	52.3	53.0	--
2/20	New Home Sales MoM	Dec	0.0%	-1.7%	15.5%	--
2/20	U. of Mich. Sentiment	Feb F	57.3	56.6	57.3	--
2/20	U. of Mich. Current Conditions	Feb F	58.0	56.6	58.3	--
2/20	U. of Mich. 1 Yr Inflation	Feb F	3.5%	3.4%	3.5%	--
2/23	Chicago Fed Nat Activity Index	Jan	--	--	-4.0%	--
2/23	Factory Orders Ex Trans	Dec	--	--	0.2%	--
2/24	House Price Purchase Index QoQ	4Q	--	--	0.2%	--
2/24	S&P Cotality CS 20-City YoY NSA	Dec	--	--	1.39%	--
2/24	S&P Cotality CS US HPI YoY NSA	Dec	--	--	1.36%	--
2/24	Conf. Board Consumer Confidence	Feb	88.0	--	84.5	--
2/24	Conf. Board Present Situation	Feb	--	--	113.7	--
2/24	Conf. Board Expectations	Feb	--	--	65.1	--
2/27	PPI Final Demand YoY	Jan	--	--	3.0%	--
2/27	PPI Ex Food and Energy YoY	Jan	--	--	3.3%	--
2/27	PPI Ex Food, Energy, Trade YoY	Jan	--	--	3.5%	--
2/27	MINI Chicago PMI	Feb	52.5	--	54.0	--

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	12.9	14.1	17.6	21.0	22.0	23.1
FH/FN 15y	10.5	12.2	21.1	24.7		36.6
GN 15y	8.2	15.0	14.2	14.2	28.8	31.3
FH/FN 20y	9.1	10.4	12.3	17.4	21.0	20.6
FH/FN 30y	7.1	8.2	9.3	13.9	23.2	30.2
GN 30y	7.1	8.2	8.8	9.8	11.1	16.5

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	155.18	2.48	157.81	147.45	150.08
Euro	1.18	(0.01)	1.17	1.16	1.04
Dollar Index	97.91	0.98	98.64	98.22	106.37
Major Stock Indices					
Dow Jones	49,589	137	48,489	44,938	44,177
S&P 500	6,856.8	24.0	6,796.9	6,395.8	6,117.5
NASDAQ	22,819.3	222	22,954.3	21,172.9	19,962.4
Commodities					
Gold	5,039.5	115.8	4,765.8	3,343.4	2,940.0
Crude Oil	66.29	3.45	60.34	63.21	72.57
Natural Gas	3.01	(0.21)	3.91	2.75	4.15
Wheat	568.0	15.5	510.3	505.5	585.5
Corn	428.5	-2.8	423.8	380.0	498.0

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: 02/20/2026 9:47AM



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