

Baker Market Update —Week in Review

October 9, 2026



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Bond markets remained the center of gravity for financial markets this week. Treasury yields advanced to their highest levels in more than two decades, even as equities briefly touched new records and crude oil fluctuated on competing signals from the Middle East.

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The pressure in Treasuries intensified mid-week on two fronts. First, Wednesday's release of the Federal Reserve's September meeting minutes showed that most policymakers anticipated additional rate hikes would be needed to bring inflation back to target. That view was reinforced a day later by Fed Governor Christopher Waller, who said further tightening "will likely be needed" while noting there is "flexibility" about the pace.

Second, markets are pricing more into long-term yields than just Fed rate expectations. The New York Fed's estimate of the 10-year term premium, which measures the additional yield investors demand for holding long-term bonds rather than rolling short-term paper, climbed to its highest level in twelve years. Rising U.S. government debt, political uncertainty ahead of the November midterms, and the sheer scale of supply facing the market are all contributing. The 10-year Treasury yield briefly touched 5.364% on Wednesday, its highest since 2002, before settling somewhat after a stronger-than-expected 30-year bond auction on Thursday. The 30-year itself cleared at the highest yield since 2000.

Oil prices finished the week higher after a volatile stretch. Brent dipped early on reports that regional crude exports had recovered to more than 80% of pre-war levels, but surged more than 4% on Thursday to over \$104 a barrel as Iranian attacks on Strait of Hormuz shipping intensified and Houthi strikes continued in Saudi Arabia. Prices retreated early Friday after President Trump said the United States would not attack Iran before the midterm elections. Hurricane Isaias added a domestic energy wrinkle as well, disrupting oil and gas production off the U.S. Gulf Coast.

Next week's primary focus will be September's Consumer Price Index, due Wednesday. With yields at multi-decade highs and rate expectations shifting week to week, the CPI print will carry unusual weight for both the bond market and the Fed's deliberations heading into year-end.



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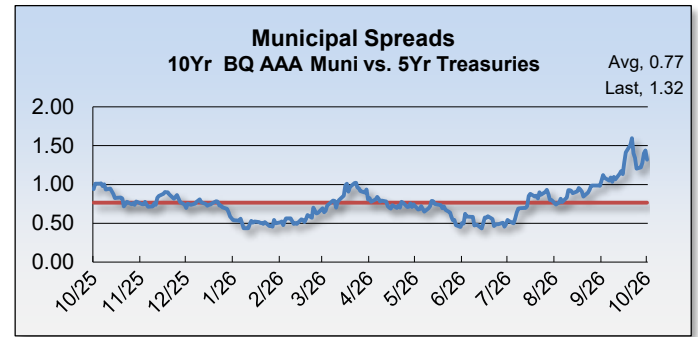
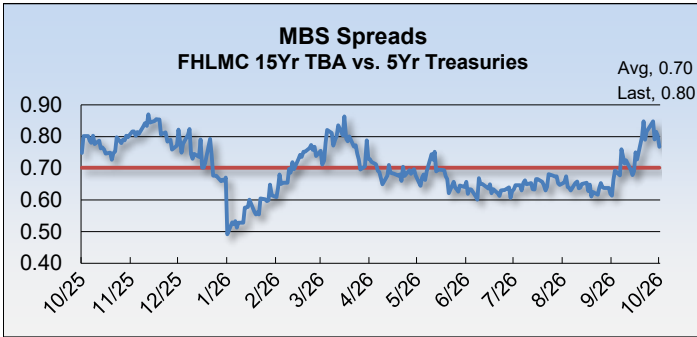
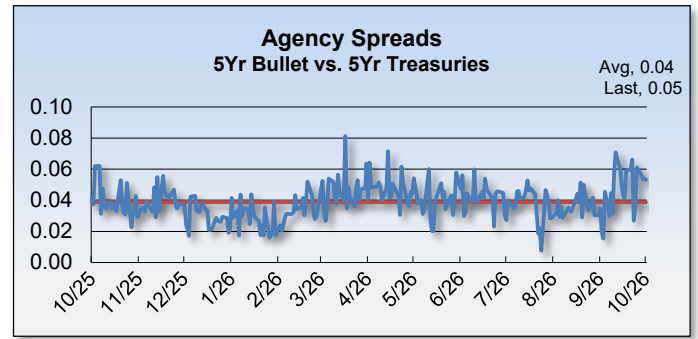
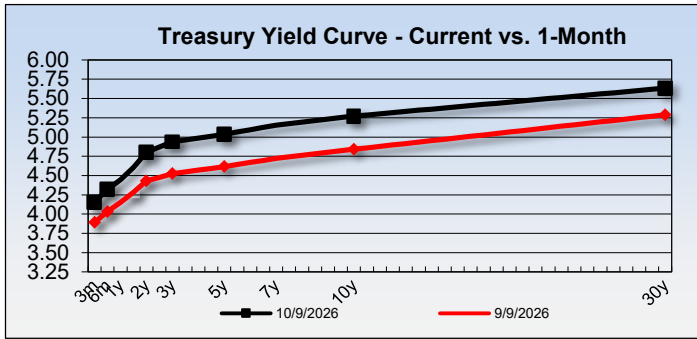
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Treasury Market -- Historical						Fixed Rate Market											
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni		Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr	
3mo	4.15	0.06	3.90	3.68	3.96	2yr	4.85	4.65	4.79	5.10	4.81	2Yr					
6mo	4.32	0.03	4.04	3.69	3.84	3yr	4.98	4.70	4.86	5.17	4.98	3Yr					
1yr	4.45	(0.01)	4.16	3.67	3.66	5yr	5.10	4.73	5.11	5.44	5.12	5Yr					
2yr	4.80	(0.02)	4.43	3.77	3.59	7yr	5.24	4.77	5.36	5.71	5.30	7Yr					
3yr	4.94	(0.02)	4.53	3.79	3.64	10yr	5.44	4.85	5.74	6.11	5.51	10Yr					
5yr	5.04	(0.02)	4.62	3.90	3.74	15yr	5.64	4.98	6.48	6.90	5.73			November TBA MBS			
7yr	5.15	(0.01)	4.72	4.08	3.92	20yr	5.84	5.03	6.96	7.41	6.18	Cpn		15Yr -Yld/AL		30Yr -Yld/AL	
10yr	5.27	(0.00)	4.84	4.28	4.14	25yr	6.04	5.01	7.15	7.61	6.25	4.00		5.87	5.5y	6.32	
30yr	5.63	0.01	5.29	4.88	4.72	30yr		4.95	7.34	7.81	6.31	4.50		5.76	5.3y		
*Interpolated														5.00	5.72	5.2y	6.27
													5.50	5.68	4.6y	6.38	8.6y
													6.00			6.39	8.3y
													6.50			6.40	6.8y

* Interpolated

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	3.87	--	3.64	3.59	--
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	4.38	(0.05)	4.16	3.83	3.89
1 Year CMT	4.44	--	4.15	3.69	3.66
REPO O/N	3.90	--	3.71	3.67	4.24
REPO 1Wk	3.91	--	3.68	3.65	4.14
CoF Federal	3.567	--	3.534	3.455	3.685
11th D. CoF (Aug)	2.838	--	2.805	2.726	2.956

FHLB Fixed Advance Rates				Fed Fund Futures	
Maturity	Chicago	Boston	Topeka	Maturity	Rate
3mo	4.27	--	4.33	Oct-26	3.885
6mo	4.43	--	4.45	Nov-26	3.930
1yr	4.65	--	4.72	Dec-26	4.080
2yr	4.90	--	5.00	Jan-27	4.145
3yr	5.02	--	5.12	Feb-27	4.240
4yr	5.10	--	5.20	Mar-27	4.320
5yr	5.14	--	5.24	Apr-27	4.425
7yr	5.38	--	5.47	May-27	4.515
10yr	5.52	--	5.61	Jun-27	4.585
5yr Am	5.06		5.18	Jul-27	4.620
10yr Am	5.37		5.45	Aug-27	4.655



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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
10/5	S&P Global US Services PMI	Sep F	58.7	58.8	58.7	--
10/5	S&P Global US Composite PMI	Sep F	58.3	58.4	58.4	--
10/5	ISM Services Index	Sep	55.0	54.9	55.4	--
10/5	ISM Services Prices Paid	Sep	73.3	74.0	72.6	--
10/5	ISM Services New Orders	Sep	60.3	59.8	60.9	--
10/5	ISM Services Employment	Sep	48.8	50.1	47.8	--
10/6	Trade Balance	Aug	-\$102.1b	-\$105.6b	-\$88.6b	-\$92.8b
10/6	Imports MoM	Aug	4.2%	4.3%	2.8%	3.9%
10/6	Exports MoM	Aug	1.2%	1.4%	-2.1%	--
10/7	MBA Mortgage Applications	10/2	--	-4.2%	-6.0%	--
10/7	NY Fed 1-Yr Inflation Expectations	Sep	3.64%	3.90%	3.58%	--
10/7	FOMC Meeting Minutes	9/16	--	--	--	--
10/7	Consumer Credit	Aug	\$15.000b	\$8.281b	\$18.062b	\$17.740b
10/8	Initial Jobless Claims	10/3	200k	197k	197k	199k
10/8	Initial Claims 4-Wk Moving Avg	10/3	--	198.00k	200.00k	200.50k
10/8	Continuing Claims	9/26	1700k	1716k	1701k	1699k
10/9	U. of Mich. Sentiment	Oct P	47.6	46.3	48.1	--
10/9	U. of Mich. Current Conditions	Oct P	50.1	44.7	50.9	--
10/9	U. of Mich. Expectations	Oct P	45.7	47.3	46.3	--
10/9	U. of Mich. 1 Yr Inflation	Oct P	4.8%	4.7%	4.6%	--
10/9	U. of Mich. 5-10 Yr Inflation	Oct P	3.5%	3.5%	3.4%	--
10/13	NFIB Small Business Optimism	Sep	98.0	--	98.7	--
10/13	ADP Weekly Employment Change	9/26	--	--	23.750k	--
10/13	Existing Home Sales	Sep	3.96m	--	3.98m	--
10/13	Existing Home Sales MoM	Sep	-0.8%	--	-2.0%	--
10/13/2	Federal Budget Balance	Sep	--	--	\$197.9b	--
10/14	Real Avg Weekly Earnings YoY	Sep	--	--	0.3%	0.4%
10/14	CPI MoM	Sep	0.6%	--	0.4%	--
10/14	Core CPI MoM	Sep	0.2%	--	0.3%	--
10/14	CPI YoY	Sep	3.6%	--	3.4%	--
10/14	Core CPI YoY	Sep	2.5%	--	2.4%	--
10/14	CPI Index NSA	Sep	336.62	--	334.98	--
10/14	Core CPI Index SA	Sep	338.42	--	337.77	--
10/14	Real Avg Hourly Earning YoY	Sep	--	--	-0.3%	--
10/15	Retail Sales Ex Auto and Gas	Sep	0.2%	--	1.2%	1.1%
10/15	Retail Sales Control Group	Sep	0.3%	--	1.4%	1.2%
10/15	PPI Final Demand MoM	Sep	0.5%	--	0.4%	--
10/15	PPI Ex Food and Energy MoM	Sep	0.3%	--	0.2%	--
10/15	PPI Ex Food, Energy, Trade MoM	Sep	--	--	0.3%	--
10/15	PPI Final Demand YoY	Sep	5.3%	--	5.4%	--
10/15	PPI Ex Food and Energy YoY	Sep	4.4%	--	4.6%	--
10/15	PPI Ex Food, Energy, Trade YoY	Sep	--	--	4.7%	--
10/16	Import Price Index YoY	Sep	--	--	7.0%	--
10/16	Export Price Index YoY	Sep	--	--	8.6%	--
10/16	Capacity Utilization	Sep	76.5%	--	76.3%	--
10/16	Total Net TIC Flows	Aug	--	--	\$83.7b	--
10/16	Net Long-term TIC Flows	Aug	--	--	-\$27.9b	--

MBS Prepayments ⁴						
3-Month CPR						
Type	4.0	4.5	5.0	5.5	6.0	6.5
FN 10y	12.5	14.0	19.8	22.1	27.8	19.5
FH/FN 15y	8.6	15.7	12.2	11.2	17.6	53.4
G2 15y	11.0	11.0	13.1	19.3	22.4	0.9
FH/FN 20y	9.7	10.0	13.8	21.7	23.8	24.8
FH/FN 30y	5.4	6.0	8.0	9.2	10.6	15.9
G2 30y	1.2	6.8	6.9	8.6	2.7	4.6
CPR Projections						
Type	4.0	4.5	5.0	5.5	6.0	6.5
FN 10y	10.6	12.2	14.4	15.9	16.7	17.3
FH/FN 15y	10.1	14.3	15.6	16.6		16.9
G2 15y	9.0	10.6	11.5	12.5	14.1	16.1
FH/FN 20y	8.0	9.1	11.2	15.5	16.2	17.3
FH/FN 30y	6.4	6.8	7.6	9.7	10.2	11.5
G2 30y	7.2	7.8	8.7	9.4	11.0	12.9

Other Markets					
Index	Current	1Wk	Historical		
		Chng	1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	158.34	0.49	153.56	159.08	152.66
Euro	1.12	(0.01)	1.16	1.17	1.16
Dollar Index	102.31	0.38	98.82	98.82	99.54
Major Stock Indices					
Dow Jones	51,431	255	52,381	48,186	46,358
S&P 500	7,786.3	63.5	7,636.4	6,824.7	6,735.1
NASDAQ	27,306.4	116	26,253.3	22,822.4	23,024.6
Commodities					
Gold	4,194.5	60.8	4,426.7	4,792.2	3,946.3
Crude Oil	91.31	0.20	96.05	97.87	61.51
Natural Gas	3.21	0.18	2.82	2.67	3.27
Wheat	685.0	2.0	711.3	574.5	506.5
Corn	502.0	4.3	507.8	444.0	418.3

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

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