# Baker Market Update—*Week in Review*

**September 4, 2026**

## UPCOMING EVENTS

### Banks

**Webinars:**

3Q IRR Management
Sep 9, 2026

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

**Seminars:**

Ohio Seminar
Sep 30, 2026

OK Seminar
Oct 14-16, 2026

MN Seminar
Dec 3, 2026

**Schools:**

Bond School
Nov 5-6, 2026


**Ryan Hayhurst**
*Managing Partner*
*President*

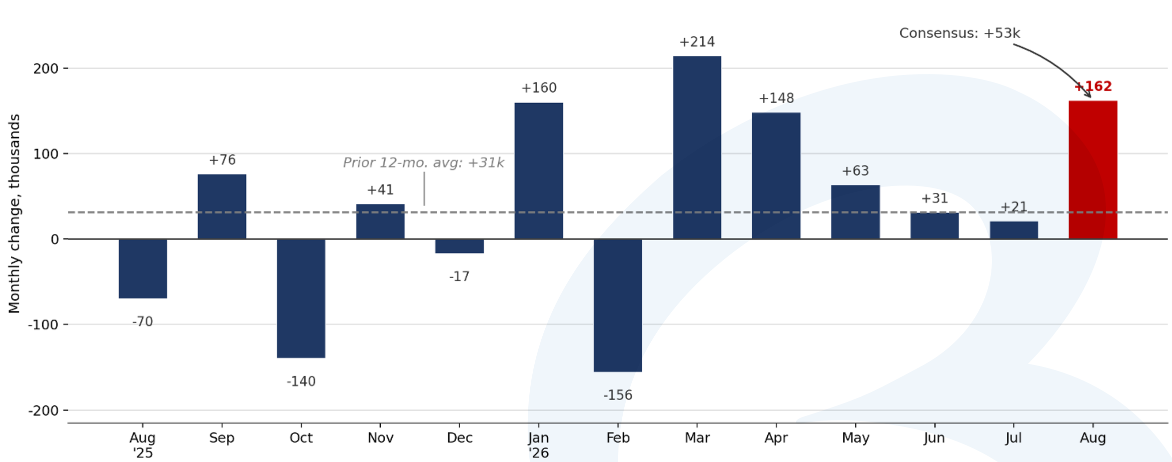

Bond yields rose this week as a blowout August employment report put a Fed rate hike back on the table for this month's meeting.

It was a strange week for labor data in that nearly everything pointed one direction until Friday morning, when the only number that really matters pointed the other way. On Tuesday, the JOLTS report showed July job openings edged up to 7.3 million, but the hiring rate slipped to 3.2% from 3.4% and hires in professional and business services fell by 188k, leaving the "low-hire, low-fire" description of this labor market intact. On Wednesday, private payroll firm ADP reported private payrolls grew just 38k in August, below the 47k expected and the weakest reading since January, with manufacturing (-17k) and professional/business services (-16k) both shedding jobs. Then came Friday. The BLS reported the economy added 162,000 jobs in August, roughly three times the 55k consensus and the largest monthly gain since March. For perspective, the average monthly gain over the prior 12 months was just 31k. The gains were led by food services and drinking places (+59k) and local government education (+42k), the latter almost entirely reversing last month's decline, while the information industry lost 23k jobs. And unlike last month, the revisions helped. June was revised up 11k to +31k and July's headline loss of 23k jobs became a gain of 21k, a 44k swing that erases the negative print that drove the narrative all August. The 3-month average payroll gain now stands at 71k, up from 38k. Just as importantly, the household survey finally cooperated. Recall that July's 4.1% unemployment rate was widely dismissed because the labor force shrank and participation fell to a multi-decade low. In August the labor force grew 683k, household employment rose 569k, the participation rate ticked back up to 61.6% and the unemployment rate still held at 4.1%. Wages rose 0.3% for the month and are up 3.1% from a year ago.

For a Fed that already had three dissenters voting to hike in July and a Chairman who spent Jackson Hole promising to defend the inflation target, this report certainly reduces the importance of the labor market as a reason to wait. Fed funds futures now price a 58% chance of a 25bp hike on September 16, up from 49% on Thursday. For the week, the 2yr yield rose 5bp to 4.39%, its highest level since January 2025, and the 10yr rose 5bp to 4.78% after touching 4.82% on Wednesday, the highest since November 2023. Keep in mind that was a round trip, as yields first spiked early in the week on the oil-driven inflation scare, then retraced, then jumped again Friday morning.

Markets are closed Monday for Labor Day. The focus for next week will be Friday's August CPI report, the last major data point before the FOMC meets. With headline PCE already at 3.7% and crude still elevated on the Iran conflict, a hot inflation print could settle the September rate hike debate.

**Monthly Change in Nonfarm Payrolls**




Source: Bureau of Labor Statistics, seasonally adjusted



ICBA Securities

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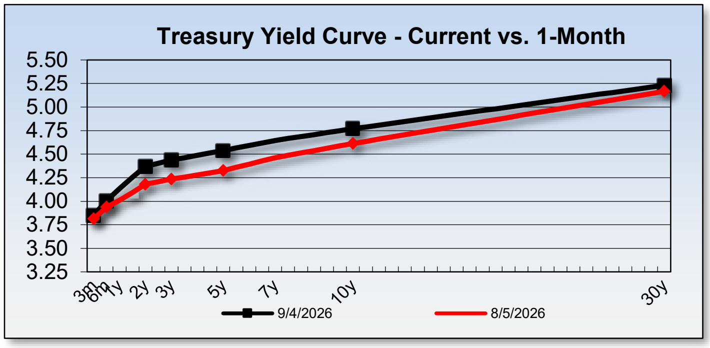
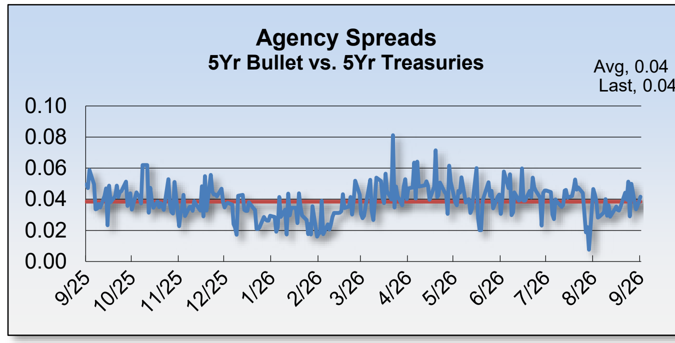
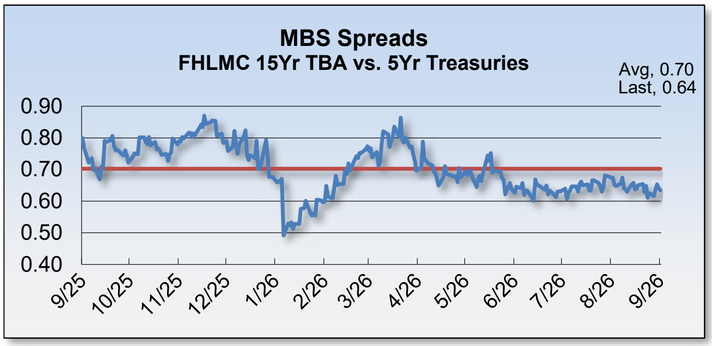
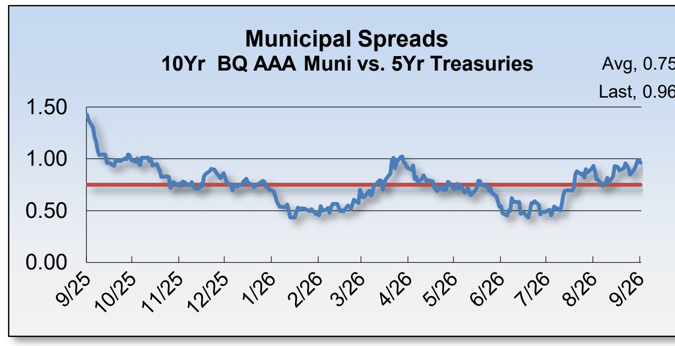
**September 4, 2026**




## Treasury Market -- Historical

| Maty | Current | 1Wk Change | Historical 1 Mo | 6 Mo | 1 Yr |
|---|---|---|---|---|---|
| 3mo | 3.85 | 0.04 | 3.80 | 3.68 | 4.08 |
| 6mo | 4.00 | 0.03 | 3.96 | 3.65 | 3.95 |
| 1yr | 4.13 | (0.00) | 4.00 | 3.58 | 3.76 |
| 2yr | 4.37 | 0.02 | 4.19 | 3.55 | 3.59 |
| 3yr | 4.44 | 0.04 | 4.24 | 3.56 | 3.61 |
| 5yr | 4.54 | 0.06 | 4.33 | 3.68 | 3.65 |
| 7yr | 4.65 | 0.06 | 4.46 | 3.88 | 3.87 |
| 10yr | 4.77 | 0.05 | 4.61 | 4.10 | 4.16 |
| 30yr | 5.23 | 0.02 | 5.18 | 4.74 | 4.85 |

* *Interpolated*

## Fixed Rate Market

| Maty /AL | N-Call Agency | US Swap | AAA BQ Muni C-Corp[2] | S-Corp[3] | Tax Muni |
|---|---|---|---|---|---|
| 2yr | 4.38 | 4.21 | 3.64 | 3.87 | 4.39 |
| 3yr | 4.47 | 4.22 | 3.79 | 4.04 | 4.49 |
| 5yr | 4.59 | 4.24 | 4.09 | 4.35 | 4.64 |
| 7yr | 4.72 | 4.29 | 4.37 | 4.65 | 4.82 |
| 10yr | 4.91 | 4.39 | 4.86 | 5.17 | 5.07 |
| 15yr | 5.09 | 4.54 | 5.64 | 6.00 | 5.26 |
| 20yr | 5.27 | 4.61 | 6.08 | 6.47 | 5.82 |
| 25yr | 5.44 | 4.60 | 6.33 | 6.73 | 5.89 |
| 30yr | | 4.57 | 6.58 | 7.00 | 5.95 |

| Mty | Agency Calls - Euro 3Mo | 6mo | 1Yr | 2Yr |
|---|---|---|---|---|
| 2Yr | | | | |
| 3Yr | | | | |
| 5Yr | | | | |
| 7Yr | | | | |
| 10Yr | | | | |

### October TBA MBS

| Cpn | 15Yr -Yld/AL | | 30Yr -Yld/AL | |
|---|---|---|---|---|
| 3.50 | 5.55 | 4.2y | 5.47 | |
| 4.00 | 5.19 | 5.3y | | |
| 4.50 | 5.12 | 5.1y | 5.59 | 9.4y |
| 5.00 | 5.12 | 4.8y | 5.65 | 8.4y |
| 5.50 | | | 5.71 | 7.7y |
| 6.00 | | | 5.72 | 6.4y |

## 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** | 0.02 | 3.65 | 3.70 | -- |
| 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 | **4.11** | 0.11 | 4.04 | 3.73 | 4.11 |
| 1 Year CMT | **4.11** | 0.07 | 4.07 | 3.55 | 3.77 |
| REPO O/N | **3.71** | -- | 3.70 | 3.75 | 4.38 |
| REPO 1Wk | **3.66** | (0.00) | 3.67 | 3.67 | 4.38 |
| CoF Federal | **3.534** | -- | 3.495 | 3.465 | 3.694 |
| 11th D. CoF (Jul) | **2.805** | -- | 2.766 | 2.736 | 2.965 |

## FHLB Fixed Advance Rates

| Maturity | Chicago | Boston | Topeka |
|---|---|---|---|
| 3mo | 4.03 | - - | 4.08 |
| 6mo | 4.16 | - - | 4.18 |
| 1yr | 4.33 | - - | 4.39 |
| 2yr | 4.48 | - - | 4.60 |
| 3yr | 4.54 | - - | 4.67 |
| 4yr | 4.61 | - - | 4.74 |
| 5yr | 4.65 | - - | 4.78 |
| 7yr | 4.82 | - - | 4.94 |
| 10yr | 4.98 | - - | 5.09 |
| 5yr Am | 4.58 | | 4.74 |
| 10yr Am | 4.83 | | 4.96 |

## Fed Fund Futures

| Maturity | Rate |
|---|---|
| Sep-26 | 3.697 |
| Oct-26 | 3.785 |
| Nov-26 | 3.850 |
| Dec-26 | 3.945 |
| Jan-27 | 3.995 |
| Feb-27 | 4.045 |
| Mar-27 | 4.090 |
| Apr-27 | 4.140 |
| May-27 | 4.175 |
| Jun-27 | 4.210 |
| Jul-27 | 4.225 |

# Baker Market Update—*Week in Review*

**September 4, 2026**

| Weekly Economic Calendar | | | | | | |
|---|---|---|---|---|---|---|
| **This Week & Next** | | | | | | |
| Date | Release | Per. | Est. | Actual | Prior | Revised |
| 9/1 | S&P Global US Manufacturing PMI | Aug F | 53.4 | 53.9 | 53.2 | -- |
| 9/1 | ISM Manufacturing | Aug | 55.2 | 54.6 | 55.6 | -- |
| 9/1 | ISM Prices Paid | Aug | 70.8 | 71.1 | 71.1 | -- |
| 9/1 | ISM New Orders | Aug | 56.8 | 53.7 | 56.7 | -- |
| 9/2 | ISM Employment | Aug | 52.5 | 51.2 | 52.8 | -- |
| 9/1 | JOLTS Job Openings | Jul | 7313k | 7271k | ~~7359k~~ | 7182k |
| 9/1 | JOLTS Job Openings Rate | Jul | 4.5% | 4.4% | ~~4.4%~~ | 4.3% |
| 9/1 | JOLTS Quits Level | Jul | 3208k | 3056k | ~~3232k~~ | 3213k |
| 9/1 | JOLTS Quits Rate | Jul | 2.0% | 1.9% | 2.0% | -- |
| 9/1 | JOLTS Layoffs Level | Jul | 1768k | 1666k | ~~1766k~~ | 1785k |
| 9/1 | JOLTS Layoffs Rate | Jul | 1.1% | 1.0% | 1.1% | -- |
| 9/2 | MBA Mortgage Applications | 8/28 | -- | 0.8% | -1.0% | -- |
| 9/2 | ADP Employment Change | Aug | 47k | 38k | ~~44k~~ | 46k |
| 9/3 | Challenger Job Cuts YoY | Aug | -- | -38.5% | -46.1% | -- |
| 9/3 | Challenger Job Cuts Total | Aug | -- | 52881 | 33429 | -- |
| 9/3 | Nonfarm Productivity | 2Q F | 1.4% | 1.4% | 1.4% | -- |
| 9/3 | Unit Labor Costs | 2Q F | 1.3% | 1.2% | 1.3% | -- |
| 9/3 | Initial Jobless Claims | 8/29 | 205k | 206k | ~~203k~~ | 204k |
| 9/3 | Initial Claims 4-Wk Moving Avg | 8/29 | 205.63k | 207.25k | ~~205.50k~~ | 205.75k |
| 9/3 | Continuing Claims | 8/22 | 1784k | 1779k | ~~1778k~~ | 1771k |
| 9/3 | S&P Global US Services PMI | Aug F | 56.8 | 56.5 | 56.8 | -- |
| 9/3 | S&P Global US Composite PMI | Aug F | 56.1 | 56.0 | 56.0 | -- |
| 9/3 | ISM Services Index | Aug | 54.1 | 55.4 | 54.1 | -- |
| 9/3 | ISM Services Prices Paid | Aug | 70.0 | 72.6 | 70.3 | -- |
| 9/3 | ISM Services New Orders | Aug | 56.0 | 60.9 | 57.2 | -- |
| 9/3 | ISM Services Employment | Aug | 48.3 | 47.8 | 47.4 | -- |
| 9/4 | Change in Nonfarm Payrolls | Aug | 55k | 162k | ~~-23k~~ | 21k |
| 9/4 | Two-Month Payroll Net Revision | Aug | -- | 55k | -103k | -- |
| 9/4 | Change in Private Payrolls | Aug | 50k | 127k | ~~30k~~ | 71k |
| 9/4 | Change in Manufact. Payrolls | Aug | 5k | 16k | ~~5k~~ | 14k |
| 9/4 | Nonfarm Payrolls 3-Mo Avg Chg | Aug | -- | 71k | ~~20k~~ | 38k |
| 9/4 | Average Hourly Earnings MoM | Aug | 0.3% | 0.3% | ~~0.1%~~ | 0.2% |
| 9/4 | Average Hourly Earnings YoY | Aug | 3.1% | 3.1% | 3.2% | -- |
| 9/4 | Average Weekly Hours All Employees | Aug | 34.3 | 34.4 | 34.3 | -- |
| 9/4 | Unemployment Rate | Aug | 4.1% | 4.1% | 4.1% | -- |
| 9/4 | Labor Force Participation Rate | Aug | 61.5% | 61.6% | 61.4% | -- |
| 9/4 | Underemployment Rate | Aug | 7.9% | 7.7% | 7.9% | -- |
| 9/9 | ADP Weekly Employment Change | 8/22 | -- | -- | 11.750k | -- |
| 9/10 | PPI Final Demand YoY | Aug | 5.2% | -- | 4.7% | -- |
| 9/10 | PPI Ex Food and Energy YoY | Aug | 4.6% | -- | 4.2% | -- |
| 9/10 | PPI Ex Food, Energy, Trade YoY | Aug | -- | -- | 4.7% | -- |
| 9/11 | CPI YoY | Aug | 3.4% | -- | 3.4% | -- |
| 9/11 | Core CPI YoY | Aug | 2.4% | -- | 2.5% | -- |
| 9/11 | CPI Index NSA | Aug | 334.96 | -- | 333.92 | -- |
| 9/11 | Core CPI Index SA | Aug | 337.67 | -- | 336.79 | -- |
| 9/11 | Real Avg Hourly Earning YoY | Aug | | -- | ~~-0.2%~~ | -0.1% |
| 9/11 | Real Avg Weekly Earnings YoY | Aug | -- | -- | ~~0.1%~~ | 0.2% |

| MBS Prepayments[4] | | | | | | |
|---|---|---|---|---|---|---|
| | **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 | 11.2 | 12.1 | 13.9 | 16.2 | 17.1 | 18.6 |
| FH/FN 15y | 8.9 | 10.9 | 15.8 | 17.5 | | 25.0 |
| G2 15y | 8.6 | 10.3 | 11.8 | 12.7 | 14.2 | 15.5 |
| FH/FN 20y | 7.7 | 8.8 | 10.4 | 12.4 | 17.1 | 17.3 |
| FH/FN 30y | 6.3 | 7.1 | 7.8 | 9.0 | 10.7 | 12.5 |
| G2 30y | 7.2 | 8.0 | 9.3 | 9.9 | 11.2 | 15.1 |

| Other Markets | | | | | |
|---|---|---|---|---|---|
| | | 1Wk | Historical | | |
| Index | Current | Chng | 1 Mo | 6 Mo | 1 Yr |
| **Currencies** | | | | | |
| Japanese Yen | 156.00 | (4.09) | 157.82 | 157.28 | 148.26 |
| Euro | 1.16 | 0.00 | 1.15 | 1.16 | 1.17 |
| Dollar Index | 99.13 | (0.58) | 99.86 | 98.77 | 98.35 |
| **Major Stock Indices** | | | | | |
| Dow Jones | 53,460 | (100) | 54,086 | 48,739 | 45,621 |
| S&P 500 | 7,738.2 | 26.5 | 7,736.5 | 6,869.5 | 6,502.1 |
| NASDAQ | 26,611.2 | 209 | 26,585.0 | 22,807.5 | 21,707.7 |
| **Commodities** | | | | | |
| Gold | 4,437.3 | (57.4) | 4,095.4 | 5,134.7 | 3,577.3 |
| Crude Oil | 88.85 | 5.45 | 75.77 | 74.66 | 63.48 |
| Natural Gas | 2.94 | 0.06 | 2.68 | 2.92 | 3.07 |
| Wheat | 741.3 | -25.8 | 638.5 | 566.8 | 502.3 |
| Corn | 512.0 | -- | 442.3 | 431.8 | 399.8 |

**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: 09/04/2026 9:16AM*