

Baker Market Update

Week In Review

March 6, 2026



Dillon Wiedemann

Senior Vice President of FSG

UPCOMING EVENTS

Banks

Webinars:

[Q1 IRR Management](#)

Mar 11, 2026

Seminars:

[IA Seminar](#)

Jun 15, 2026

[IL Seminar](#)

Aug 3, 2026

Banks and CUs

Schools:

[ALM School](#)

Apr 23-24, 2026

Seminars:

[TX Seminar](#)

May 7, 2026

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Oct 14-16, 2026

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Aug 28, 2026

[Bond School](#)

Nov 5-6, 2026

It's been a volatile week for all markets in general as tensions remain high in the Middle East. Since Monday, 10yr Treasury yields are up around 23bp, the Dow Jones Industrial Average is down over 1,500pts and Brent Crude oil is up around 13\$ a barrel (as of the time of this writing). With current levels of volatility, conditions were ripe for another big move this morning, as Non-Farm Payrolls, Unemployment, and Retail Sales numbers were being released and that's exactly what happened.

Job growth plunged in February following a strong January, reinforcing concerns labor market deterioration is accelerating. February Non-Farm Payrolls unexpectedly fell by -92k (est = +55k) and the prior two months were revised lower by -69k. Job losses were fairly widespread with the largest declines in leisure & hospitality (-27k), healthcare (-19k), private education (-15k), and manufacturing (-12k) while financial activities (+10k) and other services (+8k) led gains. The BLS said at least some of the February weaknesses were due to strike activity while weather also likely played a role. Nonetheless, this was the largest drop in jobs since October and the 5th monthly decline in the last 12 months. The separate household survey showed a loss of 185k jobs and an increase in the unemployment rate to 4.4% (est = 4.3) as the labor force participation rate unexpectedly plunged to 62.0% (est = 62.5%), the lowest level since December 2021. Although some of the weaknesses in this report will be dismissed due to strikes and weather, it was an unexpectedly bad employment report across the board with widespread job losses, negative revisions, a jump in the unemployment rate, and a decline in participation.

Headline retail sales came in at -0.2% month over month which was slightly better than estimates at -0.3%. Losses were largely driven by declines in sales for motor vehicles, gas stations, and personal care stores. Online shopping saw the largest increase. Weather also played a large role in the decline in retail sales as shoppers across the country were sidelined with inclement weather.

Normally bonds would rally with this data, but bond traders are likely balancing these risks with the recent increases in oil prices as higher energy costs could feed through to inflation.

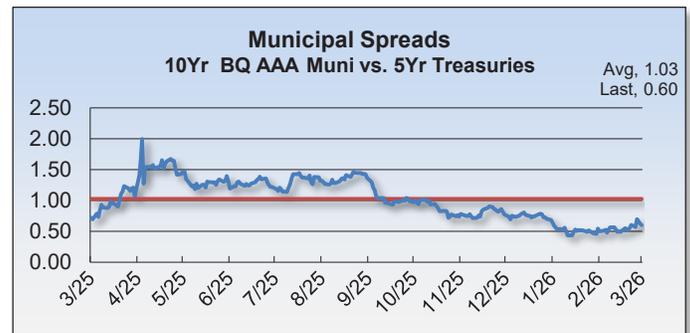
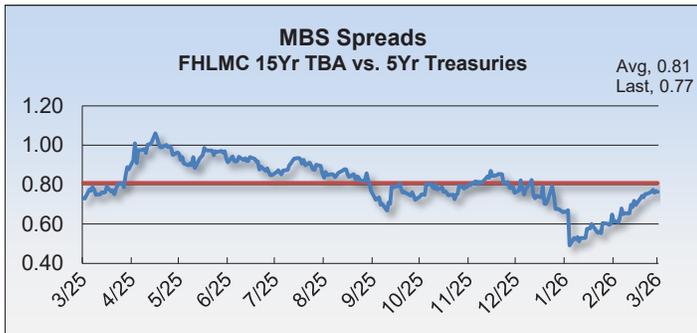
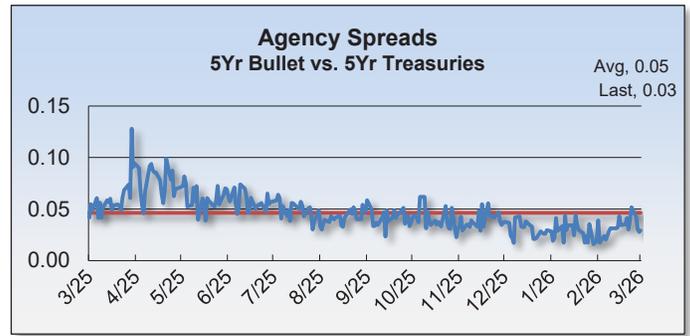
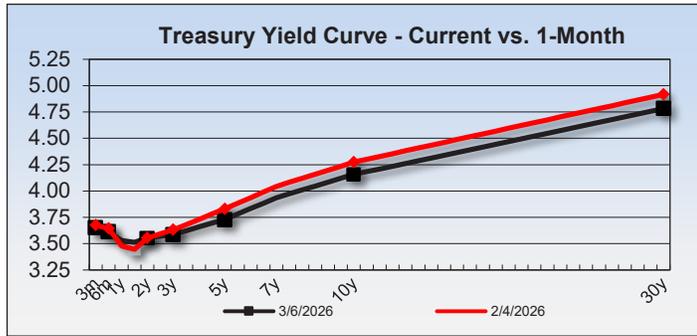
Hope everyone has a great weekend!



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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	3.65	(0.01)	3.67	4.01	4.30	2yr	3.63	3.43	5.04	5.36	3.66	2Yr						
6mo	3.61	(0.01)	3.61	3.88	4.23	3yr	3.65	3.39	5.05	5.38	3.65	3Yr						
1yr	3.53	0.05	3.44	3.66	4.02	5yr	3.80	3.45	5.24	5.57	3.82	5Yr						
2yr	3.56	0.18	3.50	3.51	3.96	7yr	4.04	3.55	5.50	5.86	4.12	7Yr						
3yr	3.59	0.21	3.57	3.48	3.99	10yr	4.33	3.71	5.80	6.17	4.45	10Yr						
5yr	3.73	0.23	3.76	3.58	4.06	15yr	4.62	3.91	5.80	6.17	4.64		April TBA MBS					
7yr	3.94	0.23	3.98	3.79	4.17	20yr	4.91	4.01	6.65	7.08	5.33	Cpn	15Yr -Yld/AL		30Yr -Yld/AL			
10yr	4.16	0.22	4.21	4.08	4.28	25yr	5.21	4.02	6.65	7.08	5.40	3.50	4.44	4.1y	4.78			
30yr	4.78	0.17	4.85	4.76	4.58	30yr		4.00	6.65	7.08	5.46	4.00	4.43	3.9y				
												4.50	4.49	4.3y	4.94	7.7y		
												5.00	4.50	3.4y	5.05	5.8y		
												5.50			4.89	3.3y		
												6.00			4.41	2.3y		

* 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	(0.01)	3.65	4.42	--
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	3.77	0.08	3.69	4.11	4.25
1 Year CMT	3.59	0.07	3.44	3.65	4.06
REPO O/N	3.75	--	3.72	4.38	4.37
REPO 1Wk	3.68	0.01	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	--	3.88
6mo	3.76	--	3.78
1yr	3.72	--	3.78
2yr	3.69	--	3.74
3yr	3.71	--	3.77
4yr	3.78	--	3.84
5yr	3.84	--	3.90
7yr	4.08	--	4.14
10yr	4.36	--	4.42
5yr Am	3.80		3.87
10yr Am	4.13		4.20

Fed Fund Futures	
Maturity	Rate
Mar-26	3.635
Apr-26	3.625
May-26	3.575
Jun-26	3.535
Jul-26	3.480
Aug-26	3.410
Sep-26	3.370
Oct-26	3.320
Nov-26	3.275
Dec-26	3.225
Jan-27	3.210

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
3/2	S&P Global US Manufacturing PMI	Feb F	51.4	51.6	51.2	--
3/2	ISM Manufacturing	Feb	51.5	52.4	52.6	--
3/2	ISM Prices Paid	Feb	60.0	70.5	59.0	--
3/2	ISM New Orders	Feb	53.3	55.8	57.1	--
3/2	ISM Employment	Feb	48.3	48.8	48.1	--
3/4	ADP Employment Change	Feb	50k	63k	22k	11k
3/4	S&P Global US Services PMI	Feb F	52.3	51.7	52.3	--
3/4	S&P Global US Composite PMI	Feb F	52.3	51.9	52.3	--
3/4	ISM Services Index	Feb	53.5	56.1	53.8	--
3/4	ISM Services Prices Paid	Feb	68.3	63.0	66.6	--
3/4	ISM Services New Orders	Feb	53.5	58.6	53.1	--
3/4	ISM Services Employment	Feb	50.6	51.8	50.3	--
3/5	Challenger Job Cuts YoY	Feb	--	-71.9%	117.8%	--
3/5	Challenger Job Cuts Total	Feb	--	48307	108435	--
3/5	Import Price Index YoY	Jan	0.1%	-0.1%	0.0%	--
3/5	Export Price Index YoY	Jan	--	2.6%	3.4%	3.4%
3/5	Nonfarm Productivity	4Q P	1.9%	2.8%	4.9%	5.2%
3/5	Unit Labor Costs	4Q P	2.0%	2.8%	-1.9%	-1.8%
3/5	Initial Jobless Claims	2/28	215k	213k	242k	213k
3/5	Continuing Claims	2/21	1845k	1868k	1833k	1822k
3/6	Change in Nonfarm Payrolls	Feb	55k	-92k	430k	126k
3/6	Two-Month Payroll Net Revision	Feb	--	-69k	-17k	--
3/6	Change in Private Payrolls	Feb	60k	-86k	472k	146k
3/6	Change in Manufact. Payrolls	Feb	-2k	-12k	5k	--
3/6	Average Hourly Earnings MoM	Feb	0.3%	0.4%	0.4%	--
3/6	Average Hourly Earnings YoY	Feb	3.7%	3.8%	3.7%	--
3/6	Average Weekly Hours All Employees	Feb	34.3	34.3	34.3	--
3/6	Unemployment Rate	Feb	4.3%	4.4%	4.3%	--
3/6	Labor Force Participation Rate	Feb	62.5%	62.0%	62.5%	62.1%
3/6	Underemployment Rate	Feb	--	7.9%	8.0%	8.1%
3/6	Retail Sales Ex Auto and Gas	Jan	0.2%	0.3%	0.0%	0.1%
3/6	Retail Sales Control Group	Jan	0.3%	0.3%	-0.1%	0.0%
3/10	NFIB Small Business Optimism	Feb	99.6	--	99.3	--
3/10	ADP Weekly Employment Change	2/21	--	--	12.750k	--
3/11	CPI MoM	Feb	0.2%	--	0.2%	--
3/11	Core CPI MoM	Feb	0.3%	--	0.3%	--
3/11	CPI YoY	Feb	2.5%	--	2.4%	--
3/11	Core CPI YoY	Feb	2.4%	--	2.5%	--
3/11	CPI Index NSA	Feb	--	--	325.25	--
3/11	Core CPI Index SA	Feb	--	--	332.79	--
3/11	Real Avg Hourly Earning YoY	Feb	--	--	1.2%	--
3/11	Real Avg Weekly Earnings YoY	Feb	--	--	1.9%	--
3/13	Real Personal Spending	Jan	--	--	0.1%	--
3/13	PCE Price Index YoY	Jan	2.9%	--	2.9%	--
3/13	Core PCE Price Index YoY	Jan	3.1%	--	3.0%	--
3/13	JOLTS Job Openings	Jan	--	--	6542k	--
3/13	JOLTS Job Openings Rate	Jan	--	--	3.9%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	14.7	12.7	18.0	24.2	26.0	27.8
FH/FN 15y	9.8	12.6	17.4	13.5	14.9	21.4
GN 15y	22.1	30.3	11.4	0.1	-2.3	76.3
FH/FN 20y	7.6	8.8	9.5	12.9	23.6	25.6
FH/FN 30y	5.5	5.3	4.5	6.8	11.4	18.8
GN 30y	3.4	5.1	5.8	6.9	7.2	7.3

CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	12.6	13.8	17.0	19.8	21.1	22.5
FH/FN 15y	10.4	12.2	19.7	23.4		35.1
GN 15y	8.0	15.1	14.4	14.1	28.5	31.3
FH/FN 20y	8.9	10.4	12.3	17.1	20.9	20.4
FH/FN 30y	7.4	8.8	10.0	13.1	21.1	28.5
GN 30y	7.1	8.2	8.8	9.8	10.9	15.7

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	157.66	1.61	157.22	147.80	147.86
Euro	1.16	(0.02)	1.18	1.17	1.08
Dollar Index	99.23	1.63	97.63	97.77	104.06
Major Stock Indices					
Dow Jones	47,189	(1,789)	50,116	45,401	42,579
S&P 500	6,722.9	(156.0)	6,932.3	6,481.5	5,738.5
NASDAQ	22,474.4	(194)	23,031.2	21,700.4	18,069.3
Commodities					
Gold	5,122.0	(125.9)	4,951.2	3,624.0	2,926.6
Crude Oil	88.70	21.68	63.55	61.87	66.36
Natural Gas	3.09	0.23	3.42	3.05	4.30
Wheat	582.8	11.0	535.3	501.0	530.8
Corn	447.0	8.3	430.3	399.0	449.5

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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