

Baker Market Update – Week in Review

May 22, 2026



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UPCOMING EVENTS

Banks

Seminars:

[IA Seminar](#)

Jun 15, 2026

[IL Seminar](#)

Aug 3, 2026

[Dallas Seminar](#)

Aug 28, 2026

[OK Seminar](#)

Oct 14-16, 2026

Webinars:

[Q2 IRR Management](#)

Jun 10, 2026

Schools:

[Bond School](#)

Nov 5-6, 2026

It was another volatile week for markets, with the Iran energy shock continuing to reverberate across asset classes. Crude prices swung sharply throughout the week, opening Monday above \$110 per barrel after fresh weekend attacks in the Gulf before briefly retreating to around \$105 mid-week on news that supertankers carrying 6 million barrels had cleared the Strait of Hormuz. By Thursday, prices had spiked again after Tehran hardened its position on the nuclear program, reminding markets just how far apart the two sides remain. The International Energy Agency added to the concern this week, warning that if the Strait stays effectively closed, the world could be only months away from critically low crude inventory levels, a potential breaking point that would dwarf current price pressures.

Bond yields surged to kick off the week as well, driven by rising inflation expectations and growing bets on the potential for rate hikes. Compounding the volatility, the market is also reckoning with the idea that the Fed may not be stepping in as a buyer of last resort this time around. For years, investors have operated with an assumption that the Fed would step in to buy bonds and steady markets if needed. But that unspoken safety net may be gone given incoming Chair Kevin Warsh's long held skepticism of the Fed playing market rescuer and inflation already a major concern. Without that cushion, a cornerstone of market confidence for over a decade, the bond market is repricing accordingly.

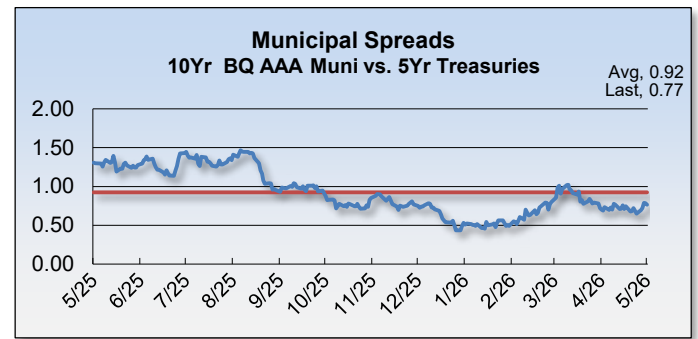
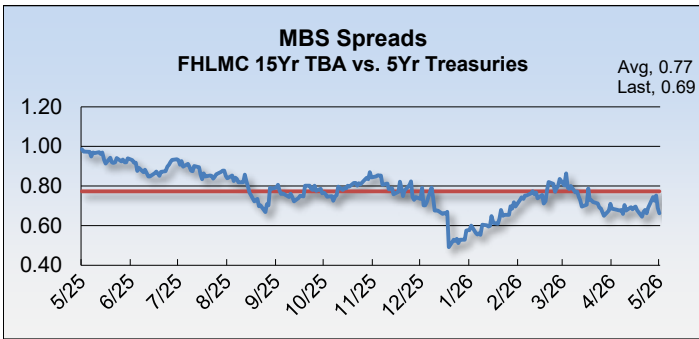
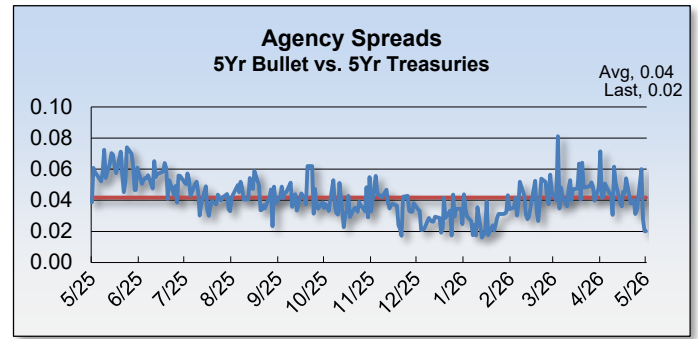
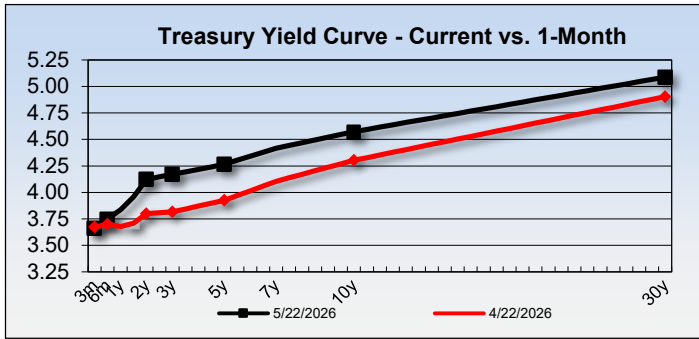
Wednesday's release of the April FOMC minutes, the last meeting chaired by Jerome Powell, showed just how much the Fed's internal calculus has shifted over the past several months. A majority of policymakers felt that "some policy firming would likely become appropriate" should inflation remain persistently above the 2% target, with a vast majority flagging that the return to target could take significantly longer than previously anticipated. Crucially, more officials at April's meeting were open to rate hikes than at any prior gathering in recent memory, the second consecutive meeting to show that hawkish drift.

The convergence of an unresolved Gulf conflict, structurally higher energy prices, and a newly hawkish Fed creates a difficult backdrop heading into summer. With crude inventories potentially approaching a crunch point in the coming months and the new Fed leadership navigating both political expectations and economic reality, the weeks ahead could be even more turbulent. For now, markets are left pricing in a world where the old standards of cheap energy, accommodative policy, and central bank backstops may no longer apply.

With Memorial Day falling on Monday, markets will have an extra day to absorb it all and we'll get an extra day of reprieve! Hope everyone is able to enjoy the long weekend. Happy Memorial Day!

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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	(0.01)	3.68	3.83	4.34	2yr	4.14	3.93	3.63	3.86	4.13	2Yr						
6mo	3.75	0.02	3.70	3.77	4.30	3yr	4.21	3.93	3.68	3.92	4.22	3Yr						
1yr	3.84	0.02	3.69	3.62	4.13	5yr	4.31	3.96	3.91	4.16	4.37	5Yr						
2yr	4.12	0.05	3.80	3.51	3.99	7yr	4.48	4.03	4.10	4.37	4.59	7Yr						
3yr	4.17	0.03	3.82	3.50	4.03	10yr	4.70	4.14	4.42	4.71	4.88	10Yr						
5yr	4.26	0.01	3.93	3.62	4.09	15yr	4.91	4.32	5.00	5.32	5.07	June TBA MBS						
7yr	4.42	(0.01)	4.11	3.82	4.30	20yr	5.12	4.39	5.75	6.12	5.68	Cpn	15Yr -Yld/AL		30Yr -Yld/AL			
10yr	4.57	(0.02)	4.30	4.07	4.53	25yr	5.33	4.39	6.05	6.44	5.75	3.50	5.05	4.2y	5.20			
30yr	5.09	(0.03)	4.91	4.71	5.04	30yr		4.35	6.34	6.75	5.81	4.00	4.89	4.1y				
												4.50	4.85	4.9y	5.35	9.2y		
												5.00	4.91	4.4y	5.45	8.2y		
												5.50			5.52	6.9y		
												6.00			5.53	5.1y		

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	3.75	--	3.75	4.00	4.50
Primary Discount	3.75	--	3.75	4.00	4.50
2ndary Discount	4.25	--	4.25	4.50	5.00
Prime Rate	6.75	--	6.75	7.00	7.50
Sec. O.N. Finance	3.51	(0.05)	3.63	3.93	--
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	3.87	0.03	3.79	3.90	4.44
1 Year CMT	3.83	0.04	3.69	3.62	4.13
REPO O/N	3.57	(0.11)	3.67	4.02	4.34
REPO 1Wk	3.67	--	3.67	3.92	4.41
CoF Federal	3.463	--	3.457	3.600	3.663
11th D. CoF (Mar)	2.728	--	2.726	2.921	2.932

FHLB Fixed Advance Rates				Fed Fund Futures	
Maturity	Chicago	Boston	Topeka	Maturity	Rate
3mo	3.83	--	3.86	May-26	3.628
6mo	3.88	--	3.88	Jun-26	3.625
1yr	3.99	--	4.04	Jul-26	3.635
2yr	4.14	--	4.25	Aug-26	3.665
3yr	4.19	--	4.30	Sep-26	3.700
4yr	4.26	--	4.37	Oct-26	3.730
5yr	4.30	--	4.40	Nov-26	3.760
7yr	4.50	--	4.60	Dec-26	3.815
10yr	4.72	--	4.81	Jan-27	3.835
5yr Am	4.29	--	4.38	Feb-27	3.870
10yr Am	4.56	--	4.63	Mar-27	3.900



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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
5/18	New York Fed Services Business Activit	May	--	-5.8	-14.0	--
5/18	NAHB Housing Market Index	May	34	37	34	--
5/18	Total Net TIC Flows	Mar	--	\$150.7b	\$184.5b	\$182.7b
5/18	Net Long-term TIC Flows	Mar	--	\$81.3b	\$58.6b	\$57.0b
5/19	ADP Weekly Employment Change	5/2	--	42.250k	33.000k	--
5/19	Pending Home Sales MoM	Apr	1.0%	1.4%	4.5%	1.7%
5/19	Pending Home Sales NSA YoY	Apr	2.1%	3.3%	1.8%	--
5/20	MBA Mortgage Applications	5/15	--	-2.3%	1.7%	--
5/21	Initial Jobless Claims	5/16	210k	209k	211k	212k
5/21	Initial Claims 4-Wk Moving Avg	5/16	--	202.50k	203.75k	204.00k
5/21	Continuing Claims	5/9	1786k	1782k	1782k	1776k
5/21	Philadelphia Fed Business Outlook	May	17.8	-0.4	26.7	--
5/21	Housing Starts	Apr	1410k	1465k	1502k	1507k
5/21	Housing Starts MoM	Apr	-5.3%	-2.8%	40.8%	12.0%
5/21	Building Permits	Apr P	1384k	1442k	1363k	--
5/21	Building Permits MoM	Apr P	2.5%	5.8%	11.4%	-11.5%
5/21	S&P Global US Manufacturing PMI	May P	53.8	55.3	54.5	--
5/21	S&P Global US Services PMI	May P	51.2	50.9	51.0	--
5/21	S&P Global US Composite PMI	May P	51.8	51.7	51.7	--
5/22	U. of Mich. Sentiment	May F	48.2	44.8	48.2	--
5/22	U. of Mich. Current Conditions	May F	48.0	45.8	47.8	--
5/22	U. of Mich. Expectations	May F	48.5	44.1	48.5	--
5/22	U. of Mich. 1 Yr Inflation	May F	4.6%	4.8%	4.5%	--
5/22	U. of Mich. 5-10 Yr Inflation	May F	3.4%	3.9%	3.4%	--
5/26	Philadelphia Fed Non-Manufacturing Ac	May	--	--	-16.5	--
5/26	House Price Purchase Index QoQ	1Q	--	--	0.8%	--
5/26	S&P Cotality CS 20-City MoM SA	Mar	0.10%	--	-0.05%	--
5/26	S&P Cotality CS 20-City YoY NSA	Mar	1.0%	--	0.9%	--
5/26	S&P Cotality CS US HPI YoY NSA	Mar	--	--	0.67%	--
5/26	Conf. Board Consumer Confidence	May	91.5	--	92.8	--
5/26	Conf. Board Present Situation	May	123.0	--	123.8	--
5/26	Conf. Board Expectations	May	71.0	--	72.2	--
5/28	Personal Income	Apr	0.4%	--	0.6%	--
5/28	Personal Spending	Apr	0.5%	--	0.9%	--
5/28	Real Personal Spending	Apr	0.1%	--	0.2%	--
5/28	PCE Price Index MoM	Apr	0.5%	--	0.7%	--
5/28	PCE Price Index YoY	Apr	3.9%	--	3.5%	--
5/28	Core PCE Price Index MoM	Apr	0.3%	--	0.3%	--
5/28	Core PCE Price Index YoY	Apr	3.3%	--	3.2%	--
5/28	Durables Ex Transportation	Apr P	0.4%	--	0.9%	--
5/28	Cap Goods Ship Nondef Ex Air	Apr P	--	--	1.2%	--
5/28	GDP Annualized QoQ	1Q S	2.1%	--	2.0%	--
5/28	Personal Consumption	1Q S	1.7%	--	1.6%	--
5/28	GDP Price Index	1Q S	3.6%	--	3.6%	--
5/28	Core PCE Price Index QoQ	1Q S	4.3%	--	4.3%	--
5/29	Advance Goods Trade Balance	Apr	--	--	-\$87.9b	-\$87.4b
5/29	MNI Chicago PMI	May	51.2	--	49.2	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	15.3	13.4	18.0	22.4	30.6	30.6
FH/FN 15y	10.5	12.6	16.4	28.3	16.6	21.6
G2 15y	12.3	11.3	12.0	17.8	25.6	35.0
FH/FN 20y	7.9	9.0	9.5	13.6	23.2	29.4
FH/FN 30y	6.4	4.6	4.7	5.5	7.2	22.6
G2 30y	0.8	0.9	6.5	8.8	20.5	43.1

CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	11.8	12.7	15.1	16.9	18.4	20.0
FH/FN 15y	9.4	11.2	15.6	18.4		25.8
G2 15y	9.1	11.0	12.2	13.8	14.8	16.9
FH/FN 20y	8.0	9.2	10.9	13.4	17.3	18.0
FH/FN 30y	6.5	7.5	8.3	9.7	11.9	14.1
G2 30y	7.4	8.3	9.8	10.8	13.2	20.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	159.14	0.40	159.23	156.71	143.66
Euro	1.16	(0.00)	1.18	1.15	1.13
Dollar Index	99.30	0.01	98.59	100.18	99.96
Major Stock Indices					
Dow Jones	50,635	1,108	49,490	46,245	41,859
S&P 500	7,497.3	88.8	7,137.9	6,603.0	5,842.0
NASDAQ	26,363.1	138	24,657.6	22,273.1	18,925.7
Commodities					
Gold	4,516.3	(45.6)	4,732.5	4,079.5	3,295.0
Crude Oil	97.79	(7.63)	92.96	58.06	61.20
Natural Gas	2.97	0.00	2.72	4.58	3.25
Wheat	651.5	15.8	599.3	527.0	544.5
Corn	466.3	10.5	454.3	425.5	463.0

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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