

# Baker Market Update – Week in Review

June 12, 2026



**Andrea Pringle**  
Senior Vice President

Inflation data released this week showed little sign of cooling, with both consumer and producer prices accelerating sharply in May. However, the emergence of a potential peace deal on Thursday between the U.S. and Iran has raised hopes that the energy price pressures driving the latest inflation surge could begin to ease.

## UPCOMING EVENTS

### Credit Unions

#### Webinars:

[Q3 CU Strategies](#)

Jul 9, 2026

#### Schools:

[Bond School](#)

Nov 5-6, 2026

#### Seminars:

[Dallas Seminar](#)

Aug 28, 2026

[OK Seminar](#)

Oct 14-16, 2026

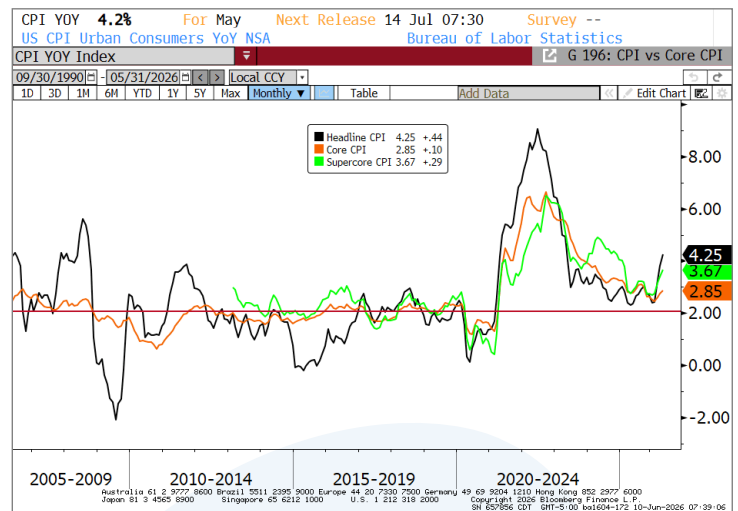
Annual headline CPI rose 4.2% in May in line with forecasts, marking the largest increase in three years. The monthly increase was 0.5%, also in line with estimates. Core inflation edged up to 2.9% YoY, in line with expectations. The monthly increase was 0.2%, below estimates of 0.3%. Producer prices climbed even faster, jumping 1.1% MoM (vs. 0.7% consensus) with the annual rate hitting 6.5% (vs. 6.4% consensus), the highest reading in more than three years. Inflation has now exceeded the Fed's 2% target for five consecutive years.

Markets are widely expecting no change at the June 17th FOMC meeting next week, the first chaired by Kevin Warsh, who succeeded Jerome Powell earlier this year. Warsh has previously indicated he believes rates should be lower, though the latest data may complicate that view. Futures markets are currently pricing in a meaningful probability of a 25bp rate hike by December. Warsh has also signaled he may not hold a press conference after every meeting, a departure from recent Fed practice that could reduce reliance on communicated forward guidance and put greater focus on meeting minutes and the Fed's Beige Book.

On the geopolitical front, a potential breakthrough in the U.S.-Iran conflict appears increasingly possible, even as the week started with an escalation of military action among Iran, Israel, and the U.S. A 14-point draft memorandum was aired on Iranian state television, with President Trump saying Thursday that a deal could be signed as early as this weekend. The proposed agreement includes the reopening of the Strait of Hormuz, the removal of oil sanctions on Iran, and an end to hostilities across the region, including in Lebanon. Tehran said it had not yet made a final decision, but the prospect of an agreement appears the closest it has in weeks. Crude prices fell on the news, with Brent dropping below \$90 a barrel on Friday morning.

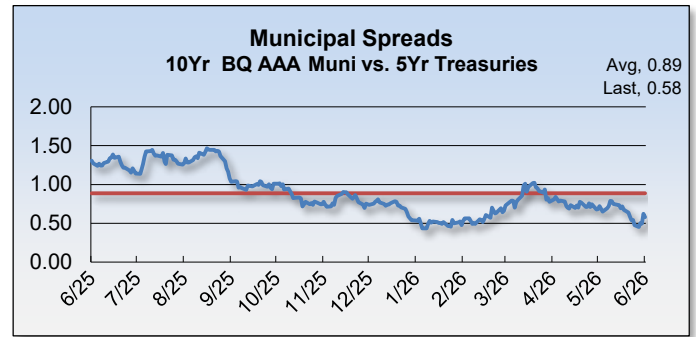
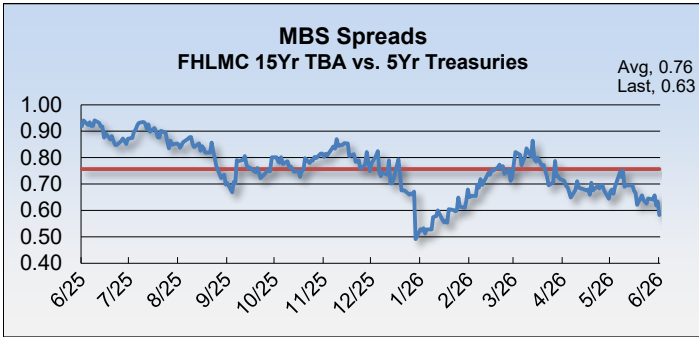
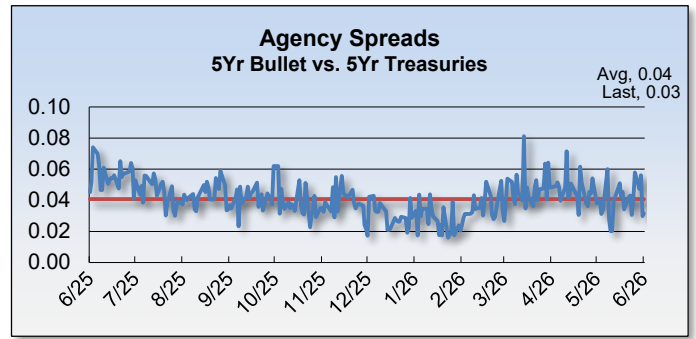
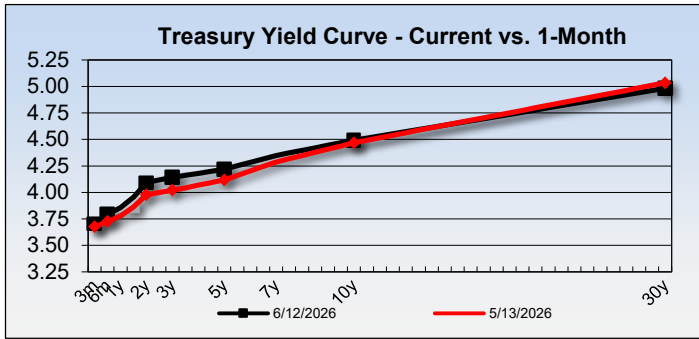
Next week will be shortened by the Juneteenth holiday on Friday. Housing data fills out the calendar alongside the Fed decision. But the real hinge point may come before markets even open Monday. If a peace deal is announced over the weekend, the energy complex, inflation expectations, and the Fed's calculus could all look different when the FOMC begins meeting on Tuesday.

Have a great weekend!



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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 <sup>2</sup>	S-Corp <sup>3</sup>		Mty	3Mo	6mo	1Yr	2Yr	
3mo	3.71	(0.00)	3.69	3.61	4.37	2yr	4.11	3.92	3.36	3.58	4.12	2Yr					
6mo	3.79	0.00	3.74	3.58	4.27	3yr	4.20	3.90	3.49	3.71	4.20	3Yr					
1yr	3.86	0.01	3.79	3.53	4.06	5yr	4.27	3.90	3.71	3.95	4.31	5Yr					
2yr	4.09	(0.05)	3.99	3.52	3.91	7yr	4.41	3.96	3.91	4.16	4.50	7Yr					
3yr	4.14	(0.06)	4.03	3.58	3.93	10yr	4.63	4.06	4.21	4.48	4.77	10Yr					
5yr	4.22	(0.05)	4.13	3.74	3.97	15yr	4.85	4.21	4.76	5.07	4.96		July TBA MBS				
7yr	4.35	(0.05)	4.29	3.95	4.15	20yr	5.08	4.29	5.43	5.78	5.53	Cpn	15Yr -Yld/AL		30Yr -Yld/AL		
10yr	4.49	(0.04)	4.46	4.19	4.36	25yr	5.30	4.28	5.74	6.11	5.60	3.50	4.97	4.1y	5.17		
30yr	4.98	(0.02)	5.03	4.85	4.84	30yr		4.24	6.05	6.44	5.66	4.00	4.75	4.0y			
												4.50	4.73	4.8y	5.30	9.0y	
												5.00	4.80	4.3y	5.39	8.0y	
												5.50			5.45	6.6y	
												6.00			5.37	4.6y	

\* Interpolated

Key Market Indices					
Index	Current	1Wk Change	Historical		
			1 Mo	6 Mo	1 Yr
Fed Funds	3.75	--	3.75	3.75	4.50
Primary Discount	3.75	--	3.75	3.75	4.50
2ndary Discount	4.25	--	4.25	4.25	5.00
Prime Rate	6.75	--	6.75	6.75	7.50
Sec. O.N. Finance	3.60	(0.02)	3.60	3.66	--
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	3.87	0.05	3.81	3.74	4.36
1 Year CMT	3.85	0.03	3.79	3.56	4.08
REPO O/N	3.65	--	3.68	3.97	4.33
REPO 1Wk	3.67	0.02	3.67	3.69	4.37
CoF Federal	3.463	--	3.457	3.600	3.663
11th D. CoF (Apr)	2.734	--	2.728	2.871	2.934

FHLB Fixed Advance Rates			
Maturity	Chicago	Boston	Topeka
3mo	3.85	--	3.91
6mo	3.93	--	3.94
1yr	4.03	--	4.08
2yr	4.16	--	4.25
3yr	4.22	--	4.31
4yr	4.26	--	4.35
5yr	4.30	--	4.38
7yr	4.48	--	4.56
10yr	4.66	--	4.74
5yr Am	4.28		4.37
10yr Am	4.52		4.60

Fed Fund Futures		
Maturity	Rate	
Jun-26	3.623	
Jul-26	3.625	
Aug-26	3.645	
Sep-26	3.675	
Oct-26	3.705	
Nov-26	3.735	
Dec-26	3.800	
Jan-27	3.830	
Feb-27	3.875	
Mar-27	3.905	
Apr-27	3.940	

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Weekly Economic Calendar						
This Week & Next						
Date	Release	Per.	Est.	Actual	Prior	Revised
6/8	NY Fed 1-Yr Inflation Expectations	May	3.72%	3.46%	3.64%	--
6/9	NFIB Small Business Optimism	May	96.0	95.3	95.9	--
6/9	Existing Home Sales MoM	May	1.1%	3.2%	0.2%	0.7%
6/10	MBA Mortgage Applications	6/5	--	10.8%	-2.5%	--
6/10	CPI MoM	May	0.5%	0.5%	0.6%	--
6/10	Core CPI MoM	May	0.3%	0.2%	0.4%	--
6/10	CPI YoY	May	4.2%	4.2%	3.8%	--
6/10	Core CPI YoY	May	2.9%	2.9%	2.8%	--
6/10	CPI Index NSA	May	335.14	335.12	333.02	--
6/10	Core CPI Index SA	May	336.30	336.12	335.42	--
6/10	Real Avg Hourly Earning YoY	May	--	-0.7%	-0.3%	--
6/10	Real Avg Weekly Earnings YoY	May	--	-0.4%	-0.2%	--
6/11	Initial Jobless Claims	6/6	220k	229k	225k	--
6/11	Continuing Claims	5/30	1785k	1795k	1777k	1771k
6/11	PPI Final Demand MoM	May	0.7%	1.1%	1.4%	1.1%
6/11	PPI Ex Food and Energy MoM	May	0.5%	0.4%	1.0%	0.7%
6/11	PPI Ex Food, Energy, Trade MoM	May	0.4%	0.8%	0.6%	0.5%
6/11	PPI Final Demand YoY	May	6.4%	6.5%	6.0%	5.7%
6/11	PPI Ex Food and Energy YoY	May	5.4%	4.9%	5.2%	4.9%
6/11	PPI Ex Food, Energy, Trade YoY	May	4.8%	5.1%	4.4%	--
6/11	Household Change in Net Worth	1Q	--	\$113b	\$2173b	\$1730b
6/12	U. of Mich. Sentiment	Jun P	46.0	48.9	44.8	--
6/12	U. of Mich. Current Conditions	Jun P	46.1	48.4	45.8	--
6/12	U. of Mich. Expectations	Jun P	44.9	49.3	44.1	--
6/12	U. of Mich. 1 Yr Inflation	Jun P	4.9%	4.6%	4.8%	--
6/12	U. of Mich. 5-10 Yr Inflation	Jun P	3.8%	3.4%	3.9%	--
6/15	Empire Manufacturing	Jun	12.5	--	19.6	--
6/15	Industrial Production MoM	May	0.2%	--	0.7%	--
6/15	Manufacturing Production MoM	May	0.3%	--	0.6%	--
6/15	NAHB Housing Market Index	Jun	36	--	37	--
6/16	ADP Weekly Employment Change	5/30	--	--	29.000k	--
6/16	Import Price Index ex Petroleum MoM	May	--	--	0.7%	--
6/16	Import Price Index YoY	May	--	--	4.2%	--
6/16	Export Price Index YoY	May	--	--	8.8%	--
6/16	Housing Starts MoM	May	-2.2%	--	-2.8%	--
6/16	Building Permits MoM	May P	-0.2%	--	4.4%	--
6/17	Retail Sales Ex Auto MoM	May	0.4%	--	0.7%	--
6/17	Retail Sales Ex Auto and Gas	May	0.3%	--	0.5%	--
6/17	Retail Sales Control Group	May	0.4%	--	0.5%	--
6/17	FOMC Rate Decision (Upper Bound)	6/17	3.75%	--	3.75%	--
6/17	FOMC Rate Decision (Lower Bound)	6/17	3.50%	--	3.50%	--
6/17	Fed Interest on Reserve Balances Rate	6/18	3.65%	--	3.65%	--
6/17	Fed Reverse Repo Rate	6/18	3.50%	--	3.50%	--
6/17	FOMC Median Rate Forecast: Current Yr	6/17	3.63%	--	3.38%	--
6/17	FOMC Median Rate Forecast: Next Yr	6/17	3.38%	--	3.13%	--
6/17	FOMC Median Rate Forecast: +2 Yrs	6/17	--	--	3.13%	--
6/17	FOMC Median Rate Forecast: Long-Run	6/17	3.13%	--	3.13%	--

MBS Prepayments <sup>4</sup>						
3-Month CPR						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	15.0	12.7	18.7	21.7	30.2	30.6
FH/FN 15y	11.5	13.0	12.3	37.2	16.3	21.0
G2 15y	13.2	11.2	12.1	18.4	26.1	34.5
FH/FN 20y	8.4	9.4	9.4	13.0	22.0	29.3
FH/FN 30y	7.1	5.2	5.5	6.1	8.2	19.6
G2 30y	0.8	1.1	7.0	8.7	19.3	48.2
CPR Projections						
Type	3.5	4.0	4.5	5.0	5.5	6.0
FN 10y	11.9	13.0	15.4	17.1	19.0	20.4
FH/FN 15y	9.6	11.4	16.0	18.5		27.8
G2 15y	9.2	10.9	12.7	14.1	15.0	17.2
FH/FN 20y	8.1	9.4	11.2	13.8	17.7	18.6
FH/FN 30y	6.6	7.7	8.4	9.8	12.4	15.3
G2 30y	7.5	8.4	10.0	11.0	14.7	23.4

Other Markets					
Index	Current	1Wk Chng	Historical		
			1 Mo	6 Mo	1 Yr
<b>Currencies</b>					
Japanese Yen	160.30	0.01	157.56	155.81	143.55
Euro	1.16	0.00	1.17	1.17	1.16
Dollar Index	99.81	(0.26)	98.30	98.40	97.92
<b>Major Stock Indices</b>					
Dow Jones	50,906	39	49,761	48,458	42,968
S&P 500	7,373.5	(10.3)	7,401.0	6,827.4	6,045.3
NASDAQ	25,693.0	(16)	26,088.2	23,195.2	19,662.5
<b>Commodities</b>					
Gold	4,181.2	(155.9)	4,686.7	4,300.1	3,380.9
Crude Oil	86.45	(4.09)	102.18	57.44	68.04
Natural Gas	3.09	(0.14)	2.84	4.11	3.49
Wheat	594.0	14.0	665.0	534.5	526.5
Corn	416.8	-0.8	467.3	431.5	438.5

### 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

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Source for the aforementioned indices, rates, descriptions, & economic indicators: Bloomberg, L.P. This report was printed as of: 06/12/2026 9:10AM

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