Baker Market Update—*Week in Review*

November 6, 2026



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Nothing brings people together like a Friday, especially after a week of commotion at the polls and in the financial markets. However, while the light at the end of the tunnel may be appearing for many as we approach the weekend, some corners of the financial markets are still far from it.

On Monday morning, the ISM Manufacturing PMI came in at 55.5 for the month of October, which was 1.0 above both expectations and the prior reading. The PMI is a diffusion index, meaning readings above 50 indicate growth, so the latest print suggests manufacturing activity remains firmly in expansionary territory. That same morning, preliminary figures from the U.S. Census Bureau told a softer story than the PMI. Construction spending fell 1.9% MoM in September, 2.2 percentage points below survey estimates. The decline was concentrated in private residential construction, which slipped to a seasonally adjusted annual rate of $848.8 billion, down from a revised $898.0 billion in August.

The following day, the finalized September durable goods report showed orders rose 1.9%, revised up 0.1 percentage point from the preliminary reading. The upward revision suggests factory momentum held up slightly better than first reported, with core capital goods orders, which exclude defense and aircraft, also revised up to 0.6% from 0.5%.

On Wednesday, MBA mortgage applications for the last week of October saw a modest contraction relative to the prior week, decreasing 1.2% on a seasonally adjusted basis. While the weekly headline figure tends to be noisy, the commentary in the report offered some useful insight into the mortgage market. The MBA's chief economist, Mike Fratantoni, noted that although the 30-year mortgage rate declined to 7.3% during the reference period, activity is still slow, and more borrowers are choosing ARMs to lower their initial payments. ISM Services hinted at a services sector that is still growing but possibly decelerating, with the index now below its February peak of 56.1, which came just before the onset of the U.S.-Iran conflict. October's print came in at 54.5, below September's reading of 54.9 and expectations of 54.8.

On Thursday, equity markets sold off sharply, led by AI and semiconductor stocks, while Treasury yields fell in tandem. The 2-year and 10-year yields declined 11.7bps and 5.3bps, respectively, a relatively orderly move compared with the tech-heavy Nasdaq 100, which fell 6.36% in its worst session since March 2020.

Bond yields are rising this morning after the Bureau of Labor Statistics released October's Employment Situation report. Nonfarm payrolls rose 165K, more than double the 70K economists expected, and the prior two months were revised up by a combined 84K. The unemployment rate fell to 4.1% from 4.2% as the labor force grew, and average hourly earnings rose 0.4% MoM and 3.1% YoY, above expectations of 0.3% and 2.9%, respectively. After the Fed held rates steady on October 28, this report may give policymakers more room to justify another hike in December. As of this writing, Fed Funds futures are pricing in a 77.7% probability of a 25bps hike at the Fed's next meeting on December 9.

Have a great weekend everyone!

UPCOMING EVENTS

Banks

Webinars:

Q3 Bank Trends
Nov 10, 2026

Q4 IRR Management
Dec 9, 2026

Seminars:

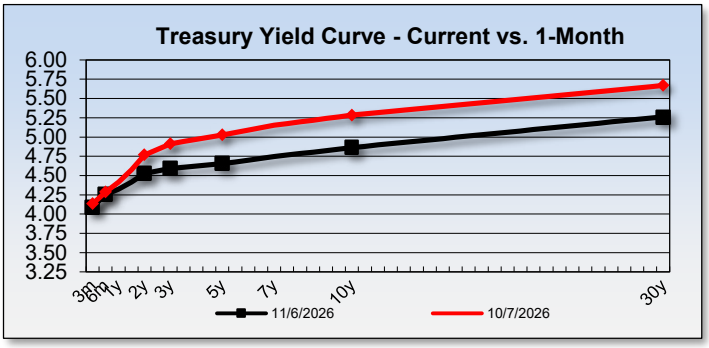
MN Seminar
Dec 3, 2026

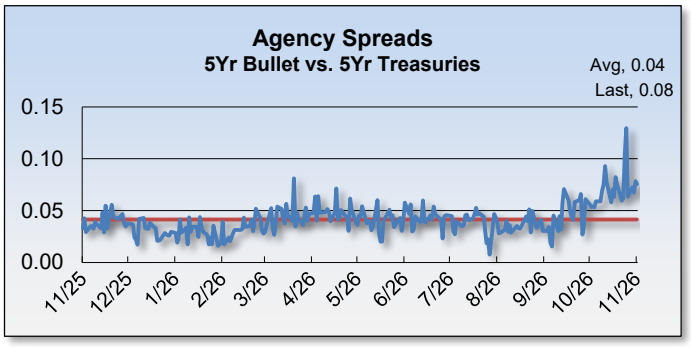
Schools:

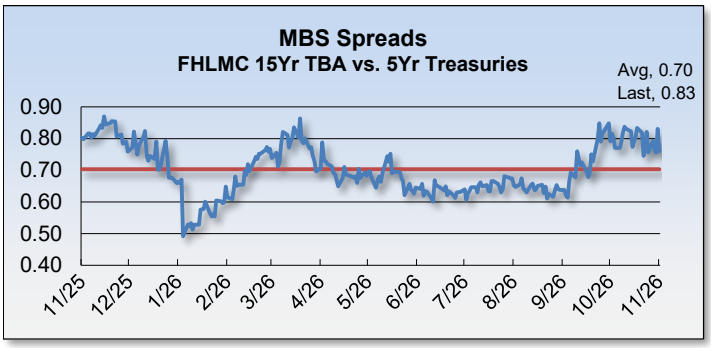
Bond School
Nov 5-6, 2026

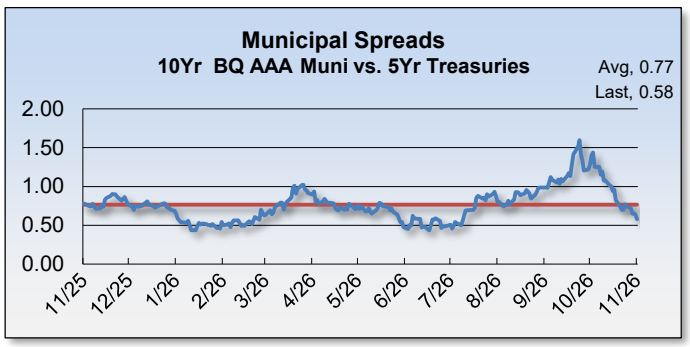
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Treasury Market -- Historical

Maty	Current	1Wk Change	Historical 1 Mo	Historical 6 Mo	Historical 1 Yr
3mo	4.09	0.01	4.13	3.69	3.85
6mo	4.25	(0.02)	4.29	3.70	3.78
1yr	4.32	(0.05)	4.45	3.72	3.64
2yr	4.53	(0.06)	4.80	3.87	3.56
3yr	4.59	(0.07)	4.92	3.89	3.60
5yr	4.65	(0.07)	5.03	4.00	3.68
7yr	4.75	(0.07)	5.16	4.17	3.87
10yr	4.86	(0.07)	5.28	4.35	4.08
30yr	5.26	(0.05)	5.66	4.94	4.68

** 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	4.59	4.34	3.64	3.87	4.60
3yr	4.67	4.34	3.77	4.01	4.69
5yr	4.76	4.33	4.00	4.26	4.77
7yr	4.88	4.36	4.19	4.46	4.93
10yr	5.08	4.45	4.54	4.83	5.14
15yr	5.28	4.60	5.32	5.66	5.36
20yr	5.49	4.66	6.01	6.39	5.86
25yr	5.71	4.65	6.29	6.69	5.93
30yr		4.61	6.57	6.99	5.99

Agency Calls - Euro

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

December TBA MBS

Cpn	15Yr -Yld/AL		30Yr -Yld/AL	
4.00	5.35	5.5y	5.74	
4.50	5.30	5.2y		
5.00	5.33	5.1y	5.76	9.2y
5.50	5.37	5.0y	5.86	8.4y
6.00			5.95	8.3y
6.50			6.02	6.6y

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	4.00
2ndary Discount	**4.50**	--	4.50	4.25	4.50
Prime Rate	**7.00**	--	7.00	6.75	7.00
Sec. O.N. Finance	**3.92**	(0.02)	3.89	3.62	--
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	**4.41**	0.03	4.39	3.81	3.92
1 Year CMT	**4.28**	(0.14)	4.47	3.77	3.71
REPO O/N	**3.90**	--	3.90	3.68	3.96
REPO 1Wk	**3.92**	0.00	3.91	3.67	3.92
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	4.39	- -	4.40
1yr	4.50	- -	4.55
2yr	4.63	- -	4.75
3yr	4.70	- -	4.82
4yr	4.74	- -	4.86
5yr	4.77	- -	4.88
7yr	5.07	- -	5.18
10yr	5.24	- -	5.33
5yr Am	4.77		4.86
10yr Am	5.10		5.16

Fed Fund Futures

Maturity	Rate
Nov-26	3.878
Dec-26	4.015
Jan-27	4.085
Feb-27	4.130
Mar-27	4.180
Apr-27	4.245
May-27	4.290
Jun-27	4.335
Jul-27	4.355
Aug-27	4.370
Sep-27	4.380

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Weekly Economic Calendar

This Week & Next

Date	Release	Per.	Est.	Actual	Prior	Revised
11/2	S&P Global US Manufacturing PMI	Oct F	56.0	54.9	56.0	--
11/2	ISM Manufacturing	Oct	54.5	55.5	54.5	--
11/2	ISM Prices Paid	Oct	77.2	75.2	77.9	--
11/2	ISM New Orders	Oct	55.0	55.5	55.3	--
11/2	ISM Employment	Oct	52.0	52.4	52.7	--
11/3	JOLTS Job Openings	Sep	7164k	7523k	~~7079k~~	7190k
11/3	JOLTS Job Openings Rate	Sep	--	4.5%	4.3%	--
11/3	JOLTS Quits Level	Sep	3096k	3365k	~~3066k~~	3044k
11/3	JOLTS Quits Rate	Sep	--	2.1%	1.9%	--
11/3	JOLTS Layoffs Level	Sep	1679k	1641k	~~1641k~~	1768k
11/3	JOLTS Layoffs Rate	Sep	--	1.0%	~~1.0%~~	1.1%
11/4	ADP Employment Change	Oct	67k	86k	~~90k~~	86k
11/4	S&P Global US Services PMI	Oct F	57.9	56.1	57.9	--
11/4	S&P Global US Composite PMI	Oct F	57.3	55.9	57.6	--
11/4	ISM Services Index	Oct	54.8	54.5	54.9	--
11/4	ISM Services Prices Paid	Oct	74.6	73.0	74.0	--
11/4	ISM Services New Orders	Oct	58.5	55.9	59.8	--
11/4	ISM Services Employment	Oct	50.0	51.4	50.1	--
11/5	Challenger Job Cuts YoY	Oct	--	-71.3%	-19.9%	--
11/5	Challenger Job Cuts Total	Oct	--	43994	43281	--
11/5	Nonfarm Productivity	3Q P	2.7%	3.6%	~~1.4%~~	2.1%
11/5	Unit Labor Costs	3Q P	0.4%	-0.7%	~~1.2%~~	1.9%
11/5	Initial Jobless Claims	10/31	196k	189k	~~194k~~	195k
11/5	Continuing Claims	10/24	1710k	1718k	~~1701k~~	1695k
11/6	Change in Nonfarm Payrolls	Oct	70k	165k	~~29k~~	60k
11/6	Two-Month Payroll Net Revision	Oct	--	84k	-60k	--
11/6	Change in Private Payrolls	Oct	65k	159k	~~46k~~	78k
11/6	Change in Manufact. Payrolls	Oct	7k	19k	~~9k~~	13k
11/6	Average Hourly Earnings MoM	Oct	0.3%	0.4%	~~0.1%~~	0.3%
11/6	Average Hourly Earnings YoY	Oct	2.9%	3.1%	~~3.0%~~	3.2%
11/6	Average Weekly Hours All Employees	Oct	34.4	34.4	34.4	--
11/6	Unemployment Rate	Oct	4.2%	4.1%	4.2%	--
11/6	Labor Force Participation Rate	Oct	61.8%	61.9%	61.8%	--
11/6	Underemployment Rate	Oct	7.6%	7.9%	7.6%	--
11/10	ADP Weekly Employment Change	10/24	--	--	16.750k	--
11/10	CPI MoM	Oct	0.3%	--	0.6%	--
11/10	Core CPI MoM	Oct	0.2%	--	0.3%	--
11/10	CPI Index NSA	Oct	337.37	--	336.94	--
11/10	Core CPI Index SA	Oct	339.71	--	338.90	--
11/10	Real Avg Weekly Earnings YoY	Oct	--	--	~~-0.1%~~	0.0%
11/10	Real Avg Hourly Earning YoY	Oct	--	--	~~-0.7%~~	-0.5%
11/13	PPI Final Demand MoM	Oct	0.4%	--	1.3%	--
11/13	PPI Ex Food and Energy MoM	Oct	0.3%	--	0.7%	--
11/13	PPI Ex Food, Energy, Trade MoM	Oct	--	--	0.5%	--
11/13	PPI Final Demand YoY	Oct	6.6%	--	6.3%	--
11/13	PPI Ex Food and Energy YoY	Oct		--	5.0%	--
11/13	PPI Ex Food, Energy, Trade YoY	Oct	--	--	5.0%	--

MBS Prepayments[4]

3-Month CPR

Type	4.0	4.5	5.0	5.5	6.0	6.5
FN 10y	10.9	14.4	17.9	20.8	25.5	37.2
FH/FN 15y	8.4	14.3	8.5	10.1	16.6	53.0
G2 15y	9.2	10.6	13.3	15.9	20.3	7.2
FH/FN 20y	9.2	9.4	12.6	21.6	23.9	21.8
FH/FN 30y	4.7	5.8	5.6	8.7	9.9	14.0
G2 30y	1.4	6.2	6.3	7.1	2.7	5.4

CPR Projections

Type	4.0	4.5	5.0	5.5	6.0	6.5
FN 10y	10.9	12.7	14.8	16.2	16.9	17.5
FH/FN 15y	10.1	14.5	15.8	17.1		16.9
G2 15y	9.7	11.2	12.6	13.2	14.8	16.9
FH/FN 20y	8.1	9.6	11.4	16.5	16.5	17.5
FH/FN 30y	6.6	7.2	8.1	9.9	10.3	12.7
G2 30y	7.2	7.8	8.9	10.0	12.1	16.1

Other Markets

Index	Current	1Wk Chng	Historical 1 Mo	Historical 6 Mo	Historical 1 Yr
Currencies					
Japanese Yen	158.31	0.75	158.20	155.76	153.75
Euro	1.11	(0.00)	1.12	1.18	1.15
Dollar Index	102.24	0.36	101.83	98.02	99.73
Major Stock Indices					
Dow Jones	51,418	(352)	51,521	49,911	46,912
S&P 500	7,408.7	(171.4)	7,818.9	7,365.1	6,720.3
NASDAQ	24,758.7	(678)	27,599.9	25,838.9	23,054.0
Commodities					
Gold	4,053.4	154.5	4,159.2	4,694.3	3,991.0
Crude Oil	90.81	(13.31)	89.44	95.08	59.43
Natural Gas	3.00	0.10	3.11	2.73	4.36
Wheat	593.0	-10.5	704.3	606.0	535.5
Corn	441.5	-6.3	508.0	452.8	428.8

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

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