Baker Market Update—*Week in Review*

September 25, 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

Diplomatic maneuvering over the Iran conflict, a long-awaited summit between President Trump and Chinese President Xi Jinping, and continued volatility in energy markets all drew a lot of media attention this week but the biggest market event was Wednesday's bond rout. The benchmark 10-year Treasury yield surged more than 20 basis points by mid-week, breaching 5.20% for the first time since the financial crisis in one of the worst single sessions for Treasuries in recent memory.

Three catalysts converged this week to put pressure on bonds. 1. Oil prices rebounded sharply on aggressive Iranian rhetoric. 2. September PMI data came in well ahead of expectations, with the composite index at 58.4 vs. a 55.3 consensus estimate, the highest reading since July 2021. 3. Fed Governor Michael Barr turned notably hawkish, saying "further policy adjustments are likely to be needed" to bring inflation to target. The phrase "adjustments", plural, carried weight as it signaled not a one-time move but a sustained tightening cycle.

A soft 5-year Treasury auction, the eleventh consecutive disappointing result, extended the pressure. The 10-year yield closed above 5.20%, the 30-year reached a 22-year high just above 5.46%, and Japan's 10-year yield hit a 30-year high as Tokyo markets returned from holiday. The MOVE index, which measures expected volatility in Treasury markets much like the VIX does for equities, surged from 76 to 105 in little more than a week, reaching levels last seen around the April 2025 Liberation Day episode. Futures markets are now pricing nearly four additional rate hikes over the coming year. That is a remarkable swing from the cuts being priced in as recently as late February. Markets steadied somewhat on Friday after New York Fed President John Williams and Philadelphia Fed President Anna Paulson offered more measured commentary, emphasizing that policy remains data-dependent and has not been set on autopilot.

Next week's calendar is dense with data that will directly inform the Fed's next move. August job openings are due Tuesday, the PCE price index, the Fed's preferred inflation gauge, arrives Wednesday, and September payrolls close out the week on Friday. With markets now pricing a meaningful probability of another rate hike as soon as October, each release will be closely watched for any sign that the economy is responding to tighter financial conditions, or that energy-driven inflation is beginning to feed into wages and broader prices.

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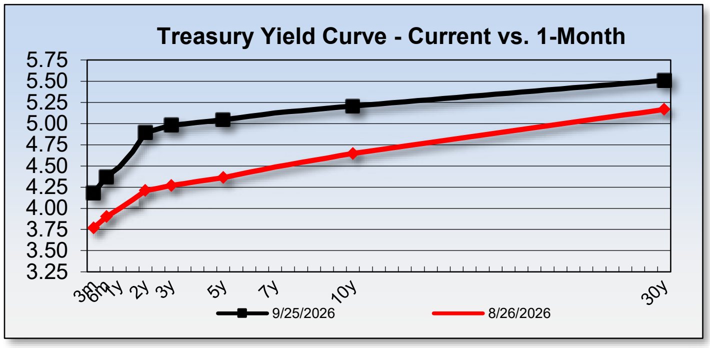

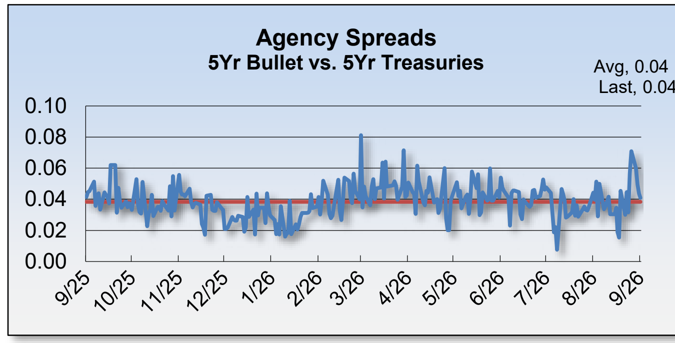

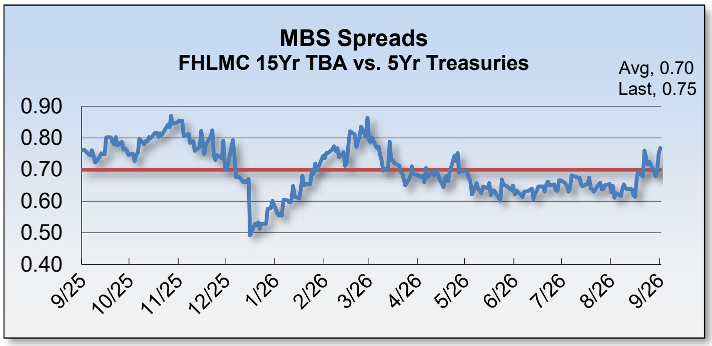

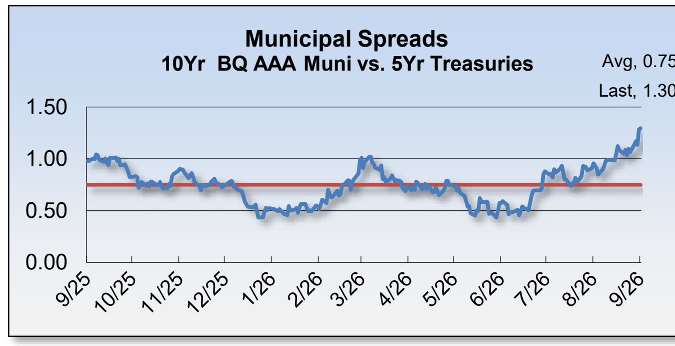

Treasury Market -- Historical

Maty	Current	1Wk Change	Historical 1 Mo	6 Mo	1 Yr
3mo	4.18	0.11	3.78	3.71	3.98
6mo	4.37	0.10	3.90	3.72	3.87
1yr	4.49	0.08	3.98	3.76	3.67
2yr	4.90	0.15	4.18	3.89	3.66
3yr	4.98	0.15	4.24	3.88	3.69
5yr	5.04	0.19	4.34	3.98	3.76
7yr	5.12	0.20	4.46	4.15	3.94
10yr	5.21	0.21	4.63	4.33	4.17
30yr	5.51	0.18	5.17	4.90	4.75

** Interpolated*

Fixed Rate Market

Maty /AL	N-Call Agency	US Swap	AAA BQ Muni C-Corp[2]	AAA BQ Muni S-Corp[3]	Tax Muni
2yr	4.92	4.74	3.95	4.20	4.61
3yr	5.01	4.76	4.12	4.38	4.74
5yr	5.11	4.74	4.41	4.69	4.86
7yr	5.21	4.75	4.69	4.99	5.02
10yr	5.37	4.78	5.18	5.51	5.25
15yr	5.53	4.85	5.98	6.36	5.44
20yr	5.68	4.88	6.40	6.81	5.94
25yr	5.83	4.84	6.64	7.07	6.01
30yr		4.78	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	
3.50	6.47	4.2y	6.11	
4.00	5.86	5.5y		
4.50	5.77	5.2y	6.13	9.9y
5.00	5.74	5.2y	6.20	9.3y
5.50			6.31	8.3y
6.00			6.32	7.8y

Key Market Indices

Index	Current	1Wk Change	Historical 1 Mo	6 Mo	1 Yr
Fed Funds	**4.00**	--	3.75	3.75	4.25
Primary Discount	**4.00**	--	3.75	3.75	4.25
2ndary Discount	**4.50**	--	4.25	4.25	4.75
Prime Rate	**7.00**	--	6.75	6.75	7.25
Sec. O.N. Finance	**3.88**	0.03	3.65	3.63	--
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	**4.43**	0.05	4.04	3.81	3.99
1 Year CMT	**4.51**	0.11	4.04	3.81	3.63
REPO O/N	**3.94**	0.23	3.70	3.67	4.23
REPO 1Wk	**3.90**	(0.00)	3.71	3.72	4.17
CoF Federal	**3.567**	--	3.534	3.455	3.685
11th D. CoF (Jul)	**2.805**	--	2.766	2.736	2.965

FHLB Fixed Advance Rates

Maturity	Chicago	Boston	Topeka
3mo	4.30	- -	4.31
6mo	4.49	- -	4.48
1yr	4.70	- -	4.74
2yr	4.98	- -	5.06
3yr	5.06	- -	5.15
4yr	5.12	- -	5.19
5yr	5.14	- -	5.21
7yr	5.31	- -	5.32
10yr	5.42	- -	5.43
5yr Am	5.13		5.18
10yr Am	5.34		5.34

Fed Fund Futures

Maturity	Rate
Sep-26	3.748
Oct-26	3.900
Nov-26	4.045
Dec-26	4.185
Jan-27	4.260
Feb-27	4.370
Mar-27	4.450
Apr-27	4.550
May-27	4.635
Jun-27	4.700
Jul-27	4.735

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Weekly Economic Calendar

This Week & Next

Date	Release	Per.	Est.	Actual	Prior	Revised
9/22	ADP Weekly Employment Change	9/5	--	20.000k	~~16.250k~~	16.750k
9/22	Philadelphia Fed Non-Manufacturing Ac	Sep	-8.7	-22.0	-10.6	--
9/23	MBA Mortgage Applications	9/18	--	-1.5%	-4.1%	--
9/23	S&P Global US Manufacturing PMI	Sep P	53.7	57.0	53.9	--
9/23	S&P Global US Services PMI	Sep P	55.8	58.7	56.5	--
9/23	S&P Global US Composite PMI	Sep P	55.3	58.4	56.0	--
9/24	Initial Jobless Claims	9/19	200k	197k	~~196k~~	198k
9/24	Continuing Claims	9/12	1740k	1719k	~~1730k~~	1717k
9/24	New Home Sales MoM	Aug	1.3%	6.4%	~~-10.5%~~	-4.3%
9/25	Durables Ex Transportation	Aug P	0.6%	0.3%	~~0.4%~~	0.7%
9/25	Cap Goods Ship Nondef Ex Air	Aug P	0.8%	0.6%	~~1.2%~~	1.4%
9/25	U. of Mich. Sentiment	Sep F	47.5	48.1	47.8	--
9/25	U. of Mich. Current Conditions	Sep F	50.5	50.9	50.9	--
9/25	U. of Mich. 1 Yr Inflation	Sep F	4.7%	4.6%	4.6%	--
9/29	S&P Cotality CS 20-City YoY NSA	Jul	--	--	2.1%	--
9/29	S&P Cotality CS US HPI YoY NSA	Jul	--	--	1.5%	--
9/29	Conf. Board Consumer Confidence	Sep	90.0	--	89.4	--
9/29	Conf. Board Present Situation	Sep	--	--	121.2	--
9/29	JOLTS Job Openings	Aug	7225k	--	7271k	--
9/29	JOLTS Job Openings Rate	Aug	--	--	4.4%	--
9/29	JOLTS Quits Level	Aug	--	--	3056k	--
9/29	JOLTS Quits Rate	Aug	--	--	1.9%	--
9/29	JOLTS Layoffs Level	Aug	--	--	1666k	--
9/29	JOLTS Layoffs Rate	Aug	--	--	1.0%	--
9/30	ADP Employment Change	Sep	70k	--	38k	--
9/30	Personal Income	Aug	0.5%	--	0.4%	--
9/30	PCE Price Index YoY	Aug	3.7%	--	3.7%	--
9/30	Core PCE Price Index YoY	Aug	3.3%	--	3.3%	--
9/30	GDP Annualized QoQ	2Q T	1.5%	--	1.5%	--
9/30	GDP Price Index	2Q T	6.4%	--	6.4%	--
9/30	Core PCE Price Index QoQ	2Q T	3.6%	--	3.6%	--
9/30	MNI Chicago PMI	Sep	51.2	--	47.1	--
10/1	Challenger Job Cuts YoY	Sep	--	--	-38.5%	--
10/1	Challenger Job Cuts Total	Sep	--	--	52881	--
10/1	ISM Manufacturing	Sep	55.0	--	54.6	--
10/1	ISM Prices Paid	Sep	72.0	--	71.1	--
10/1	ISM New Orders	Sep	--	--	53.7	--
10/1	ISM Employment	Sep	--	--	51.2	--
10/2	Change in Nonfarm Payrolls	Sep	100k	--	162k	--
10/2	Two-Month Payroll Net Revision	Sep	--	--	55k	--
10/2	Change in Private Payrolls	Sep	90k	--	127k	--
10/2	Change in Manufact. Payrolls	Sep	10k	--	16k	--
10/2	Average Hourly Earnings YoY	Sep	3.2%	--	3.1%	--
10/2	Average Weekly Hours All Employees	Sep	34.3	--	34.4	--
10/2	Unemployment Rate	Sep	4.1%	--	4.1%	--
10/2	Labor Force Participation Rate	Sep		--	61.6%	--
10/2	Underemployment Rate	Sep	--	--	7.7%	--

MBS Prepayments[4]

3-Month CPR

Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	15.7	12.9	15.4	20.8	24.8	26.9
FH/FN 15y	10.2	9.4	13.2	12.0	11.6	17.9
G2 15y	12.8	12.2	10.9	14.5	20.4	26.0
FH/FN 20y	9.2	10.0	10.3	14.0	19.5	26.4
FH/FN 30y	7.6	5.7	5.9	9.3	9.1	10.8
G2 30y	1.1	1.4	7.3	7.3	10.2	2.5

CPR Projections

Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	10.3	11.0	12.7	14.7	16.2	16.9
FH/FN 15y	8.7	10.3	14.9	15.9		21.3
G2 15y	8.1	9.3	11.5	12.0	12.8	14.4
FH/FN 20y	7.4	8.4	9.9	11.5	15.9	17.0
FH/FN 30y	6.2	6.6	7.1	8.0	10.1	10.7
G2 30y	6.7	7.4	8.2	9.1	10.4	13.0

Other Markets

Index	Current	1Wk Chng	Historical 1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	157.15	0.27	159.29	158.89	148.80
Euro	1.14	(0.01)	1.17	1.16	1.17
Dollar Index	100.94	0.72	98.92	99.60	98.55
Major Stock Indices					
Dow Jones	51,475	(207)	53,577	46,429	45,947
S&P 500	7,726.3	75.8	7,677.3	6,591.9	6,604.7
NASDAQ	26,996.8	474	26,151.3	21,929.8	22,384.7
Commodities					
Gold	4,284.9	(105.8)	4,638.1	4,552.3	3,738.7
Crude Oil	93.30	(7.00)	82.36	90.32	64.98
Natural Gas	3.12	0.21	2.77	2.95	2.90
Wheat	685.8	-28.5	685.5	597.8	527.0
Corn	516.8	-10.8	500.5	467.3	425.8

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: 09/25/2026 9:14AM