

Baker Market Update

Week In Review

February 27, 2026

The
BakerGroup



Carson Francis

Financial Analyst

UPCOMING EVENTS

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Mar 11, 2026

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[IA Seminar](#)

Jun 15, 2026

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Nov 5-6, 2026

The 2026 Winter Olympics ended this past Sunday, with Norway leading the podium at 41 total medals, followed by the United States with 33 and Sweden with 20. The 2026 edition of the Winter Olympics was held in Milan-Cortina, in northern Italy, and the final event that concluded this series of competitions was men's ice hockey, a sport that historically speaking is dominated by our northern neighbor, Canada. The men's Canadian team faced off against our very own United States men's team. Unfortunately, for the Canadians their historical dominance in men's hockey did not stand the test of time, and they were dealt a crushing defeat when our forward Jack Hughes scored the decisive game-ending goal in overtime. The last time Canada won an Olympic gold medal in men's hockey was in the 2014 Sochi Games, leaving fans around the world with one question in mind: "Is this the end of Canadian global dominance and the beginning of a new regime?"

This morning, we received the Producer Price Index (PPI), which measures changes in production costs for domestic producers. The headline reading for January came in hotter than expected, with PPI MoM rising +0.5% versus an expected +0.3% and a prior month value of +0.4%. At first glance, this surprise to the upside is a setback for those hoping to see continued disinflationary momentum at the producer level. However, a closer look reveals that the overshoot was largely driven by a jump in the services component, while most tangible goods were flat or slightly lower relative to the December print. In other words, the broader producer supply chain appears to be on the desired path toward steadier price levels, with the overshoot concentrated in services, an area that continues to prove sticky and warrants closer attention going forward.

Despite the upside surprise in producer prices, the bond market remained unfazed. The ten-year rally that began in early February at a yield of 4.27% continued to gain ground, with yields breaking below the 4% threshold, a move representing a +27 basis point rally from earlier in the month. This week also presented us with good news for other segments of U.S. Treasury notes. On Thursday the 26th, new supply of the 7-year U.S. Treasury Note was brought to market. While the overall results came in largely as expected, or "on the screws" in auction terminology, one figure did stand out when compared to previous auctions of the same tenor. International participants were awarded their highest share since August of last year, suggesting that foreign appetite for U.S. government debt may be growing following the recent strike down of tariffs enacted by the Trump Administration.

A new month begins next week, bringing with it the usual slate of important labor market releases that will help shape the outlook for rates and the economy.

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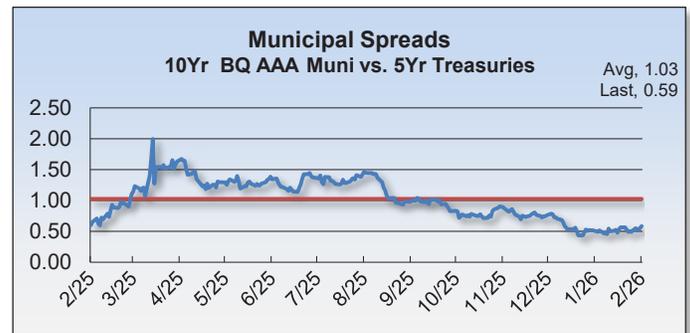
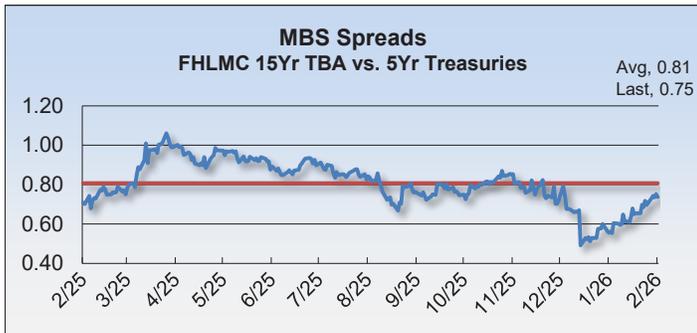
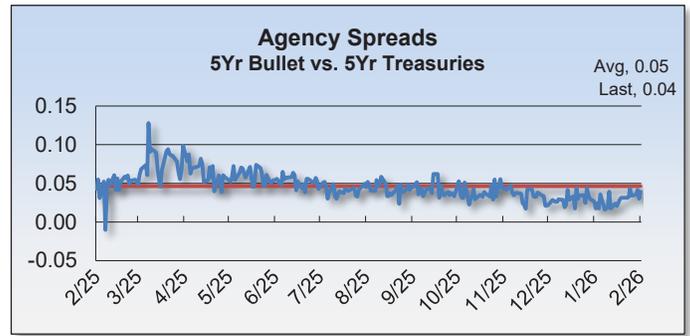
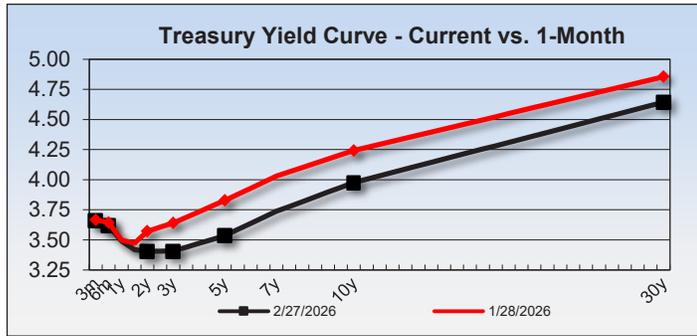
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Treasury Market -- Historical						Fixed Rate Market											
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni	Agency Calls - Euro					
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr	
3mo	3.66	(0.02)	3.65	4.18	4.30	2yr	3.44	3.23	3.25	3.46	3.51	2Yr					
6mo	3.62	(0.01)	3.64	4.00	4.30	3yr	3.43	3.20	3.18	3.38	3.50	3Yr					
1yr	3.49	(0.02)	3.49	3.84	4.12	5yr	3.58	3.27	3.25	3.46	3.66	5Yr					
2yr	3.41	(0.07)	3.57	3.61	4.05	7yr	3.82	3.39	3.50	3.73	3.97	7Yr					
3yr	3.41	(0.09)	3.65	3.58	4.06	10yr	4.14	3.57	3.79	4.04	4.33	10Yr					
5yr	3.53	(0.11)	3.83	3.70	4.07	15yr	4.46	3.81	4.69	4.99	4.52		March TBA MBS				
7yr	3.74	(0.11)	4.03	3.93	4.17	20yr	4.79	3.92	5.56	5.92	5.25	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	3.98	(0.11)	4.25	4.24	4.26	25yr	5.11	3.95	5.74	6.11	5.32	3.50	4.20	4.0y	4.50		
30yr	4.64	(0.08)	4.86	4.92	4.53	30yr		3.94	5.92	6.30	5.38	4.00	4.19	4.0y			
												4.50	4.30	4.1y	4.70	7.7y	
												5.00	4.31	3.3y	4.84	5.4y	
												5.50			4.58	2.8y	
												6.00			4.06	2.1y	

* 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	--	3.66	4.38	--
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	3.70	0.01	3.70	4.16	4.35
1 Year CMT	3.52	0.02	3.52	3.85	4.12
REPO O/N	3.75	0.02	3.70	4.38	4.37
REPO 1Wk	3.66	(0.00)	3.66	4.38	4.36
CoF Federal	3.465	--	3.509	3.694	3.673
11th D. CoF (Jan)	2.736	--	2.780	2.965	2.944

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	3.82	--	3.86
6mo	3.77	--	3.77
1yr	3.63	--	3.71
2yr	3.50	--	3.58
3yr	3.51	--	3.59
4yr	3.57	--	3.65
5yr	3.63	--	3.71
7yr	3.88	--	3.96
10yr	4.18	--	4.27
5yr Am	3.62		3.70
10yr Am	3.95		4.02

Fed Fund Futures		
Maturity	Rate	
Feb-26	3.640	
Mar-26	3.630	
Apr-26	3.625	
May-26	3.585	
Jun-26	3.550	
Jul-26	3.485	
Aug-26	3.395	
Sep-26	3.330	
Oct-26	3.250	
Nov-26	3.165	
Dec-26	3.080	



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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
2/23	Chicago Fed Nat Activity Index	Jan	0.01	0.18	-0.21	--
2/23	Factory Orders Ex Trans	Dec	0.3%	0.4%	0.2%	0.1%
2/23	Durables Ex Transportation	Dec F	0.9%	1.0%	0.9%	--
2/23	Cap Goods Ship Nondef Ex Air	Dec F	0.9%	1.0%	0.9%	--
2/24	ADP Weekly Employment Change	2/7	--	12.750k	10.250k	11.500k
2/24	FHFA House Price Index MoM	Dec	0.3%	0.1%	0.6%	0.7%
2/24	House Price Purchase Index QoQ	4Q	--	0.8%	0.2%	0.3%
2/24	S&P Cotality CS 20-City MoM SA	Dec	0.30%	0.47%	0.47%	0.53%
2/24	S&P Cotality CS 20-City YoY NSA	Dec	1.30%	1.38%	1.39%	1.42%
2/24	S&P Cotality CS US HPI YoY NSA	Dec	--	1.27%	1.36%	1.43%
2/24	Conf. Board Consumer Confidence	Feb	87.1	91.2	84.5	89.0
2/24	Conf. Board Present Situation	Feb	115.8	120.0	113.7	121.8
2/24	Conf. Board Expectations	Feb	68.6	72.0	65.1	67.2
2/26	Initial Jobless Claims	2/21	216k	212k	206k	208k
2/26	Initial Claims 4-Wk Moving Avg	2/21	--	220.25k	219.00k	219.50k
2/26	Continuing Claims	2/14	1858k	1833k	1869k	1864k
2/27	PPI Final Demand MoM	Jan	0.3%	0.5%	0.5%	0.4%
2/27	PPI Ex Food and Energy MoM	Jan	0.3%	0.8%	0.7%	0.6%
2/27	PPI Ex Food, Energy, Trade MoM	Jan	0.3%	0.3%	0.4%	0.3%
2/27	PPI Final Demand YoY	Jan	2.6%	2.9%	3.0%	--
2/27	PPI Ex Food and Energy YoY	Jan	3.0%	3.6%	3.3%	--
2/27	PPI Ex Food, Energy, Trade YoY	Jan	3.5%	3.4%	3.5%	--
2/27	MNI Chicago PMI	Feb	52.1	57.7	54.0	--
3/2	S&P Global US Manufacturing PMI	Feb F	--	--	51.2	--
3/2	ISM Manufacturing	Feb	51.8	--	52.6	--
3/2	ISM Prices Paid	Feb	59.2	--	59.0	--
3/2	ISM New Orders	Feb	--	--	57.1	--
3/2	ISM Employment	Feb	--	--	48.1	--
3/4	ADP Employment Change	Feb	42k	--	22k	--
3/4	S&P Global US Services PMI	Feb F	--	--	52.3	--
3/4	S&P Global US Composite PMI	Feb F	--	--	52.3	--
3/4	ISM Services Index	Feb	53.8	--	53.8	--
3/4	ISM Services Prices Paid	Feb	67.0	--	66.6	--
3/4	ISM Services New Orders	Feb	53.6	--	53.1	--
3/4	ISM Services Employment	Feb	--	--	50.3	--
3/5	Challenger Job Cuts YoY	Feb	--	--	117.8%	--
3/5	Nonfarm Productivity	4Q P	1.6%	--	4.9%	--
3/5	Unit Labor Costs	4Q P	2.2%	--	-1.9%	--
3/6	Change in Nonfarm Payrolls	Feb	60k	--	130k	--
3/6	Two-Month Payroll Net Revision	Feb	--	--	-17k	--
3/6	Change in Private Payrolls	Feb	70k	--	172k	--
3/6	Change in Manufact. Payrolls	Feb	--	--	5k	--
3/6	Average Hourly Earnings YoY	Feb	3.7%	--	3.7%	--
3/6	Average Weekly Hours All Employees	Feb	34.3	--	34.3	--
3/6	Unemployment Rate	Feb	4.3%	--	4.3%	--
3/6	Labor Force Participation Rate	Feb	--	--	62.5%	--
3/6	Underemployment Rate	Feb	--	--	8.0%	--

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	12.8	13.9	17.3	20.4	21.6	22.8
FH/FN 15y	10.6	12.2	20.4	24.3		36.2
GN 15y	8.1	15.1	14.4	14.1	28.6	31.5
FH/FN 20y	9.1	10.5	12.6	18.1	21.5	20.9
FH/FN 30y	7.5	8.9	10.1	14.4	24.1	31.2
GN 30y	7.2	8.3	8.9	10.0	11.3	16.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	156.10	1.05	153.75	148.12	149.85
Euro	1.18	0.00	1.19	1.16	1.05
Dollar Index	97.76	(0.04)	96.22	98.23	107.24
Major Stock Indices					
Dow Jones	48,896	(730)	49,003	45,565	43,240
S&P 500	6,845.9	(63.6)	6,978.6	6,481.4	5,861.6
NASDAQ	22,713.3	(173)	23,817.1	21,590.1	18,544.4
Commodities					
Gold	5,238.9	179.6	5,082.6	3,404.6	2,895.9
Crude Oil	66.87	0.48	62.39	64.15	70.35
Natural Gas	2.85	(0.20)	6.95	2.87	3.93
Wheat	589.0	15.5	523.3	502.3	546.8
Corn	437.8	10.3	426.5	382.5	464.8

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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