Baker Market Update—*Week in Review*

August 14, 2026

UPCOMING EVENTS

Banks

Webinars:

Virtual ALM Education Series
Oct 6, 8, 13, & 20 2026

Seminars:

Dallas Seminar
Aug 28, 2026

Ohio Seminar
Sep 30, 2026

OK Seminar
Oct 14-16, 2026

Schools:

Bond School
Nov 5-6, 2026

Carson Francis, CFA
Financial Analyst

Happy Baker Market Update Friday! The first two trading days of the week were relatively calm and uneventful on the economic data front.

On Tuesday, $58 billion of 3-year notes cleared at a high yield of 4.29%, a notable increase from the prior auction's high yield of 4.18%. However, in the face of rising yields and event risk from the CPI report scheduled for release the following day, the bid to cover firmed from 2.60 to 2.71.

On Wednesday, we received arguably the most watched inflation measure, the Consumer Price Index (CPI). Both headline and core figures came in line with consensus expectations across the board. The headline figure rose 0.1% in the month of July and is up 3.4% from a year ago. Core CPI, which excludes volatile components such as food and energy, rose 0.2% and 2.5% on a monthly and yearly basis, respectively. Energy prices fell 1.5% for a second consecutive monthly decline as prices at the pump fell 2.9%. There is still much work to be done, as energy prices remain up 14.7% over the past year, with the war in Iran continuing to act as a headwind to returning inflation closer to the Fed's 2% long run target.

Yesterday brought the weekly read on initial jobless claims, which showed 209,000 Americans filing for unemployment benefits for the first time during the week ending August 8. That came in above both the prior week's revised figure of 200,000 and analyst expectations of 202,000. Also on the docket was inflation on the producer front, gauged by the Producer Price Index (PPI). PPI final demand was unchanged on a month over month (MoM) basis and rose 4.7% from a year ago, with the monthly figure landing 0.2% below consensus expectations of a 0.2% gain.

For most of this week, economic data came in relatively close to consensus, with the inflation prints in particular offering little in the way of surprises. This morning, however, retail sales brought an unexpected twist, coming in far below both forecasts and the previous value. On a MoM basis, retail sales fell sharply by 0.6% against expectations of a 0.1% gain and June's 0.2% increase, the steepest monthly decline since May 2025. Nonstore retailers and automobile dealerships saw the biggest declines in the month of July, falling 2.2% and 1.8%, respectively.

Next week brings a slate of data on the current state of the economy, with US Manufacturing PMI, Industrial Production, and Housing Starts on the docket. Have a great weekend everyone!

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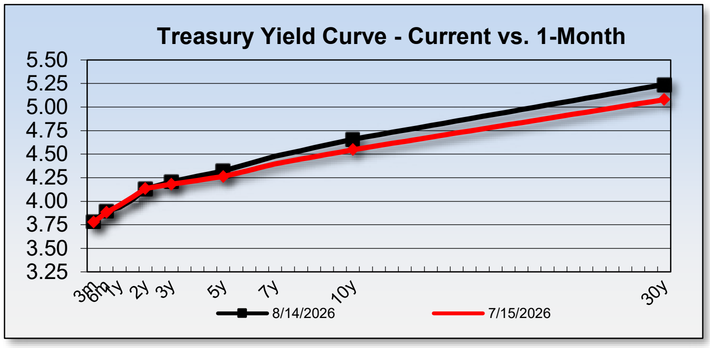

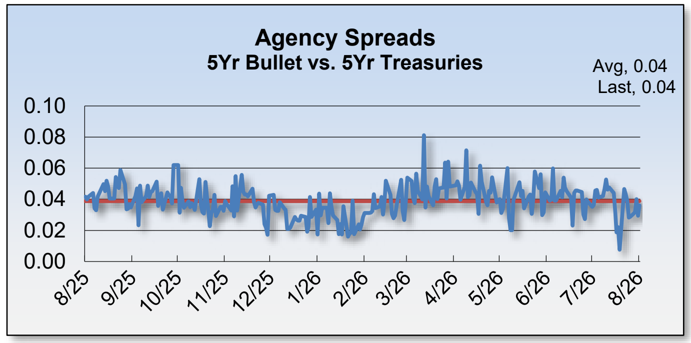

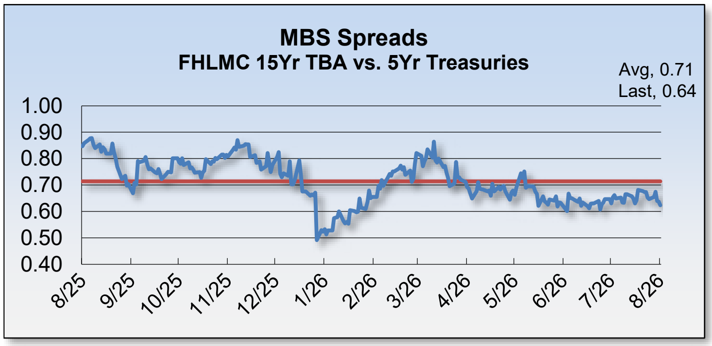

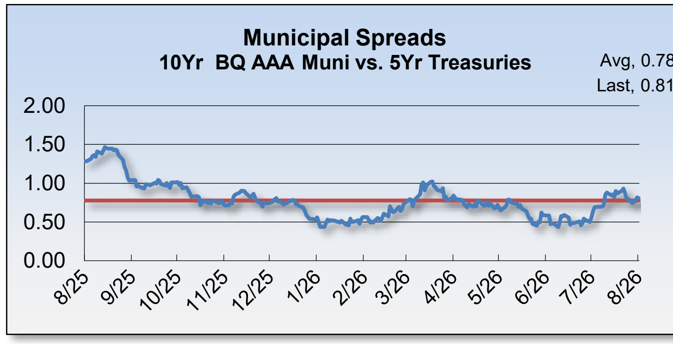

Treasury Market -- Historical

Maty	Current	1Wk Change	Historical 1 Mo	6 Mo	1 Yr
3mo	3.78	(0.02)	3.78	3.68	4.22
6mo	3.89	(0.03)	3.92	3.61	4.08
1yr	3.94	(0.06)	4.02	3.43	3.90
2yr	4.13	(0.06)	4.20	3.41	3.73
3yr	4.21	(0.05)	4.24	3.45	3.76
5yr	4.32	(0.03)	4.32	3.61	3.81
7yr	4.48	(0.02)	4.45	3.81	4.02
10yr	4.66	0.01	4.59	4.05	4.29
30yr	5.24	0.04	5.11	4.70	4.87

** Interpolated*

Fixed Rate Market

Maty /AL	N-Call Agency	US Swap	AAA BQ Muni C-Corp[2]	S-Corp[3]	Tax Muni
2yr	4.15	4.00	3.53	3.75	4.20
3yr	4.24	4.01	3.64	3.87	4.30
5yr	4.38	4.05	3.85	4.10	4.44
7yr	4.53	4.12	4.07	4.34	4.65
10yr	4.79	4.25	4.52	4.81	4.95
15yr	5.05	4.43	5.17	5.50	5.14
20yr	5.32	4.52	5.67	6.03	5.79
25yr	5.59	4.53	5.95	6.33	5.86
30yr		4.50	6.23	6.63	5.92

Agency Calls - Euro

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

September TBA MBS

Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
3.50	5.23	4.2y	5.40	
4.00	4.95	5.3y		
4.50	4.91	5.0y	5.45	9.1y
5.00	4.93	4.6y	5.51	8.2y
5.50			5.56	7.0y
6.00			5.49	5.2y

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	**3.62**	(0.03)	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	**4.00**	(0.04)	4.12	3.68	4.11
1 Year CMT	**3.97**	(0.09)	4.12	3.42	3.86
REPO O/N	**3.70**	--	3.67	3.68	4.38
REPO 1Wk	**3.66**	0.01	3.66	3.66	4.36
CoF Federal	**3.495**	--	3.469	3.509	3.677
11th D. CoF (Jun)	**2.766**	--	2.740	2.780	2.948

FHLB Fixed Advance Rates

Maturity	Chicago	Boston	Topeka
3mo	3.93	- -	3.97
6mo	4.01	- -	4.03
1yr	4.13	- -	4.17
2yr	4.23	- -	4.31
3yr	4.30	- -	4.39
4yr	4.39	- -	4.47
5yr	4.45	- -	4.50
7yr	4.63	- -	4.70
10yr	4.85	- -	4.92
5yr Am	4.38		4.46
10yr Am	4.66		4.73

Fed Fund Futures

Maturity	Rate
Aug-26	3.630
Sep-26	3.665
Oct-26	3.710
Nov-26	3.755
Dec-26	3.815
Jan-27	3.845
Feb-27	3.880
Mar-27	3.900
Apr-27	3.930
May-27	3.945
Jun-27	3.955

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Weekly Economic Calendar

This Week & Next

Date	Release	Per.	Est.	Actual	Prior	Revised
8/11	NFIB Small Business Optimism	Jul	97.5	99.8	97.4	--
8/11	ADP Weekly Employment Change	7/25	--	8.250k	11.000k	--
8/11	Existing Home Sales	Jul	4.05m	4.06m	~~4.09m~~	4.13m
8/11	Existing Home Sales MoM	Jul	-1.0%	-1.7%	~~-2.4%~~	-1.4%
8/12	MBA Mortgage Applications	8/7	--	3.6%	-2.9%	--
8/12	Real Avg Weekly Earnings YoY	Jul	--	0.1%	~~0.3%~~	0.2%
8/12	Real Avg Hourly Earning YoY	Jul	--	-0.2%	~~0.1%~~	0.0%
8/12	CPI MoM	Jul	0.1%	0.1%	-0.4%	--
8/12	Core CPI MoM	Jul	0.2%	0.2%	0.0%	--
8/12	CPI YoY	Jul	3.4%	3.4%	3.5%	--
8/12	Core CPI YoY	Jul	2.5%	2.5%	2.6%	--
8/12	CPI Index NSA	Jul	333.99	333.92	333.95	--
8/12	Core CPI Index SA	Jul	336.77	336.79	336.07	--
8/12	Federal Budget Balance	Jul	-$346.0b	-$432.3b	-$291.1b	--
8/13	Initial Jobless Claims	8/8	202k	209k	~~199k~~	200k
8/13	Initial Claims 4-Wk Moving Avg	8/8	--	199.00k	~~198.75k~~	199.00k
8/13	Continuing Claims	8/1	1794k	1777k	~~1801k~~	1799k
8/13	PPI Final Demand MoM	Jul	0.2%	0.0%	~~-0.3%~~	-0.1%
8/13	PPI Ex Food and Energy MoM	Jul	0.3%	0.2%	~~0.2%~~	0.4%
8/13	PPI Ex Food, Energy, Trade MoM	Jul	0.3%	0.4%	0.1%	--
8/13	PPI Final Demand YoY	Jul	4.9%	4.7%	5.5%	--
8/13	PPI Ex Food and Energy YoY	Jul	4.1%	4.2%	4.7%	--
8/13	PPI Ex Food, Energy, Trade YoY	Jul	4.6%	4.7%	~~5.1%~~	5.0%
8/14	Retail Sales Advance MoM	Jul	0.1%	-0.6%	0.2%	--
8/14	Retail Sales Ex Auto MoM	Jul	0.2%	-0.3%	-0.2%	--
8/14	Retail Sales Ex Auto and Gas	Jul	0.3%	-0.2%	0.4%	--
8/14	Retail Sales Control Group	Jul	0.3%	-0.4%	~~0.5%~~	0.4%
8/14	U. of Mich. Sentiment	Aug P	55.0	51.0	55.2	--
8/14	U. of Mich. Current Conditions	Aug P	54.8	51.8	54.8	--
8/14	U. of Mich. Expectations	Aug P	55.2	50.6	55.4	--
8/14	U. of Mich. 1 Yr Inflation	Aug P	4.2%	4.3%	4.2%	--
8/14	U. of Mich. 5-10 Yr Inflation	Aug P	3.3%	3.3%	3.3%	--
8/14	Business Inventories	Jun	0.1%	0.0%	~~0.3%~~	0.4%
8/17	Empire Manufacturing	Aug	10.0	--	15.6	--
8/17	NAHB Housing Market Index	Aug	33	--	34	--
8/17	Total Net TIC Flows	Jun	--	--	$132.2b	--
8/17	Net Long-term TIC Flows	Jun	--	--	$232.7b	--
8/18	Import Price Index YoY	Jul	--	--	7.1%	--
8/18	Export Price Index YoY	Jul	--	--	10.2%	--
8/18	Housing Starts	Jul	1350k	--	1427k	--
8/18	Building Permits	Jul P	1370k	--	1374k	--
8/18	Capacity Utilization	Jul	76.3%	--	76.1%	--
8/18	Pending Home Sales NSA YoY	Jul	--	--	2.3%	--
8/20	Philadelphia Fed Business Outlook	Aug	25.0	--	41.4	--
8/21	S&P Global US Manufacturing PMI	Aug P	53.7	--	53.9	--
8/21	S&P Global US Services PMI	Aug P		--	54.6	--
8/21	S&P Global US Composite PMI	Aug P	--	--	54.5	--

MBS Prepayments[4]

Type	3-Month CPR					
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	15.6	13.1	16.5	21.2	26.9	26.7
FH/FN 15y	11.2	9.5	10.6	24.3	13.0	18.8
G2 15y	13.4	12.1	11.0	15.4	23.1	27.1
FH/FN 20y	9.1	9.9	9.9	12.2	18.4	26.6
FH/FN 30y	7.7	5.8	6.0	9.0	8.7	9.9
G2 30y	0.9	1.4	7.4	7.5	12.4	2.3

	CPR Projections					
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	11.8	12.7	14.8	16.7	18.4	19.9
FH/FN 15y	9.3	11.1	16.2	18.7		25.7
G2 15y	8.9	10.6	11.9	13.2	14.7	16.3
FH/FN 20y	8.1	9.2	10.7	13.1	17.6	17.7
FH/FN 30y	6.6	7.6	8.1	9.3	11.6	15.0
G2 30y	7.3	8.2	9.5	10.1	11.8	16.4

Other Markets

Index	Current	1Wk Chng	Historical 1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	158.99	1.23	162.26	153.53	146.53
Euro	1.16	0.00	1.14	1.19	1.17
Dollar Index	99.53	(0.01)	100.92	96.92	98.25
Major Stock Indices					
Dow Jones	53,822	(214)	52,508	49,501	44,911
S&P 500	7,806.3	48.7	7,543.6	6,836.2	6,468.5
NASDAQ	26,831.2	141	26,107.0	22,546.7	21,710.7
Commodities					
Gold	4,397.1	56.4	4,069.7	5,022.0	3,335.2
Crude Oil	81.10	2.92	79.34	62.89	63.96
Natural Gas	2.77	0.11	2.90	3.24	2.84
Wheat	673.5	33.8	631.3	548.8	503.5
Corn	454.5	15.5	433.8	431.8	375.0

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

Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, LP. This report was printed as of: 08/14/2026 9:17AM

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