

Baker Market Update – Week in Review

June 5, 2026



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The 10yr Treasury started the week trading around 4.45% and sits at 4.53% as of the time of this writing, as green shoots in a recently struggling labor market have begun to get priced in. The week’s calendar was decidedly jobs heavy. Tuesday’s JOLTS report showed job openings jumping to 7.618M (est = 6.866M), with the openings rate climbing to 4.6% from 4.2% the prior month. Layoffs also fell, to 1.692M (est = 1.842M), as did quits, to 2.977M (est = 3.138M), a mix that points to firmer labor demand and less slack than the market had been positioned for.

UPCOMING EVENTS

Banks

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Jun 15, 2026

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Aug 3, 2026

[Dallas Seminar](#)

Aug 28, 2026

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[Q2 IRR Management](#)

Jun 10, 2026

Schools:

[Bond School](#)

Nov 5-6, 2026

That theme came to a head Friday with a payrolls report that landed well above expectations. Employers added 172k nonfarm payrolls in May (est = 88k), and the prior two months were revised up by a combined 93k. That lifts the three-month average to 188k, the strongest run since March 2024. Hiring was concentrated in leisure & hospitality (+70k), government (+52k), and health care (+47k), while financial activities (-22k), private education (-7k), and trade (-5k) posted the largest pullbacks. The separate household survey added 149k jobs, its first gain in five months, which kept the unemployment rate anchored at 4.3% for a fourth straight month even as labor force participation held at 61.8%. Average hourly earnings rose 0.3% on the month and 3.4% year-over-year. The strength of this report suggests labor demand could be holding up better than initially feared, while wage growth remains right at its 30yr average of 3.4%.

The rest of the week’s data was firmer than expected but didn’t change the market’s picture. Both ISM surveys beat, with manufacturing at 54.0 (est = 53.0) and services at 54.5 (est = 53.8), and prices-paid stayed elevated at 82.1 and 71.3, a sign input cost pressure remains somewhat elevated. Capital Goods Orders Nondefense Ex-Air, which is a proxy for business investment, slipped by -1.0% for the month.

Taken together, the week’s data all but removes rate cuts from the table this year barring a sharp turn in the data. The timing is notable, as the June FOMC meeting lands just 10 days out and will be Kevin Warsh’s first as Fed Chairman. It is likely that the Committee will drop its easing bias in the June statement, with the updated dot plot likely showing few members favoring cuts this year and possibly several leaning toward hikes.

Friday’s Non-Farm Payrolls print drove the bulk of the week’s market repricing. The 2yr surged 9bp to 4.13% and the 10yr added 6bp to reach the 4.53% noted above. Fed funds futures are now pricing a hike by December.

Looking ahead to next week, we’ll get a look at the NY Fed’s 1yr Inflation expectations, CPI, PPI, and University of Michigan’s consumer sentiment index. The market will likely be paying a lot of attention to the final CPI report before Chairman Warsh’s first meeting. Surveys anticipate that the headline CPI number will come in at 4.2% for the month.

Hope everyone has a great weekend!

MEETING DATE	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525
6/17/2026	0.0%	0.0%	3.8%	96.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7/29/2026	0.0%	0.0%	3.3%	84.3%	12.3%	0.0%	0.0%	0.0%	0.0%	0.0%
9/16/2026	0.0%	0.0%	2.4%	61.8%	32.4%	3.4%	0.0%	0.0%	0.0%	0.0%
10/28/2026	0.0%	0.0%	1.9%	48.6%	38.9%	9.8%	0.8%	0.0%	0.0%	0.0%
12/9/2026	0.0%	0.0%	1.1%	29.4%	42.9%	21.8%	4.5%	0.3%	0.0%	0.0%
1/27/2027	0.0%	0.0%	0.9%	22.9%	39.8%	26.6%	8.5%	1.3%	0.1%	0.0%
3/17/2027	0.0%	0.0%	0.6%	16.5%	34.9%	30.4%	13.7%	3.4%	0.4%	0.0%
4/28/2027	0.0%	0.0%	0.5%	14.0%	32.0%	31.2%	16.4%	5.0%	0.9%	0.1%
6/9/2027	0.0%	0.0%	0.5%	13.5%	31.3%	31.2%	17.0%	5.5%	1.1%	0.1%
7/28/2027	0.0%	0.0%	0.5%	13.3%	31.1%	31.2%	17.1%	5.6%	1.1%	0.1%
9/15/2027	0.0%	0.0%	1.8%	15.1%	31.1%	29.8%	16.0%	5.1%	1.0%	0.1%
10/27/2027	0.0%	0.2%	2.8%	16.4%	31.0%	28.7%	15.1%	4.8%	0.9%	0.1%
12/8/2027	0.2%	2.4%	14.0%	28.4%	29.1%	17.5%	6.6%	1.6%	0.3%	0.0%

Source: CME Group



ICBA

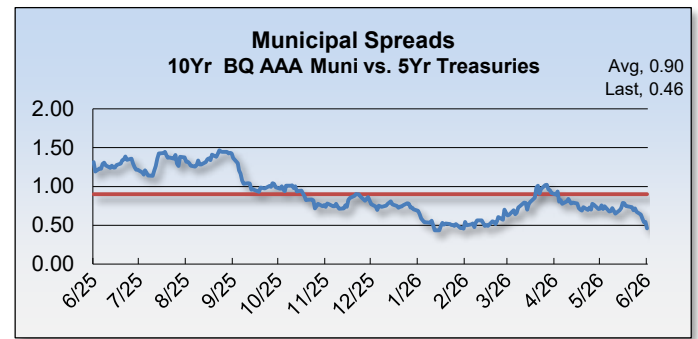
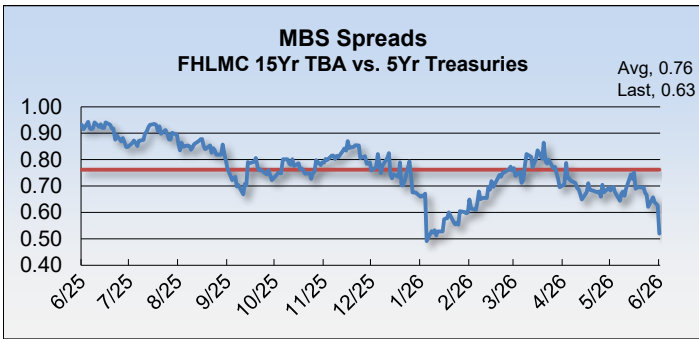
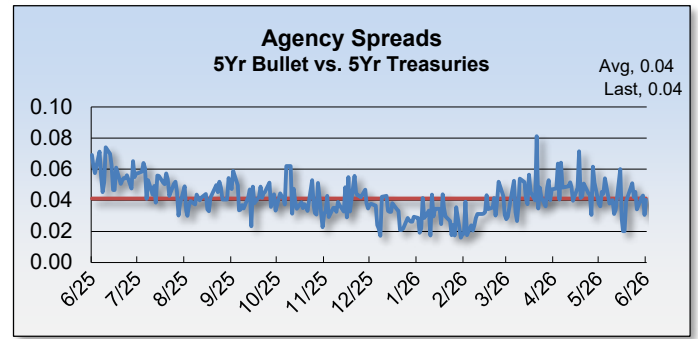
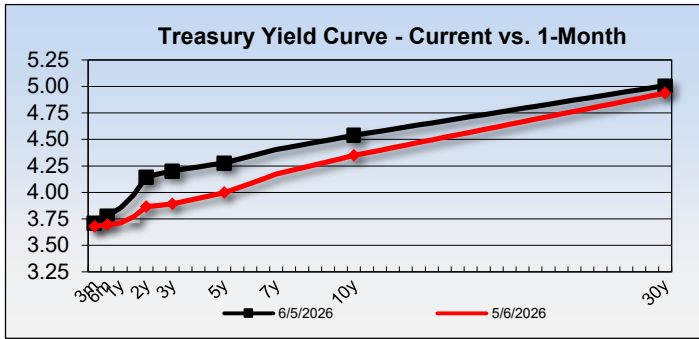
Securities

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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	3.71	0.04	3.68	3.70	4.34	2yr	4.16	3.90	3.33	3.55	4.11	2Yr						
6mo	3.78	0.04	3.71	3.68	4.26	3yr	4.26	3.90	3.40	3.62	4.19	3Yr						
1yr	3.85	0.08	3.75	3.60	4.07	5yr	4.32	3.91	3.61	3.84	4.31	5Yr						
2yr	4.15	0.14	3.94	3.56	3.92	7yr	4.46	3.97	3.81	4.05	4.51	7Yr						
3yr	4.20	0.15	3.97	3.59	3.95	10yr	4.69	4.07	4.13	4.40	4.78	10Yr						
5yr	4.28	0.14	4.08	3.71	3.99	15yr	4.92	4.23	4.68	4.98	4.97	July TBA MBS						
7yr	4.40	0.12	4.25	3.90	4.18	20yr	5.15	4.30	5.40	5.75	5.56	Cpn	15Yr -Yld/AL		30Yr -Yld/AL			
10yr	4.54	0.10	4.42	4.14	4.39	25yr	5.39	4.29	5.71	6.08	5.63	3.50	4.98	4.1y	5.23			
30yr	5.01	0.03	4.99	4.79	4.88	30yr		4.26	6.02	6.41	5.69	4.00	4.76	4.1y				
												4.50	4.74	4.8y	5.36	8.9y		
												5.00	4.77	4.2y	5.42	7.9y		
												5.50			5.47	6.3y		
												6.00			5.40	4.6y		

* 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	3.62	--	3.63	3.92	--
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	3.82	(0.01)	3.83	3.78	4.38
1 Year CMT	3.82	0.02	3.78	3.60	4.06
REPO O/N	3.65	--	3.68	3.97	4.34
REPO 1Wk	3.65	(0.00)	3.65	3.77	4.38
CoF Federal	3.463	--	3.457	3.600	3.663
11th D. CoF (Apr)	2.734	--	2.728	2.871	2.934

FHLB Fixed Advance Rates				Fed Fund Futures	
Maturity	Chicago	Boston	Topeka	Maturity	Rate
3mo	3.84	--	3.89	Jun-26	3.623
6mo	3.91	--	3.90	Jul-26	3.625
1yr	4.05	--	4.04	Aug-26	3.655
2yr	4.21	--	4.20	Sep-26	3.690
3yr	4.27	--	4.26	Oct-26	3.730
4yr	4.32	--	4.30	Nov-26	3.775
5yr	4.36	--	4.34	Dec-26	3.845
7yr	4.54	--	4.52	Jan-27	3.875
10yr	4.72	--	4.72	Feb-27	3.925
5yr Am	4.26		4.32	Mar-27	3.960
10yr Am	4.51		4.56	Apr-27	3.990



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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
6/1	S&P Global US Manufacturing PMI	May F	55.3	55.1	55.3	--
6/1	ISM Manufacturing	May	53.0	54.0	52.7	--
6/1	ISM Prices Paid	May	85.0	82.1	84.6	--
6/1	ISM New Orders	May	54.5	56.8	54.1	--
6/1	ISM Employment	May	48.2	48.6	46.4	--
6/2	JOLTS Job Openings	Apr	6866k	7618k	6866k	6887k
6/2	JOLTS Job Openings Rate	Apr	4.2%	4.6%	4.1%	4.2%
6/2	JOLTS Quits Level	Apr	3138k	2977k	3174k	3160k
6/2	JOLTS Quits Rate	Apr	2.0%	1.9%	2.0%	--
6/2	JOLTS Layoffs Level	Apr	1842k	1692k	1867k	1884k
6/2	JOLTS Layoffs Rate	Apr	1.2%	1.1%	1.2%	--
6/3	MBA Mortgage Applications	5/29	--	-2.5%	-8.5%	--
6/3	ADP Employment Change	May	120k	122k	109k	105k
6/3	S&P Global US Services PMI	May F	51.0	50.7	50.9	--
6/3	S&P Global US Composite PMI	May F	51.7	51.5	51.7	--
6/3	ISM Services Index	May	53.8	54.5	53.6	--
6/3	ISM Services Prices Paid	May	72.3	71.3	70.7	--
6/3	ISM Services New Orders	May	53.4	57.3	53.5	--
6/3	ISM Services Employment	May	48.8	47.9	48.0	--
6/3	Factory Orders Ex Trans	Apr	0.8%	1.3%	1.6%	1.8%
6/3	Durables Ex Transportation	Apr F	1.1%	1.1%	1.1%	--
6/3	Cap Goods Ship Nondef Ex Air	Apr F	0.4%	0.4%	0.4%	--
6/4	Challenger Job Cuts YoY	May	--	3.4%	-20.9%	--
6/4	Challenger Job Cuts Total	May	--	97006	83387	--
6/4	Nonfarm Productivity	1Q F	0.4%	0.3%	0.8%	--
6/4	Unit Labor Costs	1Q F	2.4%	1.8%	2.3%	--
6/4	Initial Jobless Claims	5/30	215k	225k	215k	212k
6/4	Initial Claims 4-Wk Moving Avg	5/30	--	214.75k	209.00k	208.25k
6/4	Continuing Claims	5/23	1780k	1777k	1786k	1785k
6/5	Change in Nonfarm Payrolls	May	88k	172k	115k	179k
6/5	Two-Month Payroll Net Revision	May	--	93k	-16k	--
6/5	Change in Private Payrolls	May	89k	120k	123k	177k
6/5	Change in Manufact. Payrolls	May	2k	7k	-2k	0k
6/5	Nonfarm Payrolls 3-Mo Avg Chg	May	--	188k	48k	79k
6/5	Average Hourly Earnings MoM	May	0.3%	0.3%	0.2%	--
6/5	Average Hourly Earnings YoY	May	3.4%	3.4%	3.6%	--
6/5	Average Weekly Hours All Employees	May	34.3	34.3	34.3	--
6/5	Unemployment Rate	May	4.3%	4.3%	4.3%	--
6/5	Labor Force Participation Rate	May	61.8%	61.8%	61.8%	--
6/5	Underemployment Rate	May	--	8.1%	8.2%	--
6/8	NY Fed 1-Yr Inflation Expectations	May	--	--	3.64%	--
6/9	NFIB Small Business Optimism	May	96	--	96	--
6/9	ADP Weekly Employment Change	5/23	--	--	35.750k	--
6/10	CPI MoM	May	0.5%	--	0.6%	--
6/10	Core CPI MoM	May	0.3%	--	0.4%	--
6/10	CPI YoY	May	--	--	3.8%	--
6/10	Core CPI YoY	May	2.9%	--	2.8%	--

MBS Prepayments ⁴						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	15.0	12.7	18.7	21.7	30.2	30.6
FH/FN 15y	11.5	13.0	12.3	37.2	16.3	21.0
G2 15y	13.2	11.2	12.1	18.4	26.1	34.8
FH/FN 20y	8.4	9.4	9.4	13.0	22.0	29.3
FH/FN 30y	7.1	5.2	5.5	6.1	8.2	19.6
G2 30y	0.8	1.1	7.0	8.7	19.3	48.2

CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	12.0	13.0	15.7	17.2	19.1	20.5
FH/FN 15y	9.7	11.4	15.9	18.9	--	27.4
G2 15y	9.3	11.4	13.0	14.4	15.4	17.7
FH/FN 20y	8.2	9.5	11.3	14.1	17.9	18.6
FH/FN 30y	6.6	7.7	8.6	10.1	12.7	15.4
G2 30y	7.6	8.5	10.1	11.9	16.5	27.1

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	160.15	0.88	157.62	155.33	143.14
Euro	1.16	(0.01)	1.17	1.16	1.14
Dollar Index	99.67	0.72	98.44	98.99	98.74
Major Stock Indices					
Dow Jones	51,436	404	49,298	47,955	42,320
S&P 500	7,508.4	(71.6)	7,259.2	6,870.4	5,939.3
NASDAQ	26,340.2	(632)	25,326.1	23,578.1	19,298.5
Commodities					
Gold	4,375.0	(185.5)	4,568.5	4,212.9	3,350.7
Crude Oil	91.41	4.05	102.27	60.08	63.37
Natural Gas	3.28	(0.01)	2.79	5.29	3.68
Wheat	586.0	-24.5	616.5	537.5	545.5
Corn	422.8	-24.0	465.5	436.8	439.5

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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