Baker Market Update—*Week in Review*

July 24, 2026

Andrea Pringle
Senior Vice President

What began as a fragile ceasefire deteriorated rapidly this week into a full-scale resumption of hostilities in the Gulf. U.S. and Iranian forces have now been actively engaged in military action for twelve consecutive nights and traffic through the Strait of Hormuz has once again slowed to a trickle. Midweek, the conflict acquired a second front as Yemen's Houthi militia announced a naval blockade of Saudi Arabia and followed through by striking two Saudi oil tankers in the Red Sea, threatening both of the region's critical energy chokepoints simultaneously.

Energy markets responded accordingly. Brent crude, which opened the week near $90 per barrel, climbed steadily throughout the week, eventually breaking above $101 on Thursday, its first breach of that level since late May. Economists have warned that absent a near-term resolution, crude could reach $120 per barrel in the fourth quarter as winter fuel storage concerns move to the foreground. With the national average for gasoline already back above $4 per gallon and up more than 30% since the war began, the improvement in energy prices that drove June's favorable CPI reading is now in the rearview mirror.

The bond market responded as well. Two-year Treasury yields, the maturity most sensitive to Federal Reserve policy expectations, rose as much as 7bps on Thursday to 4.37%, the highest level since early 2025. The benchmark 10-year yield hit a year-to-date peak near 4.7%, and the 30-year touched 5.19%, approaching levels not seen since 2007. Markets are now pricing in approximately a 35% probability of a rate hike at the July 28-29 FOMC meeting next week, up from roughly 10% just one week ago. A quarter-point move is fully priced in by September.

President Trump also reopened a trade front with Canada this week, announcing 50% tariffs on approximately $20 billion of Canadian imports on Monday. This morning, the administration imposed new duties on imports from dozens of other countries as a means to replace an expiring 10% duty that the President imposed globally shortly after the Supreme Court invalidated some of the administrations previous levies. The taxes of 10% - 12.5% are expected to cover 99% of U.S. imports.

Adding further pressure to global bond markets, the Japanese yen fell to four-decade lows this week, a development with implications beyond Japan's borders. For years, investors have borrowed in yen at near-zero Japanese interest rates and reinvested those funds into higher-yielding assets elsewhere, including U.S. Treasuries (a practice known as the "carry trade".) As the yen weakens and Japanese yields rise, that trade becomes less attractive and potentially costly to maintain, prompting investors to sell those higher-yielding assets and repay their yen-denominated borrowings. The resulting selling pressure ripples through global bond markets, pushing yields higher at a moment when U.S. rates are already under upward pressure from rising inflation concerns and a more hawkish Federal Reserve outlook.

Next week will of course be guided by the FOMC meeting on Wednesday and Thursday. Chairman Warsh's post-meeting statement and press conference will be the primary focus of the week with investors listening closely to what he says (or doesn't say) about the current inflation and labor market outlook. Thursday also brings another important release, June's Personal Consumption Expenditures (PCE) index, the Fed's preferred measure of inflation.

Have a great weekend!

UPCOMING EVENTS

Banks

Webinars:

Q2 Bank Trends
Aug 12, 2026

Seminars:

IL Seminar
Aug 3, 2026

Dallas Seminar
Aug 28, 2026

Ohio Seminar
Sep 30, 2026

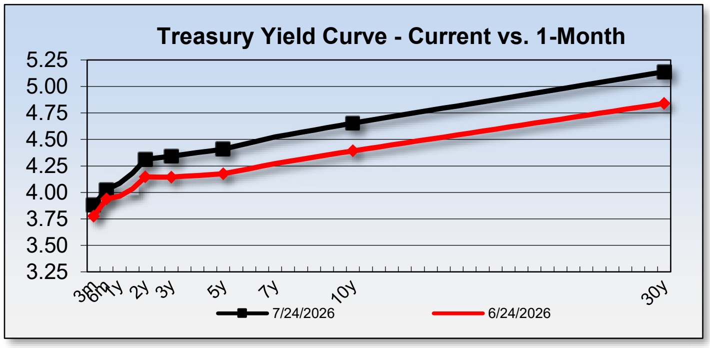
OK Seminar
Oct 14-16, 2026

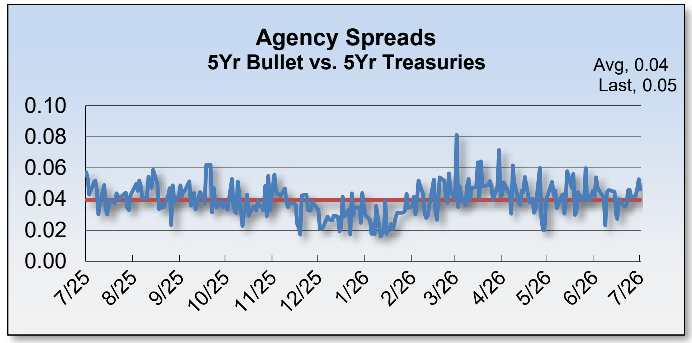
Schools:

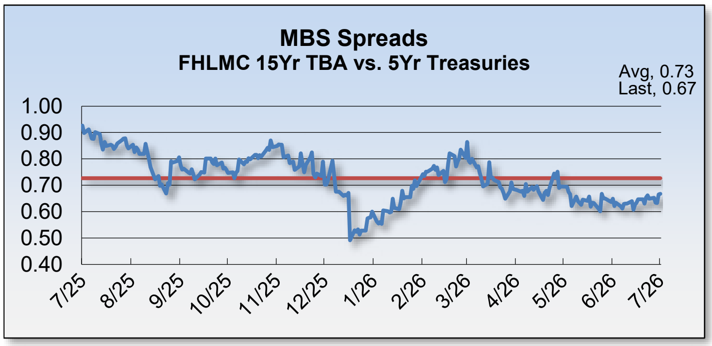
Bond School
Nov 5-6, 2026

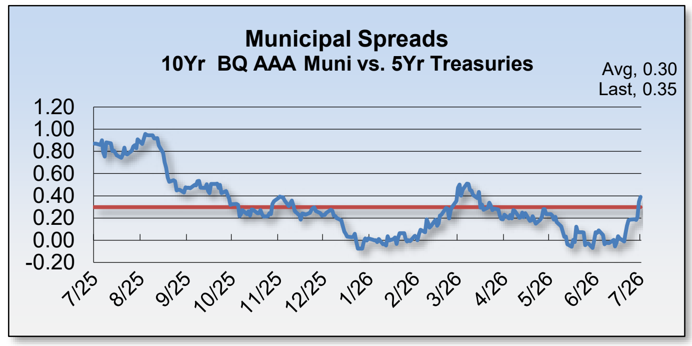
Baker Market Update—*Week in Review*

July 24, 2026









Treasury Market -- Historical

Maty	Current	1Wk Change	Historical 1 Mo	6 Mo	1 Yr
3mo	3.88	0.08	3.78	3.67	4.35
6mo	4.02	0.11	3.94	3.64	4.28
1yr	4.09	0.09	3.97	3.51	4.10
2yr	4.31	0.13	4.15	3.60	3.92
3yr	4.34	0.13	4.15	3.66	3.93
5yr	4.41	0.13	4.18	3.83	3.96
7yr	4.52	0.12	4.27	4.02	4.16
10yr	4.65	0.11	4.39	4.23	4.40
30yr	5.14	0.07	4.84	4.83	4.94

* *Interpolated*

Fixed Rate Market

Maty /AL	N-Call Agency	US Swap	AAA BQ Muni C-Corp[2]	S-Corp[3]	Tax Muni
2yr	4.33	4.16	3.65	3.89	4.42
3yr	4.39	4.14	3.78	4.02	4.49
5yr	4.46	4.12	4.09	4.35	4.59
7yr	4.58	4.16	4.34	4.62	4.77
10yr	4.78	4.23	4.70	5.01	5.02
15yr	4.98	4.37	5.24	5.57	5.21
20yr	5.18	4.43	5.78	6.15	5.75
25yr	5.38	4.42	6.06	6.45	5.82
30yr		4.38	6.34	6.75	5.88

Agency Calls - Euro

Mty	3Mo	6mo	1Yr	2Yr
2Yr				
3Yr				
5Yr				
7Yr				
10Yr				

August TBA MBS

Cpn	15Yr -Yld	/AL	30Yr -Yld	/AL
3.50	5.43	4.2y	5.43	
4.00	5.13	5.3y		
4.50	5.05	5.1y	5.51	9.2y
5.00	5.07	4.7y	5.60	8.3y
5.50			5.66	7.2y
6.00			5.61	5.3y

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	**3.64**	0.02	3.62	3.65	--
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	**4.12**	0.11	3.99	3.68	4.32
1 Year CMT	**4.15**	0.16	4.01	3.53	4.08
REPO O/N	**3.67**	--	3.67	3.70	4.32
REPO 1Wk	**3.69**	0.03	3.72	3.69	4.38
CoF Federal	**3.495**	--	3.469	3.509	3.677
11th D. CoF (May)	**2.740**	--	2.734	2.829	2.933

FHLB Fixed Advance Rates

Maturity	Chicago	Boston	Topeka
3mo	4.02	- -	4.08
6mo	4.18	- -	4.19
1yr	4.33	- -	4.39
2yr	4.42	- -	4.52
3yr	4.46	- -	4.55
4yr	4.49	- -	4.58
5yr	4.53	- -	4.62
7yr	4.71	- -	4.79
10yr	4.88	- -	4.96
5yr Am	4.53		4.62
10yr Am	4.75		4.82

Fed Fund Futures

Maturity	Rate
Jul-26	3.635
Aug-26	3.715
Sep-26	3.800
Oct-26	3.900
Nov-26	3.965
Dec-26	4.035
Jan-27	4.065
Feb-27	4.110
Mar-27	4.140
Apr-27	4.175
May-27	4.205

Baker Market Update—*Week in Review*

July 24, 2026

Weekly Economic Calendar

This Week & Next

Date	Release	Per.	Est.	Actual	Prior	Revised
7/20	Leading Index	Jun	-0.1%	-0.2%	0.1%	--
7/21	ADP Weekly Employment Change	7/4	--	16.500k	~~19.750k~~	19.250k
7/21	Philadelphia Fed Non-Manufacturing Ac	Jul	--	7.4	-25.8	--
7/22	MBA Mortgage Applications	7/17	--	1.9%	-2.7%	--
7/23	Initial Jobless Claims	7/18	210k	187k	~~208k~~	209k
7/23	Initial Claims 4-Wk Moving Avg	7/18	--	207.50k	~~214.25k~~	214.75k
7/23	Continuing Claims	7/11	1809k	1796k	~~1805k~~	1798k
7/23	Chicago Fed Nat Activity Index	Jun	0.00	-0.02	~~-0.10~~	-0.19
7/24	Building Permits	Jun F	--	1374k	1367k	--
7/24	Building Permits MoM	Jun F	--	-2.6%	-3.0%	--
7/24	S&P Global US Manufacturing PMI	Jul P	54.4	53.8	53.9	--
7/24	S&P Global US Services PMI	Jul P	51.5	53.6	51.2	--
7/24	S&P Global US Composite PMI	Jul P	52.2	53.6	51.9	--
7/24	New Home Sales	Jun	607k	628k	~~580k~~	618k
7/24	New Home Sales MoM	Jun	4.8%	1.6%	~~-7.3%~~	-4.3%
7/24	Kansas City Fed Services Activity	Jul	4	14	5	--
7/27	Durable Goods Orders	Jun P	1.8%	--	-4.5%	--
7/27	Durables Ex Transportation	Jun P	0.9%	--	1.4%	--
7/27	Cap Goods Orders Nondef Ex Air	Jun P	0.9%	--	1.4%	--
7/27	Cap Goods Ship Nondef Ex Air	Jun P	--	--	0.1%	--
7/28	Advance Goods Trade Balance	Jun	-$100.3b	--	~~-$105.8b~~	-$105.9b
7/28	Advance Goods Imports MoM SA	Jun	--	--	~~3.6%~~	4.0%
7/28	Advance Goods Exports MoM SA	Jun	--	--	~~-5.4%~~	-5.3%
7/28	FHFA House Price Index MoM	May	--	--	-0.1%	--
7/28	S&P Cotality CS 20-City MoM SA	May	--	--	-0.04%	--
7/28	S&P Cotality CS 20-City YoY NSA	May	--	--	1.14%	--
7/28	S&P Cotality CS US HPI YoY NSA	May	--	--	0.85%	--
7/28	Conf. Board Consumer Confidence	Jul	92.5	--	91.2	--
7/28	Conf. Board Present Situation	Jul	118.9	--	116.4	--
7/28	Conf. Board Expectations	Jul	74.0	--	74.4	--
7/29	FOMC Rate Decision (Upper Bound)	7/29	3.8%	--	3.8%	--
7/29	FOMC Rate Decision (Lower Bound)	7/29	3.5%	--	3.5%	--
7/29	Fed Interest on Reserve Balances Rate	7/30	3.7%	--	3.7%	--
7/29	Fed Reverse Repo Rate	7/30	3.5%	--	3.5%	--
7/30	Personal Income	Jun	0.3%	--	0.7%	--
7/30	Personal Spending	Jun	0.4%	--	0.7%	--
7/30	Real Personal Spending	Jun	0.3%	--	0.3%	--
7/30	PCE Price Index MoM	Jun	-0.1%	--	0.4%	--
7/30	PCE Price Index YoY	Jun	3.6%	--	4.1%	--
7/30	Core PCE Price Index MoM	Jun	0.2%	--	0.3%	--
7/30	Core PCE Price Index YoY	Jun	3.3%	--	3.4%	--
7/30	GDP Annualized QoQ	2Q A	2.1%	--	2.1%	--
7/30	Personal Consumption	2Q A	2.2%	--	0.5%	--
7/30	GDP Price Index	2Q A	4.0%	--	3.6%	--
7/30	Core PCE Price Index QoQ	2Q A	--	--	4.4%	--
7/31	Employment Cost Index	2Q		--	0.9%	--
7/31	MNI Chicago PMI	Jul	--	--	56.7	--

MBS Prepayments[4]

3-Month CPR

Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	15.1	12.3	18.2	21.4	28.0	30.2
FH/FN 15y	11.3	9.5	11.3	31.7	14.0	18.9
G2 15y	13.1	11.8	11.4	17.5	23.5	32.6
FH/FN 20y	8.8	9.8	9.4	11.3	19.2	28.0
FH/FN 30y	7.5	5.4	6.0	8.0	8.3	9.9
G2 30y	0.8	1.4	7.3	7.8	15.1	2.3

CPR Projections

Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	11.8	12.7	14.9	16.7	18.4	19.9
FH/FN 15y	9.4	11.3	15.9	18.6		27.2
G2 15y	8.9	10.6	11.9	13.3	14.8	16.3
FH/FN 20y	8.1	9.3	10.9	13.1	17.4	18.1
FH/FN 30y	6.6	7.6	8.1	9.4	11.6	14.8
G2 30y	7.3	8.2	9.6	10.2	12.2	16.9

Other Markets

Index	Current	1Wk Chng	Historical 1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	163.67	1.27	161.78	154.18	147.01
Euro	1.14	(0.00)	1.14	1.19	1.17
Dollar Index	101.39	0.62	101.61	97.60	97.38
Major Stock Indices					
Dow Jones	52,017	(130)	51,849	49,099	44,694
S&P 500	7,427.7	(30.0)	7,358.2	6,915.6	6,363.4
NASDAQ	25,128.6	(392)	25,476.6	23,501.2	21,058.0
Commodities					
Gold	4,067.3	48.5	3,990.3	4,979.7	3,373.5
Crude Oil	89.82	7.33	70.34	61.07	66.03
Natural Gas	2.94	0.03	3.22	5.28	3.09
Wheat	679.5	-3.3	585.8	529.5	541.5
Corn	465.0	20.3	407.0	430.5	401.8

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

Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 07/24/2026 10:27AM