Baker Market Update — *Week in Review*

October 30, 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

It's Halloween week, and the stock market appears to be spooked this morning, with tech stocks leading a selloff. The QQQ ETF, which holds a basket of large technology stocks, has fallen about 8.5% since October 6th. Over the same period, the 10yr Treasury yield has rallied about 32bp, from 5.27% to 4.95% (as of the time of this writing). Some of that decline reflects a flight to quality as investors trim risk, though softer labor data and fading expectations for a near-term rate hike have also played a role. The biggest news of the week was that the Fed held rates steady at its October meeting. The FOMC voted 10-2 to maintain the target range at 3.75% to 4.00%, with Governor Cook and Cleveland Fed President Hammack dissenting in favor of another 25bp hike. Chairman Warsh described the period ahead of the December 9 meeting as "information rich," signaling that the Committee wants to see more data before deciding its next move. He also noted that financial conditions have tightened since September's hike, which he views as a sign that policy is working. With inflation still well above target and Warsh offering no guidance on December, markets continue to lean toward a hike at that meeting.

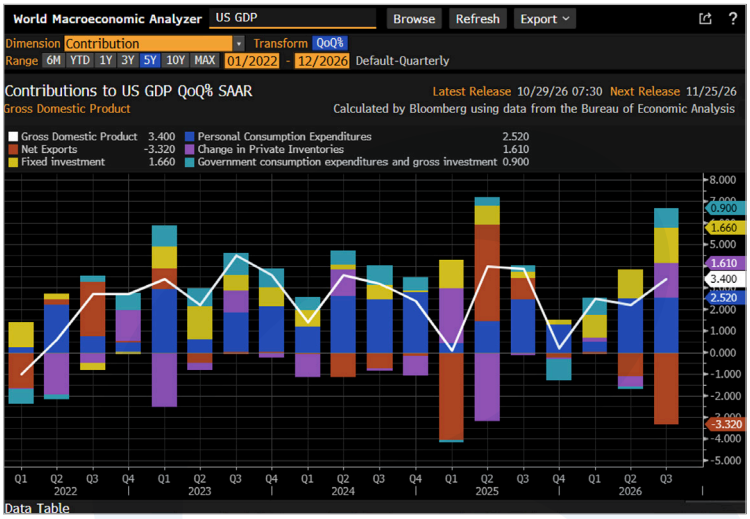
The data released after the meeting did little to change that view. The economy grew at a 3.4% annualized rate in the third quarter (est = 3.2%), led by consumer spending, which rose 3.8% (est = 3.4%). The quarterly inflation readings were more encouraging, with the GDP price index slowing to 2.3% (est = 3.2%) from 6.1% in the second quarter and core PCE prices rising at a 2.5% annualized pace (est = 2.4%).

The monthly inflation figures were less friendly. The PCE price index, the Fed's preferred inflation gauge, rose 0.5% in September (est = 0.5%) and 3.6% from a year ago (est = 3.6%), up from 3.4% in August. Core PCE, which excludes food and energy, rose 0.3% (est = 0.3%) and 3.1% from a year ago (est = 3.1%), up from 3.0%. Personal income rose 0.2% (est = 0.3%) and spending rose 0.5% (est = 0.6%), which left inflation-adjusted spending flat for the month.

Elsewhere, consumers appear to be regaining some confidence. The Conference Board's index jumped to 91.7 (est = 81.0) from 84.2, with both the present situation and expectations components rising sharply. New home sales came in at 676k (est = 651k), and durable goods orders rose 1.8% (est = 1.9%). Capital goods orders Nondefense Ex-Air, a proxy for business investment, rose 0.5% (est = 0.7%). All in all, this week's data points to an economy on solid footing with sticky inflation, a combination that keeps a December rate hike on the table.

The Fed's next big test will come next week when we get employment numbers for October. Also, don't be surprised to see market volatility continue into next week with midterms.

Hope everyone has a great weekend!



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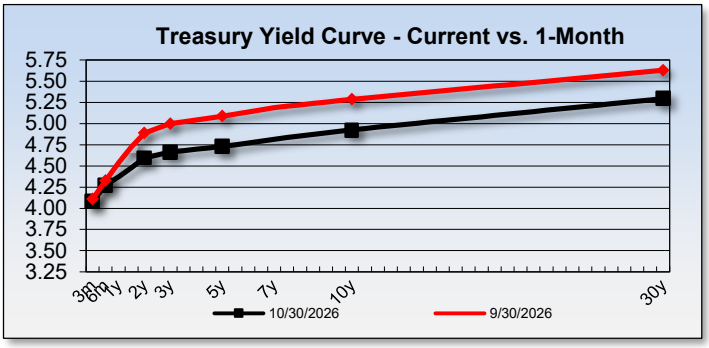

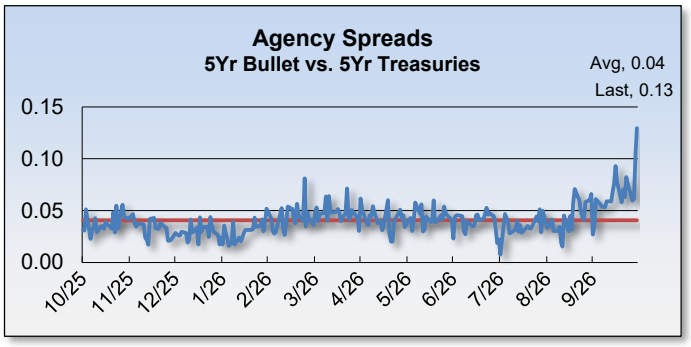

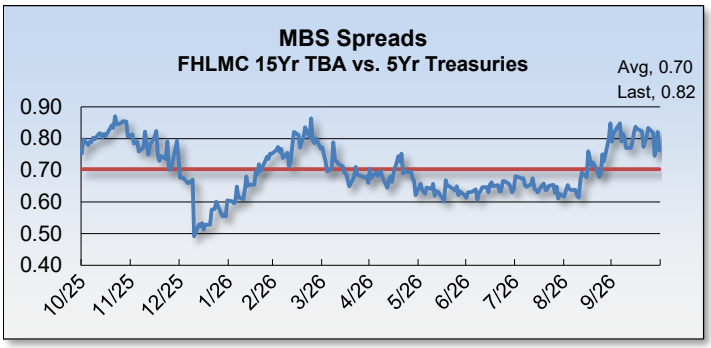

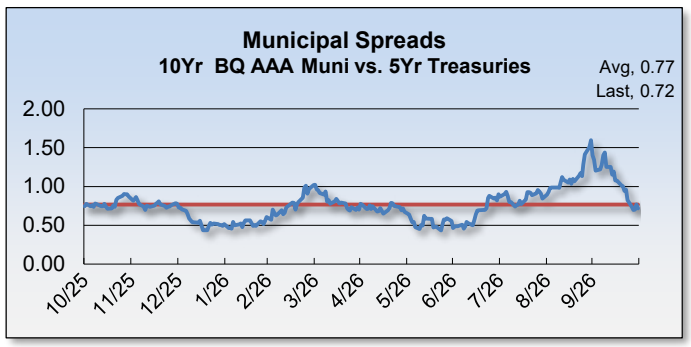

Treasury Market -- Historical

Maty	Current	1Wk Change	Historical 1 Mo	Historical 6 Mo	Historical 1 Yr
3mo	4.08	(0.06)	4.12	3.67	3.84
6mo	4.27	(0.03)	4.33	3.69	3.81
1yr	4.37	(0.02)	4.54	3.71	3.69
2yr	4.60	(0.09)	4.89	3.87	3.61
3yr	4.66	(0.09)	5.00	3.89	3.65
5yr	4.73	(0.08)	5.09	4.01	3.72
7yr	4.82	(0.08)	5.19	4.19	3.90
10yr	4.93	(0.07)	5.29	4.37	4.10
30yr	5.29	(0.03)	5.63	4.97	4.66

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	4.66	4.43	3.72	3.96	4.78
3yr	4.73	4.44	3.92	4.17	4.89
5yr	4.83	4.43	4.21	4.48	4.97
7yr	4.94	4.46	4.47	4.75	5.11
10yr	5.14	4.53	4.82	5.13	5.30
15yr	5.33	4.66	5.60	5.96	5.52
20yr	5.53	4.71	6.24	6.65	5.94
25yr	5.73	4.70	6.50	6.92	6.01
30yr		4.65	6.76	7.20	6.07

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

Cpn	November TBA MBS 15Yr -Yld/AL		30Yr -Yld/AL	
4.00	5.46	5.5y	5.81	
4.50	5.41	5.3y		
5.00	5.41	5.2y	5.84	9.3y
5.50	5.47	4.5y	5.94	8.5y
6.00			6.02	8.3y
6.50			6.09	6.1y

** Interpolated*

Key Market Indices

Index	Current	1Wk Change	Historical 1 Mo	Historical 6 Mo	Historical 1 Yr
Fed Funds	**4.00**	--	4.00	3.75	4.00
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	7.00
Sec. O.N. Finance	**3.94**	0.04	3.88	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	**4.38**	(0.04)	4.43	3.83	3.89
1 Year CMT	**4.42**	0.01	4.58	3.75	3.70
REPO O/N	**3.90**	--	3.94	3.71	4.21
REPO 1Wk	**3.90**	(0.04)	3.91	3.67	3.97
CoF Federal	**3.627**	--	3.567	3.457	3.650
11th D. CoF (Sep)	**2.898**	--	2.838	2.728	2.921

FHLB Fixed Advance Rates

Maturity	Chicago	Boston	Topeka
3mo	4.25	- -	4.29
6mo	4.40	- -	4.42
1yr	4.54	- -	4.62
2yr	4.72	- -	4.84
3yr	4.79	- -	4.90
4yr	4.84	- -	4.96
5yr	4.88	- -	4.98
7yr	5.14	- -	5.24
10yr	5.31	- -	5.40
5yr Am	4.86		4.96
10yr Am	5.16		5.23

Fed Fund Futures

Maturity	Rate
Oct-26	3.880
Nov-26	3.880
Dec-26	4.015
Jan-27	4.080
Mar-27	4.215
Mar-27	4.215
May-27	4.355
May-27	4.355
Jul-27	4.450
Jul-27	4.450
Aug-27	4.460

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Weekly Economic Calendar

This Week & Next

Date	Release	Per.	Est.	Actual	Prior	Revised
10/27	ADP Weekly Employment Change	10/10	--	16.750k	~~18.500k~~	17.500k
10/27	S&P Cotality CS 20-City MoM SA	Aug	0.30%	0.27%	~~0.32%~~	0.32%
10/27	S&P Cotality CS 20-City YoY NSA	Aug	2.61%	2.65%	~~2.47%~~	2.47%
10/27	S&P Cotality CS US HPI YoY NSA	Aug	1.91%	2.09%	~~1.93%~~	1.92%
10/28	FOMC Rate Decision (Upper Bound)	10/28	4.00%	4.00%	4.00%	--
10/28	FOMC Rate Decision (Lower Bound)	10/28	3.75%	3.75%	3.75%	--
10/28	Fed Interest on Reserve Balances Rate	10/29	3.90%	3.90%	3.90%	--
10/28	Fed Reverse Repo Rate	10/29	3.75%	3.75%	3.75%	--
10/29	Real Personal Spending	Sep	0.1%	0.0%	~~0.6%~~	0.5%
10/29	PCE Price Index MoM	Sep	0.5%	0.5%	0.3%	--
10/29	PCE Price Index YoY	Sep	3.6%	3.6%	3.4%	--
10/29	Core PCE Price Index MoM	Sep	0.3%	0.3%	~~0.2%~~	0.3%
10/29	Core PCE Price Index YoY	Sep	3.1%	3.1%	3.0%	--
10/29	Initial Jobless Claims	10/24	198k	194k	~~194k~~	195k
10/29	Continuing Claims	10/17	1720k	1701k	~~1728k~~	1722k
10/29	GDP Annualized QoQ	3Q A	3.2%	3.4%	2.2%	--
10/29	Core PCE Price Index QoQ	3Q A	2.4%	2.5%	3.3%	--
10/30	MNI Chicago PMI	Oct	56.0	55.3	58.8	--
11/2	S&P Global US Manufacturing PMI	Oct F	--	--	56.0	--
11/2	ISM Manufacturing	Oct	54.7	--	54.5	--
11/2	ISM Prices Paid	Oct	77.5	--	77.9	--
11/2	ISM New Orders	Oct	54.9	--	55.3	--
11/2	ISM Employment	Oct	52.0	--	52.7	--
11/3	JOLTS Job Openings	Sep	7100k	--	7079k	--
11/3	JOLTS Job Openings Rate	Sep	--	--	4.3%	--
11/3	JOLTS Quits Level	Sep	3092k	--	3066k	--
11/3	JOLTS Quits Rate	Sep	--	--	1.9%	--
11/3	JOLTS Layoffs Level	Sep	1660k	--	1641k	--
11/3	JOLTS Layoffs Rate	Sep	--	--	1.0%	--
11/4	ADP Employment Change	Oct	70k	--	90k	--
11/4	S&P Global US Services PMI	Oct F	--	--	57.9	--
11/4	S&P Global US Composite PMI	Oct F	--	--	57.6	--
11/5	Challenger Job Cuts YoY	Oct	--	--	-19.9%	--
11/5	Challenger Job Cuts Total	Oct	--	--	43281	--
11/5	Nonfarm Productivity	3Q P	3.0%	--	1.4%	--
11/5	Unit Labor Costs	3Q P	1.5%	--	1.2%	--
11/6	Change in Nonfarm Payrolls	Oct	55k	--	29k	--
11/6	Two-Month Payroll Net Revision	Oct	--	--	-60k	--
11/6	Change in Private Payrolls	Oct	55k	--	46k	--
11/6	Change in Manufact. Payrolls	Oct	0k	--	9k	--
11/6	Nonfarm Payrolls 3-Mo Avg Chg	Oct	--	--	51k	--
11/6	Average Hourly Earnings MoM	Oct	0.3%	--	0.1%	--
11/6	Average Hourly Earnings YoY	Oct	2.9%	--	3.0%	--
11/6	Average Weekly Hours All Employees	Oct	34.4	--	34.4	--
11/6	Unemployment Rate	Oct	4.2%	--	4.2%	--
11/6	Labor Force Participation Rate	Oct		--	61.8%	--
11/6	Underemployment Rate	Oct	--	--	7.6%	--

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	10.8	12.5	14.6	16.0	16.8	17.4
FH/FN 15y	10.1	14.5	15.6	16.8		16.9
G2 15y	9.4	11.1	12.1	12.7	14.5	16.9
FH/FN 20y	8.1	9.5	11.3	16.1	16.5	17.5
FH/FN 30y	6.5	7.1	8.0	9.8	10.3	12.4
G2 30y	7.2	7.8	8.9	9.9	11.2	14.4

Other Markets

Index	Current	1Wk Chng	Historical 1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	157.27	0.40	157.03	157.17	153.96
Euro	1.11	(0.01)	1.14	1.17	1.16
Dollar Index	101.99	0.18	101.45	98.06	99.53
Major Stock Indices					
Dow Jones	52,081	(134)	50,906	49,652	47,522
S&P 500	7,629.0	5.3	7,651.5	7,209.0	6,822.3
NASDAQ	25,614.7	(341)	26,861.1	24,892.3	23,581.1
Commodities					
Gold	3,929.0	(62.1)	4,155.6	4,629.6	4,015.9
Crude Oil	104.19	0.92	90.42	105.07	60.57
Natural Gas	2.87	0.23	3.03	2.77	3.96
Wheat	600.5	-24.5	675.8	623.8	524.3
Corn	450.3	-5.8	500.8	464.8	430.3

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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