

Baker Market Update — Week in Review

October 23, 2026



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UPCOMING EVENTS

Banks

Webinars:

Q3 Bank Trends

Nov 10, 2026

Seminars:

MN Seminar

Dec 3, 2026

Schools:

Bond School

Nov 5-6, 2026

Happy Friday everyone! This week we saw a couple of historic streaks come to an end, and fittingly, both snapped on the same day. First, NBA star and reigning MVP Shai Gilgeous-Alexander saw his all-time NBA-record streak of 141 consecutive games scoring at least 20 points come to an end Thursday against Denver. That same Thursday, the 10-Year Treasury yield snapped a streak of its own, falling below the 5% threshold for the first time in a month. One streak ended on a quiet 17-point night. The other ended with the sharpest single-day drop in Treasury yields since March 2023.

The Treasury market's own streak went out with a bang. Monday through Wednesday, yields stayed elevated on a hawkish Fed and rising oil prices, with the 10-Year hitting 5.15% on Monday and the 2-Year creeping up to 4.81% by Wednesday. Then came Thursday. Renewed worry over how the AI buildout gets financed, sparked by Meta's spending plans and widening credit spreads on data center borrowers, sent the Nasdaq down more than 2% and pushed investors into Treasuries. The 10-Year fell 19 basis points to 4.95%, its biggest one-day drop since March 2023, while the 2-Year fell roughly 18 basis points to the mid-4.60s and the 30-Year dropped about 13 basis points to 5.29%. For the week, the 10-Year is down about 10 basis points, the 2-Year about 5, and the 30-Year about 12, leaving the spread between the 2-Year and 10-Year slightly flatter at 0.30% versus 0.35% last Friday.

What made the move unusual is that oil was sending the opposite signal. Crude jumped about 4% to a five-month high Thursday on Houthi attacks on Saudi Arabia and supply disruptions in Libya and Russia, which would normally push yields higher. Instead, growth and credit concerns won out, and the long end led the rally. It is also worth keeping the move in perspective. The 10-Year hit about 5.36% earlier this month, its highest level since 2002, so dipping under 5% is more of a pullback from 24-year highs than a new trend.

The FOMC meets next Wednesday, October 28th, and is widely expected to hold the Fed Funds Rate at 3.75%-4.00%. CME FedWatch prices roughly a 90% probability of no change, up from essentially a coin flip a few weeks ago, even though the Fed raised rates just last month. Three developments drove that shift. First, September payrolls rose just 29,000 against expectations near 84,000, with 60,000 of downward revisions to prior months. Second, after a hot September CPI briefly pushed hike odds above 50%, Chairman Warsh offered no signal on the next move and pointed to AI-driven productivity gains as a potential source of lower inflation. Third, Thursday's selloff tightened financial conditions on its own, with wider credit spreads and falling stock prices doing part of the Fed's work. A December hike is still priced at roughly 70%, so this looks like a pause in the Fed's hiking cycle rather than the end of it.

Next week is a busy one. Consumer confidence comes out Tuesday, followed by the FOMC decision Wednesday. Thursday brings the first look at Q3 GDP and September PCE, the Fed's preferred inflation gauge, along with earnings from big tech names like Microsoft, Alphabet, and Amazon. Every streak has to end eventually. With the FOMC decision, GDP and PCE all on deck, the data will tell us whether the 10-Year can stay below 5% or climb back above it. Have a great weekend everyone!

CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES									
MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575
10/28/2026	0.0%	89.5%	10.5%	0.0%	0.0%	0.0%	0.0%		
12/9/2026	0.0%	21.6%	70.4%	8.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1/27/2027	0.0%	14.7%	54.7%	28.0%	2.6%	0.0%	0.0%	0.0%	0.0%
3/17/2027	0.0%	6.2%	31.5%	43.5%	17.3%	1.5%	0.0%	0.0%	0.0%
4/28/2027	0.0%	4.2%	23.4%	39.6%	25.7%	6.6%	0.5%	0.0%	0.0%
6/9/2027	0.0%	2.7%	16.3%	33.7%	30.8%	13.6%	2.7%	0.2%	0.0%
7/28/2027	0.0%	2.3%	14.5%	31.4%	31.2%	15.9%	4.2%	0.5%	0.0%
9/15/2027	0.0%	2.0%	13.1%	29.4%	31.2%	17.7%	5.5%	0.9%	0.1%
10/27/2027	0.0%	2.0%	12.8%	29.0%	31.2%	18.0%	5.8%	1.0%	0.1%
12/8/2027	0.1%	2.6%	13.7%	29.1%	30.5%	17.3%	5.6%	1.0%	0.1%

Source: CME Group



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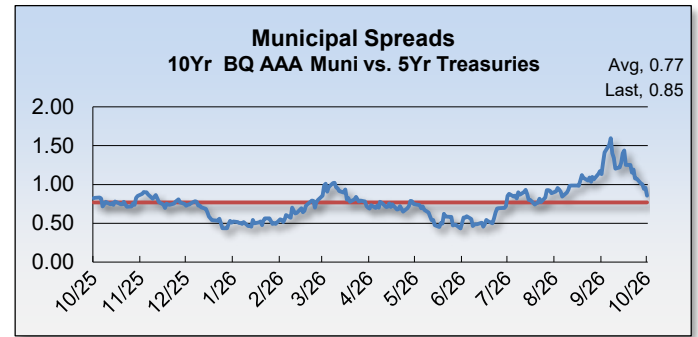
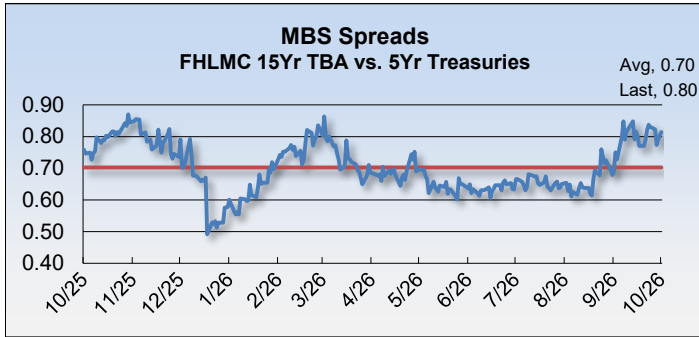
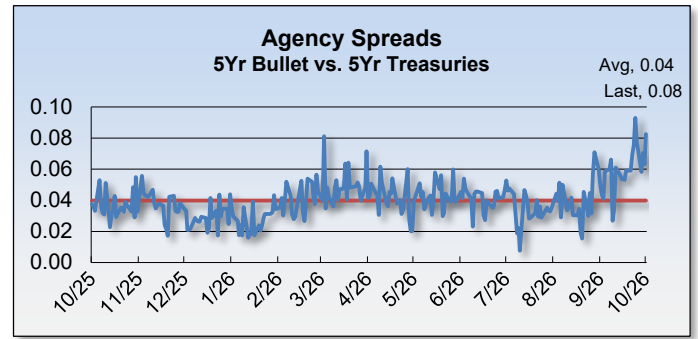
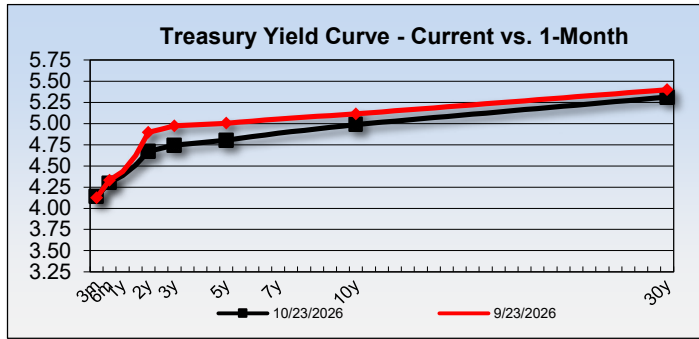
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Treasury Market -- Historical						Fixed Rate Market											
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni		Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³			3Mo	6mo	1Yr	2Yr	
3mo	4.14	(0.03)	4.13	3.68	3.88	2yr	4.73	4.53	3.93	4.19	4.73	2Yr					
6mo	4.30	(0.03)	4.34	3.71	3.78	3yr	4.79	4.54	4.09	4.35	4.83	3Yr					
1yr	4.39	(0.03)	4.44	3.70	3.59	5yr	4.87	4.52	4.40	4.68	4.90	5Yr					
2yr	4.67	(0.04)	4.90	3.84	3.49	7yr	4.99	4.54	4.65	4.95	5.04	7Yr					
3yr	4.74	(0.06)	4.97	3.85	3.53	10yr	5.18	4.60	5.04	5.36	5.23	10Yr					
5yr	4.80	(0.07)	5.00	3.96	3.61	15yr	5.37	4.71	5.82	6.20	5.45						
7yr	4.89	(0.08)	5.05	4.13	3.79	20yr	5.55	4.75	6.40	6.81	5.87	Cpn	November TBA MBS				
10yr	4.99	(0.09)	5.12	4.33	4.00	25yr	5.74	4.73	6.62	7.05	5.94		4.00	15Yr -Yld/AL		30Yr -Yld/AL	
30yr	5.31	(0.11)	5.40	4.91	4.58	30yr		4.67	6.85	7.29	6.00		4.50	5.55	5.5y	5.92	
* Interpolated													5.00	5.52	5.2y	5.96	9.3y
													5.50	5.57	4.6y	6.06	8.5y
													6.00			6.11	8.3y
													6.50			6.19	6.7y
													Key Market Indices				
		1Wk	Historical														

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	4.00	--	4.00	3.75	4.25
Primary Discount	4.00	--	4.00	3.75	4.25
2ndary Discount	4.50	--	4.50	4.25	4.75
Prime Rate	7.00	--	7.00	6.75	7.25
Sec. O.N. Finance	3.90	0.01	3.87	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	4.42	--	4.39	3.82	3.82
1 Year CMT	4.41	(0.08)	4.43	3.69	3.55
REPO O/N	3.90	--	3.71	3.67	4.21
REPO 1Wk	3.95	0.03	3.90	3.70	4.04
CoF Federal	3.627	--	3.567	3.457	3.650
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	4.30	--	4.33	Oct-26	3.882
6mo	4.43	--	4.45	Nov-26	3.905
1yr	4.58	--	4.64	Dec-26	4.045
2yr	4.78	--	4.89	Jan-27	4.105
3yr	4.84	--	4.95	Feb-27	4.175
4yr	4.89	--	5.00	Mar-27	4.240
5yr	4.92	--	5.02	Apr-27	4.325
7yr	5.18	--	5.26	May-27	4.395
10yr	5.35	--	5.41	Jun-27	4.460
5yr Am	4.93	--	5.00	Jul-27	4.495
10yr Am	5.22	--	5.25	Aug-27	4.515



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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
10/19	NAHB Housing Market Index	Oct	31	29	32	--
10/20	ADP Weekly Employment Change	10/3	--	18.500k	24.750k	26.000k
10/20	Philadelphia Fed Non-Manufacturing Ac	Oct	--	-23.6	-22.0	--
10/20	Housing Starts MoM	Sep	1.9%	-5.2%	-2.6%	-5.9%
10/20	Building Permits MoM	Sep P	-1.3%	-0.2%	-2.1%	--
10/20	Pending Home Sales MoM	Sep	-0.5%	-7.3%	0.3%	--
10/20	Pending Home Sales NSA YoY	Sep	-3.9%	-12.6%	-4.9%	-4.7%
10/21	MBA Mortgage Applications	10/16	--	-5.3%	-2.7%	--
10/22	Initial Jobless Claims	10/17	200k	194k	499k	200k
10/22	Continuing Claims	10/10	1710k	1728k	4740k	1703k
10/22	Leading Index	Sep	-0.1%	0.0%	-0.1%	--
10/23	S&P Global US Manufacturing PMI	Oct P	55.5	56.0	55.9	--
10/23	S&P Global US Services PMI	Oct P	58.0	57.9	58.8	--
10/23	S&P Global US Composite PMI	Oct P	57.6	57.6	58.4	--
10/23	U. of Mich. Sentiment	Oct F	46.3	48.0	46.3	--
10/23	U. of Mich. Current Conditions	Oct F	44.9	46.7	44.7	--
10/23	U. of Mich. 1 Yr Inflation	Oct F	4.7%	4.7%	4.7%	--
10/27	Durables Ex Transportation	Sep P	0.6%	--	0.2%	--
10/27	Cap Goods Ship Nondef Ex Air	Sep P	--	--	0.5%	--
10/27	FHFA House Price Index MoM	Aug	--	--	0.3%	--
10/27	S&P Cotality CS 20-City MoM SA	Aug	0.30%	--	0.32%	--
10/27	S&P Cotality CS 20-City YoY NSA	Aug	2.60%	--	2.47%	--
10/27	S&P Cotality CS US HPI YoY NSA	Aug	--	--	1.93%	--
10/27	Conf. Board Consumer Confidence	Oct	80.4	--	81.9	--
10/27	Conf. Board Present Situation	Oct	--	--	109.3	--
10/27	Conf. Board Expectations	Oct	--	--	63.6	--
10/27	New Home Sales MoM	Sep	-6.4%	--	6.4%	--
10/27	Dallas Fed Services Activity	Oct	--	--	-1.8	--
10/28	Advance Goods Trade Balance	Sep	-\$129.0b	--	-\$132.6b	-\$132.1b
10/28	Advance Goods Imports MoM SA	Sep	--	--	5.5%	5.4%
10/28	Advance Goods Exports MoM SA	Sep	--	--	4.9%	2.1%
10/28	FOMC Rate Decision (Upper Bound)	10/28	4.00%	--	4.00%	--
10/28	FOMC Rate Decision (Lower Bound)	10/28	3.75%	--	3.75%	--
10/28	Fed Interest on Reserve Balances Rate	10/29	3.90%	--	3.90%	--
10/28	Fed Reverse Repo Rate	10/29	3.75%	--	3.75%	--
10/29	Personal Income	Sep	0.3%	--	0.2%	--
10/29	Real Personal Spending	Sep	0.1%	--	0.6%	--
10/29	PCE Price Index MoM	Sep	0.5%	--	0.3%	--
10/29	PCE Price Index YoY	Sep	3.6%	--	3.4%	--
10/29	Core PCE Price Index MoM	Sep	0.3%	--	0.2%	--
10/29	Core PCE Price Index YoY	Sep	3.1%	--	3.0%	--
10/29	GDP Annualized QoQ	3Q A	3.0%	--	2.2%	--
10/29	Personal Consumption	3Q A	3.4%	--	3.8%	--
10/29	GDP Price Index	3Q A	3.5%	--	6.1%	--
10/29	Core PCE Price Index QoQ	3Q A	2.4%	--	3.3%	--
10/30	Employment Cost Index	3Q	--	--	0.9%	--
10/30	MINI Chicago PMI	Oct	56.1	--	58.8	--

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	10.7	12.4	14.5	15.9	16.7	17.4
FH/FN 15y	10.1	14.3	15.6	16.6		16.9
G2 15y	9.2	10.8	11.7	12.4	14.2	16.9
FH/FN 20y	8.0	9.2	11.2	15.8	16.5	17.1
FH/FN 30y	6.5	7.0	7.8	9.8	10.2	11.6
G2 30y	7.2	7.8	8.9	9.5	10.9	13.6

Other Markets					
Index	Current	1Wk	Historical		
		Chng	1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	156.80	(1.22)	157.83	159.72	152.77
Euro	1.12	(0.00)	1.14	1.17	1.16
Dollar Index	101.74	(0.10)	101.10	98.77	98.94
Major Stock Indices					
Dow Jones	52,329	327	51,512	49,310	46,735
S&P 500	7,630.1	(29.3)	7,706.0	7,108.4	6,738.4
NASDAQ	26,000.4	(140)	26,936.0	24,438.5	22,941.8
Commodities					
Gold	4,042.8	(104.9)	4,342.7	4,732.5	4,044.4
Crude Oil	102.57	1.16	92.16	95.85	61.79
Natural Gas	2.69	(0.42)	3.02	2.61	3.34
Wheat	628.5	-32.0	708.5	610.8	513.0
Corn	459.5	-14.8	529.0	455.5	428.0

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

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