Baker Market Update—*Week in Review*

September 11, 2026

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UPCOMING EVENTS

Banks

Webinars:

Q4 Investment Strategies
Oct 7, 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:

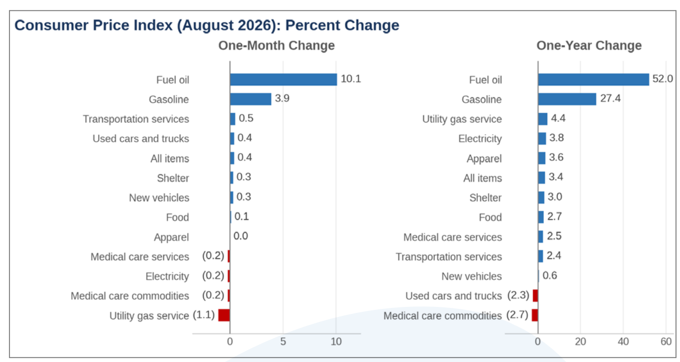
Bond School
Nov 5-6, 2026

The summer season is fading and so too are hopes for a swift resolution to the U.S.-Iran conflict. The resumption of back and forth strikes along with renewed threats in the Red Sea and comments from President Trump suggesting the war could extend through November pushed crude prices back above $100 a barrel this week. This helped fuel a new surge in global borrowing costs that brought the benchmark 10-year Treasury yield to within striking distance of 5%. After the release of August inflation numbers this morning, the 10-year yield crested at 4.992% before pulling back to around 4.92% as of this writing.

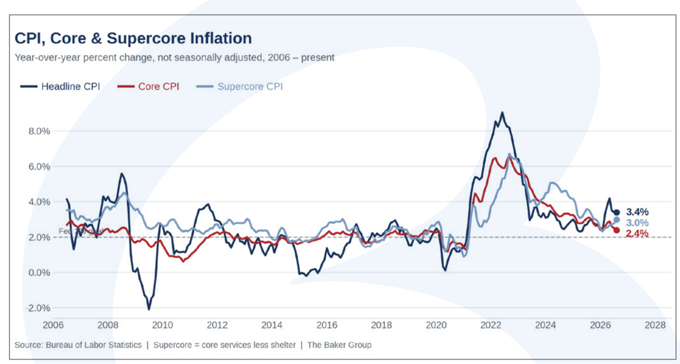
Brent breached $107 a barrel on Thursday, the highest in nearly four months, as Iran threatened to escalate counterstrikes and Houthi forces advanced on Mokha, a key Red Sea port. Brent is now up more than 75% year-to-date. The surge has driven diesel prices in the U.S. toward $6 a gallon and pushed gasoline prices to a new Labor Day record. As of this morning, crude has pulled back toward $104 after the International Energy Agency cut its demand forecast, which offered some relief to fixed income markets and allowed equities to stabilize following four consecutive sessions of losses.

This morning's Consumer Price Index (CPI) report topped forecasts, bolstering the case for the Fed to hike rates at its meeting next week. Overall consumer prices were up 3.4% from a year ago and 0.4% for the month. Gasoline alone accounted for more than a third of the monthly increase. The more telling number was core inflation, which strips out food and energy, and rose 0.3% for the month against an estimate of 0.2%, the largest monthly gain since April. Shelter costs, which had been subdued in recent months, also picked back up. Taken together, the report offered little evidence that underlying inflation is cooling.

As the last major data point the Fed will see before its September 15-16 meeting, a hotter-than-expected inflation reading makes it easier to justify raising rates next week, especially alongside stronger-than-expected jobs data in recent weeks and elevated PPI earlier this week. Futures markets have adjusted pricing accordingly. Fed funds futures now suggest a roughly 85% probability of a 25 bp rate hike next week and a decent probability of a second hike before year-end.



The Fed has held rates steady at each of its last five meetings, though three officials dissented in favor of a hike in July. Chair Warsh has been cautious about telegraphing his next move, but said recently the Fed would "have work to do" if it cannot be confident that underlying inflation is moving toward its objective clearly and at sufficient speed. After this week's data, that bar appears increasingly difficult to clear without action.



Have a great weekend!

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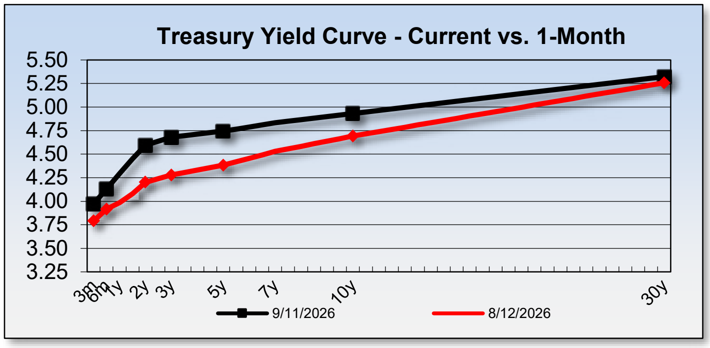

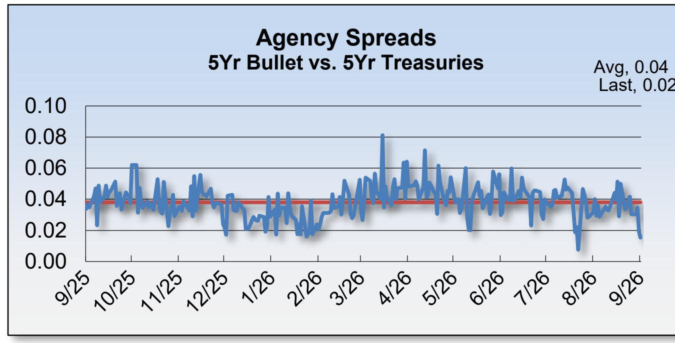

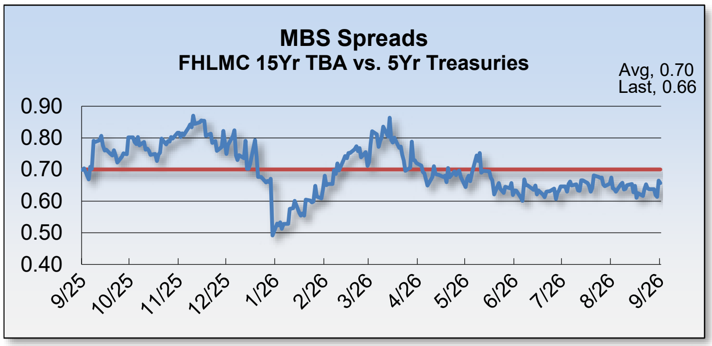

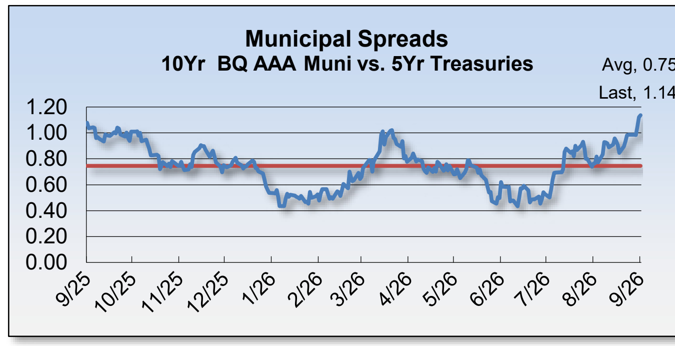

Treasury Market -- Historical

Maty	Current	1Wk Change	Historical 1 Mo	6 Mo	1 Yr
3mo	3.97	0.12	3.80	3.69	4.03
6mo	4.13	0.13	3.95	3.65	3.85
1yr	4.30	0.18	4.02	3.59	3.63
2yr	4.60	0.23	4.22	3.65	3.54
3yr	4.68	0.23	4.28	3.68	3.56
5yr	4.74	0.20	4.39	3.81	3.60
7yr	4.83	0.18	4.53	4.01	3.77
10yr	4.93	0.15	4.69	4.23	4.02
30yr	5.32	0.08	5.24	4.88	4.65

** Interpolated*

Fixed Rate Market

Maty /AL	N-Call Agency	US Swap	AAA BQ Muni C-Corp[2]	S-Corp[3]	Tax Muni
2yr	4.60	4.43	3.95	4.20	4.61
3yr	4.69	4.45	4.12	4.38	4.74
5yr	4.79	4.46	4.41	4.69	4.86
7yr	4.90	4.49	4.69	4.99	5.02
10yr	5.07	4.55	5.18	5.51	5.25
15yr	5.23	4.66	5.98	6.36	5.44
20yr	5.39	4.71	6.40	6.81	5.94
25yr	5.55	4.70	6.64	7.07	6.01
30yr		4.65	6.89	7.33	6.07

Agency Calls - Euro

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

October TBA MBS

Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
4.00	5.46	5.4y	5.82	
4.50	5.38	5.0y		
5.00	5.33	4.9y	5.89	8.6y
5.50	5.37	4.3y	5.94	7.9y
6.00			5.94	6.7y
6.50			#N/A	#N/A

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**	(0.04)	3.63	3.64	--
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	**4.23**	0.12	4.05	3.73	4.00
1 Year CMT	**4.28**	0.17	4.04	3.56	3.66
REPO O/N	**3.71**	--	3.70	3.75	4.38
REPO 1Wk	**3.78**	0.12	3.68	3.66	4.26
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	4.12	- -	4.16
6mo	4.29	- -	4.28
1yr	4.49	- -	4.55
2yr	4.67	- -	4.80
3yr	4.76	- -	4.88
4yr	4.80	- -	4.92
5yr	4.84	- -	4.96
7yr	4.99	- -	5.10
10yr	5.14	- -	5.25
5yr Am	4.85		4.93
10yr Am	5.05		5.12

Fed Fund Futures

Maturity	Rate
Sep-26	3.725
Oct-26	3.850
Nov-26	3.935
Dec-26	4.045
Jan-27	4.100
Feb-27	4.180
Mar-27	4.250
Apr-27	4.320
May-27	4.385
Jun-27	4.435
Jul-27	4.465

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Weekly Economic Calendar

This Week & Next

Date	Release	Per.	Est.	Actual	Prior	Revised
9/8	NY Fed 1-Yr Inflation Expectations	Aug	3.60%	3.58%	3.63%	--
9/9	MBA Mortgage Applications	9/4	--	-2.7%	0.8%	--
9/9	ADP Weekly Employment Change	8/22	--	12.000k	10.000k	--
9/10	Initial Jobless Claims	9/5	205k	206k	~~206k~~	207k
9/10	Continuing Claims	8/29	1780k	1774k	~~1779k~~	1775k
9/10	PPI Final Demand MoM	Aug	0.4%	0.4%	~~0.0%~~	0.1%
9/10	PPI Ex Food and Energy MoM	Aug	0.3%	0.2%	~~0.2%~~	0.3%
9/10	PPI Ex Food, Energy, Trade MoM	Aug	0.3%	0.3%	0.4%	--
9/10	PPI Final Demand YoY	Aug	5.3%	5.4%	~~4.7%~~	4.8%
9/10	PPI Ex Food and Energy YoY	Aug	4.6%	4.6%	~~4.2%~~	4.3%
9/10	PPI Ex Food, Energy, Trade YoY	Aug	4.7%	4.7%	4.7%	--
9/10	Existing Home Sales MoM	Aug	-1.7%	-2.0%	-1.7%	--
9/11	CPI MoM	Aug	0.4%	0.4%	0.1%	--
9/11	Core CPI MoM	Aug	0.2%	0.3%	0.2%	--
9/11	CPI YoY	Aug	3.4%	3.4%	3.4%	--
9/11	Core CPI YoY	Aug	2.4%	2.4%	2.5%	--
9/11	CPI Index NSA	Aug	334.89	334.98	333.92	--
9/11	Core CPI Index SA	Aug	337.60	337.77	336.79	--
9/11	Real Avg Weekly Earnings YoY	Aug	--	0.3%	~~0.1%~~	0.2%
9/11	Real Avg Hourly Earning YoY	Aug	--	-0.3%	~~-0.2%~~	-0.1%
9/16	New York Fed Services Business Activity	Sep	--	--	50.0%	--
9/16	Retail Sales Advance MoM	Aug	0.9%	--	-0.6%	--
9/16	Retail Sales Ex Auto MoM	Aug	0.5%	--	-0.3%	--
9/16	Retail Sales Ex Auto and Gas	Aug	0.4%	--	-0.2%	--
9/16	Retail Sales Control Group	Aug	0.4%	--	-0.4%	--
9/16	Import Price Index MoM	Aug	--	--	-0.4%	--
9/16	Import Price Index ex Petroleum MoM	Aug	--	--	0.3%	--
9/16	Import Price Index YoY	Aug	--	--	5.9%	--
9/16	Export Price Index MoM	Aug	--	--	-1.3%	--
9/16	Export Price Index YoY	Aug	--	--	8.2%	--
9/16	Business Inventories	Jul	0.2%	--	0.0%	--
9/16	NAHB Housing Market Index	Sep	34	--	35	--
9/16	FOMC Rate Decision (Upper Bound)	9/16	3.75%	--	3.75%	--
9/16	FOMC Rate Decision (Lower Bound)	9/16	3.50%	--	3.50%	--
9/16	Fed Interest on Reserve Balances Rate	9/17	3.90%	--	3.65%	--
9/16	Fed Reverse Repo Rate	9/17	3.75%	--	3.50%	--
9/16	FOMC Median Rate Forecast: Current Y	9/16	3.88%	--	3.75%	--
9/16	FOMC Median Rate Forecast: Next Yr	9/16	3.63%	--	3.63%	--
9/16	FOMC Median Rate Forecast: +2 Yrs	9/16	3.38%	--	3.38%	--
9/16	FOMC Median Rate Forecast: +3 Yrs	9/16	3.13%	--	3.13%	--
9/16	FOMC Median Rate Forecast: Long-Rur	9/16	3.13%	--	3.06%	--
9/16	Total Net TIC Flows	Jul	--	--	$133.5b	--
9/16	Net Long-term TIC Flows	Jul	--	--	$172.7b	--
9/17	Philadelphia Fed Business Outlook	Sep	28.6	--	47.4	--
9/17	Pending Home Sales NSA YoY	Aug	--	--	-2.5%	--
9/18	Capacity Utilization	Aug		--	76.3%	--
9/18	Leading Index	Aug	0.2%	--	0.2%	--

MBS Prepayments[4]

	3-Month CPR					
Type	4.0	4.5	5.0	5.5	6.0	6.5
FN 10y	12.9	15.4	20.8	24.8	26.9	22.1
FH/FN 15y	9.4	13.2	12.0	11.6	17.9	54.5
G2 15y	12.2	10.9	14.5	20.4	26.0	0.9
FH/FN 20y	10.0	10.3	14.0	19.5	26.4	23.5
FH/FN 30y	5.7	5.9	9.3	9.1	10.8	17.2
G2 30y	1.4	7.3	7.3	10.2	2.5	3.9

	CPR Projections					
Type	4.0	4.5	5.0	5.5	6.0	6.5
FN 10y	11.9	13.8	15.9	16.9	18.3	19.3
FH/FN 15y	10.9	15.8	17.2	18.0		20.7
G2 15y	10.1	11.9	12.9	14.0	15.2	15.9
FH/FN 20y	8.8	10.4	12.4	16.9	17.2	19.1
FH/FN 30y	7.0	7.7	8.8	10.6	12.2	14.5
G2 30y	8.0	9.1	9.7	11.3	13.8	19.1

Other Markets

		1Wk	Historical		
Index	Current	Chng	1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	153.45	(2.81)	159.23	158.29	147.97
Euro	1.16	(0.00)	1.15	1.16	1.17
Dollar Index	99.02	0.11	99.83	99.23	97.53
Major Stock Indices					
Dow Jones	52,623	(1,063)	53,792	47,417	46,108
S&P 500	7,663.0	(84.7)	7,728.2	6,775.8	6,587.5
NASDAQ	26,358.9	(225)	26,445.5	22,716.1	22,043.1
Commodities					
Gold	4,397.5	(107.4)	4,383.0	5,179.1	3,645.0
Crude Oil	99.05	7.75	83.20	87.25	62.37
Natural Gas	2.83	(0.09)	2.77	3.21	2.93
Wheat	723.3	-31.5	640.5	584.8	495.0
Corn	511.3	-4.0	436.8	444.3	399.0

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: 09/11/2026 9:34AM