

Baker Market Update

Week In Review

October 17, 2025

The Baker Group



Dale Sheller

Managing Director

Director of FSG

UPCOMING EVENTS

Banks

Webinars:

Q3 Bank Trends

Nov 12, 2025

Seminars:

MN Seminar

Dec 08, 2025

As the government continues into its 17th day of shutdown, we look back at the economic calendar for the week and quickly find that most of economic data scheduled to be released has been delayed. The Kalshi betting markets site is currently calculating a forecast for the shutdown at just below 40 days. Heading into the last two Fed meetings, the "data driven" Fed is flying somewhat blind with the lack of key data releases over the last two weeks, including the lack of a jobs report and inflation data. Last week, NY Fed President John Williams said the lack of government data will not deter the Fed from cutting rates as long as other private data continues showing weakness.

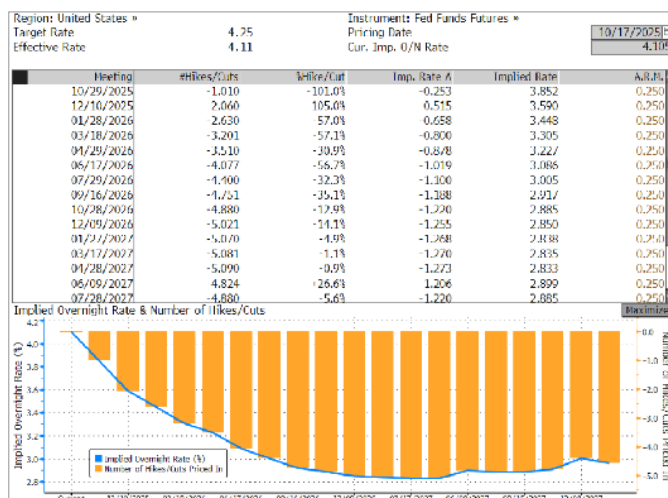
Other news this week shook the financial markets as regional bank stocks were hit hard as fears are mounting around some bad loans. Zions Bank disclosed a \$50 million charge-off related to defaulted commercial loans, triggering broader concerns about regional bank asset quality. Additionally, Western Alliance also alleged some loan issues related to borrower fraud. These loan loss related announcements came after earlier this week when JPMorgan CEO Jamie Dimon commented on the bankruptcies of U.S. auto parts supplier First Brand and car dealership Tricolor. Dimon stated "When you see one cockroach, there are probably more, and so everyone should be forewarned of this one." JPMorgan is set to lose approximately \$170 million from soured loans to Tricolor. Treasuries markets rallied yesterday alongside this fearful news pushing the 10-Year Treasury slightly below 4%.

On Tuesday, Fed Chairman Jerome Powell prepared remarks for an event hosted by the National Association for Business Economics. He stated, "there is no risk-free path for policy as we navigate the tension between our employment and inflation goals." Additionally, he stated that "based on the data that we do have, it is fair to say that the outlook for employment and inflation does not appear to have changed much since our September meeting four weeks ago."

The market is fully expecting the Fed to cut 25 basis points in just under two weeks and another 25 basis points at their final meeting of the year on December 10th. Fed Funds futures markets are now pricing in just over a 100% chance of a 25-basis point rate cut in each of the final two Fed meetings of the year. Checking in on the markets this morning shows that the 2-Year Treasury yield is currently sitting at 3.47% and the 10-Year Treasury yield has snuck back above 4% at 4.01%.

Unless the government shutdown ends soon, next week's economic data calendar will be minimal. The Consumer Price Index is scheduled to be released next Friday; however, this is unlikely due to the shutdown. Have a great weekend everyone!

World Interest Rate Probability



Source: Bloomberg, L.P.

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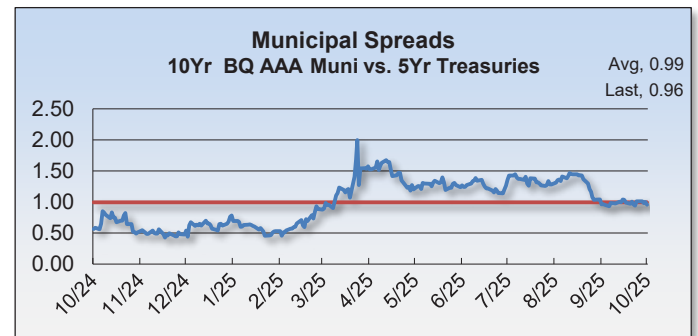
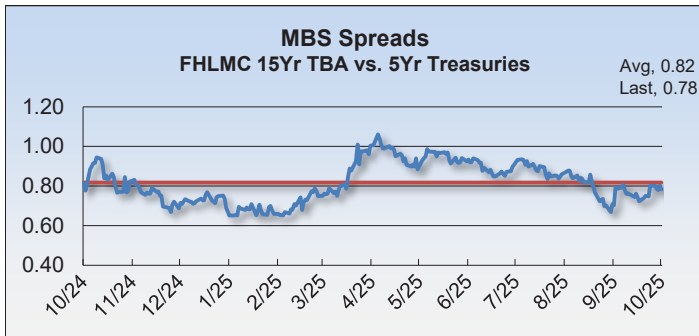
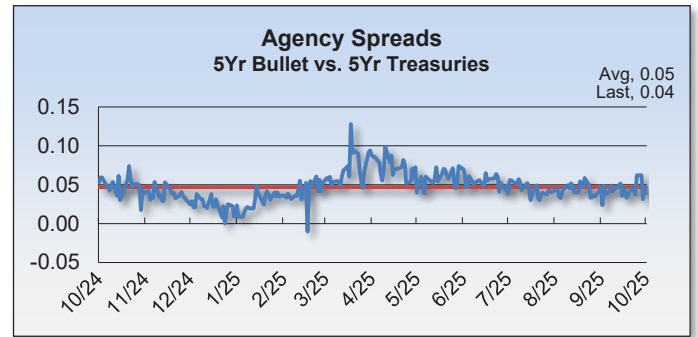
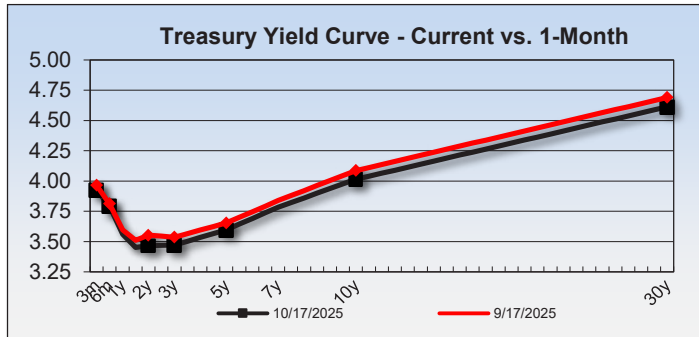
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Treasury Market -- Historical						Fixed Rate Market											
Maty	Current	1Wk Change	Historical			Maty /AL	N-Call Agency	US Swap	AAA BQ Muni		Tax Muni		Agency Calls - Euro				
			1 Mo	6 Mo	1 Yr				C-Corp ²	S-Corp ³		Mty	3Mo	6mo	1Yr	2Yr	
3mo	3.93	(0.02)	3.97	4.32	4.64	2yr	3.50	3.17	3.29	3.50	3.51	2Yr					
6mo	3.79	(0.03)	3.82	4.20	4.45	3yr	3.49	3.13	3.22	3.43	3.52	3Yr					
1yr	3.56	(0.03)	3.60	3.98	4.21	5yr	3.65	3.19	3.28	3.49	3.69	5Yr					
2yr	3.47	(0.04)	3.55	3.80	3.97	7yr	3.87	3.31	3.51	3.74	3.99	7Yr					
3yr	3.47	(0.04)	3.54	3.80	3.95	10yr	4.19	3.50	3.89	4.14	4.35	10Yr					
5yr	3.60	(0.03)	3.66	3.94	3.90	15yr	4.50	3.74	4.68	4.98	4.48		November TBA MBS				
7yr	3.78	(0.03)	3.84	4.12	3.99	20yr	4.81	3.84	5.42	5.77	5.24	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.01	(0.02)	4.09	4.33	4.09	25yr	5.12	3.85	5.60	5.96	5.30	3.00	4.25	4.5y	4.76		
30yr	4.61	(0.01)	4.69	4.80	4.39	30yr		3.83	5.78	6.15	5.36	3.50	4.30	4.4y			
* Interpolated													4.00	4.28	4.3y	4.79	8.4y
													4.50	4.41	4.6y	4.85	8.1y
													5.00			5.00	7.1y
													5.50			5.01	4.0y
Key Market Indices																	
		1Wk	Historical														

* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	4.25	--	4.25	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	4.30	0.17	4.39	4.31	--
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	3.81	(0.09)	3.93	4.28	4.51
1 Year CMT	3.54	(0.12)	3.62	3.96	4.17
REPO O/N	4.22	--	4.44	4.38	4.91
REPO 1Wk	4.16	0.02	4.14	4.38	4.89
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				Fed Fund Futures	
Maturity	Chicago	Boston	Topeka	Maturity	Rate
3mo	4.10	4.14	4.13	Oct-25	4.090
6mo	3.96	3.98	4.01	Nov-25	3.850
1yr	3.70	3.70	3.74	Dec-25	3.680
2yr	3.56	3.60	3.63	Jan-26	3.580
3yr	3.57	3.61	3.64	Feb-26	3.455
4yr	3.63	3.69	3.70	Mar-26	3.400
5yr	3.71	3.75	3.77	Apr-26	3.315
7yr	3.99	4.06	4.06	May-26	3.240
10yr	4.29	4.38	4.36	Jun-26	3.180
5yr Am	4.15		3.75	Jul-26	3.090
10yr Am	4.21		4.10	Aug-26	3.015

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
10/14	NFIB Small Business Optimism	Sep	100.6	98.8	100.8	--
10/15	MBA Mortgage Applications	10/10	--	-1.80%	-4.70%	--
10/15	Sept. CPI to be Released Oct. 24	1/0				
10/15	Real Earnings Release Delayed by Govern	1/0				
10/15	Empire Manufacturing	Oct	-1.8	10.7	-8.7	--
10/15	Fed Releases Beige Book	1/0				
10/16	Retail Trade Report Delayed by Govern	1/0				
10/16	PPI Report Delayed by Government Shu	1/0				
10/16	Jobless Claims Report Delayed by Gover	1/0				
10/16	Philadelphia Fed Business Outlook	Oct	10.0	-12.8	23.2	--
10/16	New York Fed Services Business Activit	Oct	--	-23.6	-19.4	--
10/16	Inventories Report Delayed by Govern	1/0				
10/16	NAHB Housing Market Index	Oct	33	37	32	--
10/16	Federal Budget Balance	Sep	--	\$198.0b	\$80.3b	--
10/17	List of US Economic Indicators Delayed	1/0				
10/17	Housing Starts Report Delayed by Gove	1/0				
10/17	Price Indexes Report Delayed by Govern	1/0				
10/17	Industrial Production Report Delayed by	1/0				
10/17	Net Long-term TIC Flows	Aug	--	--	\$49.2b	--
10/17	Total Net TIC Flows	Aug	--	--	\$2.1b	--
10/20	Leading Index Report Delayed by Gover	1/0				
10/21	Philadelphia Fed Non-Manufacturing Ad	Oct	--	--	-12.3	--
10/23	Chicago Fed National Activity Delayed b	1/0				
10/23	Initial Jobless Claims	10/18	230k	--	248k	219k
10/23	Initial Claims 4-Wk Moving Avg	10/18	--	--	237.50k	237.75k
10/23	Continuing Claims	10/11	--	--	--	--
10/23	Existing Home Sales	Sep	4.06m	--	4.00m	--
10/23	Existing Home Sales MoM	Sep	1.5%	--	-0.2%	--
10/23	Kansas City Fed Manf. Activity	Oct	--	--	4	--
10/24	CPI MoM	Sep	0.4%	--	0.4%	--
10/24	Core CPI MoM	Sep	0.3%	--	0.3%	--
10/24	CPI YoY	Sep	3.1%	--	2.9%	--
10/24	Core CPI YoY	Sep	3.1%	--	3.1%	--
10/24	CPI Index NSA	Sep	325.01	--	323.98	--
10/24	Core CPI Index SA	Sep	330.71	--	329.79	--
10/24	S&P Global US Manufacturing PMI	Oct P	51.8	--	52.0	--
10/24	S&P Global US Services PMI	Oct P	53.5	--	54.2	--
10/24	S&P Global US Composite PMI	Oct P	--	--	53.9	--
10/24	New Home Sales	Sep	710k	--	800k	--
10/24	New Home Sales MoM	Sep	-11.3%	--	20.5%	--
10/24	U. of Mich. Sentiment	Oct F	55	--	55	--
10/24	U. of Mich. Current Conditions	Oct F	--	--	61	--
10/24	U. of Mich. Expectations	Oct F	--	--	51	--
10/24	U. of Mich. 1 Yr Inflation	Oct F	--	--	4.6%	--
10/24	U. of Mich. 5-10 Yr Inflation	Oct F	--	--	3.7%	--
10/24	Kansas City Fed Services Activity	Oct	--	--	-9	--
10/24	Building Permits	Sep F	--	--	--	--

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	11.7	12.8	13.5	16.8	20.6	21.6
FH/FN 15y	8.3	9.6	10.9	18.2		27.2
GN 15y	7.9	7.9	14.8	14.5	13.8	27.4
FH/FN 20y	8.0	8.6	9.9	11.0	14.4	18.3
FH/FN 30y	6.4	6.7	7.6	8.8	10.6	17.7
GN 30y	6.7	6.9	9.0	9.5	10.6	13.9

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
Currencies					
Japanese Yen	150.56	(0.63)	146.27	142.58	149.62
Euro	1.17	0.00	1.18	1.14	1.09
Dollar Index	98.50	(0.48)	96.87	99.38	103.83
Major Stock Indices					
Dow Jones	46,160	680	46,018	39,142	43,239
S&P 500	6,635.3	82.8	6,600.4	5,282.7	5,841.5
NASDAQ	22,631.2	(393)	22,261.3	16,286.5	18,373.6
Commodities					
Gold	4,279.6	303.7	3,688.0	3,308.7	2,691.0
Crude Oil	57.36	(1.54)	64.05	64.68	70.67
Natural Gas	2.95	(0.15)	3.10	3.25	2.35
Wheat	501.5	3.0	528.3	548.8	589.5
Corn	422.8	9.8	426.8	482.3	406.8

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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