

Baker Market Update – Week in Review

July 2, 2026



Dillon Wiedemann
Senior Vice President of FSG

UPCOMING EVENTS

Banks

Webinars:

[Q3 Investment](#)

[Strategies](#)

Jul 8, 2026

Seminars:

[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

It seems like you blink once after the New Year and it's already July. Blink again and our great country is turning 250 years old (although she doesn't look a day over 249). And while we're on the topic of milestones, it seems relevant to mention the 10yr Treasury, which peaked above 4.50% last week and is currently trading at 4.48% as of the time of this writing. Breaching the 4.5% yield threshold has been a very rare occurrence, happening in only 5 short trading periods, going all the way back to the end of 2007. Put another way, if you're a portfolio manager coming up on 20yrs of experience, today's yields are higher than they've been for approximately 97% of your career.

This morning's employment report helped to nudge those yields a bit lower as the economy added just 57k jobs in June (est = 113k), and revisions took another 74k off the prior two months. That pulls the three-month average down to 111k from the 188k we reported last month. The gains were again concentrated in health care (+47k) and private education (+22k), while leisure & hospitality (-61k), retail trade (-8k), and mining (-4k) saw the largest declines.

The separate household survey told an even weaker story, showing a loss of 507k jobs, the fifth monthly decline in the past six. Yet despite the soft payroll print and the drop in household employment, the unemployment rate unexpectedly fell to 4.2% (est = 4.3%). This change is driven more by attrition than it is by strength in the labor market as 832,000 people left the labor force, and the participation rate, the share of the working-age population either employed or looking for work, plunged to 61.5% (est = 61.8%). That rate is now down a full percentage point since November, with the labor force shrinking by 2.2mm even as the population grew by 533k. Outside of the pandemic, that is the steepest participation decline over any comparable stretch on record. That doesn't quite point to a healthy labor market, and this report has the potential to meaningfully reshape the discussion at the next FOMC meeting, particularly if the coming CPI shows inflation moderating on the back of falling oil and gasoline prices.

The rest of the week's data pointed in the same cooling direction. ISM manufacturing eased to 53.3 (est = 53.9), still in expansion but a step slower, and consumer confidence slipped to 91.2 (est = 94.4). More encouraging for the inflation outlook, the ISM prices-paid index, the survey's gauge of input costs, fell sharply to 73.0 from 82.1, a sign that cost pressures are cooling alongside the drop in energy prices. Initial jobless claims held near 215k, announced layoffs are running modestly below year-ago levels, and job openings were still elevated at 7.6mm in May compared to the last 2 years, so the weakness appears to be concentrated in participation and the household survey rather than in outright layoffs.

Fed Funds Futures still lean toward the Fed's next move being a hike rather than a cut. The market is pricing only about 18% chance of a hike at the July 29 meeting and an implied path that peaks near 4% in the first half of 2027. The swing factor from here will likely be the June CPI report on July 14, which will capture a 28% drop in oil prices and a 16% decline at the pump. A soft reading there would give the doves real ammunition.

(Continued)

Baker Market Update – Week in Review

July 2, 2026



Dillon Wiedemann
Senior Vice President of FSG

Looking ahead, next week is lighter on marquee data but we do get a look at the June FOMC meeting minutes on Wednesday which will detail Chairman Warsh's first meeting. This will provide the market with the first detailed look at how the committee reasoned through dropping its easing bias.

UPCOMING EVENTS

Hope everyone has a great (and safe) holiday weekend!

Banks

Webinars:

[Q3 Investment](#)

[Strategies](#)

Jul 8, 2026

Seminars:

[IL Seminar](#)

Aug 3, 2026

[Dallas Seminar](#)

Aug 28, 2026

[Ohio Seminar](#)

Sep 30, 2026

[OK Seminar](#)

Oct 14-16, 2026

Schools:

[Bond School](#)

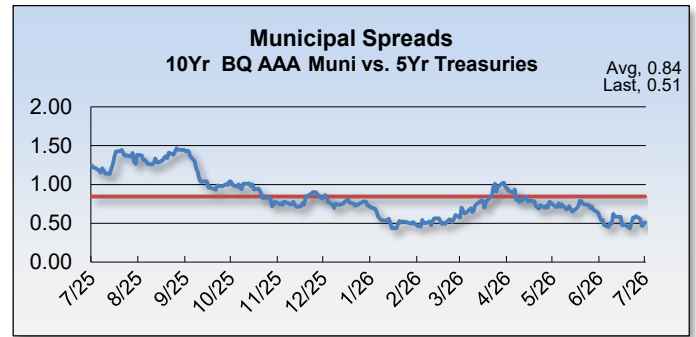
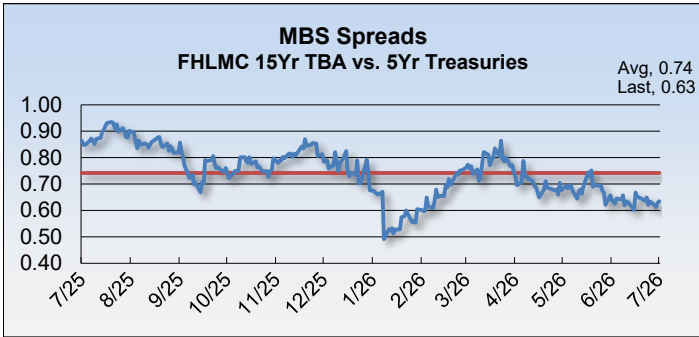
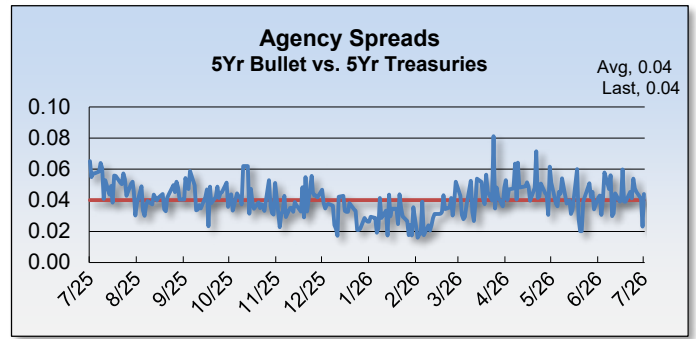
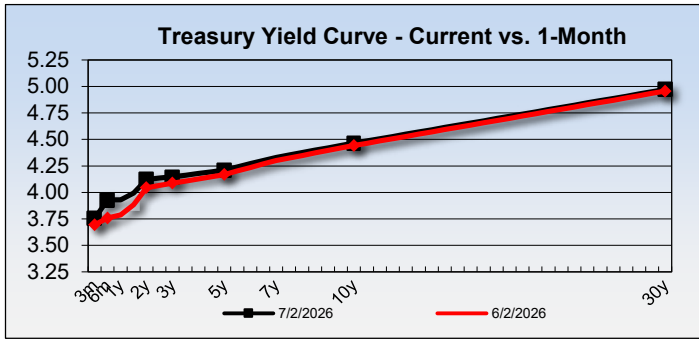
Nov 5-6, 2026



Source: Bloomberg

Baker Market Update – Week in Review

July 2, 2026



Treasury Market -- Historical						Fixed Rate Market											
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni	Mty	Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³			3Mo	6mo	1Yr	2Yr	
3mo	3.75	(0.01)	3.70	3.62	4.33	2yr	4.14	3.98	3.29	3.50	4.23	2Yr					
6mo	3.93	0.00	3.76	3.61	4.24	3yr	4.20	3.93	3.43	3.65	4.27	3Yr					
1yr	3.93	(0.02)	3.79	3.47	4.00	5yr	4.26	3.92	3.63	3.86	4.36	5Yr					
2yr	4.12	(0.00)	4.04	3.47	3.79	7yr	4.38	3.95	3.82	4.07	4.54	7Yr					
3yr	4.15	0.02	4.09	3.55	3.81	10yr	4.60	4.04	4.14	4.41	4.79	10Yr					
5yr	4.21	0.04	4.17	3.74	3.86	15yr	4.82	4.19	4.66	4.96	4.98		August TBA MBS				
7yr	4.33	0.07	4.30	3.96	4.05	20yr	5.04	4.26	5.29	5.63	5.55	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.47	0.07	4.44	4.19	4.28	25yr	5.26	4.26	5.59	5.95	5.62	3.50	5.06	4.1y	5.12		
30yr	4.97	0.11	4.96	4.87	4.80	30yr		4.22	5.88	6.26	5.68	4.00	4.77	4.0y			
												4.50	4.79	4.7y	5.26	8.8y	
												5.00	4.84	4.2y	5.33	7.7y	
												5.50			5.39	5.9y	
												6.00			5.28	4.3y	

* 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	3.66	0.04	3.65	3.87	--
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	4.00	(0.00)	3.82	3.64	4.22
1 Year CMT	4.00	0.01	3.83	3.48	3.98
REPO O/N	3.67	--	3.65	3.83	4.32
REPO 1Wk	3.67	(0.05)	3.65	3.67	4.37
CoF Federal	3.469	--	3.463	3.558	3.662
11th D. CoF (May)	2.740	--	2.734	2.829	2.933

FHLB Fixed Advance Rates				Fed Fund Futures	
Maturity	Chicago	Boston	Topeka	Maturity	Rate
3mo	3.91	--	3.95	Jul-26	3.630
6mo	4.05	--	4.06	Aug-26	3.675
1yr	4.17	--	4.18	Sep-26	3.720
2yr	4.22	--	4.30	Oct-26	3.785
3yr	4.24	--	4.32	Nov-26	3.835
4yr	4.29	--	4.36	Dec-26	3.900
5yr	4.32	--	4.38	Jan-27	3.935
7yr	4.49	--	4.55	Jan-27	3.935
10yr	4.67	--	4.73	Mar-27	3.980
5yr Am	4.31	--	4.39	Apr-27	4.005
10yr Am	4.53	--	4.60	May-27	4.010



Baker Market Update – Week in Review

July 2, 2026

Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
6/30	FHFA House Price Index MoM	Apr	0.2%	-0.1%	0.1%	0.2%
6/30	S&P Cotality CS 20-City MoM SA	Apr	-0.10%	-0.04%	0.16%	-0.15%
6/30	S&P Cotality CS 20-City YoY NSA	Apr	0.90%	1.14%	0.83%	0.88%
6/30	S&P Cotality CS US HPI YoY NSA	Apr	0.80%	0.85%	0.67%	0.73%
6/30	MNI Chicago PMI	Jun	55.1	56.7	62.7	--
6/30	Conf. Board Consumer Confidence	Jun	94.4	91.2	93.4	90.6
6/30	Conf. Board Present Situation	Jun	123.0	116.4	121.2	119.4
6/30	Conf. Board Expectations	Jun	75.2	74.4	74.4	71.4
6/30	JOLTS Job Openings	May	7296k	7594k	7618k	7585k
6/30	JOLTS Job Openings Rate	May	--	4.6%	4.6%	--
6/30	JOLTS Quits Level	May	3007k	3065k	2977k	3043k
6/30	JOLTS Quits Rate	May	1.9%	1.9%	1.9%	--
6/30	JOLTS Layoffs Level	May	1682k	1708k	1692k	1667k
6/30	JOLTS Layoffs Rate	May	1.1%	1.1%	1.1%	1.0%
7/1	Challenger Job Cuts YoY	Jun	--	-4.5%	3.4%	--
7/1	Challenger Job Cuts Total	Jun	--	45849	97006	--
7/1	ADP Employment Change	Jun	120k	98k	122k	--
7/1	S&P Global US Manufacturing PMI	Jun F	55.7	53.9	55.7	--
7/1	ISM Manufacturing	Jun	53.9	53.3	54.0	--
7/1	ISM Prices Paid	Jun	77.5	73.0	82.1	--
7/1	ISM New Orders	Jun	57.0	56.0	56.8	--
7/1	ISM Employment	Jun	48.8	49.7	48.6	--
7/2	Change in Nonfarm Payrolls	Jun	113k	57k	172k	129k
7/2	Two-Month Payroll Net Revision	Jun	--	-74k	93k	--
7/2	Change in Private Payrolls	Jun	107k	49k	120k	97k
7/2	Change in Manufact. Payrolls	Jun	3k	3k	7k	-2k
7/2	Nonfarm Payrolls 3-Mo Avg Chg	Jun	--	111k	188k	164k
7/2	Average Hourly Earnings MoM	Jun	0.3%	0.3%	0.3%	--
7/2	Average Hourly Earnings YoY	Jun	3.5%	3.5%	3.4%	--
7/2	Average Weekly Hours All Employees	Jun	34.3	34.3	34.3	--
7/2	Unemployment Rate	Jun	4.3%	4.2%	4.3%	--
7/2	Labor Force Participation Rate	Jun	61.8%	61.5%	61.8%	--
7/2	Underemployment Rate	Jun	--	7.9%	8.1%	--
7/2	Initial Jobless Claims	6/27	218k	215k	215k	216k
7/2	Initial Claims 4-Wk Moving Avg	6/27	--	222.00k	224.25k	224.50k
7/2	Continuing Claims	6/20	1820k	1814k	1821k	1812k
7/2	Factory Orders Ex Trans	May	1.0%	1.9%	1.3%	1.7%
7/2	Durables Ex Transportation	May F	1.3%	1.4%	1.3%	--
7/2	Cap Goods Ship Nondef Ex Air	May F	0.3%	0.1%	0.3%	--
7/6	S&P Global US Services PMI	Jun F	--	--	51.3	--
7/6	S&P Global US Composite PMI	Jun F	--	--	52.2	--
7/6	ISM Services Index	Jun	54.2	--	54.5	--
7/6	ISM Services Prices Paid	Jun	70.0	--	71.3	--
7/6	ISM Services New Orders	Jun	57.5	--	57.3	--
7/6	ISM Services Employment	Jun	48.1	--	47.9	--
7/7	ADP Weekly Employment Change	6/20	--	--	30.750k	--
7/9	Existing Home Sales MoM	Jun	1.3%	--	3.2%	--

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	34.5
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	15.6	17.1	19.1	20.4
FH/FN 15y	9.8	11.5	16.0	18.6	--	27.8
G2 15y	9.2	11.1	13.2	14.4	15.2	17.5
FH/FN 20y	8.2	9.6	11.4	14.2	18.0	18.8
FH/FN 30y	6.7	7.8	8.6	10.1	13.3	16.0
G2 30y	7.6	8.5	10.1	11.1	15.3	21.3

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	160.89	(0.85)	159.80	156.60	143.85
Euro	1.14	0.01	1.16	1.17	1.18
Dollar Index	100.77	(0.66)	99.22	98.42	96.78
Major Stock Indices					
Dow Jones	52,654	734	51,308	48,382	44,484
S&P 500	7,485.5	128.0	7,609.8	6,858.5	6,227.4
NASDAQ	25,826.5	468	27,093.9	23,235.6	20,393.1
Commodities					
Gold	4,140.4	109.9	4,489.1	4,329.6	3,359.7
Crude Oil	67.49	(4.43)	93.76	57.32	67.45
Natural Gas	3.18	(0.16)	3.17	3.62	3.49
Wheat	597.0	6.0	603.0	506.5	556.0
Corn	428.0	13.3	440.5	437.5	429.3

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

INTENDED FOR INSTITUTIONAL INVESTORS ONLY. The data provided in these reports is for informational purposes only and is intended solely for your private use. Information herein is believed to be reliable but The Baker Group LP does not guarantee its completeness or accuracy. Opinions constitute our judgment and are subject to change without notice. Past performance is not indicative of future results. The investments and strategies discussed here may not be suitable for all investors; if you have

Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 07/02/2026 11:07AM

