

# Baker Market Update – Week in Review

June 12, 2026



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Senior Vice President

Inflation data released this week showed little sign of cooling, with both consumer and producer prices accelerating sharply in May. However, the emergence of a potential peace deal on Thursday between the U.S. and Iran has raised hopes that the energy price pressures driving the latest inflation surge could begin to ease.

## UPCOMING EVENTS

### Banks

#### Seminars:

[IA Seminar](#)

Jun 15, 2026

[IL Seminar](#)

Aug 3, 2026

[Dallas Seminar](#)

Aug 28, 2026

[Ohio Seminar](#)

Sep 30, 2026

[OK Seminar](#)

Oct 14-16, 2026

#### Schools:

[Bond School](#)

Nov 5-6, 2026

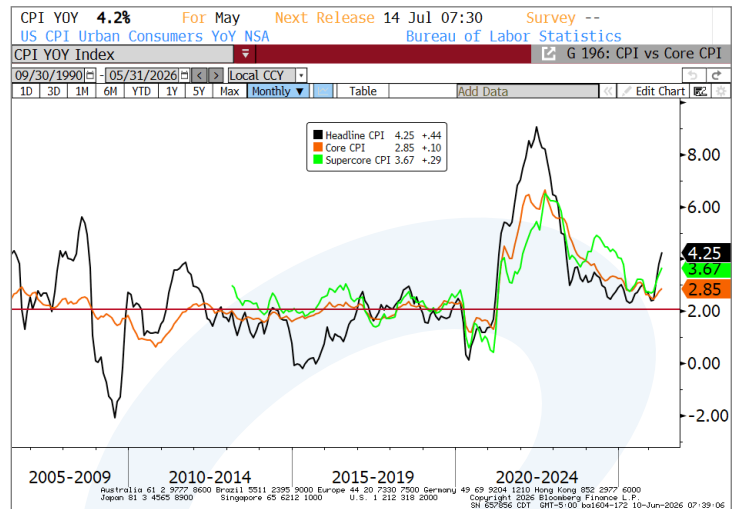
Annual headline CPI rose 4.2% in May in line with forecasts, marking the largest increase in three years. The monthly increase was 0.5%, also in line with estimates. Core inflation edged up to 2.9% YoY, in line with expectations. The monthly increase was 0.2%, below estimates of 0.3%. Producer prices climbed even faster, jumping 1.1% MoM (vs. 0.7% consensus) with the annual rate hitting 6.5% (vs. 6.4% consensus), the highest reading in more than three years. Inflation has now exceeded the Fed's 2% target for five consecutive years.

Markets are widely expecting no change at the June 17th FOMC meeting next week, the first chaired by Kevin Warsh, who succeeded Jerome Powell earlier this year. Warsh has previously indicated he believes rates should be lower, though the latest data may complicate that view. Futures markets are currently pricing in a meaningful probability of a 25bp rate hike by December. Warsh has also signaled he may not hold a press conference after every meeting, a departure from recent Fed practice that could reduce reliance on communicated forward guidance and put greater focus on meeting minutes and the Fed's Beige Book.

On the geopolitical front, a potential breakthrough in the U.S.-Iran conflict appears increasingly possible, even as the week started with an escalation of military action among Iran, Israel, and the U.S. A 14-point draft memorandum was aired on Iranian state television, with President Trump saying Thursday that a deal could be signed as early as this weekend. The proposed agreement includes the reopening of the Strait of Hormuz, the removal of oil sanctions on Iran, and an end to hostilities across the region, including in Lebanon. Tehran said it had not yet made a final decision, but the prospect of an agreement appears the closest it has in weeks. Crude prices fell on the news, with Brent dropping below \$90 a barrel on Friday morning.

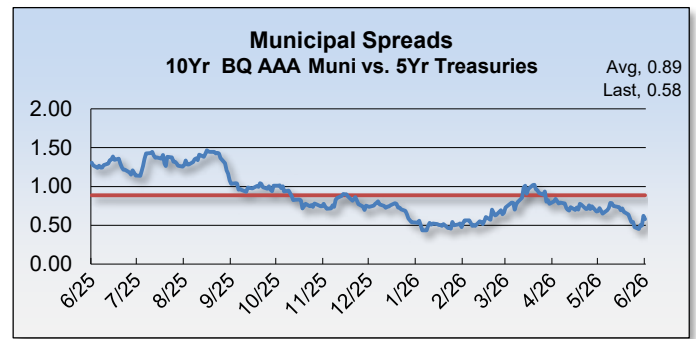
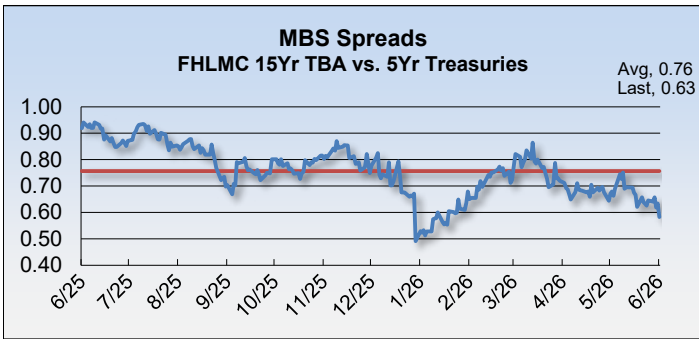
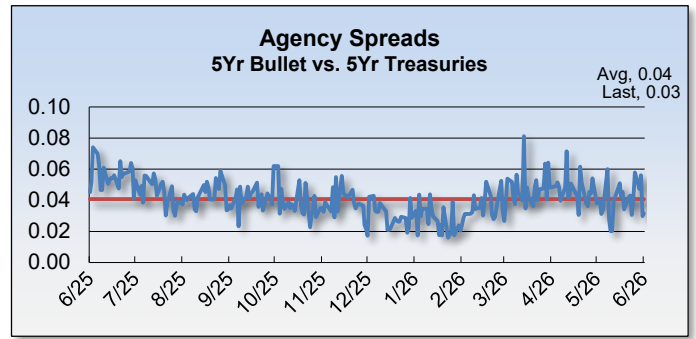
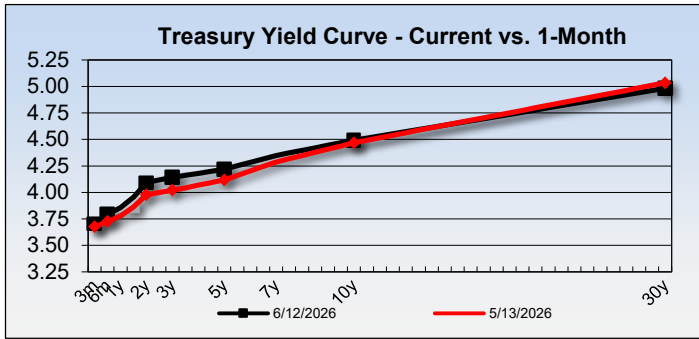
Next week will be shortened by the Juneteenth holiday on Friday. Housing data fills out the calendar alongside the Fed decision. But the real hinge point may come before markets even open Monday. If a peace deal is announced over the weekend, the energy complex, inflation expectations, and the Fed's calculus could all look different when the FOMC begins meeting on Tuesday.

Have 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 <sup>2</sup> | S-Corp <sup>3</sup> |          | Mty                 | 3Mo          | 6mo  | 1Yr          | 2Yr  |  |  |
| 3mo                           | 3.71    | (0.00)     | 3.69       | 3.61 | 4.37 | 2yr               | 4.11          | 3.92    | 3.36                | 3.58                | 4.12     | 2Yr                 |              |      |              |      |  |  |
| 6mo                           | 3.79    | 0.00       | 3.74       | 3.58 | 4.27 | 3yr               | 4.20          | 3.90    | 3.49                | 3.71                | 4.20     | 3Yr                 |              |      |              |      |  |  |
| 1yr                           | 3.86    | 0.01       | 3.79       | 3.53 | 4.06 | 5yr               | 4.27          | 3.90    | 3.71                | 3.95                | 4.31     | 5Yr                 |              |      |              |      |  |  |
| 2yr                           | 4.09    | (0.05)     | 3.99       | 3.52 | 3.91 | 7yr               | 4.41          | 3.96    | 3.91                | 4.16                | 4.50     | 7Yr                 |              |      |              |      |  |  |
| 3yr                           | 4.14    | (0.06)     | 4.03       | 3.58 | 3.93 | 10yr              | 4.63          | 4.06    | 4.21                | 4.48                | 4.77     | 10Yr                |              |      |              |      |  |  |
| 5yr                           | 4.22    | (0.05)     | 4.13       | 3.74 | 3.97 | 15yr              | 4.85          | 4.21    | 4.76                | 5.07                | 4.96     |                     | July TBA MBS |      |              |      |  |  |
| 7yr                           | 4.35    | (0.05)     | 4.29       | 3.95 | 4.15 | 20yr              | 5.08          | 4.29    | 5.43                | 5.78                | 5.53     | Cpn                 | 15Yr -Yld/AL |      | 30Yr -Yld/AL |      |  |  |
| 10yr                          | 4.49    | (0.04)     | 4.46       | 4.19 | 4.36 | 25yr              | 5.30          | 4.28    | 5.74                | 6.11                | 5.60     | 3.50                | 4.97         | 4.1y | 5.17         |      |  |  |
| 30yr                          | 4.98    | (0.02)     | 5.03       | 4.85 | 4.84 | 30yr              |               | 4.24    | 6.05                | 6.44                | 5.66     | 4.00                | 4.75         | 4.0y |              |      |  |  |
|                               |         |            |            |      |      |                   |               |         |                     |                     |          | 4.50                | 4.73         | 4.8y | 5.30         | 9.0y |  |  |
|                               |         |            |            |      |      |                   |               |         |                     |                     |          | 5.00                | 4.80         | 4.3y | 5.39         | 8.0y |  |  |
|                               |         |            |            |      |      |                   |               |         |                     |                     |          | 5.50                |              |      | 5.45         | 6.6y |  |  |
|                               |         |            |            |      |      |                   |               |         |                     |                     |          | 6.00                |              |      | 5.37         | 4.6y |  |  |

\* Interpolated

| Key Market Indices |         |            |            |       |       |
|--------------------|---------|------------|------------|-------|-------|
| Index              | Current | 1Wk Change | Historical |       |       |
|                    |         |            | 1 Mo       | 6 Mo  | 1 Yr  |
| Fed Funds          | 3.75    | --         | 3.75       | 3.75  | 4.50  |
| Primary Discount   | 3.75    | --         | 3.75       | 3.75  | 4.50  |
| 2ndary Discount    | 4.25    | --         | 4.25       | 4.25  | 5.00  |
| Prime Rate         | 6.75    | --         | 6.75       | 6.75  | 7.50  |
| Sec. O.N. Finance  | 3.60    | (0.02)     | 3.60       | 3.66  | --    |
| 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    | 0.05       | 3.81       | 3.74  | 4.36  |
| 1 Year CMT         | 3.85    | 0.03       | 3.79       | 3.56  | 4.08  |
| REPO O/N           | 3.65    | --         | 3.68       | 3.97  | 4.33  |
| REPO 1Wk           | 3.67    | 0.02       | 3.67       | 3.69  | 4.37  |
| 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                      | 3.85    | --     | 3.91   | Jun-26           | 3.623 |
| 6mo                      | 3.93    | --     | 3.94   | Jul-26           | 3.625 |
| 1yr                      | 4.03    | --     | 4.08   | Aug-26           | 3.645 |
| 2yr                      | 4.16    | --     | 4.25   | Sep-26           | 3.675 |
| 3yr                      | 4.22    | --     | 4.31   | Oct-26           | 3.705 |
| 4yr                      | 4.26    | --     | 4.35   | Nov-26           | 3.735 |
| 5yr                      | 4.30    | --     | 4.38   | Dec-26           | 3.800 |
| 7yr                      | 4.48    | --     | 4.56   | Jan-27           | 3.830 |
| 10yr                     | 4.66    | --     | 4.74   | Feb-27           | 3.875 |
| 5yr Am                   | 4.28    | --     | 4.37   | Mar-27           | 3.905 |
| 10yr Am                  | 4.52    | --     | 4.60   | Apr-27           | 3.940 |



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# Baker Market Update – Week in Review

June 12, 2026

| Weekly Economic Calendar |                                       |       |        |        |         |         |
|--------------------------|---------------------------------------|-------|--------|--------|---------|---------|
| This Week & Next         |                                       |       |        |        |         |         |
| Date                     | Release                               | Per.  | Est.   | Actual | Prior   | Revised |
| 6/8                      | NY Fed 1-Yr Inflation Expectations    | May   | 3.72%  | 3.46%  | 3.64%   | --      |
| 6/9                      | NFIB Small Business Optimism          | May   | 96.0   | 95.3   | 95.9    | --      |
| 6/9                      | Existing Home Sales MoM               | May   | 1.1%   | 3.2%   | 0.2%    | 0.7%    |
| 6/10                     | MBA Mortgage Applications             | 6/5   | --     | 10.8%  | -2.5%   | --      |
| 6/10                     | CPI MoM                               | May   | 0.5%   | 0.5%   | 0.6%    | --      |
| 6/10                     | Core CPI MoM                          | May   | 0.3%   | 0.2%   | 0.4%    | --      |
| 6/10                     | CPI YoY                               | May   | 4.2%   | 4.2%   | 3.8%    | --      |
| 6/10                     | Core CPI YoY                          | May   | 2.9%   | 2.9%   | 2.8%    | --      |
| 6/10                     | CPI Index NSA                         | May   | 335.14 | 335.12 | 333.02  | --      |
| 6/10                     | Core CPI Index SA                     | May   | 336.30 | 336.12 | 335.42  | --      |
| 6/10                     | Real Avg Hourly Earning YoY           | May   | --     | -0.7%  | -0.3%   | --      |
| 6/10                     | Real Avg Weekly Earnings YoY          | May   | --     | -0.4%  | -0.2%   | --      |
| 6/11                     | Initial Jobless Claims                | 6/6   | 220k   | 229k   | 225k    | --      |
| 6/11                     | Continuing Claims                     | 5/30  | 1785k  | 1795k  | 1777k   | 1771k   |
| 6/11                     | PPI Final Demand MoM                  | May   | 0.7%   | 1.1%   | 1.4%    | 1.1%    |
| 6/11                     | PPI Ex Food and Energy MoM            | May   | 0.5%   | 0.4%   | 1.0%    | 0.7%    |
| 6/11                     | PPI Ex Food, Energy, Trade MoM        | May   | 0.4%   | 0.8%   | 0.6%    | 0.5%    |
| 6/11                     | PPI Final Demand YoY                  | May   | 6.4%   | 6.5%   | 6.0%    | 5.7%    |
| 6/11                     | PPI Ex Food and Energy YoY            | May   | 5.4%   | 4.9%   | 5.2%    | 4.9%    |
| 6/11                     | PPI Ex Food, Energy, Trade YoY        | May   | 4.8%   | 5.1%   | 4.4%    | --      |
| 6/11                     | Household Change in Net Worth         | 1Q    | --     | \$113b | \$2173b | \$1730b |
| 6/12                     | U. of Mich. Sentiment                 | Jun P | 46.0   | 48.9   | 44.8    | --      |
| 6/12                     | U. of Mich. Current Conditions        | Jun P | 46.1   | 48.4   | 45.8    | --      |
| 6/12                     | U. of Mich. Expectations              | Jun P | 44.9   | 49.3   | 44.1    | --      |
| 6/12                     | U. of Mich. 1 Yr Inflation            | Jun P | 4.9%   | 4.6%   | 4.8%    | --      |
| 6/12                     | U. of Mich. 5-10 Yr Inflation         | Jun P | 3.8%   | 3.4%   | 3.9%    | --      |
| 6/15                     | Empire Manufacturing                  | Jun   | 12.5   | --     | 19.6    | --      |
| 6/15                     | Industrial Production MoM             | May   | 0.2%   | --     | 0.7%    | --      |
| 6/15                     | Manufacturing Production MoM          | May   | 0.3%   | --     | 0.6%    | --      |
| 6/15                     | NAHB Housing Market Index             | Jun   | 36     | --     | 37      | --      |
| 6/16                     | ADP Weekly Employment Change          | 5/30  | --     | --     | 29.000k | --      |
| 6/16                     | Import Price Index ex Petroleum MoM   | May   | --     | --     | 0.7%    | --      |
| 6/16                     | Import Price Index YoY                | May   | --     | --     | 4.2%    | --      |
| 6/16                     | Export Price Index YoY                | May   | --     | --     | 8.8%    | --      |
| 6/16                     | Housing Starts MoM                    | May   | -2.2%  | --     | -2.8%   | --      |
| 6/16                     | Building Permits MoM                  | May P | -0.2%  | --     | 4.4%    | --      |
| 6/17                     | Retail Sales Ex Auto MoM              | May   | 0.4%   | --     | 0.7%    | --      |
| 6/17                     | Retail Sales Ex Auto and Gas          | May   | 0.3%   | --     | 0.5%    | --      |
| 6/17                     | Retail Sales Control Group            | May   | 0.4%   | --     | 0.5%    | --      |
| 6/17                     | FOMC Rate Decision (Upper Bound)      | 6/17  | 3.75%  | --     | 3.75%   | --      |
| 6/17                     | FOMC Rate Decision (Lower Bound)      | 6/17  | 3.50%  | --     | 3.50%   | --      |
| 6/17                     | Fed Interest on Reserve Balances Rate | 6/18  | 3.65%  | --     | 3.65%   | --      |
| 6/17                     | Fed Reverse Repo Rate                 | 6/18  | 3.50%  | --     | 3.50%   | --      |
| 6/17                     | FOMC Median Rate Forecast: Current Yr | 6/17  | 3.63%  | --     | 3.38%   | --      |
| 6/17                     | FOMC Median Rate Forecast: Next Yr    | 6/17  | 3.38%  | --     | 3.13%   | --      |
| 6/17                     | FOMC Median Rate Forecast: +2 Yrs     | 6/17  | --     | --     | 3.13%   | --      |
| 6/17                     | FOMC Median Rate Forecast: Long-Run   | 6/17  | 3.13%  | --     | 3.13%   | --      |

| MBS Prepayments <sup>4</sup> |      |      |      |      |      |      |
|------------------------------|------|------|------|------|------|------|
| 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 | 34.5 |
| 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                       | 11.9 | 13.0 | 15.4 | 17.1 | 19.0 | 20.4 |
| FH/FN 15y                    | 9.6  | 11.4 | 16.0 | 18.5 |      | 27.8 |
| G2 15y                       | 9.2  | 10.9 | 12.7 | 14.1 | 15.0 | 17.2 |
| FH/FN 20y                    | 8.1  | 9.4  | 11.2 | 13.8 | 17.7 | 18.6 |
| FH/FN 30y                    | 6.6  | 7.7  | 8.4  | 9.8  | 12.4 | 15.3 |
| G2 30y                       | 7.5  | 8.4  | 10.0 | 11.0 | 14.7 | 23.4 |

| Other Markets              |          |          |            |          |          |
|----------------------------|----------|----------|------------|----------|----------|
| Index                      | Current  | 1Wk Chng | Historical |          |          |
|                            |          |          | 1 Mo       | 6 Mo     | 1 Yr     |
| <b>Currencies</b>          |          |          |            |          |          |
| Japanese Yen               | 160.30   | 0.01     | 157.56     | 155.81   | 143.55   |
| Euro                       | 1.16     | 0.00     | 1.17       | 1.17     | 1.16     |
| Dollar Index               | 99.81    | (0.26)   | 98.30      | 98.40    | 97.92    |
| <b>Major Stock Indices</b> |          |          |            |          |          |
| Dow Jones                  | 50,906   | 39       | 49,761     | 48,458   | 42,968   |
| S&P 500                    | 7,373.5  | (10.3)   | 7,401.0    | 6,827.4  | 6,045.3  |
| NASDAQ                     | 25,693.0 | (16)     | 26,088.2   | 23,195.2 | 19,662.5 |
| <b>Commodities</b>         |          |          |            |          |          |
| Gold                       | 4,181.2  | (155.9)  | 4,686.7    | 4,300.1  | 3,380.9  |
| Crude Oil                  | 86.45    | (4.09)   | 102.18     | 57.44    | 68.04    |
| Natural Gas                | 3.09     | (0.14)   | 2.84       | 4.11     | 3.49     |
| Wheat                      | 594.0    | 14.0     | 665.0      | 534.5    | 526.5    |
| Corn                       | 416.8    | -0.8     | 467.3      | 431.5    | 438.5    |

### 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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