# Baker Market Update

*Week In Review*

**October 10, 2025**

The Baker Group

## UPCOMING EVENTS

### Banks

**Seminars:**

MN Seminar

Dec 08, 2025

**Ryan Hayhurst**
*Managing Partner*
*President*

The bond market was fairly quiet this week as the government remains shutdown and most economic data is not being released. For the week, the 2yr yield was unchanged at 3.57% and the 10yr fell 2bp to 4.10%. We have already missed the most important data point of the month, the monthly jobs report, and now we will most likely not get the second most important data point, the Consumer Price Index, on time this coming week. However, since the September CPI is used to calculate cost of living adjustments for next year's Social Security checks, the BLS has recalled staff to do the necessary calculations in order the release the September CPI before month-end (the data needed for the September CPI was already collected before the shutdown). And hopefully the Fed will have the latest inflation data before the next FOMC meeting on Oct 28-29. The question remains, will the Fed continue cutting rates in the absence of economic data, especially employment and inflation data? New York Fed President John Williams stated in an interview with the New York Times this week that a lapse in official government data would not deter him from wanting to take action at the Fed's upcoming meetings. He acknowledged that government data were the "gold standard", but private-sector providers and Fed surveys were also informative. The private payroll firm ADP released their monthly jobs data last week showing private payrolls fell 32,000 in September, the third negative month this year and the largest drop since March 2023. Based on that data alone it would be hard for the Fed to assume anything other than the labor market remains very weak and further rate cuts may be necessary. Markets certainly believe so with fed funds futures currently pricing in a 95% chance the Fed will cut rates 25bp at their meeting this month and an 81% chance they will cut again in December.

The focus for next week would normally be the CPI and PPI reports along with Retail Sales, Housing Starts/Permits, and Industrial Production. However, if the government remains shutdown, it could be another quiet week instead. How long will the shutdown last? It's anyone's guess at this point, but online betting markets are currently estimating it will last at least 27 days in total, which would make it the second longest shutdown in US history.

## Fed Funds Futures Rate Cut Probabilities

| | CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| MEETING DATE | 175-200 | 200-225 | 225-250 | 250-275 | 275-300 | 300-325 | 325-350 | 350-375 | 375-400 | 400-425 |
| 10/29/2025 | | | | | 0.0% | 0.0% | 0.0% | 0.0% | 94.6% | 5.4% |
| 12/10/2025 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 81.3% | 17.9% | 0.8% |
| 1/28/2026 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 34.2% | 54.6% | 10.7% | 0.4% |
| 3/18/2026 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 15.5% | 43.4% | 34.8% | 6.1% | 0.2% |
| 4/29/2026 | 0.0% | 0.0% | 0.0% | 0.0% | 3.5% | 21.8% | 41.5% | 28.2% | 4.7% | 0.2% |
| 6/17/2026 | 0.0% | 0.0% | 0.0% | 1.9% | 13.6% | 32.7% | 34.2% | 15.3% | 2.2% | 0.1% |
| 7/29/2026 | 0.0% | 0.0% | 0.6% | 5.3% | 19.1% | 33.1% | 28.7% | 11.5% | 1.6% | 0.1% |
| 9/16/2026 | 0.0% | 0.2% | 2.3% | 10.2% | 24.1% | 31.5% | 22.6% | 8.0% | 1.1% | 0.0% |

*Source: CME Group*

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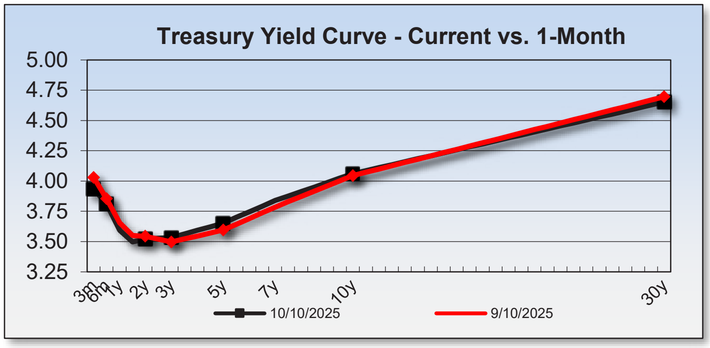


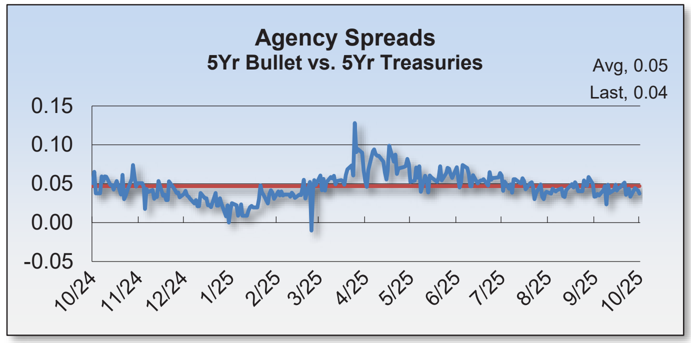


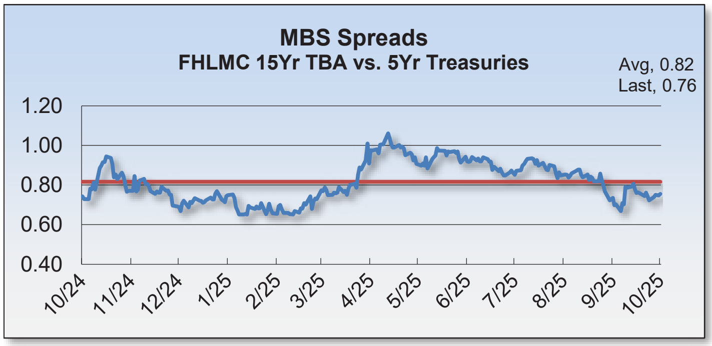


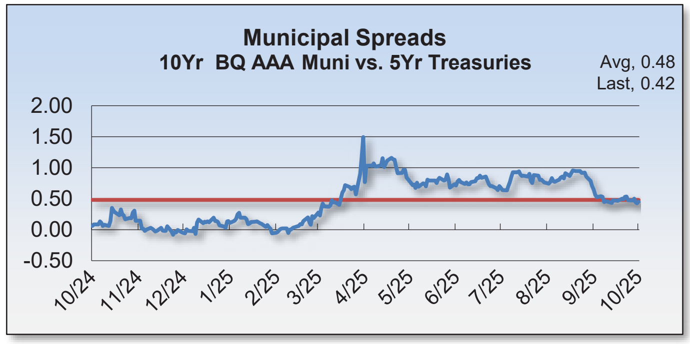


## Treasury Market -- Historical

| Maty | Current | 1Wk Change | Historical 1 Mo | 6 Mo | 1 Yr |
|---|---|---|---|---|---|
| 3mo | 3.94 | (0.02) | 4.03 | 4.32 | 4.65 |
| 6mo | 3.81 | (0.01) | 3.86 | 4.16 | 4.46 |
| 1yr | 3.59 | (0.04) | 3.66 | 3.98 | 4.20 |
| 2yr | 3.52 | (0.05) | 3.54 | 3.87 | 3.96 |
| 3yr | 3.53 | (0.06) | 3.50 | 3.91 | 3.93 |
| 5yr | 3.65 | (0.06) | 3.60 | 4.07 | 3.89 |
| 7yr | 3.84 | (0.07) | 3.79 | 4.25 | 3.96 |
| 10yr | 4.06 | (0.06) | 4.05 | 4.43 | 4.06 |
| 30yr | 4.65 | (0.06) | 4.70 | 4.87 | 4.36 |

** Interpolated*

## Fixed Rate Market

| Maty /AL | N-Call Agency | US Swap | AAA BQ Muni C-Corp[2] | S-Corp[3] | Tax Muni |
|---|---|---|---|---|---|
| 2yr | 3.54 | 3.36 | 3.28 | 3.49 | 3.68 |
| 3yr | 3.55 | 3.32 | 3.23 | 3.44 | 3.70 |
| 5yr | 3.67 | 3.37 | 3.29 | 3.50 | 3.88 |
| 7yr | 3.84 | 3.47 | 3.57 | 3.80 | 4.18 |
| 10yr | 4.06 | 3.63 | 4.03 | 4.29 | 4.52 |
| 15yr | 4.28 | 3.85 | 4.87 | 5.19 | 4.65 |
| 20yr | 4.49 | 3.94 | 5.53 | 5.89 | 5.38 |
| 25yr | 4.71 | 3.95 | 5.70 | 6.06 | 5.44 |
| 30yr | | 3.92 | 5.87 | 6.24 | 5.50 |

### Agency Calls - Euro

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

### November TBA MBS

| Cpn | 15Yr -Yld/AL | | 30Yr -Yld/AL | |
|---|---|---|---|---|
| 3.00 | 4.42 | 4.5y | 4.90 | |
| 3.50 | 4.42 | 4.4y | | |
| 4.00 | 4.37 | 4.4y | 4.93 | 8.5y |
| 4.50 | 4.47 | 4.8y | 4.98 | 8.3y |
| 5.00 | | | 5.11 | 7.4y |
| 5.50 | | | 5.17 | 4.8y |

## Key Market Indices

| Index | Current | 1Wk Change | Historical 1 Mo | 6 Mo | 1 Yr |
|---|---|---|---|---|---|
| Fed Funds | **4.25** | -- | 4.50 | 4.50 | 5.00 |
| Primary Discount | **4.25** | -- | 4.50 | 4.50 | 5.00 |
| 2ndary Discount | **4.75** | -- | 5.00 | 5.00 | 5.50 |
| Prime Rate | **7.25** | -- | 7.50 | 7.50 | 8.00 |
| Sec. O.N. Finance | **4.13** | (0.07) | 4.40 | 4.42 | -- |
| 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 | **3.90** | (0.01) | 4.03 | 4.29 | 4.59 |
| 1 Year CMT | **3.66** | 0.04 | 3.68 | 4.03 | 4.24 |
| REPO O/N | **4.24** | -- | 4.38 | 4.38 | 4.88 |
| REPO 1Wk | **4.14** | (0.00) | 4.35 | 4.38 | 4.88 |
| CoF Federal | **3.685** | -- | 3.694 | 3.666 | 3.988 |
| 11th D. CoF (Aug) | **2.956** | -- | 2.965 | 2.937 | 3.259 |

## FHLB Fixed Advance Rates

| Maturity | Chicago | Boston | Topeka |
|---|---|---|---|
| 3mo | 4.08 | 4.14 | 4.13 |
| 6mo | 3.96 | 3.99 | 4.02 |
| 1yr | 3.75 | 3.76 | 3.84 |
| 2yr | 3.66 | 3.72 | 3.75 |
| 3yr | 3.68 | 3.73 | 3.76 |
| 4yr | 3.75 | 3.81 | 3.82 |
| 5yr | 3.82 | 3.87 | 3.89 |
| 7yr | 4.10 | 4.16 | 4.17 |
| 10yr | 4.38 | 4.47 | 4.45 |
| 5yr Am | 4.15 | | 3.87 |
| 10yr Am | 4.21 | | 4.21 |

## Fed Fund Futures

| Maturity | Rate |
|---|---|
| Oct-25 | 4.083 |
| Nov-25 | 3.865 |
| Dec-25 | 3.720 |
| Jan-26 | 3.635 |
| Feb-26 | 3.545 |
| Mar-26 | 3.500 |
| Apr-26 | 3.435 |
| May-26 | 3.380 |
| Jun-26 | 3.320 |
| Jul-26 | 3.235 |
| Aug-26 | 3.165 |

# Baker Market Update

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## Weekly Economic Calendar

### This Week & Next

| Date | Release | Per. | Est. | Actual | Prior | Revised |
|---|---|---|---|---|---|---|
| 10/7 | NY Fed 1-Yr Inflation Expectations | Sep | -- | 3.4% | 3.2% | -- |
| 10/7 | 3Y Bid/Cover Ratio | 10/7 | -- | 2.7 | 2.7 | -- |
| 10/7 | Consumer Credit | Aug | $14.000b | $0.363b | ~~$16.010b~~ | $18.053b |
| 10/8 | 10Y Bid/Cover Ratio | 10/8 | -- | 2.5 | 2.7 | -- |
| 10/8 | FOMC Meeting Minutes | 9/17 | -- | -- | -- | -- |
| 10/10 | U. of Mich. Sentiment | Oct P | 54.0 | 55.0 | 55.1 | -- |
| 10/10 | U. of Mich. Current Conditions | Oct P | 60.0 | 61.0 | 60.4 | -- |
| 10/10 | U. of Mich. Expectations | Oct P | 51.4 | 51.2 | 51.7 | -- |
| 10/10 | U. of Mich. 1 Yr Inflation | Oct P | 4.7% | 4.6% | 4.7% | -- |
| 10/10 | U. of Mich. 5-10 Yr Inflation | Oct P | 3.7% | 3.7% | 3.7% | -- |
| 10/14 | NFIB Small Business Optimism | Sep | 100.5 | -- | 100.8 | -- |
| 10/14 | 6W High Yield Rate | 10/14 | -- | -- | 4.0% | -- |
| 10/14 | 6W Bid/Cover Ratio | 10/14 | -- | -- | 2.7 | -- |
| 10/14 | 6W Direct Accepted % | 10/14 | -- | -- | 4.3% | -- |
| 10/14 | 6W Indirect Accepted % | 10/14 | -- | -- | 60.1% | -- |
| 10/15 | MBA Mortgage Applications | 10/10 | -- | -- | -4.7% | -- |
| 10/15 | Empire Manufacturing | Oct | 0.0 | -- | -8.7 | -- |
| 10/15 | CPI YoY | Sep | 3.1% | -- | 2.9% | -- |
| 10/15 | Core CPI YoY | Sep | 3.1% | -- | 3.1% | -- |
| 10/15 | Core CPI Index SA | Sep | -- | -- | 329.8 | -- |
| 10/15 | Real Avg Hourly Earning YoY | Sep | -- | -- | 0.7% | -- |
| 10/15 | Real Avg Weekly Earnings YoY | Sep | -- | -- | 0.4% | -- |
| 10/15 | 4M High Yield Rate | 10/15 | -- | -- | 3.8% | -- |
| 10/15 | 4M Bid/Cover Ratio | 10/15 | -- | -- | 3.3 | -- |
| 10/15 | 4M Indirect Accepted % | 10/15 | -- | -- | 71.4% | -- |
| 10/15 | 4M Direct Accepted % | 10/15 | -- | -- | 3.7% | -- |
| 10/16 | Continuing Claims | 10/4 | 1930k | -- | 1926k | -- |
| 10/16 | Retail Sales Ex Auto and Gas | Sep | 0.4% | -- | 0.7% | -- |
| 10/16 | Retail Sales Control Group | Sep | 0.3% | -- | 0.7% | -- |
| 10/16 | PPI Final Demand YoY | Sep | 2.7% | -- | 2.6% | -- |
| 10/16 | PPI Ex Food and Energy YoY | Sep | -- | -- | 2.8% | -- |
| 10/16 | PPI Ex Food, Energy, Trade YoY | Sep | -- | -- | 2.8% | -- |
| 10/16 | New York Fed Services Business Activit | Oct | -- | -- | -19.4 | -- |
| 10/16 | Philadelphia Fed Business Outlook | Oct | 9.0 | -- | 23.2 | -- |
| 10/16 | Initial Jobless Claims | 10/11 | 229k | -- | -- | -- |
| 10/16 | Initial Claims 4-Wk Moving Avg | 10/11 | -- | -- | -- | -- |
| 10/16 | Business Inventories | Aug | 0.1% | -- | 0.2% | -- |
| 10/16 | 8W Indirect Accepted % | 10/16 | -- | -- | 62.1% | -- |
| 10/16 | 8W Direct Accepted % | 10/16 | -- | -- | 3.2% | -- |
| 10/16 | 8W Bid/Cover Ratio | 10/16 | -- | -- | 2.9 | -- |
| 10/16 | 8W High Yield Rate | 10/16 | -- | -- | 4.0% | -- |
| 10/17 | Housing Starts | Sep | 1320k | -- | 1307k | -- |
| 10/17 | Building Permits | Sep P | 1347k | -- | 1330k | -- |
| 10/17 | Import Price Index YoY | Sep | -- | -- | 0.0% | -- |
| 10/17 | Export Price Index YoY | Sep | -- | -- | 3.4% | -- |
| 10/17 | Manufacturing (SIC) Production | Sep | | -- | 0.2% | -- |
| 10/17 | Capacity Utilization | Sep | 77.3% | -- | 77.4% | -- |

## MBS Prepayments[4]

| | 3-Month CPR | | | | | |
|---|---|---|---|---|---|---|
| Type | 3.0 | 3.5 | 4.0 | 4.5 | 5.0 | 5.5 |
| FN 10y | 15.4 | 17.2 | 14.1 | 14.9 | 22.0 | 26.4 |
| FH/FN 15y | 8.8 | 10.3 | 12.6 | 16.4 | 29.9 | 13.6 |
| GN 15y | 22.2 | 25.0 | 24.1 | 21.2 | 0.0 | -2.3 |
| FH/FN 20y | 7.4 | 8.4 | 8.8 | 11.4 | 12.9 | 20.4 |
| FH/FN 30y | 7.7 | 6.9 | 6.6 | 7.5 | 6.5 | 7.6 |
| GN 30y | 5.8 | 5.6 | 6.3 | 6.6 | 7.1 | 7.6 |
| | **CPR Projections** | | | | | |
| Type | 3.0 | 3.5 | 4.0 | 4.5 | 5.0 | 5.5 |
| FN 10y | 11.6 | 12.7 | 13.3 | 16.6 | 20.1 | 21.3 |
| FH/FN 15y | 8.3 | 9.5 | 10.7 | 17.6 | | 26.1 |
| GN 15y | 7.9 | 7.9 | 14.8 | 14.5 | 13.8 | 27.3 |
| FH/FN 20y | 8.0 | 8.5 | 9.6 | 10.9 | 14.2 | 16.8 |
| FH/FN 30y | 6.3 | 6.5 | 7.4 | 8.6 | 10.2 | 15.1 |
| GN 30y | 6.7 | 6.8 | 8.8 | 9.3 | 10.3 | 13.2 |

## Other Markets

| | | 1Wk | Historical | | |
|---|---|---|---|---|---|
| Index | Current | Chng | 1 Mo | 6 Mo | 1 Yr |
| **Currencies** | | | | | |
| Japanese Yen | 152.61 | 5.14 | 147.46 | 144.45 | 148.57 |
| Euro | 1.16 | (0.02) | 1.17 | 1.12 | 1.09 |
| Dollar Index | 99.32 | 1.59 | 97.78 | 100.87 | 102.99 |
| **Major Stock Indices** | | | | | |
| Dow Jones | 46,532 | (227) | 45,491 | 39,594 | 42,454 |
| S&P 500 | 6,749.0 | 33.2 | 6,532.0 | 5,268.1 | 5,780.1 |
| NASDAQ | 23,088.2 | 308 | 21,886.1 | 16,387.3 | 18,282.1 |
| **Commodities** | | | | | |
| Gold | 3,982.1 | 101.3 | 3,653.1 | 3,155.2 | 2,620.6 |
| Crude Oil | 60.06 | (0.82) | 63.67 | 60.07 | 75.85 |
| Natural Gas | 3.18 | (0.14) | 3.03 | 3.56 | 2.68 |
| Wheat | 502.0 | -13.3 | 495.0 | 538.0 | 603.8 |
| Corn | 415.5 | -3.5 | 397.3 | 483.0 | 418.5 |

## 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: 10/10/2025 10:39AM*